

2010 High Cost & Low Income Committee Meetings Minutes

Click on a date below to see the minutes. To see the entire year's minutes, click on the first date. Once open, search within the document for a particular word or phrase, using the 'Find' feature or Ctrl+f.

Meeting Dates

January 7, 2010	2
January 25, 2010	4
February 26, 2010	10
March 26, 2010	13
April 26, 2010	15
July 26, 2010	22
September 20, 2010.....	29
October 25, 2010	31

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

January 7, 2010

MINUTES

A meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, January 7, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 12:02 p.m. Eastern Time, with all eight Committee members present:

Barash, Scott – Acting CEO	Gillan, Joe – <i>by telephone</i>
Bergmann, Scott– <i>by telephone</i>	Jacobs, Ellis – <i>by telephone</i>
Boyle, Anne – <i>by telephone</i>	Jortner, Wayne – <i>by telephone</i>
Feiss, Geoff – <i>by telephone</i>	Lubin, Joel – Chair – <i>by telephone</i>

Other Board of Directors (Board) members and officers of the corporation present:

Capozzi, David – Acting General Counsel and Assistant Secretary
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Ahn, Shane	USAC
Amalfitano, Vince	FCC – <i>by telephone</i>
Davis, Craig	USAC
Delmar, Teleshia	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Action on 54 High Cost Support Mechanism Round 3 Beneficiary Compliance Attestation Audit Reports.** Mr. Scott presented this item to the Committee, noting that after the Committee acts on these reports, 54% of the Round 3 FCC Office of Inspector General (OIG) USF audit program audit reports will have been approved by the Committee; where at the same time last year 32% of the Round 2 reports had been approved by the Committee. Mr. Scott also noted that USAC had received all but two of the remaining Round 3 High Cost Program beneficiary audit reports has been received from the outside auditing firms.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 54 High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

On a motion duly made and seconded, the Committee adjourned at 12:16 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

January 25, 2010

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, January 25, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:35 p.m. Eastern Time, with a quorum of seven of the eight members of the Committee present (there is one vacancy):

Barash, Scott – Acting CEO

Jacobs, Ellis

Bergmann, Scott

Jortner, Wayne

Feiss, Geoff

Lubin, Joel – Chair

Gillan, Joe – Vice Chair

Members of the Committee not present:

Boyle, Anne

Other Board of Directors (Board) members and officers of the corporation present:

Anderson, Mike – Member of the Board

Belden, Richard – Chief Operating Officer

Campbell, Anne – Member of the Board

Capozzi, David – Acting General Counsel and Assistant Secretary

Erwin, W. B. – Vice President of Finance and Assistant Treasurer

Holcombe, Jamie – Vice President of Information Technology

Majcher, Karen – Vice President, High Cost & Low Income Division

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Delmar, Teleshia	USAC
Emmanuel, Jillian	USAC
Gonzales, Veronica	USAC
Hopper, Melissa	USAC
Iversen, Eric	USAC
Lougheed, Matthew	USAC
Lowery, Craig	USAC
Nuzzo, Patsy	USAC
O’Conner, Austin	FCC
Pertsevoi, Elizabeth	USAC
Schrieber, Johnnay	USAC

ACTION ITEMS:

- a2. **Approval of High Cost & Low Income Committee Meeting Minutes of October 26, 2009, November 20, 2009 and January 7, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meetings of October 26, 2009, November 20, 2009 and January 7, 2010.
- a3. **Approval of 2nd Quarter 2010 and 2010 Annual High Cost and Low Income Support Mechanisms Programmatic Budgets.** Mr. Belden presented this item to the Committee, noting that there was no change to the information presented to the Committee in October 2009.

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 2nd Quarter 2010 programmatic budget for the High Cost Support Mechanism of \$2.7 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.7 million for High Cost Support Mechanism administrative expenses in the required January 29, 2010 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2010 programmatic budget for the High Cost Support Mechanism of \$11.7 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2010 programmatic budget for the Low Income Support Mechanism of \$0.7 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$0.7 million for Low Income Support Mechanism administrative expenses in the required January 29, 2010 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2010 programmatic budget for the Low Income Support Mechanism of \$2.9 million.

- a3. Approval of 2nd Quarter 2010 High Cost and Low Income Support Mechanisms Demand Projections for the January 29, 2010 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 25, 2010, a summary of the 2nd Quarter 2010 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required January 29, 2010 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Lubin noted that the FCC Chairman has not yet selected nominees for the six open USAC Board of Directors (Board) seats, and, based on management's recommendation the Committee would carry on with the current Chair and Vice Chair, therefore no action was taken on this matter.
- a5. Action on 31 High Cost Support Mechanism Beneficiary Compliance Attestation Round 3 Audit Reports.** Mr. Scott presented this item to the Committee, noting that once these audits are complete the Committee will have reviewed 169 of the total 390 Round 3 High Cost Program beneficiary audits.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution, with Mr. Lubin abstaining:

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 31 High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

Messrs. Bergmann and Ellis also voted to approve the resolutions.

- a6. Action on Seven High Cost Support Mechanism Beneficiary Performance Round 2 Follow-Up Audit Reports.** Mr. Scott presented this item to the Committee, noting that these audits are part of a group of 25 follow-up audit where the auditors withdrew or provided an adverse opinion.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the seven High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a7. Action on Four USAC Internal Audit Division High Cost Support Mechanism Beneficiary Limited Review Performance Audit Reports.** Ms. Teleshia Delmar presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports labeled: HC2008LR003, HC2008LR006, HC2008LR011 and HC2008LR013, together with management's responses thereto, hereby accepts the recommendation of USAC management and deems such reports final.

- a8. Miscellaneous.** Solicit Ideas for the April 2010 Committee Agenda. Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the April 2010 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

INFORMATION ITEMS:

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:
- High Cost staff began using the new HCLI information systems with the November 2009 support payments disbursed at the end of December. The High Cost legacy system was retired in December 2009.

Messrs. Lubin and Barash complimented High Cost and Low Income and USAC Information Technology Division staff on successfully completing the move of the HCLI operations in-house on time and on budget.

- Of the 390 Round 2 FCC Office of Inspector General High Cost Program audits, only five remain in progress. High Cost Program management finalized responses for these audits in December, which will then complete USAC management responses for all Round 2 audits. As of December 4, 2009, USAC has recovered \$3,087,204 in improper payments identified by the Round 2 audits.
- Approximately 50 percent of the Form 525s are being filed online. USAC will continue conducting outreach to increase the online filing rate.
- USAC staff has been working one-on-one with companies to help them begin filing the FCC Form 497 online. In November approximately 1,148 forms were filed with USAC, of which 505 (44%) were filed online. This is an increase from 31% in the prior month.
- In the November disbursement, TracFone became the largest monthly recipient of Lifeline support, receiving \$27,337,027 that month. AT&T, which received \$27,022,919, was second-largest.

i2. High Cost and Low Income Transition Update. Ms. Majcher presented this item to the Committee as part of her report in item i1 above.

On a motion duly made and seconded, the Committee adjourned at 2:22 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

February 26, 2010

MINUTES

A meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, February 26, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 12:03 p.m. Eastern Time, with seven of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting CEO

Jacobs, Ellis – *by telephone*

Bergmann, Scott – *by telephone*

Jortner, Wayne – *by telephone*

Boyle, Anne – *by telephone*

Lubin, Joel – Chair – *by telephone*

Gillan, Joe – Vice Chair – *by telephone*

Members of the Committee not present:

Feiss, Geoff

Other Board of Directors (Board) members and officers of the corporation present:

Capozzi, David – Acting General Counsel and Assistant Secretary

Belden, Richard – Chief Operating Officer

Majcher, Karen – Vice President, High Cost & Low Income Division

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Ahn, Shane	USAC
Amalfitano, Vince	FCC – <i>by telephone</i>
Becker, Ellen	FCC – <i>by telephone</i>
Davis, Craig	USAC
Hultquist, Mary	USAC
Jarmon, Wesley	FCC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a4. Action on 57 High Cost Support Mechanism Beneficiary Compliance Attestation Round 3 Audit Reports.** Mr. Scott presented this item to the Committee, noting that the Committee has deemed final 226 audit reports, leaving 97 audits for the Committee to review.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 57 High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management’s responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a2. Action on Seven High Cost Support Mechanism Round 2 Beneficiary Compliance Attestation Audit Reports.** Mr. Scott presented this item to the Committee, noting that the FCC Office of Inspector General had previously directed USAC not to conduct the audits associated with these reports, then subsequently directed USAC to conduct these audits.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the seven High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a3. Action on Seven High Cost Support Mechanism Round 2 Beneficiary Follow-up Performance Audit Reports.** Mr. Scott presented this item to the Committee, noting that as a result of the follow-up work performed on these audits the initial improper payment rate for the High Cost Program beneficiary Round 2 FCC Office of Inspector General (OIG) USF audit program audit had been reduced from the OIG estimate of over \$37 million to approximately \$137,000.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the seven High Cost Support Mechanism Beneficiary Performance Audit reports, as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a4. Miscellaneous.** The Committee held an information discussion on the growth in the Low Income Program.

On a motion duly made and seconded, the Committee adjourned at 1:09 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

March 26, 2010

MINUTES

A meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, March 26, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 12:02 p.m. Eastern Time, with all eight Committee members present (there is one vacancy):

Barash, Scott – Acting CEO
Bergmann, Scott – *by telephone*
Boyle, Anne – *by telephone*
Feiss, Geoff – *by telephone*

Gillan, Joe – *by telephone*
Jacobs, Ellis – *by telephone*
Jortner, Wayne – *by telephone*
Lubin, Joel – Chair – *by telephone*

Other Board of Directors (Board) members and officers of the corporation present:

Capozzi, David – Acting General Counsel and Assistant Secretary

Belden, Richard – Chief Operating Officer

Majcher, Karen – Vice President, High Cost & Low Income Division

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Chair of the Board

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Gallant, Pam	USAC
Jarmon, Wesley	FCC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a5. Action on 32 High Cost Support Mechanism Round 3 Beneficiary Compliance Attestation Audit Reports.** Mr. Scott presented this item to the Committee, noting that 60 FCC Office of Inspector General (OIG) USF audit program Round 3 audit reports would be presented at the quarterly High Cost & Low Income Committee meeting on April 26, 2010.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 32 High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a2. Miscellaneous. Low Income Program Discussion.** The Committee discussed the continuing growth of Low Income Program disbursements, the factors contributing to that growth, and administrative issues that could be addressed in order to ensure support is provided to eligible entities for eligible recipients.

On a motion duly made and seconded, the Committee adjourned at 1:02 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

April 26, 2010

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, April 26, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:30 p.m. Eastern Time, with a quorum of all eight members of the Committee present (there is one vacancy):

Barash, Scott – Acting CEO

Gillan, Joe – Vice Chair

Bergmann, Scott

Jacobs, Ellis

Boyle, Anne

Jortner, Wayne

Feiss, Geoff

Lubin, Joel – Chair

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board

Anderson, Mike – Member of the Board

Belden, Richard – Chief Operating Officer

Campbell, Anne – Member of the Board

Capozzi, David – Acting General Counsel and Assistant Secretary

Erwin, W. B. – Vice President of Finance and Assistant Treasurer

Majcher, Karen – Vice President, High Cost & Low Income Division

Ridley, Carolyn – Member of the Board

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Beard, Jay	USAC
Bilodeau, Amanda	USAC
Binder, Robert	USAC
Caruso, Michael	USAC
Davis, Craig	USAC
Delmar, Teleshia	USAC
Gallagher, Corey	USAC
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Hopper, Melissa	USAC
Hughes, Jeff	USAC
Hultquist, Mary	USAC
Iversen, Eric	USAC
McCarthy, Elizabeth	FCC
Nuzzo, Patsy	USAC
Pertsevoi, Elizabeth	USAC
Rasmussen, Mary	USAC
Reynolds, Daniel	USAC
Schrieber, Johnnay	USAC

ACTION ITEMS:

- a6. Approval of High Cost & Low Income Committee Meeting Minutes of January 25, 2010, February 26, 2010 and March 26, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meetings of January 25, 2010, February 26, 2010 and March 26, 2010.
- a7. Approval of 3rd Quarter 2010 High Cost and Low Income Support Mechanisms Programmatic Budgets.** Mr. Belden presented this item to the Committee, noting that there was no change to the information presented to the Committee in January 2010.

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 3rd Quarter 2010 High Cost Support Mechanism operations budget of \$2.6 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.6 million for High Cost Support Mechanism administrative expenses in the required April 30, 2010 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2010 Low Income Support Mechanism operations budget of \$1.0 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.0 million for Low Income Support Mechanism administrative expenses in the required April 30, 2010 filing to the FCC on behalf of the Committee.

- a3. Approval of 3rd Quarter 2010 High Cost and Low Income Support Mechanisms Demand Projections for the April 30, 2010 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 26, 2010, a summary of the 3rd Quarter 2010 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required April 30, 2010 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. Action on 60 High Cost Support Mechanism Round 3 Beneficiary Compliance Attestation Audit Reports.** Mr. Scott presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution, with Mr. Feiss abstaining:

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 60 High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a5. **Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Limited Review Performance Audit Report.** Ms. Teleshia Delmar, Director, Internal Audit, presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit report labeled: HC2008LR009, together with management's responses thereto, hereby accepts the recommendation of USAC management and deems such report final.

- a6. **Action on Three USAC Internal Audit Division Low Income Support Mechanism Beneficiary Limited Review Reports.** Ms. Delmar presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution, with Mr. Lubin abstaining:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary limited review reports labeled LI2009LR002, LI2009LR003, and LI2009LR007, together with management's responses thereto, hereby accepts the recommendation of USAC management and deems such report final.

- a7. **Action on Seven High Cost Support Mechanism Round 2 Beneficiary Follow-Up Performance Audit Reports.** Mr. Scott presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution, with Mr. Lubin abstaining:

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the seven High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a8. Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Lubin introduced this item to the Committee. Mr. Jacobs, seconded by Mr. Bergmann, nominated Mr. Lubin to serve as Committee Chair and Mr. Gillan to serve as Committee Vice Chair.

After discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect **Joel Lubin** as Chair and **Joe Gillan** as Vice Chair of the Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires.

- a9. Miscellaneous.** Solicit Ideas for the July 2010 Committee Agenda. Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the July 2010 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

INFORMATION ITEMS:

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:

- USAC staff provided a summary of the impact of the National Broadband Plan on the High Cost and Low Income programs. A discussion of the plan will be held in the quarterly Board of Directors meeting on April 27, 2010.
- High Cost Program Operations staff continues to work closely with USAC Information Technology Division (IT) staff to roll out High Cost Program system improvements on a monthly basis. Improvements to date include calendar year 2010 High Cost cap system development and deployment, integration of ICLS frozen rate calculations, High Cost Program system submission log improvements and database indexing improvements that increase system processing speed.
- As of March 30, 2010, USAC staff have responded to all Round 2 and Round 3 FCC OIG USF audit program audits requiring a response. Further, management responses have been completed for 321 of the 323 Round 3 audits. As of March 30, 2010 USAC has recovered \$16.47 million in improper payments identified by the Round 2 audits.
- For the December 2009 quarterly filing over 50% of all High Cost CETCs filed online.
- The High Cost and Low Income Program teams, working with the external relations team, developed outreach and education plans for 2010. The outreach plans provide details about the goals and activities comprising USAC's efforts to educate and communicate with program audiences about successful participation in the programs.
- In First Quarter 2010, USAC staff processed approximately 2,964 Form 497s, which were submitted via fax, e-mail and mail. In addition, ETCs submitted 1,910 forms electronically through USAC's E-File portal. More than half of the Form 497s received are now submitted online.
- On February 2, 2010, the Commission released an order and declaratory ruling in which it confirmed that when a state mandates Lifeline support, but does not impose certification and verification requirements on certain ETCs in that state, those ETCs must follow the federal default procedures for certification and verification.¹

Mr. Iversen presented the USAC High Cost and Low Income Outreach and Education Plan to the Committee.

i2. Analysis of Low Income Support Mechanism Participation Rates. Ms. Majcher presented this item to the Committee.

¹ *Lifeline and Link Up Petitions for Declaratory Ruling and Requests for Waiver*, Order and Declaratory Ruling, WC Docket No. 03-109, FCC 10-25 (released Feb. 2, 2010).

- i3. **Semiannual Status Report on Ongoing USAC Audits.** Mr. Scott presented this item to the Committee.

- i4. **Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item to the Committee.

- i5. **Information on One FCC Office of Inspector General (OIG) Low Income Support Mechanism Beneficiary Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended discussion of the audit report be conducted in Executive Session because discussion of specific audit plans, internal controls and/or confidential company data constitutes a discussion of *internal rules and procedures*.

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

RESOLVED, that the USAC High Cost and Low Income Committee determines that the discussion of the audit report associated with this item shall be conducted in *Executive Session*.

At 2:50 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION ITEMS:

- i5. **Information on One FCC Office of Inspector General (OIG) Low Income Support Mechanism Beneficiary Audit Report.** Mr. Scott presented this item to the Committee.

At 2:51 p.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Mr. Lubin reported that in *Executive Session*, the Committee discussed item i5 above. On a motion duly made and seconded, the Committee adjourned at 2:54 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

July 26, 2010

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, July 26, 2010. Mr. Joe Gillan, Committee Vice Chair, called the meeting to order at 1:30 p.m. Eastern Time, with a quorum of six of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting CEO

Feiss, Geoff

Bergmann, Scott

Gillan, Joe – Vice Chair

Boyle, Anne

Jortner, Wayne

Members of the Committee not present:

Jacobs, Ellis

Lubin, Joel – Chair

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board

Belden, Richard – Chief Operating Officer

Capozzi, David – Acting General Counsel and Assistant Secretary

Erwin, W.B. – Vice President of Finance and Assistant Treasurer

Holcombe, Jamie – Vice President of Information Systems

Majcher, Karen – Vice President, High Cost & Low Income Division

Ridley, Carolyn – Member of the Board

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince	FCC – <i>by telephone</i>
Beaver, Tracey	USAC
Betancourt, Laura	USAC
Bilodeau, Amanda	USAC
Binder, Robert	USAC
Bright, Ann	FCC
Delmar, Teleshia	USAC
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Hopper, Melissa	USAC
Hughet, Pamela	USAC
Mitchev, Stephan	USAC
Nuzzo, Patsy	USAC
Pertsevoi, Elizabeth	USAC
Rasmussen, Mary	USAC
Schrieber, Johnnay	USAC

ACTION ITEMS:

- a8. Approval of High Cost & Low Income Committee Meeting Minutes of April 26, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 26, 2010.
- a9. Approval of 4th Quarter 2010 and Revised 2010 Annual High Cost and Low Income Support Mechanisms Programmatic Budget.** Mr. Belden presented this item to the Committee, noting that there was no change to the information presented to the Committee in January 2010.

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 2010 High Cost Support Mechanism budget of \$2.1 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2010 High Cost Support Mechanism budget of \$9.7 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.4 million for High Cost Support Mechanism administrative expenses in the required August 2, 2010 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2010 Low Income Support Mechanism budget of \$0.6 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2010 Low Income Support Mechanism budget of \$1.9 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of negative \$0.2 million for Low Income Support Mechanism administrative expenses in the required August 2, 2010 filing to the FCC on behalf of the Committee.

- a3. Approval of 4th Quarter 2010 High Cost and Low Income Support Mechanisms Demand Projections for the August 2, 2010 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 26, 2010, a summary of the 4th Quarter 2010 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required August 2, 2010 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. Action on Three High Cost Support Mechanism Round 3 Beneficiary Compliance Attestation Audit Reports.** Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the three High Cost Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a5. Action on Two High Cost Support Mechanism Round 2 Beneficiary Follow-Up Performance Audit Reports.** Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the two High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a6. Action on 10 High Cost Support Mechanism Round 3 Beneficiary Follow-Up Performance Audit Reports.** Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 10 High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a7. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter 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 procedures.

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

RESOLVED, that the USAC High Cost & Low Income Committee determines that discussion of the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports labeled LI2008BE006 and LI2008BE012 shall be conducted in *Executive Session*.

- a8. Miscellaneous.** Solicit Ideas for the October 2010 Committee Agenda. Mr. Gillan reminded Committee members that they may offer suggestions for agenda items for the July 2010 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

INFORMATION ITEMS:

i1. **High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:

- USAC staff performed the Interstate Access Support (IAS) rate development for the 2010-2011 IAS program year. All IAS rates were shared with and accepted by price cap incumbent carriers by June 1, 2010. Price cap carriers were pleased with the accuracy and efficiency of this year's rate calculation.
- USAC staff continues to improve operations processing efficiency after transitioning systems from a contractor to USAC in-house staff in late 2009. High Cost Program staff continues to work closely with USAC Information Technology (IT) staff to develop and implement High Cost Program operations systems improvements, such as Local Switching Support (LSS) changes consistent with FCC order 10-44 (allowing LSS factors to change depending on carrier reported loops), covered locations certification tracking and quarterly projection functionality.
- As of June 1, 2010, all FCC Office of Inspector General (OIG) audit program Round 2 and Round 3 audits were reviewed by the Committee and deemed final, with total amounts audited in Round 2 of \$2.5 billion and Round 3 of \$2.4 billion. USAC anticipates issuing a final report on Round 2 in the near future. As of June 15, 2010, USAC has recovered improper payments of \$35.6 million identified in Round 2 audits and \$4.2 million identified in Round 3 audits.
- On May 4, the FCC referred several issues concerning the Low Income Program to the Federal-State Joint Board on Universal Service. Specifically, the Commission asked the Joint Board to recommend changes to the Commission's rules pertaining to eligibility, verification, consumer outreach and enrollment and the potential expansion of the Low Income program to include broadband service.
- The number of CETCs using the online Form 525 has continued to increase. For the quarter ending March 30, 2010, 211 CETCs filed the Form 525 online out of a total of 342 CETCs filing. For the March 2010 quarterly filing, slightly over 60 percent of all High Cost Program CETCs filed the Form 525 online.

At 2:17 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION ITEMS:

- a7. **Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Teleshia Delmar, Director of Internal Audit, presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports labeled LI2008BE006 and LI2008BE012, together with management's responses thereto, hereby accepts the recommendation of USAC management and deems such reports final.

At 2:48 p.m. Eastern Time, the Committee adjourned from **Executive Session** and immediately reconvened in **Open Session**, at which time, Mr. Gillan reported that in **Executive Session**, the Committee voted on and discussed item a7 above. On a motion duly made and seconded, the Committee adjourned at 2:49 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

September 20, 2010

MINUTES

A meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, September 20, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 12:02 p.m. Eastern Time, with a quorum all eight members of the Committee present (there is one vacancy):

Barash, Scott – Acting CEO
Bergmann, Scott – *by telephone*
Boyle, Anne – *by telephone*
Feiss, Geoff – *by telephone*

Gillan, Joe – Vice Chair – *by telephone*
Jacobs, Ellis – *by telephone*
Jortner, Wayne – *by telephone*
Lubin, Joel – Chair – *by telephone*

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer

Capozzi, David – Acting General Counsel and Assistant Secretary

Case, David. – Chief Financial Officer

Majcher, Karen – Vice President, High Cost & Low Income Division

Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Ahn, Shane	USAC
Amalfitano, Vince	FCC – <i>by telephone</i>
Bilodeau, Amanda	USAC
Davis, Craig	FCC
Jarmon, Wesley	FCC
Nuzzo, Patsy	USAC

ACTION ITEMS:

a10. Action on 17 High Cost Support Mechanism Round 2 Beneficiary Follow-up Performance Audit Reports. Mr. Scott introduced this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the 17 High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

a11. Action on Five High Cost Support Mechanism Round 3 Beneficiary Follow-up Performance Audit Reports Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the five High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

On a motion duly made and seconded, the Committee adjourned at 12:16 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING**

October 25, 2010

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 25, 2010. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:31 p.m. Eastern Time, with a quorum of seven of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting CEO
Bergmann, Scott
Feiss, Geoff
Gillan, Joe – Vice Chair

Jacobs, Ellis
Jortner, Wayne
Lubin, Joel – Chair

Members of the Committee not present:

Boyle, Anne

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board
Belden, Richard – Chief Operating Officer
Campbell, Anne – Member of the Board
Case, David – Vice President of Finance
Capozzi, David – Acting General Counsel and Assistant Secretary
Holcombe, Jamie – Vice President of Information Systems
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Beaver, Tracey	USAC
Betancourt, Laura	USAC
Bright, Ann	FCC
Davis, Craig	USAC
Delmar, Teleshia	USAC
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Iversen, Eric	USAC
Nuzzo, Patsy	USAC
Pusetari, Anthony	USAC
Rasmussen, Mary	USAC
Rock, Anil	USAC
Schrieber, Johnnay	USAC
Smith, Chris	USAC

ACTION ITEMS:

a12. Approval of High Cost & Low Income Committee Meeting Minutes of July 26, 2010 and September 20, 2010. On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meetings of July 26, 2010 and September 20, 2010.

a13. Approval of 1st Quarter 2011 High Cost and Low Income Support Mechanisms Programmatic Budgets and Information on the Estimated 2011 Annual Budgets. Mr. Belden presented this item to the Committee.

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 1st Quarter 2011 programmatic budget for the High Cost Support Mechanism of \$1.2 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.2 million for High Cost Support Mechanism administrative expenses in the required November 2, 2010 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2011 programmatic budget for the Low Income Support Mechanism of \$0.8 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$0.8 million for Low Income Support Mechanism administrative expenses in the required November 2, 2010 filing to the FCC on behalf of the Committee.

- a3. Approval of 1st Quarter 2011 High Cost and Low Income Support Mechanisms Demand Projections for the November 2, 2010 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 25, 2010, a summary of the 1st Quarter 2011 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required November 2, 2010 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. Action on Six High Cost Support Mechanism Round 2 Beneficiary Follow-Up Performance Audit Reports.** Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the six High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to the issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a5. Action on Two High Cost Support Mechanism Round 3 Beneficiary Follow-Up Performance Audit Reports.** Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee having reviewed the two High Cost Support Mechanism Beneficiary Performance Audit reports as listed in Exhibit 1 to the issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a6. Miscellaneous.** Solicit Ideas for the January 2011 Committee Agenda. Mr. Gillan reminded Committee members that they may offer suggestions for agenda items for the January 2011 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

INFORMATION ITEMS:

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:
- USAC staff successfully deployed new High Cost Program operations system software that improved the monthly disbursement calculation speed by 35%. Monthly disbursement calculations that took more than 15 hours are now completed in less than 10 hours.
 - On August 24, 2010, the Commission sent USAC a letter providing instructions for adjusting the interim cap on High Cost Program support for competitive eligible telecommunications carriers (CETCs). The March 2008 baseline support will be reduced by over \$4.6 million per month resulting in an annualized reduction to the baseline of CETC support of over \$50 million. USAC estimates the total recovery for the adjusted baseline from the effective date of the Interim Cap Order (FCC 08-122) to be approximately \$35 million. USAC staff continues to discuss implementation issues with the FCC.
 - On September 3, 2010, the Commission released an Order and Notice of Proposed Rulemaking (FCC 10-155) that provided guidance on the implementation of the Verizon Wireless (FCC 08-258) and Sprint Nextel (FCC 08-259) merger commitment orders. Verizon Wireless and Sprint Nextel may either have support reduced as a capped percentage of the carriers' 2008/2009 support or as a fixed percentage of available support. The September 3 order also directs USAC to reserve any reclaimed funds as a down payment on the proposed broadband universal service reforms, as recommended in the National Broadband Plan. The Commission also waived 47 C.F.R. § 54.709(b) for CETC support, which requires USAC to account for prior period adjustments for an 18-month period beginning August 31, 2010, the adoption date of the order, thereby enabling USAC to continue collecting funds for program demand that Verizon and Sprint Nextel

would have been able to receive but for the orders, and to hold these funds for future National Broadband Plan initiatives.

- The number of CETCs using the online High Cost Form 525 continues to increase to slightly over 70 percent for the filing period ending July 31, 2010.
- During 3rd Quarter 2010, USAC staff held training sessions in Seattle on July 14 for approximately 30 attendees and in Chicago on September 29 for approximately 40 attendees. USAC staff participated in five High Cost Program industry events and held one Low Income Program beneficiary webinar.
- USAC staff supported the Commission's efforts to promote National Telephone Discount Lifeline Awareness Week by training staff from the FCC's Office of Consumer and Governmental Affairs, including FCC call center personnel.
- The Government Accountability Office (GAO) is in the process of completing its review of Low Income Program goals and performance measures. USAC has provided comments to the GAO's draft Statement of Facts and has submitted all follow-up information requested by the GAO. GAO anticipates releasing the final report in late October.
- USAC staff is currently reviewing the Toll Limitation Service (TLS) support claims of approximately 30 carriers selected for an in-depth data validation (IDV). USAC staff conducts IDVs from time-to-time to verify the data and calculations on which carriers base their support claims. The carriers included in this round of IDVs were selected because they had a significant increase in TLS claims between March and April 2010.
- USAC continued the Payment Quality Assurance (PQA) Program that was initiated in August 2010. PQA will enable USAC to provide information about improper payments to the FCC as required by the Improper Payments Information Act of 2002 (31 U.S.C. § 3321) (IPIA).

i2. Semiannual Status Report on Ongoing USAC Audits. Mr. Scott presented this item to the Committee.

i3. Semiannual Status Report on Actions Taken on Final USAC Audits. Mr. Scott presented this item to the Committee.

On a motion duly made and seconded, the Committee adjourned at 2:48 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary