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ONE HUNDRED FOURTEENTH CONGRESS

Congress of the United States

House of Representatives

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April 2, 2015

Mr. Jon Wilkins
Managing Director
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Mr. Wilkins:

Thank you for appearing before the Subcommittee on Communications and Technology on March 4, 2015, to testify at the hearing entitled "Reauthorization of the Federal Communications Commission: The FCC's FY 2016 Budget Request."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on April 16, 2015. Your responses should be mailed to Charlotte Savercool, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515 and e-mailed in Word format to Charlotte.Savercool@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Greg Walden
Chairman
Subcommittee on Communications and Technology

cc: Anna Eshoo, Ranking Member, Subcommittee on Communications and Technology

Attachment

Attachment—Additional Questions for the Record

The Honorable Greg Walden

1. The FCC makes a "one time request" of $51 million for move or restacking in the FY2016 Budget Request. Are a move and restacking equivalent? If not, explain how they differ and which would be less costly? Have contracts already been awarded for work related to the move/restacking? If so, provide a list of the awardees including the amount of the contract, the services to be performed, the date the contract was awarded, and whether it was sole source or competitively bid. For each contract identified as awarded through competitive bidding identify whether it was the lowest bid received.

2. According to the Fiscal Year 2016 Budget Request the Office of Chairman and Commissioners accounts for 23 FTEs. Please identity the number of FTEs assigned to each office.

3. The FY 2016 Budget Request includes $2.4 million to engage an administrator to manage the Broadcast Relocation Fund. Is that engagement going to be awarded through competitive bidding? If not explain why? How did the Commission reach this figure? Is this a one-time request or do you think additional funding will be necessary? If additional funding will be necessary, how much more will be required? Where exactly are these funds going to come from? The Commission has engaged clearinghouses before to manage cost sharing in the clearing of spectrum bands, how much did it cost those entities to manage a spectrum clearinghouse?

4. According to the proposed Fiscal Year 2016 Budget Request for the Office of Managing Director, Other Contractual Services will increase $76,756,480 from $34,180,808 million for Fiscal Year 2014 to $110,937,288 for Fiscal Year 2016. Under the Fiscal Year 2016 Budget Request Auction Cost Reimbursable Authority for contract services will increase $18,605,000 from $10,971,000 to $29,576,000. Combined this reflects an increase in contractual services of $106,332,480. Identify how much of this increase is associated with the proposed move/restacking. For any remaining balance explain what the funds will be used for.

The Honorable Bob Latta

1. The Commission has requested $10 million to create a Joint USF Anti-Fraud Task Force. Compared to previous years, does the FCC project this Task Force to recover more or less money? Please provide specific and/or estimated dollar amounts.

2. The Commission has requested over $44 million to move or restack the FCC Headquarters. Can you provide a breakdown of this cost and explain how that money would be spent?

3. The Inspector General is required to conduct audits of the Commission's financial statements. You confirmed that the IG audited the Commission's FY2014 financial statements and the audit report identified material weakness with regard to the Universal Service Fund. You testified that there was "no impact" and that "no money was lost." You also stated that the issue related to changes in USAC's financial system. Describe in detail the material weakness identified by the auditor. Explain how the accounting failure identified by the auditor as "material" can be

"material" but have no impact on the Universal Service Fund. Describe how the material weakness affected the collection of universal service funds. Describe how the material weakness affected the disbursement of universal service funds.

4. In the FCC's e-rate Modernization Order of December 19, 2014, the FCC increased the annual cap on the Schools and Libraries Fund from $2.4 billion to $3.9 billion for a total increase of $1.5 billion. In the FCC's budget request for FY2016, the size of the USF for FY2014 was shown to be $10.34 billion, approximately $1.5 billion higher than USAC projections for the same period.

a. Is this $1.5 billion increase in the USF for FY2014 caused by the increase in the Schools and Libraries Fund approved last December?
b. If not, what is the cause of the $1.5 billion increase in the USF during FY2014?

5. In the FCC's budget request for FY2016, the total size of the overall fund is projected to increase from $10.34 for FY2014 to $12.1 billion in FY2016 for an additional increase of $1.7 billion. On December 23, 2014, USAC estimated that $2.0 billion of unused funds for Schools and Libraries would be available to carry forward to the Schools and Libraries Fund from prior fiscal years for use in FY2016 and beyond. Also, USAC projects the CAF Reserve for the High Cost Fund that remains unused is projected to be to $2.36 billion by second quarter of 2015.

a. What is the cause of the $1.7 billion increase in the overall fund in FY2016?

b. How are the carry forwards of unused e-rate funds of $2.0 billion and reserved High Cost Funds of $2.36 billion accounted for in this $1.7 billion increase in the total size of the fund projected for FY2016?

c. Will the FCC through USAC still collect those projected budgeted amounts for the fund from ratepayers through the contribution mechanism in FY 2016 even though the fund has unused reserves that could be used to pay for the disbursements in FY 2016?

d. Will any of the reserve funds be used to offset increases in the overall USF? If so, when?

The Honorable Marsha Blackburn

1. After your last appearance before the Committee we asked you about the Memorandum of Understanding between the FCC and USAC which outlined the responsibility of the FCC's Wireline Competition Bureau, the Enforcement Bureau, your office, the General Counsel's Office, USAC, and the FCC's Office of Inspector General with regard to oversight and administration of the fund.

a. You informed us in follow-up that it was still effective although it was modified in November 2014. Has the allocation of responsibilities between bureaus been changed since it was first executed? Is so describe any changes?

b. Are any of the Commission Bureaus and Offices not named in the MOU intended to be funded with any of the $25 million in universal service funds requested in the FCC's

FY2016 Budget Request? If so which ones? For any identified how much of the $25 million is proposed to be allocated?

2. The MOU describes the responsibilities of the Enforcement Bureau as "administrative enforcement action." It appears that the IG is responsible for Universal Service Fund fraud work – the criminal activity. However, it appears that the Enforcement Bureau will be taking on those responsibilities. What plans does the Managing Director's Office have to ensure that given the Enforcement Bureau's assumption of the IG's activities there will be no duplication in effort? How will this new work impact the Enforcement Bureau's existing obligations to address other rule violations, including consumer complaints filed under the TCPA?

The Honorable Brett Guthrie

1. Regarding funds raised through spectrum auctions, how long does OMB keep these funds in an account for the FCC to cover future auction costs before the funds revert to the general Treasury?

2. As we discussed in the hearing, could you elaborate on the potential for future auctions? Given that there are no significant tranches of spectrum in the auction queue—beyond the broadcast incentive auction scheduled for next year—and considering at the same time the FCC's request in the FY2016 Budget for an increase in the cap on retention and spending of auction proceeds, should we expect the FCC to substantially scale back the amount of support it requests for auctions in the next couple of years due to an absence of scheduled activity?

The Honorable Mike Pompeo

1. You testified that the FCC hired a contractor to support your internal staff review that underlies the workforce restructuring that includes closing field offices.

a. Was the contract competitively bid?
b. When was it awarded?
c. What was the value of the contract?

2. According to the Fiscal Year 2016 Budget Request the number of FTEs in the Enforcement Bureau will drop from 259 in FY2014 to an estimated 246 in FY 2016. Explain all the assumptions underlying the decrease in FTEs. How will the Commission's plans to close field offices impact this analysis and the final numbers reflected in the budget?

The Honorable Renee Ellmers

1. Mr. Wilkins, you were involved in the recent effort to "reform" the E-rate program. In that order, the FCC increased the spending by $5 billion and denied that there was any increase in what Americans would have to pay. And then a few months later, right after the election, the Commission passed an order increasing the amount that is collected from consumers each month in order to pay for the spending increase.

a. Will the same thing happen with the upcoming push to expand the Lifeline program?
b. How can we trust the same thing won't happen with the Title II order that forbears from imposing USF fees on broadband? Can you commit that the FCC will not turn around and remove that restriction in the future?

2. In recent years the FCC has found hidden buckets of money that it then proposes to spend through reprogramming on special projects. I don't believe the Commission provides the public and Congress all the information it used to about these funds.

a. How much money do you have in the pipeline for reprogramming requests?
b. How do you decide how to spend this money?
c. Why can't you use these funds to reduce your budget request instead of spending it on new projects?