

Congress of the United States  
Washington, DC 20515

753

September 15, 2017

The Honorable Ajit V. Pai  
Chairman  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

Dear Chairman Pai:

We write seeking your assurance that the Federal Communications Commission's plan to transfer the Universal Service Fund (USF) to the Department of the Treasury (Treasury) will not permit USF monies to be spent for other federal programs. The programs supported by USF have connected millions of Americans and should not be spent on other debts.

The principle of universal service embodied by the USF is one of the core principles of the Communications Act. Through the four discrete USF programs, the FCC has been able to build out broadband in rural and tribal areas, help connect schools and libraries, improve health care, and extend a communications lifeline to struggling Americans.

According to reports, the FCC is planning to move the USF to the Treasury. We have heard concerns from constituents that this move could allow USF funds to be used for other purposes, which could make it more difficult to bridge the digital divide.

Before the FCC moves forward with its plan, we ask you to please commit that it would be impermissible for USF monies to be spent for other purposes if the USF is moved to the Treasury. Such an assurance is important for the millions of Americans whose connection depends on the USF.

We appreciate your attention to this important matter and look forward to your prompt response.

Sincerely,



PETER WELCH  
Member of Congress



MIKE DOYLE  
Member of Congress



ANNA ESHOO  
Member of Congress



G.K. BUTTERFIELD  
Member of Congress



DAVID LOEBSACK  
Member of Congress



DORIS MATSUI  
Member of Congress



JERRY MCNERNEY  
Member of Congress





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable G.K. Butterfield  
U.S. House of Representatives  
2080 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Butterfield:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

As the Government Accountability Office (GAO) determined, the United States Treasury is the appropriate depository for USF accounts. GAO's report (GAO-17-538) specifically stated that USAC's banking practices for the USF result in oversight and accountability risks. The report favored our planned approach, which was first discussed by GAO in its 2005 report where it advised the Commission to label universal service monies as federal funds. At that time, GAO noted that the USF should be handled in a way consistent with existing law (*see* Miscellaneous Receipts Statute, 31 U.S.C. § 3302). The Office of Management and Budget (OMB) later agreed with this determination in a 2014 communication with the FCC.

In your letter, you mention a concern from some that moving USF funds to the Treasury could allow them to be used for other purposes. I understand and appreciate your concern about the future of the USF. Please be assured that I would never condone any actions that undermine the USF's financial stability. It would be impermissible for USF monies to be spent for any purpose other than universal service. The entity holding USF funds has no effect on the Fund's status as a permanent, indefinite appropriation.

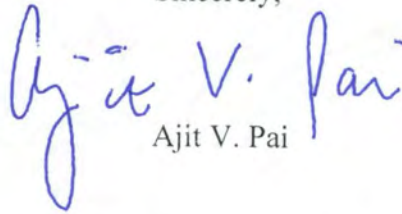
It appears this confusion stems from GAO's somewhat oblique reference to the Treasury Offset Program authorized by 26 U.S.C. § 6402(d) and 31 U.S.C. § 3720A. The Treasury Offset Program, administered by the Bureau of the Fiscal Service's Debt Management Services, collects delinquent debts owed to federal agencies and states by individual entities. Keeping USF accounts within Treasury will allow the federal government to ensure that those with delinquent federal debts do not abscond with USF monies.

I will continue to do everything within my power and authority to support this essential program while ensuring that it operates in an efficient manner. I am pleased that we are making

Page 2—The Honorable G.K. Butterfield

progress in effectuating the transfer to Treasury supported by GAO throughout the past decade and I look forward to completing this task within the next year.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive style with a large initial "A" and a stylized "Pai".

Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Mike Doyle  
U.S. House of Representatives  
239 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Doyle:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

As the Government Accountability Office (GAO) determined, the United States Treasury is the appropriate depository for USF accounts. GAO's report (GAO-17-538) specifically stated that USAC's banking practices for the USF result in oversight and accountability risks. The report favored our planned approach, which was first discussed by GAO in its 2005 report where it advised the Commission to label universal service monies as federal funds. At that time, GAO noted that the USF should be handled in a way consistent with existing law (*see* Miscellaneous Receipts Statute, 31 U.S.C. § 3302). The Office of Management and Budget (OMB) later agreed with this determination in a 2014 communication with the FCC.

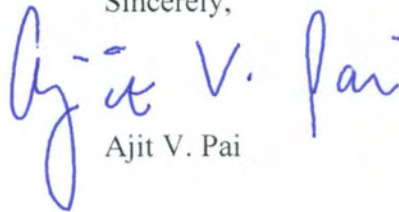
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I will continue to do everything within my power and authority to support this essential program while ensuring that it operates in an efficient manner. I am pleased that we are making

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Sincerely,

Ajit V. Pai

Ajit V. Pai





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Anna G. Eshoo  
U.S. House of Representatives  
241 Cannon House Office Building  
Washington, D.C. 20515

Dear Congresswoman Eshoo:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

As the Government Accountability Office (GAO) determined, the United States Treasury is the appropriate depository for USF accounts. GAO's report (GAO-17-538) specifically stated that USAC's banking practices for the USF result in oversight and accountability risks. The report favored our planned approach, which was first discussed by GAO in its 2005 report where it advised the Commission to label universal service monies as federal funds. At that time, GAO noted that the USF should be handled in a way consistent with existing law (*see* Miscellaneous Receipts Statute, 31 U.S.C. § 3302). The Office of Management and Budget (OMB) later agreed with this determination in a 2014 communication with the FCC.

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I will continue to do everything within my power and authority to support this essential program while ensuring that it operates in an efficient manner. I am pleased that we are making

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Sincerely,

*Ajit V. Pai*

Ajit V. Pai







FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Dave Loebsack  
U.S. House of Representatives  
1527 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Loebsack:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

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Page 2—The Honorable Dave Loebsack

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Sincerely,

*Ajit V. Pai*

Ajit V. Pai



2013





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Doris Matsui  
U.S. House of Representatives  
2311 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Matsui:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

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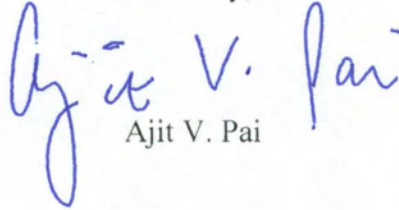
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Sincerely,

Ajit V. Pai

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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Jerry McNerney  
U.S. House of Representatives  
2265 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman McNerney:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

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Page 2—The Honorable Jerry McNerney

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*Ajit V. Pai*

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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Peter Welch  
U.S. House of Representatives  
2303 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Welch:

Thank you for your letter concerning the planned transfer of Universal Service Fund (USF) monies from a private bank to the Department of Treasury. As you are aware, I am fully committed to bridging the digital divide, and the USF is an essential component of our strategy for accomplishing that goal. Consequently, I support transferring USF accounts to the United States Treasury for the simple reason that we must take all appropriate measures to secure the integrity of the USF's funding source and avoid any unnecessary risks to the program.

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