

2025 | ANNUAL REPORT



Universal Service
Administrative Co.



MISSION

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

TABLE OF CONTENTS

Message from the Board Chair	1
2025 Year in Review	2
USF Disbursements	4
USAC Operating Expenses	5
2025 in Numbers.....	6
E-Rate Program.....	7
High Cost Program	9
Lifeline Program	11
Rural Health Care Program.....	13
Report of Independent Auditors	15
USAC Board of Directors	17
Quarterly Receipts and Outlays	18
Statement of Operations and Expense Trends	19

MESSAGE FROM THE BOARD CHAIR



During my time on USAC's Board, the organization has managed significant change, from updating and upgrading its systems to completing the full lifecycle of the emergency programs implemented during the Covid-19 pandemic. For USAC, those changes continued in 2025.

In August, USAC saw the departure of Radha Sekhar, who had served as the organization's CEO since 2018. Her dedication and focus, along with her operational and technology expertise helped USAC take enormous strides forward, and I speak for the entire Board in thanking Radha for her years of service.

While the Board is conducting the search for a new CEO, ongoing as of early 2026, USAC is in the capable hands of Michelle Garber—the organization's longtime CFO. As interim CEO, Michelle's years of experience with USAC and her knowledge of the programs bring stability to the organization as she continues the modernization efforts and user experience improvements launched under Radha.

Modernization took shape in many different forms in 2025. The High Cost program automated key systems and improved data quality. The Rural Health Care program enhanced platform security for applicants and service providers. And USAC's internal IT architecture underwent substantial upgrades towards a zero-trust posture.

The USAC user experience was a major focus area as well. Essential applicant systems were brought in-house for improved responsiveness and oversight, and new and increased outreach tactics were introduced to better engage stakeholders of all expertise levels.

Making these efforts a reality—in 2025 and beyond—is only possible due to the dedication of USAC's employees and contractors. I extend my warmest thanks to everyone at USAC for their commitment to USAC's mission, its user base, and the principle of universal service.

A handwritten signature in black ink, appearing to read 'K. Mason', written over a light, faded background image of a couple sitting on a couch and looking at a laptop.

Kenneth F. Mason
USAC Board Chair

2025 YEAR IN REVIEW

In 2025, the Universal Service Administrative Company (USAC) continued to advance its mission with a steady commitment to responsible stewardship of Universal Service Fund (USF) resources, strong operational performance, and close collaboration with the Federal Communications Commission (FCC). Over the course of the year, USAC implemented key FCC directives, continued meaningful progress on IT modernization to improve internal efficiencies and better serve program participants, and strengthened risk management practices.

Ensuring Operational Effectiveness

USAC continued to deliver on the FCC's vision for the USF. Under the direction of the FCC, USAC implemented the Schools and Libraries Cybersecurity Pilot Program. The Pilot Program reviewed funding requests from more than 700 participating schools and libraries to help defray the costs of eligible cybersecurity services and equipment. By the end of December, the first funding wave committed \$18.76 million, with additional funding waves to follow in 2026.

USAC also worked closely with our FCC colleagues to implement program changes connected to the Fabric Order in High Cost. This changed the annual HUBB filing process for the Rural Digital Opportunity Fund (RDOF), Bringing Puerto Rico Together (Uniendo a Puerto Rico) Fund, and the Connect U.S. Virgin Islands Fund (PR/USVI Funds) with the transition to Fabric Location ID reporting.

The Rural Health Care team completed the FCC's three-year Connected Care Pilot Program (CCPP) on December 31, 2025. The CCPP committed \$46.9 million to more than 60 projects using technology to link patients to more than 200 health care providers.

Finally, as the year drew to a close, USAC began implementing the FCC's Lifeline Order to bring California subscribers into the National Verifier and National Lifeline Accountability Database frameworks. With more than 25 percent of Lifeline subscribers coming from California, it was critical that USAC carefully plan the system features, data migration, and stakeholder training activities necessary to support a smooth transition.

To ensure that initiatives such as these are implemented and managed as efficiently and effectively as possible, USAC re-evaluated several of its operational frameworks in 2025. USAC completed a transition of E-Rate and Lifeline Business Process Outsourcing (BPO) vendors, while bringing the Rural Health Care (RHC) BPO and Lifeline consumer email functions in-house. These changes improved oversight, increased transparency, and resulted in cost savings.

Maturing Risk Management

Protecting the integrity of the USF remained a priority throughout the year. USAC continued to enhance its fraud risk framework through ongoing programmatic assessments, implementation of corrective actions identified in the assessments,

and expanded investigations. The development of a fraud data analytics policy further improved our ability to identify risks early and respond effectively.

Additionally, USAC launched a multi-year Zero Trust Architecture strategy, reflecting our ongoing commitment to protecting sensitive information and maintaining secure, reliable systems for our stakeholders. The implementation of Zero Trust Architecture will begin with the modernization of end-user device protection, visibility, and telemetry tracking, further reducing the risk of data exfiltration and compromise at the user level.

This is all in addition to continuing existing programmatic compliance reviews and audits on a routine basis to ensure USF funds are distributed only to eligible participants who are compliant with FCC rules. In 2025, USAC completed 128 audits of beneficiaries and contributors to the USF and conducted webinars to educate stakeholders about avoiding common audit findings. In addition, approximately 375 USF payments were tested under the Payment Quality Assurance program to identify any improper payments and create mitigation strategies to avoid them in the future.

IT Modernization

IT modernization efforts continued to be a focus in 2025. USAC launched an online High Cost Legacy data collection portal, ensuring more robust and accurate data reporting for High Cost funds. This portal, which replaced manual collection of High

2025 YEAR IN REVIEW (CONTINUED)

Cost legacy data for multiple programs, eases the burden on carriers and improves program and data integrity.

The RHC program made significant strides to move its Telecommunications (Telecom) Program to the RHC Connect platform. This transition aligns the Telecom Program with RHC's Healthcare Connect Fund Program, with the goal of creating a more streamlined application and invoicing experience for RHC participants.

USAC modernized our administrative IT systems as well, launching audit and budgeting tools to support stronger oversight and financial management. Digitizing HR records, automating procurement tracking, and upgrading the intranet to better support collaboration and access to information created additional efficiencies for USAC staff and administrative systems. USAC retired several legacy systems as their modernized replacements were fully functional, reducing complexity and long-term risk.

USAC has maintained FISMA compliance with all its systems while supporting IT modernization across the Programs and Enterprise teams. IT security risks continue to be identified and addressed in a timely fashion, as evidenced by the reduction in annual FISMA audits findings, the continued authority to operate for all IT systems, and the upcoming transition to Ongoing Authorization for three systems this year.

Stakeholder Success

Helping eligible applicants access funding remains central to USAC's mission. Across programs, USAC continues our commitment to clear guidance, responsive support, and dependable systems that allow participants to navigate USF programs with confidence.

In 2025, USAC shared helpful information through its website, newsletters, webinars, and office hours, reaching thousands of stakeholders each month. Our customer service centers also supported more than 900,000 inquiries across the calendar year. In the 352 instances of a complaint against USAC, we averaged a resolution within 5 days.

USAC conducted targeted outreach to Tribal participants through a monthly newsletter and teleconference. The Tribal Library E-Rate Advocacy Program (T-LEAP), formerly called the Tribal Libraries Pilot Program, became an ongoing effort, supporting eligible Tribal libraries who seek E-Rate funding.

For internal stakeholders, USAC continued to evolve its internal learning and development offerings and conducted an engagement survey to identify opportunities to strengthen the employee experience. Our employees are our greatest asset for delivering on the USF mission.

Conclusion

In 2025, USAC demonstrated its ability to manage change, implement complex policy updates, and strengthen its operational and technical systems—all while maintaining a strong partnership with the FCC.

Looking ahead, USAC will build on this progress. USAC will bring many system modernization efforts to closure, fully decommissioning legacy systems and moving into a stable operation and maintenance model. In addition, we will continue to prioritize risk management through both fraud risk data analytics and the Zero Trust Architecture implementation. To more effectively support program participants, we will re-evaluate our methods to ensure there are two-way channels available to better enable the collection of feedback.

UNIVERSAL SERVICE PROGRAMS

UNIVERSAL SERVICE FUND (USF) AUTHORIZED DISBURSED SUPPORT*

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

PROGRAMS	2025	2024	2023
E-RATE	\$2,376,516,988.90	\$2,612,337,525.06	\$2,462,687,589.05
HIGH COST	\$4,549,640,685.94	\$4,505,332,223.75	\$4,323,698,154.35
LIFELINE	\$923,878,814.00	\$942,971,721.00	\$869,882,875.00
RHC	\$600,959,105.28	\$531,756,111.60	\$468,258,605.52
TOTAL	\$8,450,995,594.12	\$8,592,397,581.41	\$8,124,527,223.92

*Authorized Support includes all funding approved for disbursement for the above calendar years, including funding approved but not yet disbursed (due to the Red Light Rule, etc.). It does not include offsets for recoveries from audits, appeals, or other enforcement actions. Because of this, figures presented in this table will differentiate from the Disbursement from Operations figures presented in the Quarterly Breakdown of Receipts and Outlays from the 2023 - 2025 Calendar Year table.

USAC OPERATING EXPENSES

OPERATING EXPENSES PRELIMINARY ACTUALS

	2025	2024	2023
USF Operating Expenses			
Employee Expenses	\$117,042,224	\$118,492,455	\$107,641,980
Professional Fees	\$94,997,206	\$119,853,193	\$104,401,364
Other General Administrative Expenses	\$52,625,134	\$49,426,109	\$45,178,088
Congressional Response Programs Operating Expenses			
Employee Expenses	\$59,341	\$1,488,921	\$2,712,108
Professional Fees	\$951,781	\$34,830,744	\$99,339,699
Other General Administrative Expenses	\$927,921	\$4,012,184	\$8,766,032
TOTAL	\$266,603,608	\$328,103,605	\$368,039,270

NOTE: December 31, 2025 financial statements may change upon completion of the 2025 Financial Statement audit in mid-April 2026. Additional information on USAC operating expenses can be found in the Statement of Operations and Expense Trends table.

2025 IN NUMBERS

158,030

Schools and Libraries
Received E-Rate
Supported Services



9.8 Million

Individual Locations Built
with CAF Funding



12,441

Participating HCPs
Received Commitments



8,070,767

Households Participated
in Lifeline as of
January 1, 2026





E-Rate Program

E-Rate helps to close the digital divide by funding essential technology to connect schools, libraries, and their patrons with broadband services.

E-RATE PROGRAM

The E-Rate program continued to enhance its business and program operations in 2025 and engaged stakeholders around the country through extensive outreach and training efforts.

HIGHLIGHTS

E-Rate Program Operations

The E-Rate program is committed to improving operational performance and, in 2025, USAC selected a new Business Process Outsourcing (BPO) vendor. USAC regularly recompetes BPO vendor contracts to control cost, gain a fresh perspective on program controls, and streamline processes. USAC developed training materials and conducted trainings for all operational areas in Q4 2025 to ensure a successful transition to its new vendor in January 2026.

E-Rate continued to update Open Data tools in 2025, including the Category Two budget tool for the FY2026 to FY2030 budget cycle and tools to determine key program deadlines. The program also held two webinars on using Open Data tools to retrieve data and create custom reports.

In 2025, the E-Rate Program Integrity Assurance (PIA) team completed 95.1 percent of workable funding year (FY) 2025 applications by September 1 for \$2.11 billion in obligations. The team also reduced the prior-year (FY2016 to FY2024) PIA application backlog by 88 percent and reduced the funding under review for prior years from \$489.4 million to \$56 million.

The E-Rate team supported the Cybersecurity Pilot Program to defray the costs of eligible cybersecurity services and equipment. USAC developed intake and review

systems, operational procedures, and data reporting capabilities to support the three-year program. USAC issued the first wave of commitments in December.

Outreach and Training

In 2025, representatives from the E-Rate program conducted outreach and training for stakeholders across the country – both virtually and in person – to help stakeholders successfully complete program processes and ensure they understand and can comply with program rules. The team attended relevant conferences including the American Library Association’s Conference, the International Society for Technology in Education’s Conference, the Computers in Libraries Conference, and the National Tribal Telecommunications Association National Tribal Broadband Summit.

The E-Rate team hosted in-person training sessions in Denver, CO and in Washington, DC with an added virtual component to the Washington, DC training to accommodate program participants who could not travel. In addition to in-person trainings, the team hosted the annual Fall Training webinar series covering the E-Rate application process from beginning to end.

LOOKING TOWARD 2026

The E-Rate team will continue to work to improve operational performance, look for process improvement and systems efficiency opportunities, and deliver on its 2026 training plan to facilitate successful E-Rate program participation for all eligible participants. To prepare for the FY 2026 funding window, USAC will update our program integrity procedures to align with changes to program rules. USAC’s goal is to provide more timely decisions and improve customer experience while maintaining participant compliance.



High Cost Program

The High Cost program provides funding to eligible telecommunications carriers (ETCs) to deliver affordable voice and broadband service in rural areas that would otherwise be unserved.

HIGH COST PROGRAM

In 2025, the High Cost program continued to support carrier investments in advanced communications networks in rural America to ensure universal access to reliable phone lines and robust high-speed internet connections at rates reasonably comparable to those in urban areas. High Cost also continued to exercise oversight of carriers that receive funding to monitor compliance with FCC rules and deployment requirements, safeguard program integrity, and ensure public funds are properly spent.

HIGHLIGHTS

Investing in Broadband

High Cost disbursed over \$4 billion in 2025 through more than 15 different funds, including the modernized funds that make up the Connect America Fund (CAF) program. CAF funds distribute set monthly payments to carriers to provide voice service and broadband access at required speeds in unserved areas. Carriers in funds that support fixed broadband must connect a specific number of locations over a defined timeline, with interim and final milestone deadlines.

Tracking Broadband Deployment

Carriers must report location data (including latitude and longitude coordinates) to show where they provide CAF-supported fixed broadband, and USAC verifies deployment to a random sample of reported locations to ensure carriers are connecting required location counts at mandatory speeds by relevant deadlines in eligible areas. Carriers reported connecting nearly 10 million fixed locations, including nearly 3 million with gigabit or faster speeds,

as of September 30, 2025. High Cost had verified service at approximately 106,000 locations by the end of the year.

In addition, carriers must conduct quarterly speed and latency testing of their networks to confirm that CAF-supported broadband meets required performance standards. Nearly 1,000 carriers across nine funds conducted network testing at roughly 41,000 subscriber locations in 2025.

Migrating to the Broadband Fabric

In 2025, carriers in some funds began submitting CAF deployment data using Location IDs from the Broadband Serviceable Location Fabric (Fabric) — a dataset of all locations where fixed broadband is available or could be installed — instead of geocoordinates. The FCC relies on the Fabric to determine buildout obligations for several newer funds, and carriers in these funds reported CAF deployment data using Fabric location IDs.

LOOKING TOWARD 2026

In 2026, High Cost will continue to expand compliance review activities across both legacy and modernized funds by validating data submitted by carriers and leveraging data analytics and trend analysis to identify potential rule violations. High Cost is also launching a new online portal to collect filings from carriers in legacy funds - replacing manual data collection processes to minimize improper payments and enhance program integrity.



Lifeline Program

The Lifeline program offers a monthly discount of up to \$9.25 on qualifying phone, internet, or bundled services for eligible consumers (and up to \$34.25 a month for consumers living on qualifying Tribal lands).

LIFELINE PROGRAM

The Lifeline team continued to improve user experience across multiple systems and implemented tools to increase program integrity. At the end of 2025, the Lifeline program had over 8 million subscribers.

HIGHLIGHTS

Response to FCC Order on California

In November 2025, the FCC Wireline Competition Bureau issued an Order revoking the California Public Utilities Commission's exemption to opt out of use of the National Lifeline Accountability Database (NLAD) and adjusting the National Verifier (NV) processes to no longer rely on California state eligibility data for the federal Lifeline program. In response, the Lifeline team issued notices and hosted a series of training sessions to support California providers with accessing and navigating Lifeline systems. USAC will offer additional support and training throughout 2026.

System Modernization Initiatives

The Lifeline team released system enhancements in the NV and the Representative Accountability Database (RAD) to improve controls and operational efficiencies. A new Continued Eligibility Status Report in NLAD was released, providing service providers improved visibility into subscribers undergoing the continued eligibility verification process.

Operations

To ensure compliance with program rules and the safety of participant data, USAC implemented enhanced controls including robust data monitoring for the NV that can identify suspicious system usage. The Lifeline team also completed

recertification for all eligible Lifeline consumers. Additionally, USAC completed 35 Program Integrity Assurance reviews, assessing the compliance of 130 Lifeline service providers. USAC also worked with the FCC to operationalize recommendations from the Office of the Inspector General to improve Lifeline's manual review and document retrieval processes. To further support representatives with the RAD Representative ID registration process, the Lifeline team released a new, user-friendly RAD Acceptable Documentation Guide.

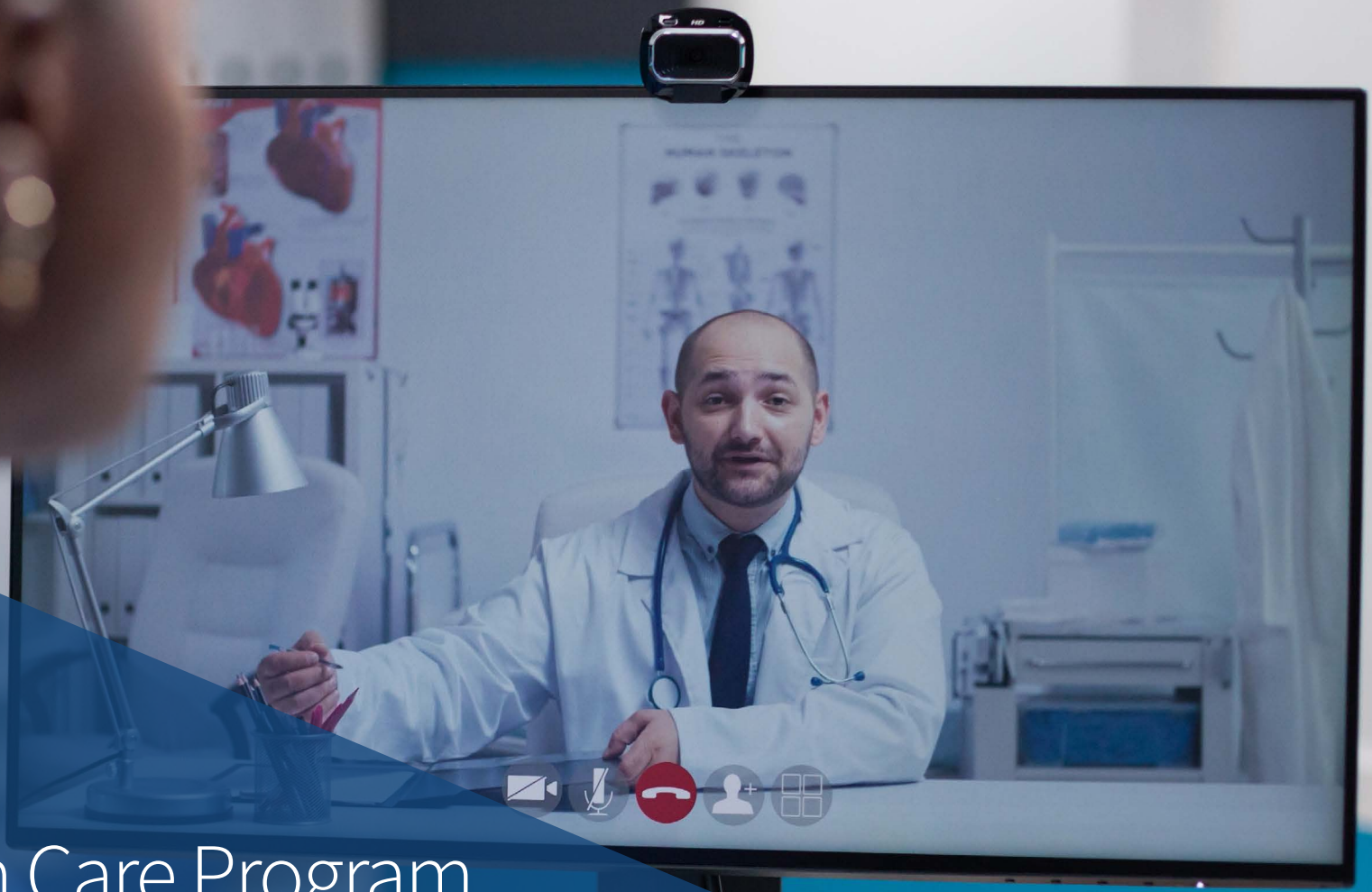
Outreach and Customer Support

The Lifeline team released tools and training materials to address stakeholder needs throughout 2025 including an updated suite of Lifeline standard benefit flyers (available in both English and Spanish). The team also conducted outreach to raise awareness of the Lifeline Survivor Benefit, which provides emergency communications support to survivors of domestic violence, human trafficking, and related crimes.

In 2025, the Lifeline program onboarded a new Business Process Outsourcing vendor, producing cost savings for the organization and increased customer support and quality assurance standards for our stakeholders.

LOOKING TOWARD 2026

The Lifeline team will continue to enhance Lifeline systems, with a focus on improving internal controls and increasing program integrity. The Lifeline team will also update resources and training materials and conduct outreach to stakeholders. Lastly, the Lifeline team will retain existing state and federal database connections and seek new connections with state and federal agencies to help verify eligibility.



Rural Health Care Program

Rural Health Care supports connectivity for healthcare facilities to bring world-class medical care to rural Americans.

RURAL HEALTH CARE PROGRAM

The Rural Health Care (RHC) program optimized systems and further enhanced stakeholder outreach.

HIGHLIGHTS

System Modernization and Streamlining

In FY2025, the RHC program's growth was supported by continued system modernization efforts—making its systems faster, more secure, and more stakeholder-friendly. Among these enhancements was the migration of account management and Telecommunications Program post-commitment actions into the RHC Connect platform, helping to strengthen data security and ease updates to applicant data. Enhancements were also made to RHC Connect's eligibility determination tools. As a result, form submission is more intuitive, and eligibility decisions can be made much faster.

In 2025, USAC insourced the application review process, training existing RHC and other USAC staff. The in-house process increased efficiency, allowing RHC begin making commitments 30 days after the application window closed, and completing all Telecom applications within four months—much sooner than previous funding years. Overall, 91% of workable applications were complete by the end of 2025.

Outreach and Training

The RHC communications team provided targeted outreach and training in 2025 to support applicants and service providers in submitting forms, meeting program deadlines, and navigating the many improvements to RHC Connect. The RHC team conducted a total of 31 stakeholder webinars—reaching a total audience of more than 2,000 attendees — and delivered a monthly newsletter.

The RHC communications team worked closely with the program's customer service team to identify efficiencies and achieve faster issue resolution. The RHC Customer Service Center addresses hundreds of stakeholder queries monthly.

Data Quality

The RHC team improved the quality and availability of program data in 2025, supporting both external stakeholders and internal controls. For stakeholders, the team introduced a service provider identification number (SPIN) Lookup Tool in USAC's Open Data platform. The tool grants self-service access to service provider information from FCC Forms 498 and 499.

The RHC team also integrated data from healthcare providers, eligibility determinations, competitive bidding, and funding requests to allow enhanced oversight and reporting. Following the 2024 completion of a program-wide fraud-risk assessment, these reporting improvements will bolster RHC's efforts to combat fraud, waste, and abuse by providing more granular information. The improved data in these reports is being utilized to enhance systems and processes.

LOOKING TOWARD 2026

The RHC team remains committed to supporting applicants and service providers by hosting a wide variety of training sessions and developing resources for ongoing systems modernization. RHC will take further steps in 2026 toward decommissioning the legacy My Portal system and migrating key legacy functions to RHC Connect.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of Universal Service Administrative Company:

Report on Audit of the Financial Statements

We have audited the accompanying financial statements of Universal Service Administrative Company (the "Company"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

REPORT OF INDEPENDENT AUDITORS (CONTINUED)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2025 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended December 31, 2024. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Company's internal control over financial reporting and compliance.



PricewaterhouseCoopers LLP
Washington, District of Columbia
August 1, 2025

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

USAC BOARD OF DIRECTORS

Sheba Chacko

Chief Regulatory Counsel
BT in the Americas
Reston, VA

Indra Sehdev Chalk

McLean, VA

Brian Dalhover

Vice President of SLED Engineering & Policy
Zayo Group, LLC
Mt. Juliet, TN

Anisa Green

Director – Federal Regulatory
AT&T
Washington, DC

Sarah Freeman

Indianapolis, IN

Michelle Garber

Chief Executive Officer (Interim)
Universal Service Administrative Co.
Washington, DC

Amber Gregory

Manager of E-Rate Services
Arkansas State Library
Little Rock, AR

Daniel Kettwich

CEO
ADS Advanced Data Services, Inc.
Mount Pleasant, TX

Kenneth F. Mason

Chair, USAC Board of Directors
Industry Consultant
Charleston, SC

Stephanie Polk

Senior Vice President of Customer Advocacy
Lumen Technologies
Monroe, LA

Christine Sanquist

Vice President, Regulatory Affairs
Charter Communications
Washington, DC

Julie Tritt Schell

Vice Chair, USAC Board of Directors
Senior E-Rate Advisor
Pennsylvania Department of Education
Mechanicsburg, PA

David Schuler, Ph.D.

Executive Director
AASA, The School Superintendents Association
Alexandria, VA

Kara Semmler

Executive Director and General Counsel
South Dakota Telecommunications Association
Pierre, SD

Angela Siefer

Executive Director
National Digital Inclusion Alliance
Columbus, OH

Mona Thompson

Eagle Butte, SD

Joan H. Wade, Ed.D.

Treasurer, USAC Board of Directors
Executive Director
Association of Educational Service Agencies
Ripon, WI

Jeffrey Waller

Chief Assistant Attorney General
State of Alaska, Department of Law
Anchorage, AK

Olivia Wein

Secretary, USAC Board of Directors
Senior Attorney
National Consumer Law Center
Washington, DC

Katharine Hsu Wibberly, Ph.D.

Director, Mid-Atlantic Telehealth Resource Center
University of Virginia Health System
Charlottesville, VA

QUARTERLY BREAKDOWN OF RECEIPTS AND OUTLAYS FOR THE 2023-2025 CALENDAR YEARS

PROGRAMS	DETAILS	1Q25	2Q25	3Q25	4Q25	TOTAL
USF	TOTAL Receipts from Operations	2,113,179,055.72	2,175,824,279.15	2,165,853,116.69	2,169,139,434.28	8,623,995,885.84
E-RATE	Disbursements from Operations	(530,334,699.22)	(519,307,028.69)	(716,538,556.77)	(594,461,560.30)	(2,360,641,844.98)
	Administrative Transfers	(20,009,704.28)	(21,866,877.40)	(23,427,628.68)	(15,408,095.63)	(80,712,305.99)
HIGH COST	Disbursements from Operations	(1,119,049,766.29)	(1,131,243,747.69)	(1,154,377,865.18)	(1,145,274,577.12)	(4,549,945,956.28)
	Administrative Transfers	(19,629,866.32)	(16,397,879.74)	(19,903,241.21)	(12,318,536.42)	(68,249,523.69)
LIFELINE	Disbursements from Operations	(257,098,679.00)	(236,161,213.09)	(105,743,858.31)	(214,157,367.44)	(813,161,117.84)
	Administrative Transfers	(20,329,837.03)	(20,568,490.55)	(21,216,641.26)	(13,107,709.82)	(75,222,678.66)
RHC	Disbursements from Operations	(145,170,228.34)	(130,901,180.10)	(154,162,258.26)	(146,790,484.99)	(577,024,151.69)
	Administrative Transfers	(8,977,756.07)	(9,818,777.33)	(9,119,930.55)	(5,896,278.78)	(33,812,742.73)
CCPP	Disbursements from Operations	(1,992,398.98)	(3,314,875.80)	(2,278,482.35)	(4,428,246.69)	(12,014,003.82)
	Administrative Transfers	-	-	-	-	-
TOTAL	TOTAL Disbursements from Operations ²	(2,053,645,771.83)	(2,020,928,045.37)	(2,133,101,020.87)	(2,105,112,236.54)	(8,312,787,074.61)
	TOTAL Administrative Transfers ¹	(68,947,163.70)	(68,652,025.02)	(73,667,441.70)	(46,730,620.65)	(257,997,251.07)
PROGRAMS	DETAILS	1Q24	2Q24	3Q24	4Q24	TOTAL
USF	TOTAL Receipts from Operations	2,120,666,558.19	2,116,609,166.70	2,080,846,557.72	2,117,732,794.88	8,435,855,077.49
E-RATE	Disbursements from Operations	(632,174,860.82)	(562,960,308.87)	(735,492,649.10)	(659,822,548.82)	(2,590,450,367.61)
	Administrative Transfers	(18,548,121.44)	(30,825,420.00)	(20,890,817.19)	(21,686,810.77)	(91,951,169.40)
HIGH COST	Disbursements from Operations	(1,110,546,808.57)	(1,101,987,115.56)	(1,137,725,752.59)	(1,153,048,039.16)	(4,503,307,715.87)
	Administrative Transfers	(21,395,592.01)	(22,000,555.70)	(20,141,321.80)	(18,558,295.28)	(82,095,764.79)
LIFELINE	Disbursements from Operations	(279,565,113.92)	(210,166,171.08)	(214,507,977.59)	(219,149,279.00)	(923,388,541.58)
	Administrative Transfers	(18,753,925.88)	(27,718,100.40)	(20,213,400.33)	(23,162,842.79)	(89,848,269.40)
RHC	Disbursements from Operations	(125,813,577.21)	(119,009,380.74)	(154,477,630.06)	(117,727,761.37)	(517,028,349.38)
	Administrative Transfers	(6,802,302.56)	(11,124,492.85)	(8,967,726.25)	(8,891,183.48)	(35,785,705.14)
CCPP	Disbursements from Operations	(1,017,656.99)	(2,939,833.99)	(729,002.96)	(2,075,742.48)	(6,762,236.42)
	Administrative Transfers	(64,667.20)	-	-	-	(64,667.20)
TOTAL	TOTAL Disbursements from Operations ²	(2,149,118,017.50)	(1,997,062,810.24)	(2,242,933,012.29)	(2,151,823,370.83)	(8,540,937,210.86)
	TOTAL Administrative Transfers ¹	(65,564,609.09)	(91,668,568.95)	(70,213,265.57)	(72,299,132.32)	(299,745,575.93)
PROGRAMS	DETAILS	1Q23	2Q23	3Q23	4Q23	TOTAL
USF	TOTAL Receipts from Operations	2,061,309,500.37	1,971,863,738.68	1,980,413,948.16	2,052,349,112.01	8,065,936,299.22
E-RATE	Disbursements from Operations	(559,673,700.04)	(544,560,972.78)	(733,198,176.33)	(638,871,678.49)	(2,476,304,527.64)
	Administrative Transfers	(16,515,876.48)	(25,680,461.47)	(18,419,083.51)	(18,021,050.40)	(78,636,471.86)
HIGH COST	Disbursements from Operations	(1,070,570,462.42)	(1,057,433,627.87)	(1,090,885,294.85)	(1,103,122,803.46)	(4,322,012,188.60)
	Administrative Transfers	(18,088,033.18)	(19,786,477.22)	(16,504,697.62)	(17,140,292.05)	(71,519,500.07)
LIFELINE	Disbursements from Operations	(318,433,992.79)	(170,520,277.27)	(226,741,559.25)	(147,981,268.09)	(863,677,097.39)
	Administrative Transfers	(17,381,766.75)	(19,715,841.35)	(16,740,845.89)	(18,285,601.47)	(72,124,055.46)
RHC	Disbursements from Operations	(93,389,968.11)	(64,485,531.24)	(119,250,994.35)	(150,157,504.75)	(427,283,998.45)
	Administrative Transfers	(5,867,651.82)	(6,970,582.94)	(5,819,335.18)	(6,701,306.06)	(25,358,876.00)
CCPP	Disbursements from Operations	(4,616,262.41)	(1,495,818.51)	(983,388.19)	(1,899,199.68)	(8,994,668.79)
	Administrative Transfers	(61,953.68)	(91,316.43)	(71,808.27)	(82,118.77)	(307,197.15)
TOTAL	TOTAL Disbursements from Operations ²	(2,046,684,385.76)	(1,838,496,227.68)	(2,171,059,412.97)	(2,042,032,454.47)	(8,098,272,480.88)
	TOTAL Administrative Transfers ¹	(57,915,281.91)	(72,244,679.41)	(57,555,770.47)	(60,230,368.75)	(247,946,100.54)

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

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

STATEMENT OF OPERATIONS AND EXPENSE TRENDS

OPERATING EXPENSES PRELIMINARY ACTUALS

	2025	2024	2023
E-Rate BPO Expenses	\$17,765,405	\$16,615,442	\$15,711,494
Lifeline BPO and Other Support Expenses	\$5,644,209	\$12,228,526	\$25,532,757
High Cost Data Collection and Verification Expenses	\$476,589	\$523,217	\$440,397
Operations and Maintenance Expenses	\$12,852,838	\$15,075,842	\$16,641,972
Personnel and Related Expenses	\$117,101,565	\$119,981,375	\$110,354,088
Contract Labor Expenses	\$5,937,435	\$10,356,972	\$12,243,880
Computer Support and Hardware Expenses	\$31,148,036	\$31,728,183	\$30,094,764
Professional Fees Expenses	\$53,272,510	\$99,883,939	\$133,170,561
Office and Colocation Rent Expenses	\$7,310,474	\$7,170,184	\$7,965,893
Tax Expenses	\$817,476	\$1,499,054	\$435,957
Other General and Administrative Expenses	\$3,560,954	\$5,177,708	\$8,580,126
Depreciation and Amortization Expenses	\$10,716,116	\$7,863,165	\$6,867,381
Total Operating Expenses	\$266,603,608	\$328,103,605	\$368,039,270
Total Congressional Response Programs Expenses as % of total	0.73%	12.29%	30.11%

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

Program Expenses

The Affordable Connectivity Program ended on June 1, 2024, resulting in decreased Lifeline Business Process Outsourcing (BPO), Project Management Office (PMO), operations and maintenance, call center, and postage expenses. The increased E-Rate BPO expenses are attributed to the stand-up fees for a new BPO.

Corporate Expenses

Amortization expenses increased by \$1.5M due to Enterprise Resource Planning System (ERP) Phase One and Enterprise Audit & Compliance Modernization assets being placed into service in 2024 and 2025.

Professional Expenses

IT contractor labor expenses decreased due to fewer program enhancement development efforts in 2025. The reduction in personnel expenses was driven by the transition to a new healthcare provider and the removal of post-employment benefit costs. The reduction in professional fees expenses is attributed to completing ERP Phase One development in 2024 and reduced call center, BPO, and PMO expenses related to sunsetting the Emergency Connectivity Fund Program in 2024.

*NOTE: DECEMBER 31, 2025 FINANCIAL STATEMENTS MAY CHANGE UPON COMPLETION OF THE 2025 FS AUDIT IN MID-APRIL 2026.