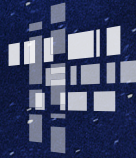


2024 | ANNUAL REPORT



Universal Service
Administrative Co.

AVAILABLE FOR PUBLIC USE

MISSION

Ensuring that all people in the United States have access to quality, affordable connectivity services.

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MESSAGE FROM THE BOARD CHAIR



As a long-time member of the USAC Board of Directors and during my first year as the Board Chair, I have had the opportunity to witness the tremendous growth, progress, and modernization within the organization.

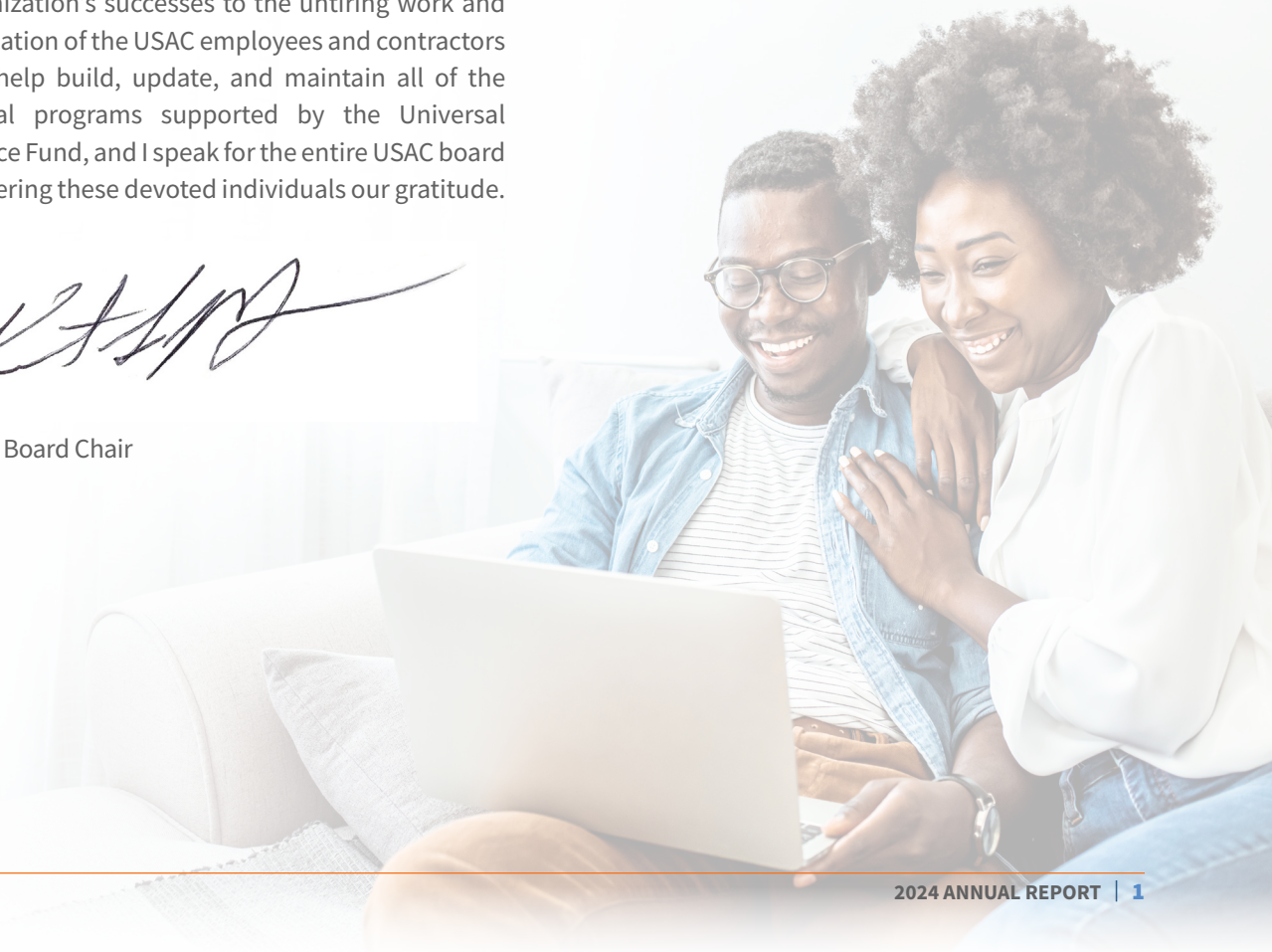
In 2024, that progress hit an important milestone with the implementation of a new enterprise resource planning (ERP) system, which was the culmination of several years of design, development and focused work. The ERP process enables operational efficiencies and allows USAC to continue improving the process of delivering the Universal Service Fund programs to its countless eligible beneficiaries.

Additionally, USAC successfully sunset the Affordable Connectivity Program (ACP) this year. When the ACP was established by Congress in 2021 during the COVID-19 pandemic, USAC rose to the challenge of helping to implement the program as directed by the FCC. In the program's two-and-a-half-year existence, the ACP provided funding that assisted in providing affordable broadband connectivity to 23 million households.

The Emergency Connectivity Fund program, another Congressional program USAC assisted in implementing, continued to help schools and libraries stay connected to digital learning resources. The program, which helped reduce the cost of offsite connectivity equipment and services, entered its final phase in 2024, reimbursing eligible schools, libraries, and consortia who applied for funding under this program.

Finally, and most importantly, we owe our organization's successes to the untiring work and dedication of the USAC employees and contractors that help build, update, and maintain all of the critical programs supported by the Universal Service Fund, and I speak for the entire USAC board in offering these devoted individuals our gratitude.

USAC Board Chair



2024 YEAR IN REVIEW

In 2024, the Universal Service Administrative Company (USAC) built on our efforts to create efficient systems, target and reduce risks to the Universal Service Fund (USF), and safeguard the critical information entrusted to the organization. USAC launched a new enterprise resource planning (ERP) software suite – the culmination of several years of strategizing. To protect the integrity of the USF, USAC operationalized our fraud risk efforts, working with each of the programs to complete fraud risk assessments, monitoring corrective actions to ensure effectiveness and implementing data analytics to identify trends and patterns. Strict adherence to Federal Information Security Management Act (FISMA) compliance and implementing Zero Trust information architecture ensured that program stakeholder information and data were kept safe.

The year also brought change, as USAC began sunseting the Affordable Connectivity Program (ACP) in early 2024 to prepare for Congressional funding being exhausted by June 1. During its two and a half years in existence, the ACP – in partnership with more than 1,800 service providers – provided funding that helped connect 23 million households to broadband services.

Modernization Increased Program Efficiency

Our E-Rate and Rural Health Care (RHC) programs continued to process applications and commit funds expeditiously, with the E-Rate team processing 96.1% of workable applications totaling over \$2.5 billion, 83% of the requested \$3.3 billion by September 1. By the end of October, RHC processed 82% of Healthcare Connect Fund commitments and 58% of Telecom commitments.

Continuing USAC's modernization was a major, ongoing effort in 2024, with the Rural Health Care program updating the RHC Connect system to use a single eligibility form – the FCC Form 460 – for both RHC programs and offer conditional eligibility determinations more quickly. RHC Connect was also made more user-friendly with new step-by-step features.

The launch of the High Cost program's HCLI 2.0 automated calculation and disbursement system created significant program efficiencies, reducing calculation time from more than 10 hours to just minutes, allowing more time for analysis across all funds. This increased operational efficiency and decreased the need for manual intervention.

As ACP ended, consumers applied for the Lifeline program, increasing the applications processed by the Lifeline Support Center. The increases were handled without a reduction in efficiency and customer service experience.

Supporting Program Participation

Ensuring USAC's stakeholders can successfully participate in USF programs while building a high degree of trust with program participants, recipients, and service providers is at the core of our work. To ensure our program participants have access to accurate, easy-to-understand information, USAC maintains its website and on-demand learning tools. USAC facilitated and educated program participants by conducting webinars, developing learning tools, and hosting live trainings. Each program's customer support centers are available to answer real-time questions from stakeholders, sharing that feedback with the program teams so outreach can be made clearer and more beneficial. USAC also supported our stakeholders when they had complaints, receiving 173 complaints against the organization in 2024, with an average time-to-close of 6.8 days.

2024 YEAR IN REVIEW (CONTINUED)

In its second year, the E-Rate Tribal Libraries pilot program offered hands-on support to eligible Tribal libraries – including eligible Tribal colleges and universities – to help increase program participation for this group that is underrepresented in E-Rate.

USAC also cared for our internal stakeholders – our organization’s staff. Maintaining an engaged, highly motivated workforce is critical to delivering on USF priorities. In 2024, USAC continued to address the needs of its teams by providing professional development through live trainings and on-demand course offerings.

In Conclusion

For USAC, 2024 was a year of endings with the sunsetting of the ACP and the phasing out of the ECF. It was also a year of significant modernization, as demonstrated by the launch of USAC’s ERP system and ongoing growth and efficiency-building within the USF programs. As we look ahead to 2025, USAC will work with the FCC to implement program updates and changes, continue to enhance our IT, ERP and program infrastructure to increase accuracy and efficiency, and drive innovation that protects the integrity of the USF while maintaining the security of our stakeholder data.



Radha Sekar
Chief Executive Officer
Universal Service Administrative
Company, Washington, DC



UNIVERSAL SERVICE PROGRAMS

UNIVERSAL SERVICE FUND (USF) AUTHORIZED DISBURSED SUPPORT*

The USF Disbursement Authorized Support chart details trends in authorized program support over the past three years.

PROGRAMS	2024	2023	2022
E-RATE	\$2,612,337,525.06	\$2,462,687,589.05	\$2,083,893,272.72
HIGH COST	\$4,505,332,223.75	\$4,323,698,154.35	\$4,249,188,202.17
LIFELINE	\$942,971,721.00	\$869,882,875.00	\$609,934,746.00
RHC	\$531,756,111.60	\$468,258,605.52	\$496,883,491.37
TOTAL	\$8,592,397,581.41	\$8,124,527,223.92	\$7,439,899,712.26

*Authorized Support includes all funding approved for disbursement for the above calendar years including funding approved but not yet disbursed (due to the Red Light Rule, etc). It does not include recoveries from audits, appeals, or other enforcement actions. Because of this, figures presented in this table will differentiate from the Disbursements from Operations figures presented in the Quarterly Breakdown of Receipts and Outlays from the 2022 - 2024 Calendar Year table.

USAC OPERATING EXPENSES

OPERATING EXPENSES PRELIMINARY ACTUALS

2024

USF Operating Expenses

Employee Expenses	\$115,423,263
Professional Fees	\$119,806,277
Other General and Administrative Expenses	\$48,508,853

Congressional Response Programs Operating Expenses

Employee Expenses	\$1,488,921
Professional Fees	\$34,830,012
Other General and Administrative Expenses	\$4,012,580

Total

\$324,069,905

NOTE: December 31, 2024 financial statement may change after the completion of the 2024 financial statements (FS) audit in mid-April 2025. Additional information on USAC operating expenses can be found in the Statement of Operations and Expense Trends table.

2024 IN NUMBERS

148,691

Schools and Libraries
Received E-Rate
Supported Services



9.2 Million

Individual Locations Built
with CAF Funding*



13,164

Participating HCPs
Received Commitments



8,791,856

Households Participated
in Lifeline as of
January 1, 2025



*2024 figure includes PR Fixed Fund data.



E-Rate Program

E-Rate ensures that schools and libraries across the U.S. are connected to information and resources through the internet.

E-RATE PROGRAM

The E-Rate program continued to enhance its information technology (IT) systems in 2024, met stakeholders around the country, and expanded support for school and library broadband service by implementing new FCC initiatives.

HIGHLIGHTS

Modernization Initiatives

USAC introduced major upgrades to its E-Rate Productivity Center (EPC) to improve system performance, enhance the stakeholder experience, streamline invoice processing, and improve review processing times in 2024. EPC was also modified to support program updates and the latest eligible services created by FCC initiatives. Additionally, the E-Rate program created new system capabilities and tools to help manage and administer the Schools and Libraries Cybersecurity Pilot Program Portal (Pilot Program Portal).

Beyond the improvements deployed to EPC and the creation of the Pilot Program Portal, the legacy Funding Request Number (FRN) Status Tool and Service Provider Download Tool hosted on USAC's Open Data platform were replaced by new-and-improved models. The E-Rate program also provided new tools and calculators to assist E-Rate applicants in determining program budgets.

In-Person Conferences and Training

In 2024, representatives from the E-Rate program attended nine conferences including the Computers in Libraries Conference, the Public Libraries Association Conference, the Consortium for School Networking Conference, and the Mountain Plains Library Association/Utah Library Association Conference. E-Rate also participated in the American Library Association's, the Southeastern Library Association's, and the Association for Rural and Small Libraries' annual conferences.

In addition to attending conferences, the E-Rate program hosted their first set of in-person training events since the COVID-19 pandemic in Dallas, TX, Washington, DC, Fayetteville, AR, and a Tribal-focused training in Palm Springs, CA.

LOOKING TOWARD 2025

In 2025, the E-Rate program will continue efforts to improve operational performance, enhance stakeholders' experience interacting with staff and systems, provide training in various formats and locations, and administer the FCC's Cybersecurity Pilot Program. Additionally, the E-Rate program will continue to develop data and reporting capabilities in 2025 to make information available to improve E-Rate program success.

A large metal spool of orange corrugated metal pipe is the central focus of the image. The spool is made of dark metal with many spokes and is positioned in a dry, dusty field. In the background, there are green fields and a line of trees under a bright blue sky with scattered white clouds. A dark blue diagonal overlay covers the bottom left portion of the image, where the text is located.

High Cost Program

High Cost ensures consumers in rural, insular, and high-cost areas have access to modern communications networks, both fixed and mobile, at reasonably comparable rates.

HIGH COST PROGRAM

In 2024, the High Cost program continued to shrink the digital divide in rural America by investing in nationwide availability of essential communications services. The program disbursed more than \$4 billion to carriers to provide reliable voice connections and high speed Internet access, at rates reasonably comparable to those in urban areas, in rural communities that would otherwise be unserved.

HIGHLIGHTS

Administering the Connect America Fund

A centerpiece of the High Cost program is the Connect America Fund (CAF), which consists of multiple funds that distribute monthly payments to carriers to deploy robust networks that deliver voice and broadband at required speeds in eligible areas over a defined timeline. Carriers in funds that subsidize fixed connections must bring broadband to a specific number of locations over the fund's deployment timeline.

Launching Enhanced Alternative Connect America Cost Model

The High Cost program began paying out support for the newest CAF fund, Enhanced Alternative Connect America Cost Model (ACAM), in 2024. The FCC has authorized approximately \$18.28 billion in Enhanced ACAM funding to provide broadband at speeds of at least 100 megabits per second downstream and 20 megabits per second upstream to more than 2.7 million locations across 44 states by year-end 2028.

Tracking Deployment

The High Cost program safeguards program integrity by ensuring that carriers

are using CAF support to deploy broadband that meets mandatory network performance standards to required location totals by annual deadlines in areas eligible for funding.

Carriers must submit location data showing where they are using funding to deliver service. As of December 31, 2024, carriers had reported deployment to over 9 million fixed locations, including nearly 2.3 million with at least gigabit speeds.

The High Cost program conducts in-depth verification reviews to confirm deployment to a random sample of reported locations. Carriers must supply documentation to prove build-out at required speeds by relevant deadlines to all locations selected for review. To date, the High Cost program has verified deployment to approximately 85,000 CAF-supported locations, including about 21,000 in 2024.

Carriers must also conduct quarterly speed and latency testing of their CAF-supported networks and submit the test results. In 2024, roughly 1,000 carriers across eight funds participated in testing.

LOOKING TOWARD 2025

In 2025, the High Cost program will continue to closely monitor carrier compliance with CAF build-out obligations, administer the new Alaska Connect Fund, and be prepared to help the FCC launch other new CAF funds.



Lifeline Program

Lifeline is a federal program that offers a monthly benefit of up to \$9.25 toward qualifying phone, internet, or bundled services for eligible consumers (and up to \$34.25 monthly for those living on Tribal lands).

LIFELINE PROGRAM

The Lifeline program provides a monthly discount on phone or broadband services to eligible low-income consumers, ensuring vital connectivity for underserved communities. In 2024, enrollment reached over 8.79 million subscribers by the end of the fourth quarter of 2024, underscoring Lifeline's ongoing impact and commitment to accessibility.

HIGHLIGHTS

User Experience Enhancements

To improve the stakeholder experience, the Lifeline program enhanced several systems, including the online application and the National Lifeline Accountability Database (NLAD). Comprehensive application instructions were released in English and nine additional languages.

Safe Connections Act Efforts

In 2024, the FCC implemented the Safe Connections Act (SCA) by establishing emergency communications support for survivors of domestic violence, human trafficking, and related crimes. In turn, USAC updated application workflows and downstream systems, as well as implemented system controls to ensure survivor confidentiality and reinforce the program's commitment to protecting vulnerable populations while delivering operational excellence. The Lifeline program also conducted extensive outreach, delivered webinars, and released tailored resources to help raise awareness of this new benefit and guide survivors through the process.

Disaster Relief Response

In 2024, the FCC temporarily waived non-usage rules and annual recertification requirements for subscribers impacted by Hurricanes Helene and Milton. The FCC also temporarily expanded the Lifeline eligibility criteria to allow consumers who received FEMA's Individuals and Households Program (IHP) support to qualify for Lifeline. To advance these initiatives, USAC updated its systems and application, launched dedicated online resources, and hosted special office hours to provide targeted assistance to impacted communities.

In-person Events

The Lifeline program resumed in-person events to connect with underserved communities, including unhoused individuals and Tribal Nations. The team engaged with community organizations and helped host informational sessions to foster greater awareness of the program and its eligibility requirements. These efforts were supported by the release of a variety of outreach materials, such as flyers, FAQs, and a dedicated Tools page on LifelineSupport.org.

LOOKING TOWARD 2025

In 2025, the Lifeline program is committed to enhancing digital and video informational program materials, along with several enhancements to various Lifeline systems. Outreach efforts will center around ensuring that consumers understand the program's eligibility requirements and how to access available support.



Rural Health Care Program

Rural Health Care supports healthcare facilities to bring world-class medical care to rural areas through increased connectivity.

RURAL HEALTH CARE PROGRAM

The Rural Health Care (RHC) program continued its major modernization effort in 2024 with a focus on eliminating fraud and waste as well as engaging stakeholders both online and in person by consolidating forms and systems to improve stakeholder experience.

HIGHLIGHTS

Streamlining and Platform Enhancements

In 2024, USAC made significant updates to the RHC stakeholder experience. Program participants now have access to a single, universal eligibility form (FCC Form 460) for both RHC programs, making the invoicing process easier for stakeholders. This form allows them to see their eligibility approved conditionally to allow for an earlier start to competitive bidding before a facility opens.

Additionally, all Healthcare Connect Fund forms have been consolidated into the more secure and user-friendly RHC Connect platform. As a result, form submission is more intuitive, and funding decisions can be made more quickly.

Fraud and Waste Elimination

The RHC program renewed its focus on eliminating fraud, waste, and abuse by conducting a fraud-risk assessment during 2024. As a result, the RHC program has increased and improved its efforts at analyzing the application and invoice review processes at both the individual and aggregate levels.

These mitigation measures are supported by the RHC program's ongoing modernization initiative. With all RHC data now consolidated into a single platform, audits are now easier to navigate and trend reporting may be run on an ad hoc basis.

Targeted Outreach and Engagement

The RHC program enhanced its outreach throughout 2024 in support of system modernization, FCC rule changes, regular RHC program updates, and efforts to support program participants. The RHC program hosted 36 webinars with over 2,750 total participants on invoicing, the application process, requests for services, how to build and join a consortium, enhancements to RHC Connect, and other RHC program-related topics.

The RHC program also participated in multiple in-person events to better engage with current and potential stakeholders. Conferences attended by RHC include the Mid-Atlantic Telehealth Resource Center Summit, the National Council of Urban Indian Health Annual Conference, and the American Telehealth Association Nexus.

LOOKING TOWARD 2025

The RHC program remains committed to providing applicant and service provider support by hosting a wide variety of RHC program-related trainings both in person and online, conducting site visits to demonstrate program impacts, developing resources for the continuing system and telecom forms modernization, and working toward decommissioning the legacy My Portal system.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of Universal Service Administrative Company:

Report on Audit of the Financial Statements

We have audited the accompanying financial statements of Universal Service Administrative Company (the “Company”), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, and of cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and Government Auditing Standards will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

REPORT OF INDEPENDENT AUDITORS (CONTINUED)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we also have issued a report dated October 15, 2024 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended December 31, 2023. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Company's internal control over financial reporting and compliance and other matters.



PricewaterhouseCoopers LLP
Washington, District of Columbia
October 15, 2024

[Click Here for the full Report of Independent Auditors](#)

USAC BOARD OF DIRECTORS

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Director, Mid-Atlantic Telehealth Resource Center
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QUARTERLY BREAKDOWN OF RECEIPTS AND OUTLAYS FOR THE 2022-2024 CALENDAR YEARS

PROGRAMS	DETAILS	1Q24	2Q24	3Q24	4Q24	TOTAL
USF	TOTAL Receipts from Operations	2,120,666,558.19	2,116,609,166.70	2,080,846,557.72	2,117,732,794.88	8,435,855,077.49
E-RATE	Disbursements from Operations	(632,174,860.82)	(562,960,308.87)	(735,492,649.10)	(659,822,548.82)	(2,590,450,367.61)
	Administrative Transfers	(18,548,121.44)	(30,825,420.00)	(20,890,817.19)	(21,686,810.77)	(91,951,169.40)
HIGH COST	Disbursements from Operations	(1,110,546,808.57)	(1,101,987,115.56)	(1,137,725,752.59)	(1,153,048,039.16)	(4,503,307,715.87)
	Administrative Transfers	(21,395,592.01)	(22,000,555.70)	(20,141,321.80)	(18,558,295.28)	(82,095,764.79)
LIFELINE	Disbursements from Operations	(279,565,113.92)	(210,166,171.08)	(214,507,977.59)	(219,149,279.00)	(923,388,541.58)
	Administrative Transfers	(18,753,925.88)	(27,718,100.40)	(20,213,400.33)	(23,162,842.79)	(89,848,269.40)
RHC	Disbursements from Operations	(125,813,577.21)	(119,009,380.74)	(154,477,630.06)	(117,727,761.37)	(517,028,349.38)
	Administrative Transfers	(6,802,302.56)	(11,124,492.85)	(8,967,726.25)	(8,891,183.48)	(35,785,705.14)
CCPP	Disbursements from Operations	(1,017,656.99)	(2,939,833.99)	(729,002.96)	(2,075,742.48)	(6,762,236.42)
	Administrative Transfers	(64,667.20)	-	-	-	(64,667.20)
TOTAL	TOTAL Disbursements from Operations	(2,149,118,017.50)	(1,997,062,810.24)	(2,242,933,012.29)	(2,151,823,370.83)	(8,540,937,210.86)
	TOTAL Administrative Transfers ¹	(65,564,609.09)	(91,668,568.95)	(70,213,265.57)	(72,299,132.32)	(299,745,575.93)
PROGRAMS	DETAILS	1Q23	2Q23	3Q23	4Q23	TOTAL
USF	TOTAL Receipts from Operations	2,061,309,500.37	1,971,863,738.68	1,980,413,948.16	2,052,349,112.01	8,065,936,299.22
E-RATE	Disbursements from Operations	(559,673,700.04)	(544,560,972.78)	(733,198,176.33)	(638,871,678.49)	(2,476,304,527.64)
	Administrative Transfers	(16,515,876.48)	(25,680,461.47)	(18,419,083.51)	(18,021,050.40)	(78,636,471.86)
HIGH COST	Disbursements from Operations	(1,070,570,462.42)	(1,057,433,627.87)	(1,090,885,294.85)	(1,103,122,803.46)	(4,322,012,188.60)
	Administrative Transfers	(18,088,033.18)	(19,786,477.22)	(16,504,697.62)	(17,140,292.05)	(71,519,500.07)
LIFELINE	Disbursements from Operations	(318,433,992.79)	(170,520,277.27)	(226,741,559.25)	(147,981,268.09)	(863,677,097.39)
	Administrative Transfers	(17,381,766.75)	(19,715,841.35)	(16,740,845.89)	(18,285,601.47)	(72,124,055.46)
RHC	Disbursements from Operations	(93,389,968.11)	(64,485,531.24)	(119,250,994.35)	(150,157,504.75)	(427,283,998.45)
	Administrative Transfers	(5,867,651.82)	(6,970,582.94)	(5,819,335.18)	(6,701,306.06)	(25,358,876.00)
CCPP	Disbursements from Operations	(4,616,262.41)	(1,495,818.51)	(983,388.19)	(1,899,199.68)	(8,994,668.79)
	Administrative Transfers	(61,953.68)	(91,316.43)	(71,808.27)	(82,118.77)	(307,197.15)
TOTAL	TOTAL Disbursements from Operations	(2,046,684,385.76)	(1,838,496,227.68)	(2,171,059,412.97)	(2,042,032,454.47)	(8,098,272,480.88)
	TOTAL Administrative Transfers ¹	(57,915,281.91)	(72,244,679.41)	(57,555,770.47)	(60,230,368.75)	(247,946,100.54)
PROGRAMS	DETAILS	1Q22	2Q22	3Q22	4Q22	TOTAL
USF	TOTAL Receipts from Operations	1,971,470,704.24	1,738,036,729.44	1,787,026,432.67	1,887,115,229.76	7,383,649,096.11
E-RATE	Disbursements from Operations	(506,903,214.84)	(440,157,329.60)	(571,225,962.87)	(554,403,305.62)	(2,072,689,812.93)
	Administrative Transfers	(15,512,811.26)	(20,993,232.66)	(18,838,285.41)	(18,676,307.81)	(74,020,637.14)
HIGH COST	Disbursements from Operations	(1,100,567,224.32)	(1,013,518,721.79)	(1,051,362,209.58)	(1,084,036,324.27)	(4,249,484,479.96)
	Administrative Transfers	(13,573,432.12)	(17,158,769.32)	(15,680,501.51)	(16,305,721.95)	(62,718,424.90)
LIFELINE	Disbursements from Operations	(166,225,436.70)	(116,032,743.73)	(152,466,032.94)	(167,049,716.11)	(601,773,929.47)
	Administrative Transfers	(13,717,813.07)	(19,370,959.58)	(18,088,102.95)	(22,252,316.18)	(73,429,191.78)
RHC	Disbursements from Operations	(134,955,920.76)	(107,863,476.16)	(121,724,458.23)	(123,667,347.93)	(488,211,203.08)
	Administrative Transfers	(6,401,633.87)	(6,370,764.66)	(6,002,730.61)	(8,100,095.49)	(26,875,224.63)
CCPP	Disbursements from Operations	(342.27)	(564,965.46)	(572,782.96)	(2,020,575.21)	(3,158,665.90)
	Administrative Transfers	(31,529.53)	(65,137.11)	(56,864.39)	(54,120.28)	(207,651.31)
TOTAL	TOTAL Disbursements from Operations	(1,908,652,138.89)	(1,678,137,236.74)	(1,897,351,446.58)	(1,931,177,269.13)	(7,415,318,091.34)
	TOTAL Administrative Transfers ¹	(49,237,219.85)	(63,958,863.33)	(58,666,484.87)	(65,388,561.71)	(237,251,129.76)

¹Administrative transfers represent actual funds transferred from USF to USAC in support of administrative costs. Administrative transfers and administrative expenses may differ due to timing between when expense is recognized vs the actual transfer of cash.

²Disbursements from Operations represent actual payments whereas figures in the USF Disbursement Authorized Support table represent approved payments. Differentiation can occur due to incorrect or corrected banking information, Red Light holds or reversals, appeals, etc.

STATEMENT OF OPERATIONS AND EXPENSE TRENDS

OPERATING EXPENSES PRELIMINARY ACTUALS

	2024	2023	2022
E-Rate BPO Expenses	\$16,615,442	\$15,711,494	\$16,104,177
Lifeline BPO and Other Support Expenses	\$12,228,526	\$25,532,757	\$29,446,186
High Cost Data Collection and Verification Expenses	\$523,217	\$440,397	\$357,627
Operations and Maintenance Expenses	\$15,011,217	\$16,641,972	\$12,122,564
Personnel and Related Expenses	\$116,912,184	\$110,354,088	\$94,519,707
Contract Labor Expenses	\$10,401,520	\$12,243,880	\$11,330,592
Computer Support and Hardware Expenses	\$31,758,811	\$30,094,764	\$24,689,707
Professional Fees Expenses	\$99,856,367	\$133,170,561	\$120,095,322
Office and Colocation Rent Expenses	\$7,170,184	\$7,965,893	\$7,395,718
Tax Expenses	\$544,404	\$435,957	\$131,779
Other General and Administrative Expenses	\$5,177,614	\$8,580,126	\$6,377,840
Depreciation and Amortization Expenses	\$7,870,419	\$6,867,381	\$6,311,033
Total Operating Expenses	\$324,069,905	\$368,039,270	\$328,882,254
Total Congressional Response Programs Expenses as % of total	12.45%	30.11%	31.45%

The table on the left outlines the expenses related to performing the administrative functions of the USF. Below, the text highlights standout details related to program operations, corporate costs (e.g., software, taxes, and depreciation), and professional expenses (e.g., labor and benefits).

Program Expenses

The Affordable Connectivity Program (ACP) ended on June 1, 2024, resulting in a decrease in Lifeline BPO expenses, operations and maintenance expenses, call center expenses, and postage expenses.

Corporate Expenses

Computer support and hardware expenses increased by \$1.7M in 2024 due to continuous support for USAC's cloud services and higher software license fees. Additionally, the High Cost/Low Income 2.0 (HCLI 2.0) assets placed in service during 2024 increased amortization expenses by \$1.4M.

Professional Expenses

A \$1.3M decrease in IT contractor costs within E-Rate led to a reduction in USAC's contract labor expenses in 2024. Personnel expenses increased overall, driven by annual merit pay raises and a \$2.8M increase in benefits expenses.

***NOTE:** DECEMBER 31, 2024 FINANCIAL STATEMENT MAY CHANGE AFTER THE COMPLETION OF THE 2024 FS AUDIT IN MID-APRIL 2025.