



Board of Directors

Briefing Book

Tuesday, July 29, 2025

10:00 a.m. –1:00 p.m. Eastern Time

Available for Public Use

Universal Service Administrative Company

700 12th Street, NW, Suite 900

Washington, D.C. 20005

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

**Tuesday, July 29, 2025
10:00 a.m. – 1:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

<u>OPEN SESSION</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of Board of Directors Meeting Minutes of April 29, 2025 B. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i>	5
Chair	i1. Reports from the Committee Chairs: Schools & Libraries Committee, Rural Health Care Committee, High Cost & Low Income Committee, Executive Compensation Committee, and Audit Committee	10
Michelle	a2. Approval of USAC Common and Consolidated 4th Quarter 2025 Budgets for the August 1, 2025 Federal Communications Commission Filing	5
Radha	i2. Enterprise Business Update A. Enterprise Resource Planning Release II Concept	10

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Radha	i3. Enterprise Business Update (Continued) A. Business Process Outsourcing Transitions	15
Michelle	i4. Information on Contribution Factor	5
Michelle	i5. Acceptance of USAC's 2024 Financial Statement Audit and Agreed-Upon Procedures Review (<i>Same as aAC05cf</i>)	10
Chris	i6. Enterprise Risk Management Scorecard A. Q2 2025 Risk Management Scorecard B. Risk Management Council Minutes	5
Chris	a3. Consideration of a Contract Award for Oracle Licenses and Technical Support	5

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Chris	a4. Consideration of a Contract Award for F5 Support and Hardware	5
Chris	a5. Consideration of a Contract Award for Financial Statement and Agreed Upon Procedures Audit Services	5
Chris	a6. Consideration of a Contract Award for Enterprise Statistician Services	5

<u>EXECUTIVE SESSION – INFORMATION ONLY</u> Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Teleshia	i7. Information on Two USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports	–
Chris	i8. Procurement Business Update	–

CONFIDENTIAL EXECUTIVE SESSION Confidential Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Chris	i9. Personnel – United Health Care Employee Survey Results	10
Chair	i10. Confidential Executive Session: Board of Directors Only	20

Next Scheduled USAC Board of Directors Meeting

Tuesday, October 28, 2025 USAC Offices, Washington, D.C.

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

ACTION ITEM

Consent Items

Action Requested

The USAC Board of Directors (Board) is requested to approve the consent items listed below.

Discussion

The Board is requested to approve the following items using the consent resolutions below:

- A. Approval of Board of Directors Meeting Minutes of April 29, 2025 (*see Attachment A*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i3.** Enterprise Business Updates (*Continued*): Business Process Outsourcing Transitions. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration* and would compromise USAC's business objectives or negotiating strategy.
 - (2) **i4.** Information on Contribution Factor. USAC management recommends that this matter be discussed in *Executive Session* because the reports relate to specific *internal controls or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. In addition, this includes *pre-decisional matters pending before the FCC*.
 - (3) **i5.** Acceptance of USACs 2024 Financial Statement and Agreed-Upon Procedures Review (*Same as aAC05cf*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (4) **i6A-B.** Enterprise Risk Management Scorecard. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
 - (5) **a3.** Consideration of a Contract Award for Oracle Licenses and Technical Support. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates

to USAC's *procurement strategy and contract administration* and would compromise USAC's business objectives or negotiating strategy.

- (6) **a4.** Consideration of a Contract Award for F5 Support and Hardware. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration* and would compromise USAC's business objectives or negotiating strategy.
- (7) **a5.** Consideration of a Contract Award for Financial Statement and Agreed Upon Procedures Audit Services. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration* and would compromise USAC's business objectives or negotiating strategy.
- (8) **a6.** Consideration of a Contract Award for Enterprise Statistician Services. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration* and would compromise USAC's business objectives or negotiating strategy.
- (9) **i7.** Information on Two USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures and, in addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.*
- (10) **i8.** Procurement Business Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration* and would compromise USAC's business objectives or negotiating strategy.
- (11) **i9.** Personnel – United Health Care Update. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters.*
- (12) **i10.** Confidential Executive Session: Board of Directors Only. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters.*

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

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

ACTION Item #aBOD01

7/29/2025

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RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of April 29, 2025; and (2) discussion in *Executive Session* of the items noted above.

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

BOARD OF DIRECTORS MEETING
Tuesday, April 29, 2025

(DRAFT) MINUTES¹

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, April 29, 2025. Mr. Ken Mason, Board Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of 13 of the 20 Board members present:

Chalk, Indra	Sekar, Radha – Chief Executive Officer – <i>by telephone</i>
Freeman, Sarah	Siefer, Angela
Green, Anisa	Wade, Dr. Joan – Treasurer
Gregory, Amber	Waller, Jeff – <i>by telephone</i>
Mason, Ken – Chair	Wein, Olivia – Secretary
Sanquist, Christine	Wibberly, Dr. Kathy
Schell, Julie Tritt – Vice Chair	

Ms. Mona Thompson joined the meeting *by telephone* at 10:05 a.m. ET. She did not vote on item a1. Mr. Dan Kettwich joined the meeting at 10:08 a.m. ET. He did not vote on item a1. Ms. Sheba Chacko joined the meeting *by telephone* at 10:11 a.m. ET. She did not vote on item a1 or participate in the discussion of items i1.

Members of the Board not present:

Dalhover, Brian	Semmler, Kara
Polk, Stephanie	Schuler, Dr. David

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer – *by telephone*
Butler, Stephen – Vice President of Shared Services
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer

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

O'Brien, Tim – Vice President of Lifeline

Sweeney, Mark – Vice President of Rural Health Care

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

Others present:

<u>NAME</u>	<u>COMPANY</u>
Armstrong, Katlyn	USAC
Ayer, Catriona	USAC
Broadnax, Folasade	USAC
Campos, Rosy – <i>by telephone</i>	N/A
Claxton, Naomi	USAC
Edmonds, Jessica	USAC
Estrella, Julianna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Hamm, Aaron	USAC
Hayes, Jeremy	USAC
Janne, Nina – <i>by telephone</i>	USAC
King, Ryan	USAC
Kriete, Debra – <i>by telephone</i>	South Dakota Department of Education
Little, Chris	USAC
Lougheed, Matt	USAC
Mitchell, Katherine	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Sadirkhanova, Sabina	USAC
Staurulakis, Chresanthe	USAC
Tyson, Ashley	FCC
White, Stacy	USAC
Wirfs, Tyler	USAC

OPEN SESSION

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

a1. Consent Items. Mr. Mason presented this item to the Board.

A. Approval of Board of Directors meeting minutes of January 28, 2025 (*see item Attachment A*).

B. Approval of moving all *Executive Session* items into *Executive Session*:

- (1) **i2B.** Enterprise Business Update (*Continued*): CEO Update. USAC management recommends that this item be discussed in *Executive Session*

because it relates to USAC's ***procurement strategy and contract administration***, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.

- (2) **i2C.** Enterprise Business Update (*Continued*): Zero Trust Architecture Update. USAC management recommends that this item be discussed in ***Executive Session*** because it relates to ***specific internal controls or confidential company data***, where discussion of the matter in open session would result in ***disclosure of confidential techniques and procedures*** that would compromise program integrity.
- (3) **i3.** Information on Contribution Factor. USAC management recommends that this item be discussed in ***Executive Session*** because the report relates to ***specific internal controls or confidential company data***. In addition, ***47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential***. Additionally, this item relates to ***pre-decisional matters before a governmental agency*** or instrumentality to which USAC is privy, where discussion of such matters in open session would undermine the agency's deliberative process or would result in the disclosure of an agency's conclusions or rationales before the agency had formally decided the matter.
- (4) **a3.** Review of USAC Statement of Ethical Conduct for Board of Directors and Board of Directors Annual Disclosure of Entity Affiliations Form. USAC management recommends that discussion of this item be conducted in ***Executive Session*** because the discussion may include examples of how the Statement and Disclosure Form apply and could include specific facts protected by the ***attorney/client privilege***.
- (5) **a4.** Consideration of a Contract Award for Palo Alto Firewall Hardware and Software Support. USAC management recommends that this item be discussed in ***Executive Session*** because it relates to USAC's ***procurement strategy and contract administration***, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (6) **a5.** Consideration of a Contract Award for Splunk Cloud and Enterprise Security Subscription. USAC management recommends that this item be discussed in ***Executive Session*** because it relates to USAC's ***procurement strategy and contract administration***, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (7) **a6.** Consideration to Exercise the First One-year Option Term for Information Security and Privacy Assessment Services. USAC management recommends that this item be discussed in ***Executive Session*** because it relates to USAC's ***procurement strategy and contract***

administration, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.

- (8) **a7.** Consideration to Exercise the Third One-year Option Term for Information Security Program Compliance Support Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to *USAC's procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (9) **a8.** Consideration to Exercise the Second One-year Option Term for Information Security Operations Center Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to *USAC's procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (10) **a9.** Consideration of a Task Order Modification for Web Application Support Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to *USAC's procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (11) **i4.** Enterprise Risk Management Scorecard. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* and *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
- (12) **i5.** Information on Three USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that this item be discussed in *Executive Session* because the report relates to *specific internal controls or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. Additionally, the reports relate to *pre-decisional matters before a governmental agency* or instrumentality to which USAC is privy, where discussion of such matters in open session would undermine the agency's deliberative process or would result in the disclosure of an agency's conclusions or rationales before the agency had formally decided the matter.
- (13) **i6.** Procurement Business Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to *USAC's procurement strategy and contract administration*, where discussion of

such matters in open session would compromise USAC's business objectives or negotiating strategy.

- (14) **i7. Confidential Executive Session: Board of Directors Only.** USAC management recommends that this item be discussed in ***Confidential Executive Session*** because it involves ***internal personnel matters concerning specific individual(s)***.

C. Consideration and Approval of Four Routine Procurements.

- (1) Consideration to Exercise the First One-year Option Term for Information Security and Privacy Assessment Services. The resolution is provided in **aBOD06cf**. If discussion is needed, it will be conducted in ***Executive Session***.
- (2) Consideration to Exercise the Third One-year Option Term for Information Security Program Compliance Support Services. The resolution is provided in **aBOD07cf**. If discussion is needed, it will be conducted in ***Executive Session***.
- (3) Consideration to Exercise the Second One-year Option Term for Information Security Operations Center Services. The resolution is provided in **aBOD08cf**. If discussion is needed, it will be conducted in ***Executive Session***.
- (4) Consideration of a Task Order Modification for Web Application Support Services. The resolution is provided in **aBOD09cf**. If discussion is needed, it will be conducted in ***Executive Session***.

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

RESOLVED, that the USAC Board of Directors hereby approves: (1) the meeting minutes of January 28, 2025; (2) discussion in ***Executive Session*** of the items noted above; and (3) the approval of four routine procurements as presented in items **aBOD06cf-aBOD9cf**.

- i1. Reports from the Committee Chairs: Audit Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** Ms. Gregory presented the report for the Schools & Libraries Committee. Dr. Wibberly presented the report for the Rural Health Care Committee. Ms. Wein presented the report for the High Cost & Low Income Committee. Ms. Schell presented the report for the Audit Committee.
- a2. Approval of USAC Common and Consolidated 3rd Quarter 2025 Budgets for the May 2, 2025 Federal Communications Commission Filing.** Ms. Garber presented a written report on USAC management's recommendations for USAC's common and consolidated 3rd Quarter 2025 budget and demand

projection for the May 2, 2025 FCC filing.

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

RESOLVED, that the USAC Board of Directors approves a 3rd Quarter 2025 common budget of \$40.15 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$40.15 million for common costs in the required May 2, 2025 filing to the Federal Communications Commission on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2025 consolidated budget to administer the Universal Service Fund of \$73.60 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$73.60 million for consolidated costs in the required May 2, 2025 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

- i2. **Enterprise Business Update.** Ms. Garber provided a PowerPoint presentation that included an update on the Enterprise Resource Planning System and next steps.

At 10:20 a.m. ET, on a motion duly made and seconded, the Board moved into ***Executive Session*** for the purpose of discussing confidential items. Only members of the Board, FCC, and USAC staff were present.

EXECUTIVE SESSION

- i2. **Enterprise Business Update** (*Continued*).

B. CEO Update. Ms. Sekar provided an update on USAC staffing and the Business Process Outsourcing. Mr. Mason requested a status update on these items at the July meetings.

C. Zero Trust Architecture Update. Mr. Jeremy Hayes provided an update on the history and status of USACs Zero Trust Architecture Maturity Model.

- i3. **Information on the Contribution Factor.** Ms. Garber presented a written report providing USAC's estimate of the 3rd Quarter 2025 contribution factor.

- a3. **Review of USAC Statement of Ethical Conduct for Board of Directors and Board of Directors Annual Disclosure of Entity Affiliations Form.** Ms.

Williams presented this item to the Board that included a report detailing USAC management's request that the Board approve the revisions to the Statement of Ethical Conduct for Members of the USAC Board of Directors, as revised, and reaffirm the Director Affiliation Disclosure Form without revision.

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

RESOLVED, that the USAC Board of Directors hereby approves the Statement of Ethical Conduct for Members of the USAC Board of Directors, as revised, and reaffirms the Director Affiliation Disclosure Form without revision.

At 11:00 a.m. ET, the Board recessed and reconvened at 11:09 a.m. ET.

- a4. Consideration of a Contract Award for Palo Alto Firewall Hardware and Software Support.** Mr. Beyerhelm presented a written summary, providing background detailing USAC management's recommendation to award a contract for Palo Alto hardware and software support.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a three (3) year firm-fixed price contract for Palo Alto Firewall hardware and software support to Sun Management, Inc. for a total not-to-exceed amount of \$1,237,712.19 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a5. Consideration of a Contract Award for Splunk Cloud and Enterprise Security Subscription.** Mr. Beyerhelm presented a written summary, providing background detailing USAC management's recommendation to award a contract for Splunk Cloud and Enterprise Security Subscription to comply with newly established security standards and new Federal Risk and Authorization Management Program (FedRAMP) requirements.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a three (3) year firm-fixed price contract for a Splunk Cloud and Enterprise Security Subscription to Blackwood Associates, Inc. for a

total not-to-exceed amount of \$2,872,824.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a6. Consideration to Exercise the First One-year Option Term for Information Security and Privacy Assessment Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to increase the base year not-to-exceed amount by \$7,272.50 (plus applicable taxes), and exercise the first one-year option term of the information security and privacy assessment services contract with Coalfire, for a total not-to-exceed amount of \$638,215.90 (plus applicable taxes), thereby increasing the total not-to-exceed amount of the contract from \$625,000.00 (plus applicable taxes) to \$1,270,488.40 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a7. Consideration to Exercise the Third One-year Option Term for Information Security Program Compliance Support Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the third one-year option term of the information security program compliance support services contract with KPMG LLP, for a total not-to-exceed amount of \$3,594,783.88 (plus applicable taxes), thereby increasing the total not-to-exceed amount of the contract from \$11,108,311.83 (plus applicable taxes) to \$14,703,095.71 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a8. Consideration to Exercise the Second One-year Option Term for Information Security Operations Center Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the second one-year option term of the information security operations center services contract with XOR Security LLC, for a total

not-to exceed amount of \$1,524,068.06 (plus applicable taxes), thereby increasing the total not-to-exceed amount of the contract from \$2,882,998.43 (plus applicable taxes) to \$4,407,066.49 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a9. Consideration of a Task Order Modification for Web Application Support Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

On a motion duly made and seconded, the Board adopted the following resolutions:

RESOLVED, the Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the third and final one-year option terms with 22nd Century Technologies, Inc. for services related to the Operations & Maintenance, and Development, Modernization & Enhancement (DME) support for USAC's High-Cost program, increasing the total not-to-exceed amount by \$1,000,000.00, thereby increasing the total not-to-exceed amount from \$6,709,323.60 to \$7,709,323.60 (plus applicable taxes), subject to required Federal Communications Commission approval.

RESOLVED, the Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the third and final one-year option term with Accenture Federal Services LLC, for services related to the Operations & Maintenance, and Development, Modernization & Enhancement (DME) support for USAC's Lifeline program, increasing the total not-to-exceed amount by \$1,500,000.00, thereby increasing the total not-to-exceed amount from \$10,025,940.20 to \$11,525,940.20 (plus applicable taxes), subject to required Federal Communications Commission approval

- i4. Enterprise Risk Management Update.** Mr. Beyerhelm provided an overview of the updated Enterprise Risk Management Heat Map.
- i5. Information on Three USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports.** This item was provided for *information purposes only*. No discussion was held.
- i6. Procurement Business Update.** This item was provided for *information purposes only*. No discussion was held.

At 11:25 p.m. Eastern Time, the Board continued in ***Confidential Executive Session*** with only non-staff members of the Board present.

CONFIDENTIAL EXECUTIVE SESSION

- i7. ***Confidential Executive Session:*** Board of Directors Only. Mr. Mason facilitated the Board discussion.

OPEN SESSION

At 11:40 a.m. ET, on a motion duly made and seconded, the Board moved out of ***Confidential Executive Session*** and immediately reconvened in ***Open Session***, at which time Mr. Mason reported that, in ***Executive Session***, the Board acted on items a3 –a9, and discussed items i2-i4, and i7.

On a motion duly made and seconded, the Board adjourned at 11:40 a.m. ET.

/s/ Erin Williams

Assistant Secretary



Board of Directors

Committee Chair Reports

Open Session

July 29, 2025

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

ACTION ITEM

**Approval of USAC Common and Consolidated
4th Quarter 2025 Budgets and Demand Projection
for the August 01, 2025 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 4th Quarter 2025 (Q4 2025) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's August 01, 2025 quarterly filing.

Discussion

Based on the projected burn rate, USAC estimates a Q4 2025 USAC consolidated budget of \$75.59 million to administer the Universal Service Fund (USF), which includes \$32.76 million in direct program costs and \$42.83 million in common indirect costs. This does not include projected spending related to the appropriated programs.

<i>(in millions)</i>	Q3 2025 Budget	Increase/ (Decrease)	Q4 2025 Budget
Direct Program & Direct Assigned Costs			
High Cost	\$6.03	(\$0.39)	\$5.64
Lifeline	14.03	(1.12)	12.91
Rural Health Care	4.26	0.42	4.68
Schools & Libraries	9.13	0.40	9.53
Connected Care Pilot	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	\$33.45	(\$0.69)	\$32.76
Common Costs			
Employee Expenses	\$18.79	\$2.52	\$21.31
Professional Services	10.23	(0.12)	10.11
General & Administrative (Note 1)	11.13	0.28	11.41
Total Common Costs	\$40.15	\$2.68	\$42.83
Total Consolidated Costs	\$73.60	\$1.99	\$75.59

Note 1: General & Administrative expenses include computer support & maintenance, rent, hardware & equipment rental, taxes & insurance, printing & postage, Board of Directors expenses, reference materials, repairs & maintenance, telecommunications, and projected data collection billing revenue.

A comparison of actual common and consolidated expenditures to the budget for the six months ending June 30, 2025 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the Q4 2025 budgets as proposed.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors approves a 4th Quarter 2025 common budget of \$42.83 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$42.83 million for common costs in the required August 01, 2025 filing to the Federal Communications Commission on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2025 consolidated budget to administer the Universal Service Fund of \$75.59 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$75.59 million for consolidated costs in the required August 01, 2025 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

ATTACHMENT 1

USAC Administrative Costs and Headcount

Comparison of Actual Expenditures and Headcount to the Budget for the
Six Months Ending June 30, 2025

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program & Direct Assigned Costs						
High Cost	60	64	4	\$8.82	\$11.22	\$2.40
Lifeline	93	97	4	20.92	25.93	5.01
Rural Health Care	60	59	(1)	8.71	8.48	(0.23)
Schools & Libraries	80	85	5	20.17	20.20	0.03
Connected Care Pilot	0	0	0	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	293	305	12	\$58.62	\$65.83	\$7.21
Common Costs						
Employee Expenses	407	423	16	\$35.52	\$37.00	\$1.48
Professional Services				19.38	18.46	(0.92)
General & Administrative (Note 2)				16.05	21.96	5.91
Total Common Costs	407	423	16	\$70.95	\$77.42	\$6.47
Total Consolidated Costs	700	728	28	\$129.57	\$143.25	\$13.68

Note 2: General & Administrative expenses include computer support & maintenance, rent, hardware & equipment rental, taxes & insurance, printing & postage, Board of Directors expenses, reference materials, repairs & maintenance, telecommunications, and data collection billing revenue.



Board of Directors

Enterprise Update (Verbal)

Open Session

July 29, 2025