



High Cost & Low Income Committee

Briefing Book

Monday, October 24, 2022

1:25 p.m. – 3:05 p.m. Eastern Time

Available for Public Use

USAC Offices

700 12th Street NW, Suite 900

Washington, D.C. 20005

**Universal Service Administrative Company
High Cost & Low Income Committee
Quarterly Meeting
Agenda**

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| <p>Monday, October 24, 2022 1:25 p.m. – 3:05 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p> |
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| HIGH COST OPEN SESSION | | <i>Estimated Duration in Minutes</i> |
|-------------------------------|--|--|
| Chair | <p>a1. Consent Items (each available for discussion upon request):</p> <p style="padding-left: 20px;">A. Approval of High Cost & Low Income Committee Meeting Minutes of July 26, August 23, and October 3, 2022</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p> <p style="padding-left: 20px;">C. Consideration and Approval of One Routine Procurement</p> | 5 |
| Vic | <p>a2. Approval of High Cost Support Mechanism 1st Quarter 2023 Programmatic Budget and Demand Projection for the November 2, 2022 FCC Filing</p> | 5 |
| Teleshia | <p>i1. Information on Six USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i></p> | – |
| Vic | <p>i2. High Cost Business Update:</p> <ul style="list-style-type: none"> • Accomplishments • Plans for Next Quarter • Roadmap • Appendix: Program Metrics and Verification Snapshot | 20 |

| LOW INCOME OPEN SESSION | | <i>Estimated Duration in Minutes</i> |
|--------------------------------|---|--|
| James | <p>a3. Approval of Low Income Support Mechanism 1st Quarter 2023 Programmatic Budget and Demand Projection for the November 2, 2022 FCC Filing</p> | 5 |

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|-------|---|----|
| James | i3. Lifeline Business Update <ul style="list-style-type: none"> • Accomplishments <ul style="list-style-type: none"> ○ National Verifier Highlights ○ Lifeline Subscriber Trends • Plans for Next Quarter • Roadmap • Appendix: Program Metrics and Service Type Trends | 20 |
|-------|---|----|

| LOW INCOME EXECUTIVE SESSION Confidential – Executive Session Recommended | | <i>Estimated Duration in Minutes</i> |
|--|---|--------------------------------------|
| Tim | i4. Lifeline Business Update <i>(Continued)</i> | 10 |
| Teleshia | i5. Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report <i>(For Information Only)</i> | – |
| Teleshia | i6. Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report <i>(For Information Only)</i> | – |
| Teleshia | i7. Information on Two USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i> | – |
| Chris | a4. Consideration of a Contract Modification for Business Process Outsourcing Services for the Lifeline Program | – |

| HIGH COST EXECUTIVE SESSION Confidential – Executive Session Recommended | | <i>Estimated Duration in Minutes</i> |
|---|---|--------------------------------------|
| Vic | i8. High Cost Business Update <i>(Continued if needed)</i> | 5 |
| Teleshia | i9. Information on One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report <i>(For Information Only)</i> | – |
| Chris | a5. Consideration of a Task Order Award for HCLI System Replacement | 5 |

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| Chair | i10. <i>Executive Session</i> Discussion with the High Cost and Low Income Committee/Board | 10 |
|-------|---|----|

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday, January 30, 2023
USAC Offices, Washington, D.C.**

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3 of 3

Universal Service Administrative Company
High Cost & Low Income Committee Meeting

ACTION ITEM

Consent Items

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the consent items listed below.

Discussion

The Committee is requested to approve the following items using the consent resolution below:

- A. Committee meeting minutes of July 26, August 23, and October 3, 2022 (*see Attachments A-1, A-2, and A-3*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i4** – Lifeline Business Update (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (2) **i5** – Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommends that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (3) **i6** – Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommends that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (4) **i7** – Information on Two USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports. USAC management recommends that this item be discussed in *Executive Session*

because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedure.

- (5) **a4** – Consideration of a Contract Modification for Business Process Outsourcing Services for the Lifeline Program. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (6) **i8** – High Cost Business Update (*Continued if needed*). USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
- (7) **i9** – Information on One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report. USAC management recommends that this item be discussed in *Executive Session* because the report relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (8) **a5** – Consideration of a Task Order Award for HCLI System Replacement. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (9) **i10** – *Executive Session* Discussion with the High Cost & Low Income Committee/Board (*if needed*). USAC management recommends this item be discussed in *Executive Session* because it relates to the Committee’s oversight responsibilities and may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.

C. Consideration and Approval of One Routine Procurement

- (1) Approval of the Consideration of a Contract Modification for Business Process Outsourcing Services for the Lifeline Program. The resolution is provided in **aHCLI04cf**. If discussion is needed, it will be conducted in *Executive Session*.

Upon request of a Committee member, any one or more of the above items are available for discussion by the Committee.

Recommended USAC High Cost & Low Income Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the High Cost & Low Income Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of July 26, August 23, and October 3, 2022; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of one routine procurement as presented in item aHCLI04cf.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street N.W., Suite 900
Washington, D.C. 20005

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, July 25, 2022

(DRAFT) MINUTES¹

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, July 25, 2022. A virtual meeting platform was available to the general public for *Open Session* to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Mr. Ken Mason, Committee Chair, called the meeting to order at 2:35 p.m. Eastern Time, with a quorum of 10 of 11 Committee members present:

| | |
|-------------------------------------|--|
| Chalk, Indra | Mason, Ken – Chair |
| Feiss, Geoff | Sekar, Radha – Chief Executive Officer |
| Freeman, Sarah | Skrivan, Michael |
| Gillan, Joe | Waller, Jeff – <i>by telephone</i> |
| Jacobs, Ellis – <i>by telephone</i> | Wein, Olivia – Vice Chair |

Stephanie Polk joined by telephone at 2:38 p.m. Eastern Time. She did not participate in the discussion or vote on item a1.

Other Board members and officers of the corporation present:

Buzacott, Alan – Member of the Board
Beyerhelm, Chris – Vice President and Chief Administrative Officer
Davis, Craig – Vice President of Schools and Libraries – *by telephone*
Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
Gregory, Amber – Member of the Board
Hughes, Pamela – Vice President of Lifeline
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Schell, Julie Tritt – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care – *by telephone*
Wade, Joan – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|---|-------------------------|
| Case, Kevin – <i>by telephone</i> | USAC |
| Evirgen, Danielle – <i>by telephone</i> | Frontier Communications |
| Faunce, Donna – <i>by telephone</i> | USAC |
| Glisson, Connor – <i>by telephone</i> | USAC |
| Goode, Vernell | USAC |
| Lazarony, Joseph – <i>by telephone</i> | USAC |
| Little, Christopher – <i>by telephone</i> | USAC |
| Long, April – <i>by telephone</i> | USAC |
| Miller, Arielle – <i>by telephone</i> | USAC |
| Nuzzo, Patsy | USAC |
| Parsons, Laura – <i>by telephone</i> | Maximus |
| Phillippi, Megan | USAC |
| Rios, Estee – <i>by telephone</i> | USAC |
| Smith, Grayson – <i>by telephone</i> | USAC |
| Tiwari, Tanya – <i>by telephone</i> | Morgan Lewis |
| Wilson Jr., Jerusa Carl | USAC |

HIGH COST OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Mason presented this item to the Committee:
- A.** Approval of High Cost & Low Income Committee Meeting Minutes of April 25 and May 18, 2022.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) i5** – Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommended that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity
 - (2) a4** – Approval of Revised Low Income Support Mechanism 2022 Annual Budget. USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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- (3) **a5** – Consideration of a Contract Modification for Lifeline Program Call Center Services. USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (4) **i6** – High Cost Business Update (*Continued*). USAC management recommended that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
- (5) **i7** – *Executive Session* Discussion with the High Cost and Low Income Committee/Board. USAC management recommended that this item be discussed in *Executive Session* because it relates to the Committee’s oversight responsibilities and may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of April 25 and May 18, 2022, and (2) discussion in *Executive Session* of the items noted above.

- a2. Approval of High Cost Support Mechanism 4th Quarter 2022 Programmatic Budget and Demand Projection for the August 2, 2022 Federal Communications Commission (FCC) Filing.** Mr. Gaither presented this item for consideration. The presentation included a written report on USAC management’s recommendations for the High Cost Support Mechanism 4th quarter 2022 programmatic budget and demand projection for the August 2, 2022 FCC filing.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2022 High Cost Support Mechanism program budget of \$6.44 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.44 million for High Cost Support Mechanism administrative costs in the required August 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 25, 2022 the 4th Quarter 2022 High Cost Support Mechanism demand estimate of \$1,085.06 million, hereby directs USAC staff to proceed with the required August 2, 2022 filing to the Federal Communications Commission on behalf of the Committee. USAC staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

- i1. **Information on Four USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.** This item was provided for *information purposes* only. Mr. Mason noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.
- i2. **High Cost Business Update.** Mr. Gaither presented PowerPoint slides to the Committee covering the following items:
 - Verification Highlights, Roadmap, and Status
 - ELAP and PMM Reporting Milestone
 - RDOF LOC Status
 - Roadmap

LIFELINE OPEN SESSION

- a3. **Approval of Low Income Support Mechanism 4th Quarter 2022 Programmatic Budget and Demand Projection for the August 2, 2022 FCC Filing.** Ms. Hughet presented this item to the Committee for consideration. The presentation included a written report on USAC management's recommendations for the Low Income Support Mechanism 4th quarter 2022 programmatic budget and demand projection for the August 2, 2022 FCC filing.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2022 Low Income Support Mechanism direct program budget of \$22.54 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$22.54 million for Low Income Support Mechanism administrative costs in the required August 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 25, 2022 the 4th Quarter 2022 Low Income Support Mechanism demand estimate of \$211.43 million, hereby directs USAC staff to proceed with the required August 2, 2022 filing to the Federal Communications Commission on behalf of the Committee. USAC staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

- i3. Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report.** This item was provided for *information purposes* only. Mr. Mason noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.
- i4. Low Income (Lifeline) Business Update.** Ms. Hughet presented PowerPoint slides to the Committee covering the following items:
- Accomplishments
 - National Verifier Highlights
 - Lifeline Subscriber Trends
 - Plans for Next Quarter
 - Roadmap

At 3:19 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

LOW INCOME EXECUTIVE SESSION

- i5. Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report.** This item was provided for *information purposes* only.

- a4. **Approval of Revised Low Income Mechanism 2022 Annual Budget.** Ms. Hughet presented this item to the Committee for consideration. The presentation included a written report on the revised Low Income Support Mechanism annual programmatic budget.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves a revised 2022 annual programmatic budget for the Low Income Support Mechanism of \$76.08 million.

- a5. **Consideration of a Contract Modification for Lifeline Program Call Center Services.** Mr. Beyerhelm presented this item to the Committee for consideration. The presentation included a written summary and report detailing USAC management's recommendation to modify the contract for the Lifeline Program call center support services.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Lifeline Committee, having reviewed the recommendation of USAC management, hereby authorizes management to modify its existing contract with Conduent State & Local Solutions, Inc. for call center services to support the Lifeline Program due to an unforeseen increase in call volumes, increasing the total not-to-exceed amount of the final one-year option term by \$2,900,000.00, thereby increasing the total not-to-exceed amount from \$101,400,000.00 (plus applicable taxes) to \$104,300,000.00 (plus applicable taxes) over the final option term, subject to required Federal Communications Commission approval.

HIGH COST EXECUTIVE SESSION

- i6. **High Cost Business Update (Continued).** Mr. Gaither presented PowerPoint slides to the Committee covering updates on the High Cost Legacy Funds Program Integrity Assurance.
- i7. **Executive Session Discussion with the High Cost and Low Income Committee and Board.** The Committee determined that a confidential *Executive Session* for members of the High Cost and Low Income Committee and the Board was not needed.

OPEN SESSION

At 3:50 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Mason reported that in *Executive Session*, the Committee discussed item i6 and took action on items a4 and a5.

On a motion duly made and seconded, the Committee adjourned at 3:50 p.m. Eastern Time.

/s/ Erin Williams
Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

HIGH COST & LOW INCOME COMMITTEE MEETING
Tuesday, August 23, 2022

(DRAFT) MINUTES¹

The non-quarterly meeting of the High Cost & Low Income Committee (Committee) was conducted by web conference on Tuesday, August 23, 2022. At the requested of Ken Mason, Committee Chair, Joe Gillan, Board Chair, chaired the meeting. The meeting was called to order at 2:01 p.m. Eastern Time, with a quorum of nine of the 11 Committee members present:

| | |
|--------------------|--|
| Chalk, Indra | Polk, Stephanie |
| Freeman, Sarah | Sekar, Radha – Chief Executive Officer |
| Gillan, Joe | Waller, Jeff |
| Jacobs, Ellis | Wein, Olivia – Vice Chair |
| Mason, Ken – Chair | |

Member of the Committee not present:

| | |
|--------------|------------------|
| Feiss, Geoff | Skrivan, Michael |
|--------------|------------------|

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Buzacott, Alan – Member of the Board
Choroser, Beth – Member of the Board
Fontana, Brent – Member of the Board
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer
Gregory, Amber – Member of the Board
Hughet, Pamela – Vice President of Lifeline
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Schell, Julie Tritt – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present by telephone:

| <u>NAME</u> | <u>COMPANY</u> |
|----------------------|----------------|
| Bolling, Christopher | USAC |
| Case, Kevin | USAC |
| Nuzzo, Patsy | USAC |
| Phillippi, Megan | USAC |
| Wilson, Carl | USAC |

OPEN SESSION

- a1. **Consideration of a Contract Modification for Lifeline Program Business Process Outsourcing Services.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

At 2:02 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

- a1. **Consideration of a Contract Modification for Lifeline Program Business Process Outsourcing Services.** Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to increase the not-to-exceed amount of the contract for business process outsourcing services to support the Lifeline program application processing.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to modify the existing business process outsourcing contract with Maximus Federal Services, Inc. by increasing the not-to-exceed amount for business process outsourcing services to support the Lifeline Program application processing by \$4,500,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount for services in support of the Lifeline

Program from \$7,200,000.00 (plus applicable taxes) to \$11,700,000.00 (plus applicable taxes) over the remainder of the contract term.

OPEN SESSION

At 2:21 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Committee discussed and took action on item a1.

On a motion duly made and seconded, the Committee adjourned at 2:23 p.m. Eastern Time.

/s/ Erin Williams

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, October 3, 2022

(DRAFT) MINUTES¹

The non-quarterly meeting of the High Cost & Low Income Committee (Committee) was conducted by web conference on Monday, October 3, 2022. At the requested of Ken Mason, Committee Chair, Joe Gillan, Board Chair, chaired the meeting. The meeting was called to order at 3:00 p.m. Eastern Time, with a quorum of nine of the 11 Committee members present:

| | |
|--------------------|--|
| Chalk, Indra | Sekar, Radha – Chief Executive Officer |
| Feiss, Geoff | Skrivan, Michael |
| Freeman, Sarah | Waller, Jeff |
| Gillan, Joe | Wein, Olivia – Vice Chair |
| Mason, Ken – Chair | |

Member of the Committee not present:

| | |
|---------------|-----------------|
| Jacobs, Ellis | Polk, Stephanie |
|---------------|-----------------|

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Buzacott, Alan – Member of the Board
Choroser, Beth – Member of the Board
Domenech, Dr. Dan – Member of the Board
Fontana, Brent – Member of the Board
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Wibberly, Dr. Kathy – Member of the Board
Williams, Erin – Vice President, General Counsel, and Assistant Secretary

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present by telephone:

| <u>NAME</u> | <u>COMPANY</u> |
|----------------------|----------------|
| Bolling, Christopher | USAC |
| Case, Kevin | USAC |
| Nuzzo, Patsy | USAC |
| O'Brien, Tim | USAC |
| Phillippi, Megan | USAC |
| Theobald, Fred | USAC |
| Wilson, Carl | USAC |

OPEN SESSION

- a1. **Consideration of a Contract Modification for Lifeline Program and Affordable Connectivity Program Business Process Outsourcing Services.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

- a2. **Consideration of a Contract Modification for Lifeline Program and Affordable Connectivity Program Call Center Services.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

- a3. **Consideration of a Contract Modification for Third Party Identification and Verification Services for Lifeline and Affordable Connectivity Programs.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

- a4. Consideration of a Contract Modification for Lifeline Program Email Services.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

- a5. Consideration to Exercise Remaining Option Terms for Robotic Process Automation.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

- a6. Consideration to Exercise Remaining Option Terms for High Cost Model Operations and Maintenance and Enhancements.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee approves discussion of this item in *Executive Session*.

At 3:01 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

- a1. Consideration of a Contract Modification for Lifeline Program and Affordable Connectivity Program Business Process Outsourcing Services.** Mr. Beyerhelm presented this item to the Committee. The presentation included a

written summary and report detailing USAC management's recommendation to increase the not-to-exceed amount of the contract for business process outsourcing services to support the Lifeline Program application processing.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC Board of Directors and the High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to modify the existing business process outsourcing contract with Maximus Federal Services, Inc. by (1) increasing the not-to-exceed amount for business process outsourcing services to support Lifeline Program application processing by \$1,180,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount for services in support of the Lifeline Program from \$11,700,000.00 (plus applicable taxes) to \$12,880,000.00 (plus applicable taxes), and by (2) increasing the not-to-exceed amount for business process outsourcing services to support the Affordable Connectivity Program application processing by \$4,200,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount for services in support of the Affordable Connectivity Program from \$11,500,000.00 (plus applicable taxes) to \$15,700,000.00 (plus applicable taxes) over the remainder of the contract term. With significant growth in the number of manual reviews both in the Lifeline Program and Affordable Connectivity Program at 159% and 128% respectively, USAC needs to mitigate the negative customer service experience by increasing funding.

- a2. Consideration of a Contract Modification for Lifeline Program and Affordable Connectivity Program Call Center Services.** Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to increase the not-to-exceed amount of the contract for call center services to support the Lifeline Program.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC Board of Directors and the High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to modify the existing call center contract with Conduent State & Local Solutions, Inc. by (1) increasing the not-to-exceed amount for call center services to support the Lifeline Program by \$3,670,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount for services in support of the Lifeline Program from \$104,300,000.00 (plus applicable taxes) to \$107,970,000.00 (plus applicable taxes), and by (2)

increasing the not-to-exceed amount for call center services to support the Affordable Connectivity Program by \$6,920,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount for services in support of the Affordable Connectivity Program from \$21,500,000.00 (plus applicable taxes) to \$28,420,000.00 (plus applicable taxes) over the remainder of the contract term. Amounts associated with the services supporting the Affordable Connectivity Program will be expensed using congressionally appropriated funds and not the Universal Service Fund. With significant growth in call volume in both the Lifeline Program and Affordable Connectivity Program at 252% and 179% respectively, average speed of answer and abandonment rates have increased requiring USAC to mitigate the negative customer service experience by increasing funding for additional call agents funding.

a3. Consideration of a Contract Modification for Third Party Identification and Verification Services for Lifeline and Affordable Connectivity Programs.

Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to increase the not-to-exceed amount of the contract for third party identification and verification services to support the Lifeline Program.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC Board of Directors and the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to modify the existing contract with TransUnion Public Sector for the performance of third party identification and verification services by (1) increasing the total not-to-exceed amount for services for the Lifeline program (Task 1) by \$260,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount in support of the Lifeline Program from \$340,000.00 (plus applicable taxes) to \$600,000.00 (plus applicable taxes), and (2) by increasing the total not-to-exceed amount for services for the Affordable Connectivity Program (Task 2) by \$335,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount in support of the Affordable Connectivity Program from \$440,000.00 (plus applicable taxes) to \$775,000.00 (plus applicable taxes) over the remainder of the first option year of the contract. Amounts associated with the services supporting the Affordable Connectivity Program will be expensed using congressionally appropriated funds and not the Universal Service Fund.

a4. Consideration of a Contract Modification for Lifeline Program Email Services. Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to increase the not-to-exceed amount of the task order for email processing to support the Lifeline Program.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to increase the not-to-exceed amount of the task order with Grant Thornton LLP under USAC's Professional Services indefinite delivery/indefinite quantity agreement for the performance of professional services for email processing to support the Lifeline Program by \$500,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount in support of the Lifeline Program from \$2,341,387.38 (plus applicable taxes) to \$2,841,387.38 (plus applicable taxes) over the remainder of the contract term. An increase of 217% in email volume in the Lifeline Program requires USAC to mitigate the negative customer service experience by increasing funding for additional staffing.

- a5. Consideration to Exercise Remaining Option Terms for Robotic Process Automation.** Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to exercise the first, second, and third one-year option terms under its contract for robotic process automation services to support the High Cost program.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee of the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to exercise at its discretion, the first, second, and third one-year option terms under its contract with Ampcus Inc. to continue providing services to accomplish USAC High Cost's strategic objective of implementing robotic process automation to enable it to automate structured repetitive tasks to minimize manual intervention and introduce process efficiencies. The first option term has a not-to-exceed amount of \$732,734.32 (plus applicable taxes), and the second and third option terms each have a not-to-exceed amount of \$679,935.04 (plus applicable taxes), with the total not-to-exceed amount for all option terms equaling \$2,092,604.40. Exercising of option years will be done only if services are required and vendor has performed satisfactorily in the prior year.

- a6. Consideration to Exercise Remaining Option Terms for High Cost Model Operations and Maintenance and Enhancements.** Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and

report detailing USAC management's recommendation to exercise the second, third and fourth one-year option terms under its contract for the performance of High Cost model operations and maintenance (O&M) and enhancements.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the High Cost & Low Income Committee of the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to exercise the second, third and fourth one-year option terms under its contract with CostQuest Associates for the performance of High Cost model operations and maintenance and enhancements, for a total not-to-exceed amount of \$875,000.00 (plus applicable taxes) over the remaining period of performance. Each option term has a not-to-exceed amount of \$291,666.67 (plus applicable taxes) per year.

OPEN SESSION

At 3:31 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Committee discussed and took action on items a1-a6.

On a motion duly made and seconded, the Committee adjourned at 3:33 p.m. Eastern Time.

/s/ Erin Williams
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting**

| |
|--------------------|
| ACTION ITEM |
|--------------------|

**Approval of High Cost Support Mechanism
1st Quarter 2023 Programmatic Budget and
Demand Projection for the November 2, 2022 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2023 (1Q2023) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 2, 2022 quarterly filing.

Discussion

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

Based on data filed by supported carriers and FCC authorizations, USAC estimates the 1Q2023 funding requirement for the High Cost Support Mechanism as follows:

¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Summary of Program Funding Requirement
See Attachment 1 for further detail

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|---|-------------------|---------------------------------|-------------------|--|
| Steady State: | | | | |
| Legacy Funds | \$562.06 | (\$30.59) | \$531.47 | Includes HCLS, CAF BLS, CAF ICC, Frozen Price Cap and Competitive ETC Support. Decrease driven by CAF BLS true-ups. |
| Modernization Funds | 594.73 | (33.39) | 561.34 | Includes CAF Phase II Auction, CAF Phase II (ACS only), Alaska Plan Support, A-CAM I, Revised A-CAM I, A-CAM II, RBE, Mobility Fund Phase I, Uniendo a Puerto Rico Fund/Connect USVI Fund, and RDOF. Decrease driven by RDOF defaults. |
| Amounts Paid from Reserve | (56.05) | 1.25 | (54.80) | Disbursements for RBE, Mobility Fund Phase I, and portion of A-CAM I. |
| Total Steady State | \$1,100.74 | (62.73) | \$1,038.01 | |
| New Requirements | | | | |
| Legacy Funds | 0.00 | 0.00 | 0.00 | |
| Modernization Funds | 0.00 | 0.00 | 0.00 | |
| Total New Requirements | \$0.00 | \$0.00 | \$0.00 | |
| Total Program Demand | \$1,100.74 | (\$62.73) | \$1,038.01 | |
| Prior Period Adjustments (difference between projections and actuals): | | | | |
| Disbursements | (23.34) | (2.04) | (25.38) | |
| Billings | (1.33) | 146.71 | 145.38 | |
| Interest Income | (0.03) | (0.02) | (0.05) | |
| Bad Debt Expense | (8.92) | 1.46 | (7.46) | |
| Annual Admin True-Up | 0.00 | (16.18) | (16.18) | |
| Total Prior Period Adjustments | (\$33.62) | \$129.93 | \$96.31 | |
| USAC Administrative Expenses | \$17.94 | \$0.17 | \$18.11 | See Table B |
| Total Funding Requirement | \$1,085.06 | \$67.37 | \$1,152.43 | |

Based on the projected burn rate, USAC estimates the following 1Q2023 programmatic budget:

Table B. Quarterly Programmatic Budget

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|---|----------------|---------------------------------|----------------|--------------|
| Direct Program Costs | | | | |
| Employee Expenses | \$2.06 | (\$0.35) | \$1.71 | |
| Professional Services | 0.58 | 0.23 | 0.81 | |
| General & Administrative | 0.00 | 0.00 | 0.00 | |
| Total Direct Program Costs | \$2.64 | (\$0.12) | \$2.52 | |
| Direct Assigned Costs | | | | |
| Employee Expenses | \$0.99 | (\$0.30) | \$0.69 | |
| Professional Services | 2.68 | 0.33 | 3.01 | |
| General & Administrative | 0.13 | 0.07 | 0.20 | Note 1 |
| Total Direct Assigned Costs | \$3.80 | \$0.10 | \$3.90 | |
| Total Direct Program & Direct Assigned Costs | \$6.44 | (\$0.02) | \$6.42 | |
| Common Allocated Costs | \$11.50 | \$0.19 | \$11.69 | |
| Total Programmatic Budget | \$17.94 | \$0.17 | \$18.11 | |

Note 1: General & Administrative includes direct assigned software licensing costs.

A comparison of actual expenditures to the budget for the nine months ending September 30, 2022 is provided in **Attachment 2**.

Recommendation

USAC management recommends that the Committee approve the 1Q2023 budget and projection of demand as proposed.

Recommended High Cost & Low Income Committee Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2023 High Cost Support Mechanism program budget of \$6.42 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.42 million for High Cost Support Mechanism administrative costs in the required November 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 24, 2022 the 1st Quarter 2023 High Cost Support Mechanism demand estimate of \$1,152.43 million, hereby directs USAC staff to proceed with the required November 2, 2022 filing to the Federal Communications Commission on behalf of the Committee. USAC staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

ATTACHMENT 1
Detailed High Cost Program Demand

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|--|-----------------|---------------------------------|-----------------|--|
| Steady State – Legacy Funds: | | | | |
| High Cost Loop Support (HCLS) ³ | \$85.80 | \$0.00 | \$85.80 | Provides legacy support to rural carriers in areas where cost to provide service exceeds 115% of the national average cost per line. |
| Connect America Fund (CAF) Broadband Loop Support (BLS) ⁴ | 284.41 | (22.82) | 261.59 | Replaces legacy fund Interstate Common Line Support. Provides support for voice and broadband only lines to offset interstate access charges. |
| CAF Intercarrier Compensation (ICC) ⁵ | 92.08 | (2.72) | 89.36 | Allows incumbent carriers to charge residential customers an Access Recovery Charge on a limited basis and to recover charges from certain multi-line customers. |
| Frozen Price Cap Carrier Support ⁶ | 7.88 | (4.75) | 3.13 | Price Cap carriers receive support frozen at December 2011 levels. Will be replaced by CAF II and CAF II Auction. |
| Frozen Competitive ETC Support ⁷ | 91.89 | (0.30) | 91.59 | Competitive carriers receive support frozen at December 2011 levels. Will be replaced by CAF II Auction and/or Mobility Fund Phase II. |
| Total Steady State Legacy Funds | \$562.06 | (\$30.59) | \$531.47 | |

³ High Cost Loop (HCL) support is provided pursuant to 47 C.F.R. §§ 54.1301-.1304 and includes Safety Net Additive Support (SNA) and Safety Valve Support (SVS).

⁴ See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3117-56, paras. 80-185 (2016) (*2016 Rate-of-Return Reform Order*).

⁵ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17956, para. 847.

⁶ See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17715, 17725-26, paras. 133, 159 (2011) (*USF/ICC Transformation Order*).

⁷ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17715, para. 133.

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|--|--------|-------------------------|--------|--|
| Steady State – Modernization Funds: | | | | |
| CAF Phase II ⁸ | 4.92 | 0.00 | 4.92 | Support to Price Cap carriers based on Connect America Cost Model (CACM) ends its 7th year support in December 2021 for all its recipients except for Alaska Communications Systems (ACS). Per Order, FCC 16-143, ACS will continue to receive CAF Phase II frozen support until 2025. |
| CAF Phase II Auction | 38.70 | 0.00 | 38.70 | Support to auction winners in areas that Price Cap carriers did not accept CAF Phase II model support and in extremely high cost service areas. |
| Alaska Plan Support ⁹ | 32.08 | 0.00 | 32.08 | Support for Rate of Return carriers and their wireless affiliates for broadband services in Alaska. |
| Alternative Connect America Cost Model I (A-CAM) ¹⁰ | 156.61 | (1.24) | 155.37 | Model support to Rate of Return carriers for voice and broadband infrastructure. |

⁸ See *Connect America Fund*, WC-Docket Nos. 10-90, Report and Order, 31 FCC Rcd 12086 (2016)

⁹ See *Wireless Telecommunications Bureau Approves Performance Plans of the Eight Wireless Providers that Elected to Participate in the Alaska Plan*, WC Docket No. 16-271, Public Notice, 31 FCC Rcd 13317 (WTB 2016); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10155, paras. 47-49 (2016).

¹⁰ See *Wireline Competition Bureau Authorizes 182 Rate-of-Return Companies To Receive \$454 Million Annually in Alternative Connect America Cost Model Support To Expand Rural Broadband*, WC-Docket No. 10-90, Public Notice, 32 FCC Rcd 842 (WCB 2017) (*A-CAM Authorization PN*); *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3094-117, paras. 17-79; *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking, 33 FCC Rcd 2990, 3020-21, para. 68 (2018), 83 Fed. Reg. 18951 (May 1, 2018); *A-CAM Authorization PN*. See also *Connect America Fund*, WC Docket No. 10-90, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 13775 (2016) (*A-CAM Revised Offer Order*); *Wireline Competition Bureau Announces Offers of Revised A-CAM Support Amounts and Deployment Obligations to Authorized A-CAM Companies to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 19-115 (WCB 2019).

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|---|-----------------|---------------------------------|-----------------|---|
| A-CAM II ¹¹ | 126.91 | (1.14) | 125.77 | Model support to Rate of Return carriers that currently receive legacy support to fund the deployment of voice and broadband-capable networks in their service territories. |
| Rural Broadband Experiments (RBE) ¹² | 0.52 | 0.00 | 0.52 | Support to RBE winners in Price Cap areas for experiments for robust broadband infrastructure in rural communities. |
| Mobility Fund Phase I ¹³ | 6.78 | 0.00 | 6.78 | Support to wireless carriers for the expansion of mobile broadband networks in unserved areas. |
| Uniendo a Puerto Rico Fund/Connect USVI Fund | 26.86 | 0.00 | 26.86 | Puerto Rico Fund Support targeted to Puerto Rico carriers to rebuild and improve networks and US Virgin Island Fund Support targeted to Virgin Island carriers to rebuild and improve networks. |
| Rural Digital Opportunity Fund | 201.35 | (31.01) | 170.34 | Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism. |
| Total Steady State Modernization Funds | \$594.73 | (\$33.39) | \$561.34 | |

¹¹ See *Connect America Fund et al., WC Docket Nos. 10-90 et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration*, 33 FCC 18-176Rcd 11893, 11903, para. 34 (2018) (December 2018 Rate of Return Reform Order).

¹² See *Wireline Competition Bureau Announces Entities Provisionally Selected for Rural Broadband Experiments; Sets Deadlines for Submission of Additional Information*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 14684 (WCB 2014); *Wireline Competition Bureau Announces Additional Provisionally Selected Bidders for Rural Broadband Experiments and Sets Deadlines for Submission of Additional Information*, WC Docket Nos. 10-90 et al., Public Notice, 30 FCC Rcd 2045 (WCB 2015).

¹³ See *Mobility Fund Phase I Support Authorized for 11 Winning Bids Default on 35 Winning Bids Determined*, Public Notice, 31 FCC Rcd 1721 (WTB 2016); *Tribal Mobility Fund Phase I Support Authorized for Final Fifty-One Winning Bids*, Public Notice, 30 FCC Rcd 2226 (WTB 2015).

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|--|-------------------------|---------------------------------|-------------------------|---|
| <i>Amounts Paid from Reserve</i> | <i>(\$56.05)</i> | <i>\$1.25</i> | <i>(\$54.80)</i> | Per FCC direction, all disbursements for RBE, Mobility Fund Phase I, and a portion of disbursements for A-CAM I are paid from reserved funds collected in prior years. The ending balance as of September 30, 2022 for reserved funds was approximately \$797.50 million. |
| New Requirements – Legacy Funds: | | | | |
| <i>Total New Requirements Legacy Funds</i> | <i>\$0.00</i> | <i>\$0.00</i> | <i>\$0.00</i> | |
| New Requirements – Modernization Funds: | | | | |
| <i>Total New Requirements Modernization Funds</i> | <i>\$0.00</i> | <i>\$0.00</i> | <i>\$0.00</i> | |
| Total Program Demand | \$1,100.74 | (\$62.73) | \$1,038.01 | |

ATTACHMENT 2

High Cost Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Nine months ending September 30, 2022

| <i>(\$ in millions)</i> | FTE Actual | FTE Budget | FTE Variance | YTD Actual | YTD Budget | Variance |
|---|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------|
| Direct Program Costs | | | | | | |
| Employee Expenses | 47 | 50 | 3 | \$4.86 | \$5.31 | \$0.45 |
| Professional Services (Note 2) | | | | 0.63 | 2.04 | 1.41 |
| General & Administrative | | | | 0.00 | 0.00 | 0.00 |
| Total Direct Program Costs | | | | \$5.49 | \$7.35 | \$1.86 |
| Direct Assigned Costs | | | | | | |
| Employee Expenses | 14 | 20 | 6 | \$1.85 | \$2.65 | \$0.80 |
| Professional Services (Note 2) | | | | 10.47 | 8.36 | (2.11) |
| General & Administrative | | | | 0.04 | 0.28 | 0.24 |
| Total Direct Assigned Costs | | | | \$12.36 | \$11.29 | (\$1.07) |
| Total Direct Program & Direct Assigned Costs | 61 | 70 | 9 | \$17.85 | \$18.64 | \$0.79 |
| Common Allocated Costs (Note 3) | | | | \$27.86 | \$29.04 | \$1.18 |
| Total Programmatic Budget | | | | \$45.71 | \$47.68 | \$1.97 |

Note 2: Direct Program Professional Services include support for program modernization orders, High Cost data collection costs, and functional requirements gathering for High Cost system modernization. Direct Assigned Professional Services include beneficiary & contributor audit program audits and IT contract labor.

Note 3: Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



High Cost & Low Income Committee

High Cost Business Update

Open Session

October 24, 2022



Agenda

- Accomplishments
- Plans for Next Quarter
- Roadmap
- Appendix A: Program Metrics
- Appendix B: Verifications Snapshot
- Appendix C: Glossary of Terms

Accomplishments

- Operations
 - FCC Form 481 annual certifications collected on time for 100% of carriers.
 - Completed PIA annual activity CAF BLS annual data validation and analysis.
 - Processed **\$5.2 billion** RDOF Authorization Support through September 2022.
- Compliance
 - Launched 10 on-demand verifications (CAF II Auction and RDOF) to promptly address Letter of Credit reductions or terminations.
 - Coordinated with FCC to ensure carriers were appropriately placed into PMM non-compliance and/or had support restored based on evaluation of 2Q2022 pre-testing data.
 - Evaluated PMM CAF II Model annual data (July 1, 2022) and shared compliance recommendations with FCC.
 - Concluding verifications for approximately 5,500 locations associated with ACAM/RACAM (50% milestone) and Alaska Plan (5-Year milestone). AAD also launched CAF II Model audits.
 - Developed additional requirements for enhancement of internal workflow tool (HCVS) and RPA.

Accomplishments (Continued)

- Outreach
 - Helped carriers prepare for and complete annual FCC Form 481 filing (due July 29, 2022).
 - Helped carriers navigate quarterly speed and latency pre-testing/testing requirements.
 - Conducted outreach to support stakeholder challenge phase of ELAP.
 - Supported CAF Map refresh with updated language for map, website, public announcement, etc.
- PMO Updates
 - Completed automation (RPA) and workflow development and testing.
 - Completed procurement activities and vendor selection of HCLI 2.0 modernization project.

Accomplishments (Continued)

- Product
 - Completed the 2Q2022 performance data collection.
 - Updated PMM to calculate the annual compliance calculations for the CAF II Model Carriers.
 - Refreshed the CAF Map with updated HUBB locations.
 - Completed the CAF II Auction ELAP stakeholder challenge process and released the participant response functionality.
 - Reviewed the initial draft of the PMM Take Rate Analysis internally and with the FCC for feedback. The analysis utilizes HUBB locations and PMM subscribers to estimate carriers' service take rates.

Plans for 4Q2022

- Operations
 - Annual state certification (54.314) filing due October 31, 2022.
 - Complete CAF ICC annual data validation and analysis (PIA).
 - Circle of Life webinar for common BCAP audit findings (PIA).
 - Continue to process RDOF support authorizations through the end of the year.
- Outreach
 - Support refresh of the state access tool with updated FCC Form 481 and HUBB data, ensure Tribal access to FCC Form 481 data, and help states and carriers that self-certify complete annual ETC certification.
 - Help carriers navigate quarterly speed and latency pre-testing/testing requirements.
 - Help carriers begin preparing for the March 1, 2023 deadline for filing 2022 deployment data in HUBB and subsequent verification reviews.

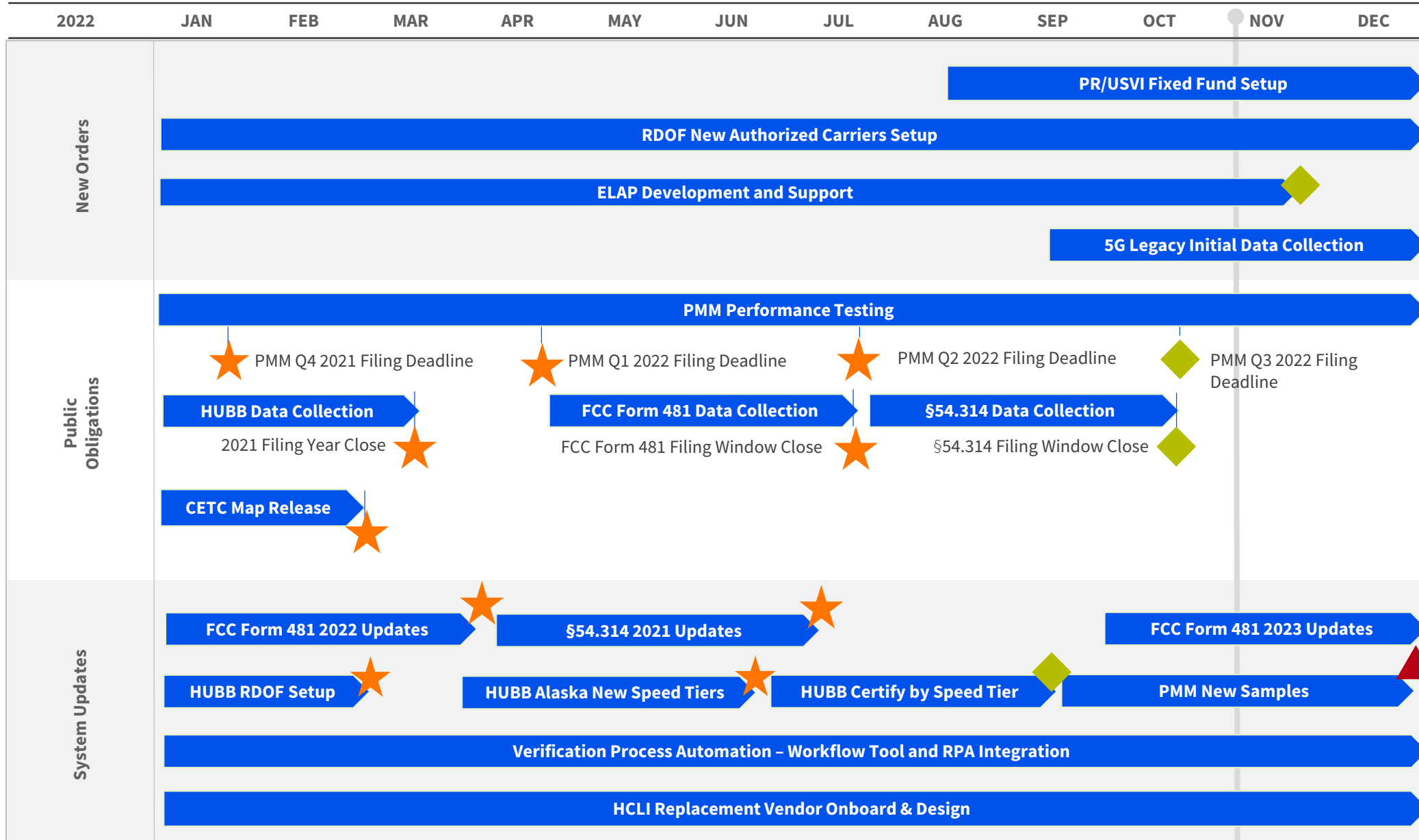
Plans for 4Q2022 (Continued)

- PMO
 - Perform mock run of RPA system using actual 2022 testing data to verify automation vs manual results (4Q2022).
 - Use RPA system and processes for 2023 verifications (1Q2023).
 - HCLI 2.0: onboarding the vendor and kick off the design work.
- Compliance
 - Coordinate with FCC to ensure carriers are appropriately placed into PMM non-compliance and/or have support restored based on evaluation of 3Q2022 pre-testing data.
 - Conclude milestone driven verifications for Alaska Plan and ACAM/Revised ACAM.
 - Address any on-demand verification requests promptly such that CAF II Auction and RDOF carriers can reduce or terminate their Letter of Credit in a timely manner.
 - Prepare for milestone verification work in 2023 (ACAM/RACAM, ACAM II, and CAF II Auction).
 - Evaluate the results of AAD's on-going CAF II Model and RBE audits and coordinate with them regarding questions/concerns and next steps as they report results.

Plans for 4Q2022 (Continued)

- Product
 - Release new sample functionality for PMM to allow carriers to update their testing samples. Developing contingency plans to address potential schedule risk for delivering this functionality in early November
 - Enable PR and USVI carriers to file locations in HUBB.
 - Close the ELAP adjudication process.

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix A: Metrics

High Cost Deployments (Data through September 30, 2022)

| Fund | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|
| ACAM | 473,048 | 533,617 | 538,361 |
| ACAMII | 320,140 | 358,786 | 360,546 |
| AK Plan | 37,070 | 56,085 | 56,098 |
| CAF BLS | 749,735 | 908,355 | 919,110 |
| CAFII | 3,098,796 | 4,211,589 | 4,211,589 |
| CAFII AUC | 79,715 | 197,462 | 249,911 |
| RBE | 26,010 | 28,189 | 28,189 |
| RDOF | 14,060 | 29,457 | 33,419 |

2022 Filing Year Closes March 1, 2023

Appendix A: Metrics (Continued)

High Cost Disbursements (Data through September 30, 2022)

| Fund Type | SAC Type | 2022 | 2021 | 2020 |
|------------|----------|-----------------|-----------------|-----------------|
| Legacy | CETC | \$244,290,725 | \$369,229,873 | \$415,470,391 |
| | ILEC | \$1,141,687,332 | \$1,692,324,455 | \$1,632,310,757 |
| Modernized | CETC | \$446,460,318 | \$347,889,239 | \$279,937,579 |
| | ILEC | \$886,937,833 | \$2,718,940,364 | \$2,728,137,015 |
| Wireless | CETC | \$0 | \$0 | \$6,702,440 |
| | ILEC | \$0 | \$0 | \$0 |

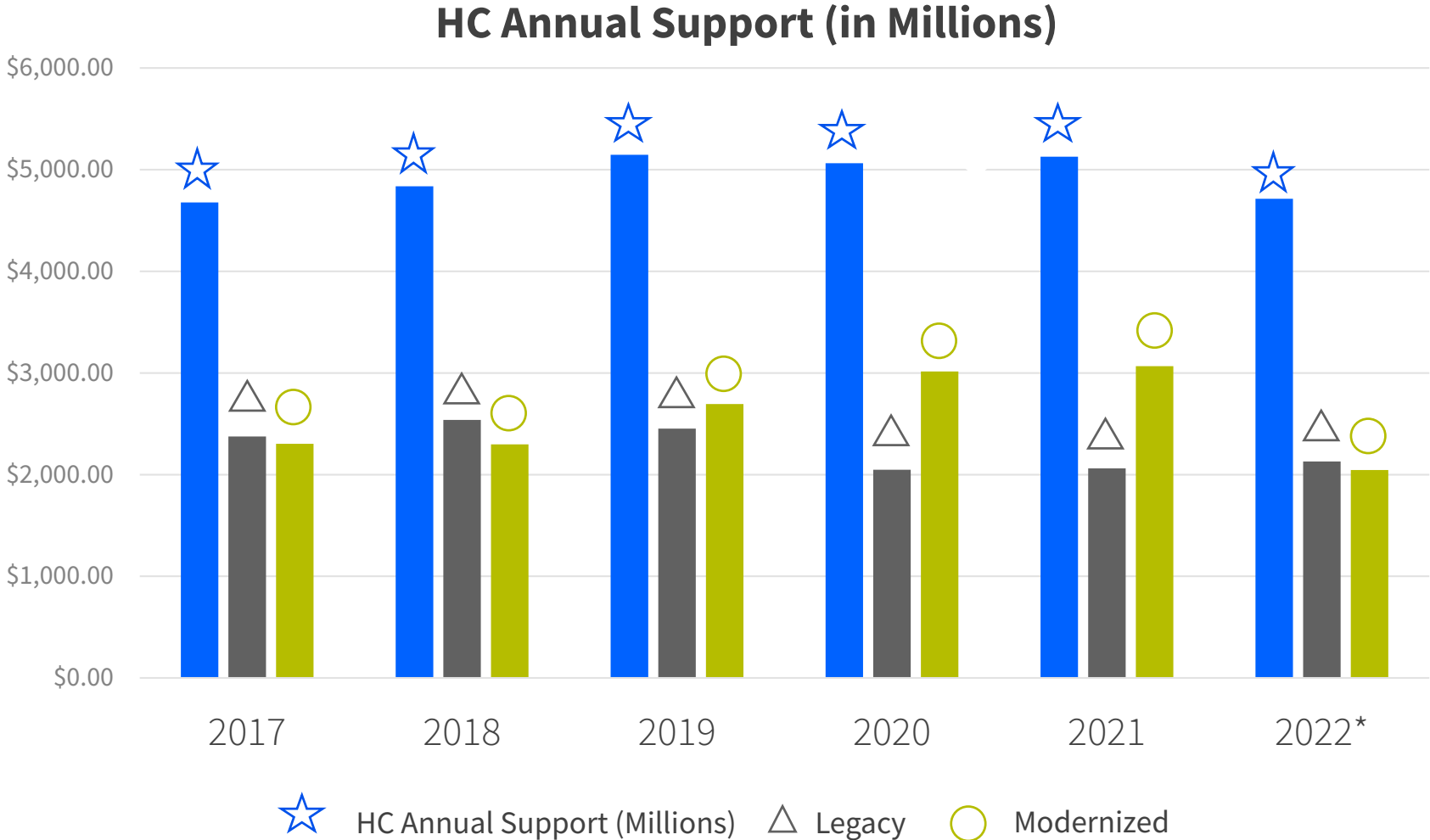
*The Wireless number for CETC is reflecting MF1 only.

Appendix A: Metrics (Continued)

High Cost Disbursements (2017 -2022)

High Cost total annual disbursement for 2022 is forecasted to be approximately 20% less than 2021.

*High Cost annual support for 2022 is estimated based on actual through July.



Appendix B: Verification Snapshot (Sept. 1, 2022)

The below table highlights verification activity initiated in 2022. Verifications include on-demand requests from carriers, milestone reviews to ensure carriers satisfy program obligations, and reviews in coordination with the Rural Broadband Accountability Program (RBAP).

| Fund | # Locations Sampled | Tested | # Locations Reviewed | |
|------------------------------------|---------------------|--------|----------------------|----------|
| | | | Pass | Fail |
| CAF II - ACS | 147 | 147 | 0 | 0 |
| ACAM | 3,092 | 1,499 | 0 | 0 |
| RBE (Completed) | 278 | 278 | 236 (85%) | 42 (15%) |
| RBE (In-Progress) | 24 | 0 | 0 | 0 |
| CAF II Auction – RBAP | 342 | 342 | 0 | 0 |
| CAF II Auction – LoC (Completed) | 1341 | 1,341 | 1,251 (93%) | 90 (7%) |
| CAF II Auction – LoC (In-Progress) | 669 | 263 | 0 | 0 |
| Alaska Plan - Wireline | 1,946 | 1,450 | 0 | 0 |

* Alaska Plan Wireless verifications are also being performed for the 5-Year milestone.

Appendix C: Glossary of Terms

| Term | Definition |
|-----------------------|--|
| ACAM/ Revised ACAM | Alternative Connect America Cost Model/(Revised ACAM): A High Cost fund in which rate-of-return carriers elected to receive support based on a cost model in exchange for meeting defined broadband build-out obligations. The FCC created a model based on the Connect America Fund Model to establish fixed support for rate-of-return carriers over a ten-year term in exchange for broadband deployment to a pre-determined number of eligible locations at various speeds (initial budget = \$1.5 billion). Revised Alternative Connect America Model: The FCC allocated an additional \$50 million annually to the ACAM budget. |
| CAF | Connect America Fund: Beginning with the 2011 <i>Universal Service Fund/Connect America Fund Transformation Order</i> , a part of the federal universal service High Cost program designed to expand access to voice and broadband services. |
| CAF BLS | Connect America Fund Broadband Loop Support: FCC amended interstate common line support, renaming it the CAF BLS mechanism, expanding support from only traditional voice loops to include support for broadband-only loops. |
| CAF ICC | Connect America Fund Intercarrier Compensation Fund: FCC created High Cost program that allows incumbent local exchange carriers to charge residential customers an Access Recovery Charge on a limited basis, to recover charges from certain multi-line business customers, and, if applicable, to receive additional funds. |
| CETC | Competitive Eligible Telecommunications Carrier: Telecommunications carrier designated by a state's utility commission or the FCC to receive universal service support; a CETC must offer services that are supported by the federal universal service programs utilizing its own facilities or a combination of its own facilities and resale of another carrier's services. |

Appendix C: Glossary of Terms

| Term | Definition |
|------|---|
| ELAP | Eligible Locations Adjustment Process: WCB established the eligible locations adjustment process to review the defined deployment obligations on a state-by-state basis when the total number of actual locations in the eligible areas is less than the number of funded locations (see DA 19-1165). |
| ETC | Eligible Telecommunications Carriers. |
| HCVS | High Cost Verification System. |
| HUBB | High Cost Universal Broadband Portal: FCC directed USAC to develop a portal to collect carrier deployment data; carriers are required to submit broadband deployment location information and certify as to the accuracy of the deployment data within the HUBB. |
| LOC | Letter of Credit: Pursuant to FCC rules, before being authorized to receive certain modernized high cost support, a winning bidder must obtain an irrevocable standby letter of credit that conforms to FCC rules and requirements. |
| PIA | Program Integrity Assurance: The process and procedures used in the review of carrier submit data to ensure that the program and its stakeholders are in compliance with the rules and orders governing the relevant USF support. |

Appendix C: Glossary of Terms (Continued)

| Term | Definition |
|------------------|---|
| PMM | Performance Measurement Module: System used by USAC’s High Cost Division to collect data required by the FCC’s <i>Performance Measurement Orders</i> . |
| PR/USVI PR/VI | Puerto Rico/US Virgin Islands: United States territories for which the FCC created specific HC funds to help rebuild and shore up communications networks damaged or destroyed by hurricanes. |
| SAC | Study Area Code: A unique, six-digit identifier used to classify a carrier specific service area. |
| RBAP | Rural Broadband Accountability Plan: Chairwoman Rosenworcel proposed to increase audits, verifications, and transparency for USF High Cost programs, including the Rural Digital Opportunity Fund. See https://www.fcc.gov/rbap . |
| RBE | Rural Broadband Experiments: In the 2014 Rural Broadband Experiments, the FCC adopted rules for a limited program to test different aspects of a competitive bidding process for new support programs designed to provide robust broadband to consumers in price cap areas. The FCC established a 10-year fund designed to provide \$100 million in funding to carriers to buildout broadband services in high-cost areas. See FCC 14-98. |

Appendix C: Glossary of Terms (Continued)

| Term | Definition |
|------|--|
| RDOF | Rural Digital Opportunity Fund: RDOF builds on the CAF II Auction and provides HC support to connect millions more rural homes and small businesses to high-speed broadband networks. With RDOF, the FCC targets support to areas that lack access to both fixed voice at a Minimum (25/3Mbps), Baseline (50/5 Mbps), Above-baseline (100/20Mbps) and Gigabit (1G/100Mbps) broadband services. The FCC proposed that Phase I will target census blocks that are wholly unserved with broadband at speeds of 25/3 Mbps and Phase II will target census blocks that the FCC later determines through the Digital Opportunity Data Collection (or suitable alternative data source), are only partially served. See FCC 20-5. |
| RPA | Robotic Process Automation: Technology designed to automate manual repetitive, high-volume tasks performed by employees. |



**Universal Service
Administrative Co.**

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting**

ACTION ITEM

**Approval of Low Income Support Mechanism
1st Quarter 2023 Programmatic Budget and
Demand Projection for the November 2, 2022 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2023 (1Q2023) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 2, 2022 quarterly filing.

Discussion

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

Based on projected subscribership levels, USAC estimates the 1Q2023 funding requirement for the Low Income Support Mechanism as follows:

¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

| <i>(in millions)</i> | 4Q2022 | Increase/ (Decrease) | 1Q2023 | Notes |
|--|-------------------|-------------------------|-------------------|-------------|
| Steady State: | | | | |
| Lifeline | \$290.03 | (\$11.41) | \$278.62 | |
| Link Up | 0.04 | 0.01 | 0.05 | |
| New Requirements: | | | | |
| N/A | 0.00 | 0.00 | 0.00 | |
| Total Program Demand | \$290.07 | (\$11.40) | \$278.67 | |
| Prior Period Adjustments (difference between projections and actuals): | | | | |
| Disbursements | (\$105.41) | (\$19.63) | (\$125.04) | See Note 1 |
| Billings | (0.08) | 39.85 | 39.77 | |
| Bad Debt Expense | (2.23) | 0.20 | (2.03) | |
| Interest Income | (0.01) | 0.00 | (0.01) | |
| Administrative Expense True-Up | 0.00 | (13.42) | (13.42) | |
| Total Prior Period Adjustments | (\$107.73) | \$7.00 | (\$100.73) | |
| USAC Administrative Expenses | \$29.09 | (\$5.82) | \$23.27 | See Table B |
| Total Funding Requirement | \$211.43 | (\$10.22) | \$201.21 | |

Note 1: Lifeline program disbursements were lower due to no reimbursement claims from two service providers.

Based on the projected burn rate, USAC estimates the following 1Q2023 programmatic budget:

Table B. Quarterly Programmatic Budget

| <i>(in millions)</i> | 4Q2022 Budget | Increase/ (Decrease) | 1Q2023 Budget | Notes |
|---|------------------|-------------------------|------------------|------------|
| Direct Program Costs | | | | |
| Employee Expenses | \$2.75 | (\$0.01) | \$2.74 | |
| Professional Services | 16.79 | (9.32) | 7.47 | |
| General & Administrative | 0.20 | 0.33 | 0.53 | See Note 2 |
| Total Direct Program Costs | \$19.74 | (\$9.00) | \$10.74 | |
| Direct Assigned Costs | | | | |
| Employee Expenses | \$0.67 | \$0.02 | \$0.69 | |
| Professional Services | 1.67 | 0.72 | 2.39 | |
| General & Administrative | 0.46 | (0.20) | 0.26 | See Note 2 |
| Total Direct Assigned Costs | \$2.80 | \$0.54 | \$3.34 | |
| Total Direct Program & Direct Assigned Costs | \$22.54 | (\$8.46) | \$14.08 | |
| Common Allocated Costs | \$6.55 | \$2.64 | \$9.19 | |
| Total Programmatic Budget | \$29.09 | (\$5.82) | \$23.27 | |

Note 2: General & Administrative expenses include computer support & maintenance,

postage, and meetings & conferences.

A comparison of actual expenditures to the budget for the nine months ending September 30, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the 1Q2023 budget and projection of demand as proposed.

Recommended High Cost & Low Income Committee Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2023 Low Income Support Mechanism direct program budget of \$14.08 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$14.08 million for Low Income Support Mechanism administrative costs in the required November 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 24, 2022 the 1st Quarter 2023 Low Income Support Mechanism demand estimate of \$201.21 million, hereby directs USAC staff to proceed with the required November 2, 2022 filing to the Federal Communications Commission on behalf of the Committee. USAC staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

ATTACHMENT 1

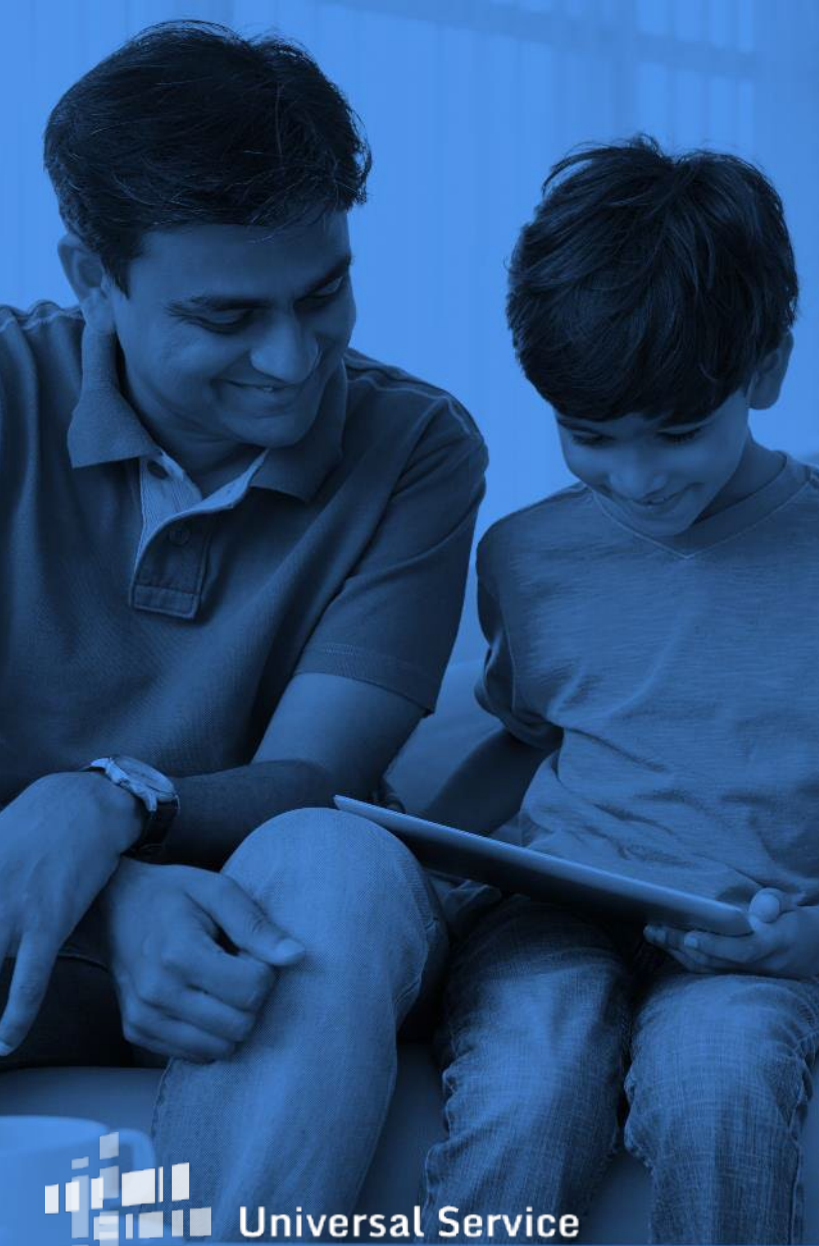
Low Income Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Nine Months ending September 30, 2022

| <i>(\$ in millions)</i> | FTE Actual | FTE Budget | FTE Variance | YTD Actual | YTD Budget | Variance |
|---|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------|
| Direct Program Costs | | | | | | |
| Employee Expenses | 76 | 76 | 0 | \$5.97 | \$7.07 | \$1.10 |
| Professional Services (Note 3) | | | | 25.14 | 23.67 | (1.47) |
| General & Administrative (Note 4) | | | | 1.52 | 0.73 | (0.79) |
| Total Direct Program Costs | | | | \$32.63 | \$31.47 | (\$1.16) |
| Direct Assigned Costs | | | | | | |
| Employee Expenses | 16 | 14 | (2) | \$1.31 | \$1.71 | \$0.40 |
| Professional Services (Note 3) | | | | 4.24 | 5.27 | 1.03 |
| General & Administrative (Note 4) | | | | 1.15 | 1.37 | 0.22 |
| Total Direct Assigned Costs | | | | \$6.70 | \$8.35 | \$1.65 |
| Total Direct Program & Direct Assigned Costs | 92 | 90 | (2) | \$39.33 | \$39.82 | \$0.49 |
| Common Allocated Costs (Note 5) | | | | \$17.17 | \$16.54 | (\$0.63) |
| Total Programmatic Budget | | | | \$56.50 | \$56.36 | (\$0.14) |

Note 3: Direct Program Professional Services include Lifeline eligibility verifications and call center costs. Direct Assigned Professional Services include National Verifier (NV) operations & maintenance, beneficiary & contributor audit program audits, and IT contract labor.

Note 4: General & Administrative expenses include computer support & maintenance, postage, and meetings & conferences.

Note 5: Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



High Cost & Low Income Committee

Lifeline Business Update

Open Session

October 24, 2022



Universal Service
Administrative Co.

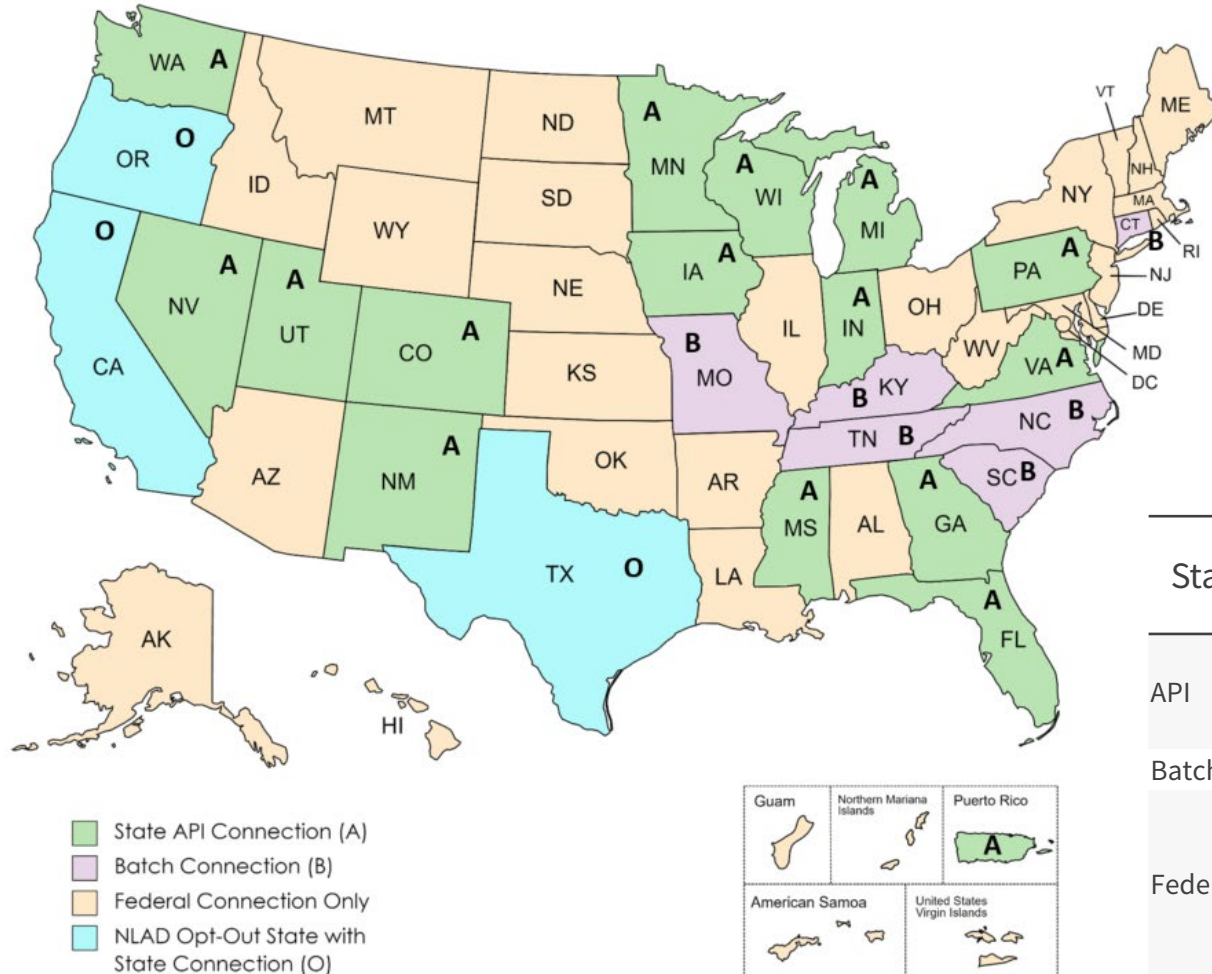
Agenda

- Accomplishments and Major Developments
 - National Verifier (NV) Highlights
 - Lifeline Subscriber Trends
- Plans for Next Quarter
- Roadmap
- Appendix: Program Metrics

Accomplishments and Major Developments

- Began 2022 Lifeline recertification in July.
 - Subscribers that pass the automated eligibility database check do not need to take any further action to retain their Lifeline benefit.
 - Subscribers that do not pass the automated eligibility database check are required to complete the recertification form and have 60 days to recertify their continued eligibility. Failure to recertify during this time will result in automatic de-enrollment.
 - Subscribers that do not pass the current automated eligibility check, but passed their previous automated eligibility check, will be required to complete the recertification form *and* provide proof of eligibility.
 - Recertification and reverification was waived for Lifeline subscribers residing on Tribal lands through January 31, 2022.
- Implemented Customer Relationship Management (CRM) tool for Lifeline emails.

National Verifier Highlights



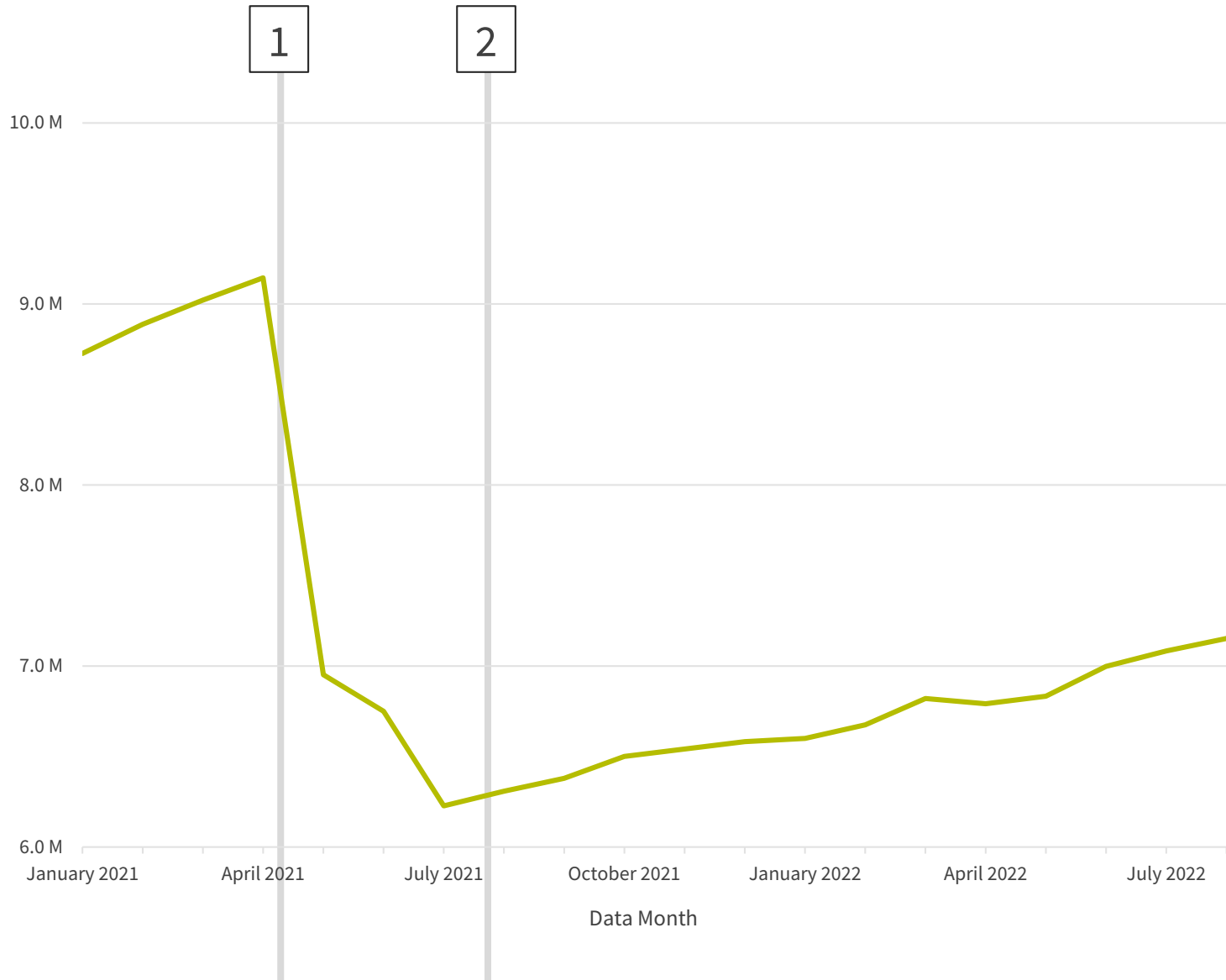
27 Total NV Connections Available

- 25 state and territory connections
 - NV leverages automated connections in California, Texas, and Oregon that use state databases to determine eligibility for the Lifeline program
- 2 federal connections to CMS and HUD

| State Connection Type | State | Sept. 2022 Subscribers |
|-------------------------|--|------------------------|
| API | CO, FL, GA, IA, IN, MI, MN, MS, NM, NV, PA, PR, UT, VA, WA, WI | 2,651,327 |
| Batch | CT, KY, MO, NC, SC, TN | 680,373 |
| Federal Only | AK, AL, AR, AS, AZ, DC, DE, GU, HI, ID, IL, KS, LA, MA, MD, ME, MP, MT, ND, NE, NH, NJ, NY, OH, OK, RI, SD, VI, VT, WV, WY | 2,308,325 |
| NLAD Opt-Out Automated* | CA, OR, TX | 1,518,412 |

***Note:** NV benefits from the existing state eligibility connections in CA, TX, and OR.

Lifeline Subscriber Trends



1. Experienced significant de-enrollment after expiration of FCC COVID-19 non-usage waiver.

2. Subscribership has generally trended upwards since July 1, 2021.

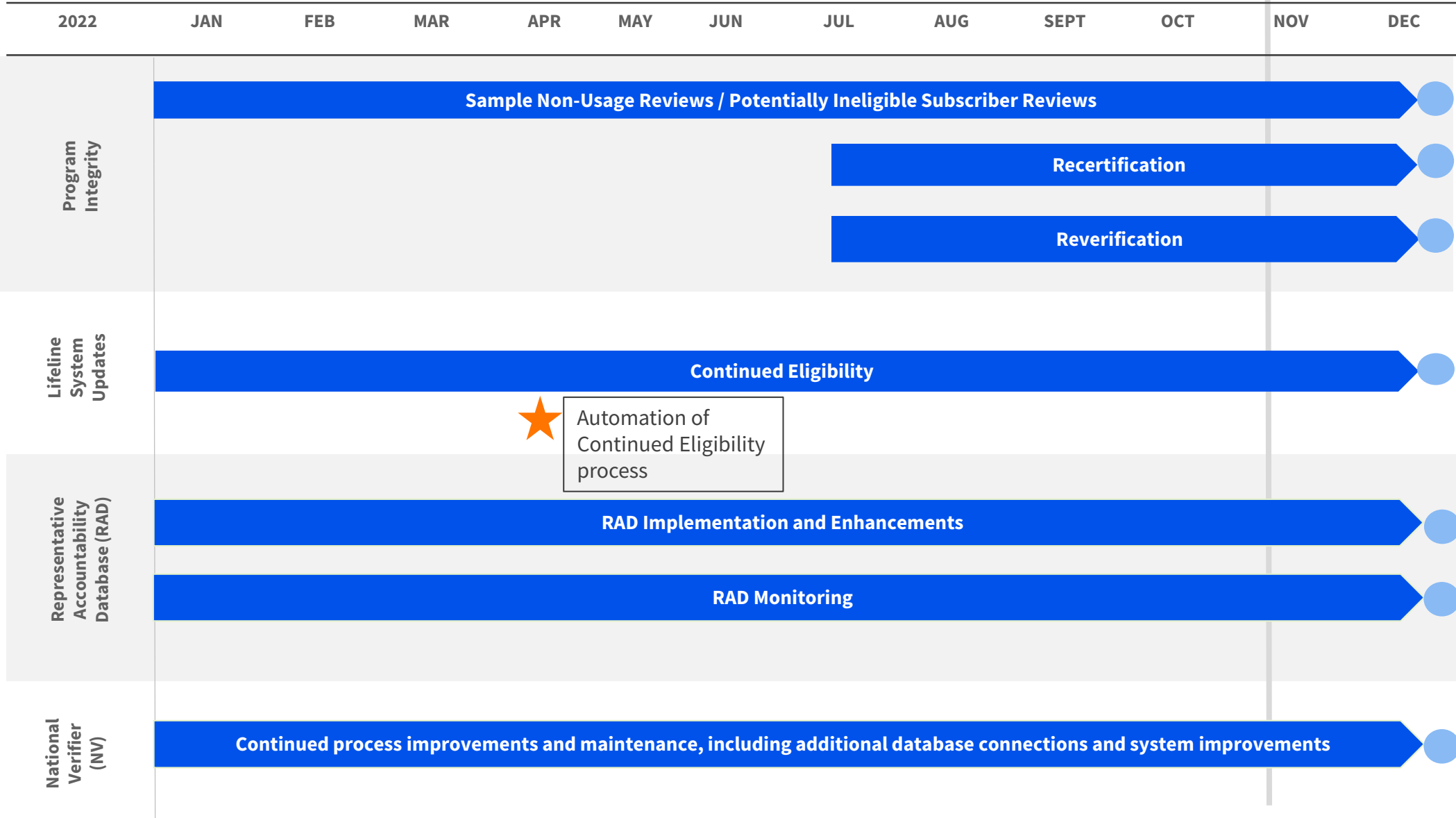
***Note:** Subscriber counts include all subscribers on the NLAD snapshot, including NLAD opt-out states (CA, OR, and TX). Actual claimed subscribers will vary but are capped at these NLAD snapshot levels (i.e., service providers cannot claim more than what is in NLAD).

***Note:** Table is through August 2022. NLAD Opt-Out numbers through September 2022 pending.

Plans for Next Quarter

- Initiate recertification and reverification that was previously waived for subscribers residing on Tribal lands through January 31, 2022.
- Complete recertification for all required subscribers by end of calendar year 2022.

Roadmap



Milestone Legend

-  At Risk
-  On Track
-  Completed
-  Ongoing

Appendix A: Metrics

Lifeline Eligibility and Enrollments

| Year-to-Date (YTD) Cumulative Comparison | 2022 (January through Sept.) | 2021 (January through Sept.) |
|---|---------------------------------|---------------------------------|
| National Verifier Applications Created | 15,165,558 | 7,989,849 |
| Program Eligibility Auto Approved | 9,845,251 | 5,374,474 |
| Program Eligibility Auto Pass Rate | 65% | 67% |
| Enrollments (Excludes CA, OR, and TX) | 4,540,939 | 2,154,253 |
| De-Enrollments (Excludes CA, OR, and TX) | 4,054,573 | 3,557,822 |
| NLAD Subscribers (Excludes CA, OR, and TX; based on September Data, October 1 Snapshot) | 5,640,016 | 4,849,988 |
| Opt-Out State Subscribers (CA, OR, and TX; based on September Data, October 1 Snapshot) | 1,518,412 | 1,529,380 |

***Note:** Subscriber counts include all subscribers in the National Lifeline Accountability Database (NLAD) snapshot. Subscriber counts from the NLAD opt-out states (CA, OR, and TX) are also included unless otherwise noted. Actual claimed subscribers will vary but are capped at these NLAD snapshot levels. 2022 YTD subscribers reflect the increase in Lifeline applications associated with the higher application volumes related to the implementation of the Affordable Connectivity Program (ACP), as well as higher year-over-year de-enrollments associated with non-usage following the expiration of the FCC non-usage waiver in May 2021.

Appendix B: Lifeline Program Service Type Trends

| Month | Broadband | Bundled Broadband | Bundled Voice and Broadband | Bundled Voice | Voice |
|----------------|-----------|-------------------|-----------------------------|---------------|-------|
| September 2022 | 0.77% | 27.66% | 66.05% | 0.92% | 4.6% |
| August 2022 | 0.75% | 26.38% | 67.18% | 0.92% | 4.77% |
| July 2022 | 0.72% | 25.13% | 68.32% | 0.90% | 4.93% |
| June 2022 | 0.70% | 26.05% | 67.24% | 0.91% | 5.10% |
| May 2022 | 0.69% | 26.62% | 66.41% | 0.94% | 5.34% |
| April 2022 | 0.65% | 28.11% | 64.61% | 0.97% | 5.66% |
| March 2022 | 0.63% | 29.36% | 63.25% | 0.99% | 5.77% |
| February 2022 | 0.62% | 27.42% | 64.42% | 1.53% | 6.01% |
| January 2022 | 0.60% | 26.38% | 65.22% | 1.60% | 6.20% |
| December 2021 | 0.58% | 25.49% | 65.73% | 1.72% | 6.48% |
| November 2021 | 0.56% | 25.06% | 66.06% | 1.66% | 6.66% |
| October 2021 | 0.55% | 23.71% | 67.17% | 1.58% | 6.99% |

- **Broadband:** Broadband service meeting minimum service standards
- **Bundled Broadband:** Broadband and voice, but only broadband meeting minimum service standards
- **Bundled Voice and Broadband:** Broadband and voice, both meeting minimum service standards
- **Bundled Voice:** Broadband and voice, but only voice meeting minimum service standards
- **Voice:** Voice service meeting minimum service standards

***Note:** Lifeline program service type data is from the Lifeline Claims System (LCS), which includes the NLAD opt-out states as max claimable subscribers.

Appendix B: Lifeline Program Trends

| Data Month | Subscribers* | Rate of Change (subscribers month over month) | Disbursed** |
|-------------------------------------|--------------|---|--------------|
| September 2022 (snapshot on Oct. 1) | 7,158,437 | 0.09% | \$31,541,427 |
| August 2022 (snapshot on Sept. 1) | 7,152,147 | 0.97% | \$31,035,692 |
| July 2022 (snapshot on August 1) | 7,083,701 | 1.23% | \$91,257,124 |
| June 2022 (snapshot on July 1) | 6,997,820 | 2.41% | \$59,748,347 |
| May 2022 (snapshot on June 1) | 6,833,384 | 0.61% | \$29,153,422 |
| April 2022 (snapshot on May 1) | 6,791,992 | -0.42% | \$30,185,523 |
| March 2022 (snapshot on April 1) | 6,820,935 | 2.18% | \$60,324,909 |
| February 2022 (snapshot on March 1) | 6,675,382 | 1.14% | \$29,380,663 |
| January 2022 (snapshot on Feb. 1) | 6,600,082 | 0.27% | \$78,499,282 |
| December 2021 (snapshot on Jan. 1) | 6,582,211 | 0.62% | \$30,027,204 |
| November 2021 (snapshot on Dec. 1) | 6,541,642 | 0.63% | \$72,247,469 |
| October 2021 (snapshot on Nov. 1) | 6,500,944 | 1.91% | \$39,297,867 |

High dollar variances in the disbursed amounts relate to prior period claims for two large providers.

***Note:** Subscriber counts include all subscribers on the NLAD snapshot, including NLAD opt-out states (CA, OR, and TX). Actual claimed subscribers will vary but are capped at these NLAD snapshot levels (i.e., service providers cannot claim more than what is in NLAD).

****Note:** Disbursed refers to amounts distributed within the data month.

Appendix C: Glossary of Terms

| Term | Definition |
|------|--|
| API | An API is a set of programming codes that enables data transmission between one software product and another (computer to computer connection). USAC uses API to initiate the consumer eligibility verification process for the Lifeline program in the National Verifier. |
| CMA | Computer Matching Agreement: A written agreement between the source agency and the recipient agency (or non-federal agency) specifying the terms of the matching program. |
| CMS | Centers for Medicare and Medicaid Services |
| ETC | Eligible Telecommunications Carrier |
| HUD | Housing and Urban Development |

Appendix C: Glossary of Terms (Continued)

| Term | Definition |
|------|---|
| LCS | Lifeline Claims System: The online filing system that service providers use to receive reimbursement for offering Lifeline-supported services to eligible consumers. |
| NLAD | National Lifeline Accountability Database: Allows service providers to check on a real-time, nationwide basis whether a consumer is already receiving a Lifeline program-supported service. |
| NV | National Verifier: The Lifeline National Eligibility Verifier determines whether consumers are eligible for Lifeline. |
| RAD | Representative Accountability Database: A registration system that validates the identities of service provider representatives performing transactions in the National Lifeline Accountability Database and the National Verifier. |



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