



Board of Directors Briefing Book

Written Unanimous Consent

Please Respond by August 1, 2023, 6 p.m. ET

Available For Public Use

Universal Service Administrative Company

700 12th Street NW, Suite 900

Washington, DC 20005

**Universal Service Administrative Company
Board of Directors Meeting
Agenda**

<p>Written Unanimous Consent <u>Please respond by Tuesday, August 1, 2023</u> <u>6:00 p.m. Eastern Time</u></p> <p>USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>

	ACTION ITEMS <i>Open Session</i>	<i>Estimated Duration in Minutes</i>
-	a1. Approval of Connected Care Pilot Program Revised 4th Quarter 2023 Budget and Demand Projection for the August 2, 2023 FCC Filing	—

**Universal Service Administrative Company
Board of Directors Meeting**

ACTION ITEM

**Approval of Connected Care Pilot Program
Revised 4th Quarter 2023 Budget and
Demand Projection for the August 2, 2023 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve a revised 4th Quarter 2023 (4Q2023) Connected Care Pilot Program budget and demand projection for submission to the Federal Communications Commission (FCC) in USAC's August 2, 2023 quarterly filing.

Discussion

On a quarterly basis, USAC is required to submit to the FCC the projected budget¹ and demand² for the upcoming quarter.

Funding Requirement

USAC estimates the 4Q2023 funding requirement for the Connected Care Pilot Program as follows:

Table A. Connected Care Pilot Program Funding Requirement

<i>(in millions)</i>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
Steady State:				
Connected Care Pilot Program	\$8.33	(\$8.29)	\$0.04	See Note 1
New Requirements:				
N/A	0.00	0.00	0.00	
Total Connected Care Demand	\$8.33	(\$8.29)	\$0.04	
Prior Period Adjustments (difference between projections and actuals):				
Billings	\$0.05	(\$0.12)	(\$0.07)	
Bad Debt Expense	(0.08)	0.01	(0.07)	
Annual Admin True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(\$0.03)	(\$0.11)	(\$0.14)	
USAC Administrative Expenses	\$0.08	\$0.00	\$0.08	See Table B
Total Funding Requirement	\$8.38	(\$8.40)	(\$0.02)	

¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Note 1: On April 2, 2020, the FCC issued Order FCC 20-44, establishing the Connected Care Pilot Program within the Universal Service Fund (Fund) making an \$100 million available over three years to help defray health care providers' qualifying costs of providing connected care services, with a primary focus on providing these services to low-income or veteran patients.³ The Order authorized collections of \$100 million over three years (12 quarters) at \$8.33 million per quarter beginning in 4Q2020.⁴ The Order states that the purpose of the Pilot Program is to examine how the Fund can help support the trend towards connected care services, particularly for low income consumers and veterans.⁵ The Order indicates that \$100 million funding for the Pilot Program will be separate from the budgets of the other existing universal service programs, and directs USAC to separately collect funds for the Pilot Program.⁶

USAC collected \$8.33 million per quarter for 12 quarters to fund the Connected Care Pilot Program. An additional collection of \$0.04 million is required in 4th quarter 2023 to bring total collections for the program to \$100 million.

³ See *Promoting Telehealth for Low-Income Consumers; COVID-19 Telehealth Program*, WC Docket Nos. 18-213 and 20-89, Report and Order, 35 FCC Rcd 3366, 3384, paras. 37-38 (2020).

⁴ See *id.* at 3387-88, para. 42.

⁵ See *id.* at 3368-69, para. 5.

⁶ See *id.* at 3384, 3387, paras. 38, 42.

Based on the projected burn rate, USAC estimates the following 4Q2023 budget:

Table B. Quarterly Budget

<i>(in millions)</i>	3Q2023 Budget	Increase/ (Decrease)	4Q2023 Budget	Notes
Direct Program Costs				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.00	0.00	0.00	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$0.00	\$0.00	\$0.00	
Direct Assigned Costs				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.00	0.00	0.00	
General & Administrative	0.00	0.00	0.00	
Total Direct Assigned Costs	\$0.00	\$0.00	\$0.00	
Total Direct Program & Direct Assigned Costs	\$0.00	\$0.00	\$0.00	
Common Allocated Costs	\$0.08	\$0.00	\$0.08	
Total Programmatic Budget	\$0.08	\$0.00	\$0.08	

A comparison of actual expenditures to the budget for the six months ending June 30, 2023 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the 4Q2023 budget and projection of demand as proposed.

Recommended USAC Board Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors approves a 4th Quarter 2023 Connected Care Pilot Program direct budget of \$0.00 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$0.00 million for Connected Care Pilot Program administrative costs in the required August 2, 2023 filing to the Federal Communications Commission on behalf of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed at its meeting on July 31, 2023 the 4th Quarter 2023 Connected Care Pilot Program demand estimate of (\$0.02) million, hereby directs USAC staff to proceed with the required August 2, 2023 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

ATTACHMENT 1

Connected Care Pilot Program Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Six Months Ending June 30, 2023

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	0	0	0	\$0.00	\$0.00	\$0.00
Professional Services				0.00	0.00	0.00
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$0.00	\$0.00	\$0.00
Direct Assigned Costs						
Employee Expenses	0	0	0	\$0.00	\$0.00	\$0.00
Professional Services				0.01	0.00	(0.01)
General & Administrative				0.00	0.00	0.00
Total Direct Assigned Costs				\$0.01	\$0.00	(\$0.01)
Total Direct Program & Direct Assigned Costs	0	0	0	\$0.01	\$0.00	(\$0.01)
Common Allocated Costs (Note 2)				\$0.14	\$0.15	\$0.01
Total Programmatic Budget				\$0.15	\$0.15	\$0.00

Note 2: Common costs include costs not directly attributable to a program or the Connected Care Pilot Program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct costs in the prior year and 50% on demand in the prior year. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.