



Board of Directors Quarterly Meeting

Briefing Book

Tuesday, January 27, 2026

10:00 a.m. – 2:00 p.m. ET

Available for Public Use

Universal Service Administrative Company

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

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

**Tuesday, January 27, 2026
10:00 a.m. – 2:00 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 October 28, November 20, and December 23, 2025 B. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i> C. Approval of Board of Directors Quarterly Meeting Schedule for April 2027-January 2028 D. Review of 2026 Audit Committee Charter (<i>Same as aAC03</i>) E. Revision of the USAC Compensation Policy (<i>See aBOD09cf</i>) F. Revision of the Executive Compensation Committee Charter (<i>See aBOD10cf</i>) G. Resolution Honoring Four Board Members Whose Service on the Board Has Recently Ended	5
Chair	a2. Annual Election of Committee At-Large Seats, Chairs and Vice Chairs and Election of Appointment of Corporate Officers	15
Chair	i1. Reports from the Committee Chairs: Schools & Libraries Committee, Rural Health Care Committee, High Cost & Low Income Committee, and Audit Committee	10
Dale	a3. Approval of USAC Common and Consolidated 2nd Quarter 2026 Budgets for the January 30, 2026 Federal Communications Commission Filing	5
Michelle Stephen	i2. Enterprise Business Update A. 2025 USAC Accomplishments and 2026 Goals B. 2025 Annual Report Timeline	15 5

<u>INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Teleshia	i3. Information on Eight USAC Audit and Assurance Division Supply Chain Audit Reports	—

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Michelle	i4. Enterprise Business Update (<i>Continued</i>) A. CEO Update ○ Program Integrity Overview	10
Kyle	B. IT Strategic Plan 2026-2028	15

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Dale	a4. Approval of 2026 Annual USAC Common and Consolidated Budgets	15
Dale	i5. Information on Contribution Factor	5
Erin	i6. Fraud Risk Group Quarterly Update	20
Erin/Hillary	i7. Best Practices and Guidance for USAC Board Member Compliance	10
Chris	i8. Enterprise Risk Management Scorecard A. Q4 2025 Risk Management Scorecard B. Risk Management Council Minutes	10
Chris	a5. Consideration of a Contract Award for Dell EMC Unity Hardware Maintenance and Support Services	5
Chris	a6. Consideration of a Contract Award for Tableau Licenses	5
Chris	a7. Consideration of a Contract Award for Colibra Licenses	5
Chris	a8. Consideration of a Contract Award for Webex License and Support Services	5

<u>EXECUTIVE SESSION – INFORMATION ONLY</u> Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Teleshia	i9. Information on Seven USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports	–
Chris/Erin	i10. Annual Competition Advocate Report	–
Chris	i11. Procurement Business Update	–

CONFIDENTIAL EXECUTIVE SESSION Confidential Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Sabina	i12. <i>Personnel Matter:</i> USAC Employee Engagement Survey	10
Sabina	a9. <i>Personnel Matter:</i> Revision of the USAC Compensation Policy	–
Erin	a10. <i>Personnel Matter:</i> Revision of the Executive Compensation Committee Charter	–
Chair	a11. <i>Personnel Matter:</i> Executive Compensation Item	5
Chair	i13. <i>Confidential Executive Session:</i> Board of Directors Only	35

Next Scheduled USAC Board of Directors Meeting

**Tuesday, April 27, 2026
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 October 28, 2025, November 20, 2025, and December 23, 2025 (*see* items aBOD01A1-A3).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i4A-B.** Enterprise Business Updates (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (2) **a4.** Approval of 2026 Annual USAC Common and Consolidated Budgets. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, as well as *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. In addition, this item includes *pre-decisional matters pending before the FCC*.
 - (3) **i5.** 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 item includes *pre-decisional matters pending before the FCC*.
 - (4) **i6.** Fraud Risk Group Updates. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *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. In addition, this item may include *pre-decisional matters pending before the FCC*.

- (5) **i7.** Best Practices and Guidance for the USAC Board Member Compliance. USAC management recommends that discussion of this item be conducted in *Executive Session* because it may involve the discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
- (6) **i8A-B.** 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.
- (7) **a5.** Consideration of a Contract Award for Dell EMC Unity Hardware Maintenance and 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.
- (8) **a6.** Consideration of Contract Award for Tableau Licenses. 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) **a7.** Consideration of a Contract Award for Collibra Licenses. 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) **a8.** Consideration of a Contract Award for Webex Licenses and 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) **i9.** Information on Seven 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 pending before the FCC*.

- (12) **i10.** Annual Competition Advocate Report. 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.
 - (13) **i11.** 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) **i12. Personnel Matter:** USAC Employee Engagement Survey. USAC management recommends that this item be discussed in ***Executive Session*** because discussion of this matter involves ***internal personnel matters***.
 - (15) **a9. Personnel Matter:** Revision of the USAC Compensation Policy. USAC management recommends that this item be discussed in ***Executive Session*** because discussion of this matter involves ***internal personnel matters***.
 - (16) **a10. Personnel Matter:** Revision of the Executive Compensation Committee Charter. USAC management recommends that this item be discussed in ***Executive Session*** because discussion of this matter involves ***internal personnel matters***.
 - (17) **a11. Personnel Matter:** Executive Compensation Item. USAC management recommends that this item be discussed in ***Executive Session*** because discussion of this matter involves ***internal personnel matters***.
 - (18) **i13. 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***.
- C. Approval of Board of Directors Quarterly Meeting Schedule for April 2027-January 2028 (see **Attachment C**).
- D. Review of the 2026 Audit Committee Charter (see **Attachments D-D2**).
- E. Review of the USAC Compensation Policy (see **aBOD09cf**).
- F. Review of the Executive Compensation Committee Charter (see **aBOD010cf**).
- G. Resolution Honoring Four Board Member Whose Service on the Board Has Recently Ended.

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:

RESOLVED, that the USAC Board of Directors hereby approves:
(1) the meeting minutes of October 28, 2025, November 20, 2025, and December 23, 2025; and
(2) discussion in *Executive Session* of the items noted above;

RESOLVED, that the USAC Board of Directors adopts the Board of Directors quarterly meeting schedule for April 2027 through January 2028; and

RESOLVED, that the USAC Audit Committee, having reviewed the revised Audit Committee Charter presented by the USAC Audit and Assurance Division, recommends that the USAC Board of Directors approve the revised Audit Committee Charter; and

RESOLVED, that the USAC Board of Directors, having reviewed the revision to the USAC Compensation Policy recommended by the Executive Compensation Committee, hereby accepts the recommendation and approves the USAC Compensation Policy as revised; and

RESOLVED, that the USAC Board of Directors, having reviewed the revision to the Executive Compensation Committee Charter recommended by the Executive Compensation Committee, hereby accepts the recommendation and approves the Executive Compensation Committee Charter as revised;

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Indra Chalk, Stephanie Polk, Christine Sanquist, and Jeffrey Waller for their dedicated service on the Board of Directors of the Universal Service Administrative Company and wishes them the best in their future endeavors.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

BOARD OF DIRECTORS MEETING

Tuesday, October 28, 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, October 28, 2025. Mr. Ken Mason, Board Chair, called the meeting to order at 10:01 a.m. Eastern Time, with a quorum of 15 of the 20 Board members present (there is one vacancy):

Chacko, Sheba – *by telephone*

Chalk, Indra

Garber, Michelle – Chief Executive Officer (Interim) and Assistant Treasurer

Green, Anisa

Gregory, Amber

Kettwich, Dan

Mason, Ken – Chair – *by telephone*

Sanquist, Christine

Schell, Julie Tritt – Vice Chair

Semmler, Kara – *by telephone*

Siefer, Angela

Thompson, Mona – *by telephone*

Wade, Dr. Joan – Treasurer

Wein, Olivia – Secretary

Wibberly, Dr. Kathy

Mr. Jeff Waller joined the meeting *by telephone* at 12:03 p.m. Eastern Time and participated in the discussion of item i9.

Members of the Board not present:

Dalhover, Brian

Polk Stephanie

Schuler, David

Officers of the corporation present:

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.

Beyerhelm, Chris – Vice President and Chief Administrative Officer
 Butler, Stephen – Vice President of Shared Services
 Davis, Craig – Vice President of Schools and Libraries
 Delmar, Teleshia – Vice President of Audit and Assurance
 Francisco, Dale – Chief Financial Officer (Interim)
 Gaither, Victor – Vice President of High Cost
 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
Burchuk, Hillary	USAC
Claxton, Naomi	USAC
Dando, Gena – <i>by telephone</i>	Crown Castle
Faunce, Donna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Hayes, Jeremy	USAC
King, Ryan	USAC
Krueger, Katie – <i>by telephone</i>	KPMG
Lougheed, Matt	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Sadirkhanova, Sabina	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Smith, Chris	USAC
Staurulakis, Chresanthe	USAC
Theobald, Fred	USAC
Weatherill, Scott – <i>by telephone</i>	Horizon Health
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 July 29, 2025 and August 20, 2025.

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

- (1) **i3A-B.** Enterprise Business Updates. USAC management recommends that these items be discussed in *Executive Session* because they relate to *specific internal controls or confidential company data* that would constitute a discussion of internal rules and procedures, and 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) **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.** 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.
- (4) **a4.** Consideration of a Contract Modification for IT Development and Technical Services to Support Appian-Based Platforms. 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.
- (5) **a5.** Consideration to Exercise Option Term for Call Center Services and Customer Relationship Management System. 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) **a6.** Consideration of a Contract Modification for Enterprise Architecture Assessment and 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.
- (7) **a7.** Consideration of a Contract Modification for Enterprise Resource Planning, Analysis, and PMO 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) **i6.** Information on Four USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that these items 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*.
- (9) **i7.** 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.
- (10) **i8. Personnel Matter:** United Healthcare Survey. USAC management recommends that this item occur in *Confidential Executive Session* because it involves internal *personnel matters*.
- (11) **a8. Personnel Matter:** Consideration of Contract Awards for the USAC Employee Benefit Programs. USAC management recommends that this item be discussed in *Confidential 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 and it involves *personnel matters*.
- (12) **a9. Personnel Matter:** Consideration of 2026 Compensation Item. USAC management recommends that this item occur in *Confidential Executive Session* because it involves internal *personnel matters*.
- (13) **i9. 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*.

C. Consideration and Approval of Four Routine Procurements.

- (1) Consideration of a Contract Modification for IT Development and Technical Services to Support Appian-Based Platforms. The resolution is provided in **aBOD04cf**. If discussion is needed, it will be conducted in *Executive Session*.
- (2) Consideration to Exercise Option Term for Call Center Services and Customer Relationship Management System. The resolution is provided in **aBOD05cf**. If discussion is needed, it will be conducted in *Executive Session*.
- (3) Consideration of a Contract Modification for Enterprise Architecture Assessment and Support Services. The resolution is provided in

aBOD06cf. If discussion is needed, it will be conducted in *Executive Session*.

- (4) Consideration of a Contract Modification for Enterprise Resource Planning, Analysis, and PMO Services. The resolution is provided in **aBOD07cf.** If discussion is needed, it will be conducted in *Executive Session*.

- D.** Consideration of Approval to Reimburse Board Members to Attend an Event Other than a Quarterly USAC Board or Committee Meeting. (*see Attachments D*)
- E.** Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended.

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 Board meeting minutes of July 29, and August 20, 2025; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of four routine procurements as presented in items **aBOD04cf-aBOD07cf**.

RESOLVED, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred while Conducting USAC Business other than Board of Directors Meetings*, the Board of Directors authorizes USAC management to reimburse Mr. Ken Mason, Ms. Julie Tritt Schell, and Dr. Joan Wade should they travel to Washington, D.C. for the purpose of participating in USAC's 2026 Budget Planning Review. Further travel to the Washington, DC area for the CEO Search Committee members for select meetings, and Board members for the CEO interview process, are approved for reimbursement of reasonable expenses for attendance at these non-quarterly USAC Board or committee meetings.

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Sarah Freeman for her dedicated service on the Board of Directors of the Universal Service Administrative Company and wishes her the best in her future endeavors.

- ii. Reports from the Committee Chairs: Audit Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** Ms. Schell presented the report for the Audit Committee. Ms. Wein presented the report for the High Cost & Low Income Committee. Ms. Gregory presented the report for the Schools & Libraries Committee. Dr. Wibberly presented the report for the Rural Health Care Committee.

- a2. **Appointment of a Nominating Committee and Direction to Committees for the Appointment of Committee Chairs and Vice Chairs.** Mr. Mason presented this item to the Committee.

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

RESOLVED, that the USAC Board of Directors establishes a Nominating Committee and directs the Committee to recommend to the USAC Board of Directors at its January 27, 2026 meeting nominations for the elected USAC officer positions; and

RESOLVED FURTHER, that the USAC Board of Directors appoints **Indra Chalk** as Nominating Committee Chair and **Kathy Wibberly** and **Angela Siefer** as members of the Nominating Committee; and

RESOLVED FURTHER, that the USAC Board of Directors directs each committee of the Board to bring to the Board, at the January 27, 2026 meeting, nominations for a chair and vice chair of each respective committee.

- a3. **Approval of USAC Common and Consolidated 1st Quarter 2026 Budgets for the October 31, 2025 Federal Communications Commission Filing.** Mr. Francisco presented a written report on USAC management's recommendations for USAC's common and consolidated 1st Quarter 2026 budget and demand projection for the October 31, 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 1st Quarter 2026 common budget of \$34.13 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$34.13 million for common costs in the required October 31, 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 1st Quarter 2026 consolidated budget to administer the Universal Service Fund of \$61.52 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$61.52 million

for consolidated costs in the required October 31, 2025 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

- i2. Information on Five USAC Internal Audit Division Supply Chain Audit Reports.** This item was provided for *information purposes only*. No discussion was held. Mr. Mason noted that the Board of Directors Public Audit Briefing Book would be posted to the USAC website.

At 10:00 a.m. Eastern Time, 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, and USAC staff were present.

EXECUTIVE SESSION

- i3. Enterprise Business Update**
- A. CEO Update.** Ms. Garber provided a verbal update on USACs transition with an interim CEO and impact on USAC from the federal shutdown.
 - B. Zero Trust Roadmap Update.** Mr. Jeremy Hayes presented a PowerPoint presentation on the current status of USAC's Zero Trust initiative.
- i4. Information on the Contribution Factor.** Mr. Francisco presented a written report providing USAC's estimate of the 1st Quarter 2026 contribution factor.
- i5. Enterprise Risk Management Update.** Mr. Beyerhelm provided an overview of the updated Enterprise Risk Management Heat Map.
- a4. Consideration of a Contract Modification for IT Development and Technical Services to Support Appian-Based Platforms.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to modify the contract with ICF Incorporated, LLC (ICF) for analysis and project management for IT Development and Technical Services to Support Appian-based Platforms to add and exercise a third option period of twelve (12) months ("third option period") for a not-to-exceed amount of \$8,848,569.60 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$29,872,994.24 (plus applicable taxes), to \$38,721,563.84 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a5. Consideration to Exercise Option Term for Call Center Services and Customer Relationship Management System.** No additional discussion was

held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the fourth and final one-year option term of its existing contract with Ernst & Young LLP for call center and customer relationship management system services for E-Rate, Rural Health Care, Finance, and High Cost by increasing the total not-to-exceed amount by \$4,046,145.68 (plus applicable taxes), thereby increasing the total not-to-exceed amount supporting these programs from \$18,492,311.24 (plus applicable taxes) to \$22,538,456.92 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a6. Consideration of a Contract Modification for Enterprise Architecture Assessment and Support Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to modify its contract with Guidehouse, LLP for Enterprise Architecture Assessment and Support Services by adding and exercising a twelve month option term (“fourth option term”) for a not-to-exceed amount of \$2,000,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$11,372,493.64 (plus applicable taxes) to \$13,372,493.64 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a7. Consideration of a Contract Modification for Enterprise Resource Planning, Analysis, and PMO Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to modify its contract with Ernst & Young LLP for enterprise resource planning, analysis, and PMO services by adding and exercising an option period of thirteen (13) months (“fifth option term”) for a not-to-exceed amount of \$4,100,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$25,949,744.00 (plus applicable taxes) to \$30,049,744.00 (plus applicable taxes).

- i6. **Information on Four USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports.** This item was provided for *information purposes only*. No discussion was held.
- i7. **Procurement Business Update.** This item was provided for *information purposes only*. No discussion was held.

At 11:04 a.m. Eastern Time, the Board continued in ***Confidential Executive Session*** with only the Board and the USAC leadership present. The Board recessed and reconvened at 11:13 a.m. Eastern Time.

CONFIDENTIAL EXECUTIVE SESSION

- i8. ***Personnel Matter: United Health Care Survey.*** Mr. Beyerhelm discussed the survey results with the Board.
- a8. ***Personnel Matter: Consideration of Contract Awards for the USAC Employee Benefit Programs.*** Mr. Beyerhelm presented this item to the Board.

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, subject to required Federal Communications Commission approval, to award a one-year contract for employee medical, prescription, dental and vision benefits to United Healthcare Corporation for a not-to-exceed cost of \$14,505,749² (plus applicable taxes) and to award a one-year contract to The Guardian Life Insurance Company of America, Inc. for life, and disability benefits, for a not-to-exceed cost of \$650,899 (plus applicable taxes). The total estimated costs for the Calendar Year 2026 for USAC employee benefits program is \$15,156,648 (plus applicable taxes).

- a9. ***Personnel Matter: Consideration of a 2026 Compensation Item.*** Mr. Beyerhelm presented this item to the Board providing current and historical data.

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

RESOLVED, that the USAC Board of Directors, having reviewed the Executive Compensation Committee and the USAC management's proposed 2026 merit-based salary increase and incentive awards programs for

² A typographical error was identified and corrected for the not-to-exceed cost, however the 2026 calendar year estimate for USAC employee benefits program is accurate.

USAC employees, hereby approves the proposed program.

At 11:49 a.m. the Board recessed and reconvened at 12:00 p.m. The Board continued in ***Confidential Executive Session*** with only non-staff members of the Board present.

i9. ***Confidential Executive Session***: Board of Directors Only. Mr. Mason facilitated the Board discussion.

OPEN SESSION

At 12:25 p.m. Eastern Time, 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 a8 – a9, and discussed items i3-i5, i8 and i9.

On a motion duly made and seconded, the Board adjourned at 12:30 p.m. ET.

/s/ Erin Williams
Assistant Secretary

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

BOARD OF DIRECTORS MEETING
Thursday, November 20, 2025

(DRAFT) MINUTES

The USAC Board of Directors (Board) was requested to revise the appointment of the Nominating Committee (Committee) consisting of members of the Board for the purpose of soliciting nominations and recommending to the Board a slate of candidates for each of USAC's corporate officer positions; assisting the Audit (AC), High Cost & Low Income (HCLI), Rural Health Care (RHC), and Schools & Libraries (SL) committees in identifying Board members to serve as committee chair and vice chair for each committee; and assisting committees in filling at-large seats. At the October 28, 2025 Board of Directors meeting, the Board approved the nominations of the three Committee members, Dr. Kathy Wibberly, Ms. Angela Seifer, and the Committee Chair, Ms. Indra Chalk. On November 7, 2025, Ms. Chalk submitted her resignation from the Board of Directors. On November 19, 2025, the Board was requested to vote by written consent to consider the nominations submitted by Mr. Ken Mason, Board Chair, of Ms. Kara Semmler to fill the vacancy on the Committee and approve Dr. Wibberly as the Committee Chair.

- a1. Appointment of Nominating Committee Members.** On November 20, 2025, with a motion duly made and approved by written unanimous consent, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors confirms the previous appointment of Kathy Wibberly as a member of the Nominating Committee, confirms her position as the Committee Chair, and appoints Kara Semmler as the third member of the Nominating Committee.

/s/ Erin Williams
Assistant Secretary

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

BOARD OF DIRECTORS MEETING
Tuesday, December 23, 2025

(DRAFT) MINUTES

In a Public Notice dated December 17, 2025 (DA-25-1068), Federal Communications Commission (FCC or Commission) Chairman Brendan Carr appointed seven individuals listed below to the USAC Board of Directors.

- Ian Forbes, Corporate Counsel, Legal Affairs, T-Mobile USA, Inc., as the representative of commercial mobile radio service providers;
- Alexander Minard, Vice President and Lead Legislative Counsel, NCTA – The Internet & Television Association, as the representative for cable providers;
- Amber Gregory, Manager of E-Rate Services, Arkansas State Library, as the representative for libraries that are eligible to receive discounts pursuant to section 54.501 of the Commission’s rules;
- Stephanie Minnock, Assistant General Counsel of Federal Government, Affairs, Lumen Technologies, Inc., as the representative for incumbent local exchange carriers (Bell Operating Companies);
- Heather Sanborn, Maine Public Advocate, as the representative of State Consumer Advocates;
- Julie Tritt Schell, Pennsylvania E-Rate Coordinator, as the representative for schools that are eligible to receive discounts pursuant to section 54.501 of the Commission’s rules; and
- Tim Schram, Commissioner, Nebraska Public Service Commission, as the representative of state telecommunications regulators (term expires December 31, 2027)

On December 18, 2025, the Board was requested to vote by written unanimous consent to elect these members to the Board and appoint them to a committee by virtue of the constituency they represent.

- a1. Election of Members to the USAC Board of Directors and Appointment to Programmatic Committees.** On December 23, 2025, with a motion duly made and approved by written unanimous consent, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having received the selections from the Chairman of the FCC pursuant to 47 C.F.R. §

54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws, hereby elects to the USAC Board of Directors effective January 1, 2026:¹

- Ian Forbes for a term expiring on December 31, 2028;
- Alexander Minard for a term expiring on December 31, 2028;
- Julie Tritt Schell for a term expiring on December 31, 2028;
- Amber Gregory for a term expiring on December 31, 2028;
- Stephanie Minnock for a term expiring on December 31, 2028; and
- Heather Sanborn for a term expiring on December 31, 2028
- Tim Schram, for a term expiring on December 31, 2027

RESOLVED FURTHER, that each of the aforementioned directors shall remain a director until: (i) such director's resignation, (ii) such director's removal pursuant to Article II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) the election of a successor pursuant to Article II, § 4 of the USAC By-laws, or (iv) action by the stockholder of the corporation pursuant to Article I of the USAC By-laws; and

RESOLVED FURTHER, that consistent with 47 C.F.R. § 54.705 and the USAC By-laws, Article II, and by virtue of the constituency they represent:

- Julie Tritt Schell and Amber Gregory are hereby appointed to the Schools & Libraries Committee;
- Ian Forbes and Stephanie Minnock, and are hereby appointed to the High Cost & Low Income Committee; and
- Heather Sanborn and Tim Schram are hereby appointed to the High Cost & Low Income Committee and Rural Health Care Committee.

/s/ Erin Williams

Assistant Secretary

¹ Each is director is appointed for a three year term. See 47 C.F.R. § 54.703(d). In the event a director vacates his or her seat prior to the completion of the three year term, the chosen successor will serve the remaining term of the vacating director. See USAC By-laws, Article II, § 4.

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

ACTION ITEM

**Approval of April 2027 – January 2028 Board of Directors
Quarterly Meeting Schedule**

Issue

The USAC Board of Directors (Board) is requested to approve a schedule for the quarterly Board and committee meetings for April 2027 through January 2028 to provide Board members and USAC staff sufficient lead time to plan for the meetings.

Background – Analysis – Justification

The USAC Board of Directors is required to meet quarterly in Washington, D.C. At the January 2025 meeting, the Board approved quarterly meeting dates through January 2027 as follows:

Executive Committee, If Needed	Programmatic Committees and Board of Directors
April 23, 2026	April 27-28, 2026
July 23, 2026	July 27-28, 2026
October 22, 2026	October 26-27, 2026
January 21, 2027	January 25-26, 2027

Below is the recommended schedule of meetings for April 2027 through January 2028:

Executive Committee, If Needed	Programmatic Committees and Board of Directors
April 22, 2027	April 26-27, 2027
July 22, 2027	July 26-27, 2027
October 21, 2027	October 25-26, 2027
January 20, 2028	January 24-25, 2028

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Board of Directors adopts the Board of Directors quarterly meeting schedule for April 2027 through January 2028.

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

ACTION ITEM

**Review of the 2026 Audit Committee Charter
(Same as aAC03)**

Action Requested

In accordance with USAC's Audit Committee Charter (Charter), Section III.A.1, the Audit Committee (Committee) of the USAC Board of Directors (Board) is required to review and reassess the adequacy of the Charter at least annually and recommend changes, as deemed necessary, to the Board.

Discussion

USAC Audit and Assurance Division (AAD) staff reviewed the current Charter to determine if any changes should be recommended to the Committee and the Board of Directors for consideration. AAD recommends a few changes to the Charter to align with the newly revised Global Internal Audit Standards and the recommendations resulting from the latest Peer Review and the Board is requested to approve the changes.

Attachment A provides the existing Charter with recommended changes in redline, and **Attachment B** provides a clean version of the revised Charter.

The Committee is requested to recommend that the Board approve the revised Charter.

Recommended USAC Audit Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Audit Committee, having reviewed the revised Audit Committee recommends that the USAC Board of Directors approve the revised Audit Committee Charter.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY AUDIT COMMITTEE CHARTER

January 2026

This charter is guided by the governance provisions in the Generally Accepted Government Auditing Standards and the Global Internal Audit Standards.

I. Audit Committee Purpose, Duties, and Responsibilities.

A. The Audit Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) shall assist the Board of Directors (Board) in fulfilling the Board's oversight responsibilities relating to corporate accounting, financial reporting practices, internal control over operations (internal controls), Universal Service Fund (USF) program integrity, and all aspects of corporate compliance with applicable law.

B. The Committee's primary duties and responsibilities shall be as follows:

1. Oversee management's efforts to maintain the reliability and integrity of USAC's accounting policies and financial reporting practices.
2. Oversee management's efforts to establish, maintain, and review processes that assure that an adequate system of internal control is functioning within USAC through the execution of ~~operational~~ internal audits, Universal Service Fund Beneficiary and Contributor audits, Payment Quality Assessments, Supply Chain Audit Program audits, and the required annual financial statement audit and agreed upon procedures review.
3. Oversee management's efforts to establish, maintain, and review processes that assure compliance by USAC with all applicable laws.
4. Work with the head of the organization to ensure the Vice President, Audit and Assurance (i.e., Chief Audit Executive) reports ~~to a level within the organization (i.e., the Chief Executive Officer)~~ functionally to the Audit Committee and administratively to the Chief Executive Officer ~~that to~~ allows the internal audit function to fulfill the internal audit mandate and ~~is be~~ provided with sufficient access and resources to achieve the audit plans while maintaining independence.
5. Develop in consultation with the Vice President of Audit and Assurance and oversee ~~thea Strategic Internal~~ Audit Plan to verify USAC's financial and operational integrity.

~~5.~~

6. Provide insight and recommendations to establish cost-effective USF audit plans that include a focus on high-risk areas as identified through past audit results, ongoing organizational projects, risk management trends, and data analytics. -Also, assist USAC by recommending solutions to mitigate common audit findings and suggestions to build a more collaborative audit experience for USF participants.
7. Provide an avenue of communication between USAC's independent financial statement auditors, USAC management (including, but not limited to the Chief Executive Officer, the Vice President of Finance and Chief Financial Officer, the Vice President and General Counsel, and the Vice President of each USAC programmatic division), the Vice President of Audit and Assurance, and the Board.

II. Audit Committee Composition, Appointment, and Meetings.

A. Composition

1. The Committee shall consist of five Board members:
 - a. At least one representative from each of the three programmatic committees of the Board (the High Cost & Low Income Committee, the Rural Health Care Committee, and the Schools & Libraries Committee). The Chairperson of the Audit Committee will serve as a member of the Executive Committee.
 - b. Two at-large Board members.
 - c. At least one Committee member shall have a background in financial reporting, accounting, or auditing, or other financial expertise.
2. Each member of the Committee shall meet each of the following independence requirements:
 - a. Is not and has not been employed in an executive capacity by USAC for at least five years prior to appointment to the Committee.
 - b. Is not an advisor or consultant to USAC and does not have a personal services contract or other business relationship with USAC.
 - c. Is not a spouse, parent, sibling, child, or in-law of any person described in the preceding two clauses of this paragraph or of any member of USAC management.

B. Appointment

1. The members of the Committee shall be appointed annually by the Board. Each member shall hold office until he/she resigns, is removed or until a successor is appointed by the Board.
2. The Board shall appoint one of the members of the Committee as Chair and another as Vice Chair.
 - a. The Chair or the Vice Chair shall have a background in financial reporting, accounting, or auditing, or other financial expertise.

C. Meetings

1. The Committee shall meet at least quarterly and at such other times as the Committee deems necessary.
2. The Committee shall, at least annually and at such other times as the Committee deems necessary, separately meet with USAC management, the Vice President of Audit and Assurance, and representatives of the independent financial auditing firm retained by USAC to discuss any matters that either the Committee or any of these groups believes should be discussed privately.
3. The Committee may direct any member of the Board, officer, or employee of USAC or advisor to USAC, including outside counsel or independent auditors, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall advise the Board of all such special meetings either prior to the meeting or promptly thereafter.

III. Responsibilities and Duties

A. Review of Documents, Reports, and Assessments

1. Review, at least annually, the adequacy of the Audit and Assurance Division Charter. Review and reassess, at least annually, the adequacy of the Committee Charter and make recommendations to the Board, as deemed necessary.
2. Review, in conjunction with management and representatives of the independent auditing firm retained by USAC, the annual financial statements and the audit reports included with those statements and the annual agreed upon procedures review report.
 - a. Discuss with management and the independent auditors significant issues regarding accounting principles, practices, and judgments.

- b. Discuss any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.
- c. Discuss any significant exceptions in the agreed upon procedures review report.

3. Annually develop in consultation with the Vice President of Audit and Assurance and approve the annual Strategic Internal Audit Plan in consultation with the Vice President of Audit and Assurance. -In addition to projects outlined in the Strategic Internal Audit Plan, the Committee may from time to time request and / or approve additional specific operational and/or financial audits.

3.4. Develop in consultation with the Vice President of Audit and Assurance and approve, on a periodic basis, the Key Performance Objectives and Strategic Audit Plan.

4.5. Review USAC financial, operational and compliance audit reports prepared by the independent auditors or the Audit and Assurance Division and management's response thereto.

5.6. Review, at least annually, a summary report of common audit findings concerning Universal Service Fund beneficiary and contributor audits, supply chain audits, and payment quality assessments performed under the Universal Service Fund Beneficiary and Contributor Audit Program.

- a. Discuss audit results to highlight areas of high risk for consideration in developing future Universal Service Fund audit plans; identify FCC rules that may require revision to improve compliance among beneficiaries and contributors; and propose suggestions for improving audit efficiency among beneficiaries and contributors.
- b. Provide insight to the Audit and Assurance Division by providing suggested approaches to avoid common audit challenges and solutions to build a more collaborative audit experience for Universal Service Fund participants.

7. Review with management, the independent or external auditors, and the Vice President of Audit and Assurance any significant findings of the reports, management's response thereto, and any significant difficulties encountered during the course of the review or audit, including any restrictions on the objectives or scope of work or access to required information.

6.8. Review the results of both internal and external quality (peer review) assessments of AAD's compliance with the applicable audit standards.

Evaluate the corrective action plans developed to address any observations identified and monitor improvements.

B. Oversight of Independent Auditing Firm(s) Retained by USAC for the Annual Financial Statement Audit and Agreed-Upon Procedures Review

1. ~~Initially select, p~~Periodically evaluate (at least annually), and replace as necessary the independent auditing firm(s) retained by USAC for the Annual Financial and Agree-Upon Procedures review, subject to the requirement to obtain the approval of the Board for expenditures in excess of the amount set forth in Section III.H.4. of this Audit Committee Charter, *provided*, however, that nothing herein shall affect the authority of the programmatic committees of the Board to select, evaluate, and replace independent auditing firms with respect to the audits of beneficiaries and contributors of the universal service support mechanisms when deemed necessary by the Committee or the Vice President of Audit and Assurance.
2. Oversee the independence of the independent auditing firm(s) retained by USAC by reviewing and discussing with each auditor a formal written statement concerning their independence and the nature of the relationship, if any, between the auditor and the USAC.
3. Approve any significant non-audit related services to be provided by an independent auditing firm retained by USAC.

C. Review and Oversight of USAC's Financial Reporting Process, Financial Statement Audit

1. Review the integrity of USAC's financial reporting process, at least annually, in consultation with: (i) the independent auditing firm(s) retained by USAC, (ii) the Vice President of Finance and Chief Financial Officer, and (iii) the Chief Executive Officer.
2. Review significant changes to USAC's auditing and accounting principles and practices as suggested by an independent auditing firm retained by USAC, the Vice President of Finance and Chief Financial Officer, or the Vice President of Audit and Assurance.
3. Require and timely review reports from the independent auditing firm(s) retained by USAC relating to the following:
 - a. All significant accounting policies and practices to be used.
 - b. All alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of such alternative disclosures

and treatments and the treatment preferred by the independent auditing firm.

- c. Other written communications between the independent auditors and management, such as any management letter or schedule of adjusted differences.

- 4. Review and evaluate significant disagreements among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of the USAC financial statements and management's response thereto.

D. Oversight of the Operational Reporting Process, Agreed-Upon Procedures Review

- 1. In consultation with the independent auditing firm(s) retained by USAC and the Vice President of Audit and Assurance, review the integrity of internal controls and operating procedures and any exceptions identified in the agreed-upon procedures reviews.
- 2. Review changes to USAC's internal controls or operating procedures and practices for consistency with suggestions of an independent auditing firm retained by USAC, management, or the Vice President of Audit and Assurance.
- 3. Ensure and oversee timely reports from the independent auditing firm(s) retained by USAC to the Audit Committee.
- 4. Review and evaluate significant disagreements among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of USAC's agreed upon procedures report and management's response thereto.

E. Oversight of Audit and Assurance Division

- 1. Review and approve the Audit and Assurance Division Charter, organizational structure, budget, activities, and significant changes to the Strategic Audit Plan, [Key Performance Objectives](#), and [Internal Audit Plan](#) as needed.
- 2. Review and approve the appointment, replacement, reassignment, or material changes in the role and/or responsibility of the Vice President of Audit and Assurance Division.
- 3. Review the effectiveness of the internal audit activities, including compliance with Generally Accepted Government Auditing Standards (GAGAS) as issued by the Comptroller General of the United States (as amended) and the [International Standards for the Professional Practice of Internal](#)

Auditing Global Internal Audit Standards issued by the Institute of Internal Auditors.

4. Review reports of whistleblower complaints received by the Vice President of Audit and Assurance. Such reports shall be prepared jointly by the Vice President of Audit and Assurance and USAC's Office of General Counsel.
- F. Assessment of Internal Controls, Annual Report on Internal Controls

1. Review with management, the independent auditors, the Vice President of Audit and Assurance and the USAC Board of Directors, the effectiveness of the Company's process for assessing significant risks or exposures and the steps management has taken to minimize such risks and exposures to the Company.
2. Review with management, the independent auditors, and the Vice President of Audit and Assurance the adequacy of the Company's system of internal controls as noted in the Annual Report on Internal Controls as issued by the independent auditing firm.
3. ~~Establish and maintain~~Monitor procedures for the following activities:
 - a. The receipt, retention, and treatment of complaints received by USAC regarding accounting, internal controls, operating procedures, or auditing matters.
 - b. The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

G. Compliance With Applicable Law

1. In consultation with the Vice President and General Counsel, review at least annually any legal matters that could have a significant effect on the USAC's operations, financial statements, and reports received from regulators.
2. In consultation with the Vice President and General Counsel, review the processes established to assure compliance by USAC with all applicable laws.
3. Review the results of any investigations concerning waste, fraud, abuse, and/or accounting irregularities and make recommendations for remedial action, if appropriate.

H. Other Responsibilities of the Audit Committee

1. Periodically report to the Board through the Committee Chair or pursuant to other means acceptable to the Board.
2. Maintain minutes or other records of meetings and activities of the Committee.
3. Perform any other activities consistent with the Committee Charter, USAC's By-laws, and applicable laws, as the Committee or the Board deems appropriate.
4. When deemed appropriate by the Committee, the Committee will retain outside legal, accounting, or other advisors or consultants to advise and assist the Committee, without needing to seek approval for the retention of such advisors or consultants from the Board, *provided* that the cost is less than \$250,000 in any single calendar year. *If the cost for such purpose exceeds \$250,000 in a calendar year, the Committee shall obtain Board approval before engaging or continuing to engage an outside advisor or consultant.*

IV. Limitations on Responsibilities and Duties of Audit Committee Members and Audit Committee

- A. The responsibility of the Committee is oversight. -USAC management is responsible for the USAC financial statements as well as financial reporting processes, principles, and internal controls. The independent auditing firm(s) retained by USAC is/are responsible for performing audits of the annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and other procedures. The independent auditing firm(s) is/also responsible for conducting the AUP review and reporting the results. The members of the Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving auditing or accounting.
- B. Each member of the Committee shall be entitled reasonably to rely on the following:
 1. The integrity of those persons within USAC and the professionals and experts (such as the independent auditors) who provide professional advice and information to the Committee and/or USAC.
 2. The accuracy of the financial and other information provided to the Committee by such persons, professionals, or experts absent actual knowledge to the contrary.
- C. Pursuant to USAC By-Laws and FCC rules, the programmatic committees of the Board have the authority for the performance of audits of beneficiaries of the

respective support mechanisms and the full Board has the authority for the performance of audits of contributors to the Universal Service Fund and for Supply Chain audits. The Audit Committee shall provide advice and assistance to the programmatic committees in support of the primary role of the programmatic committees with respect to audits of beneficiaries and the Board with respect to audits of contributors.

V. Procedures for Discussing Matters in *Executive Session*

- A. In general, any USAC Board member may attend any meeting of the Committee, including ***Executive Sessions***, as an observer, even though the person is not a member of the Audit Committee. The exceptions to this general rule are as follows:
 1. Where the Board member is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in ***Executive Session***, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the conflict of interest, the Committee or any member thereof may raise the issue for consideration. The Board member may self-recuse from the meeting or, upon the vote of the Committee, be excluded from the relevant portion of the ***Executive Session*** of the Committee meeting.
 2. Where a Board member seeking to attend an ***Executive Session*** of the Committee is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in ***Executive Session***, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the actual or the potential conflict of interest, the Committee or any member thereof may raise the issue for consideration. Where disclosure and/or discussion of the specific issue or potential conflict of interest would compromise the integrity of the Universal Service Fund, the Committee shall exclude all persons other than Audit Committee members.
 3. Where the Committee wishes to meet with USAC's independent auditing firm, the Vice President of Audit and Assurance, the Vice President and General Counsel, the Vice President of Finance and Chief Financial Officer, and/or other representatives to discuss or seek assurances concerning any significant difficulties encountered during the course of a review or audit, including any restrictions on the scope of work or access to required information, or matters of a similar nature, and/or engaged in the preliminary assessment of any investigation, the Committee may exclude Board members who are not members of the Committee from attending the relevant portion of the ***Executive Session*** of the Committee meeting.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
AUDIT COMMITTEE CHARTER**

January 2026

This charter is guided by the governance provisions in the Generally Accepted Government Auditing Standards and the Global Internal Audit Standards.

- I. Audit Committee Purpose, Duties, and Responsibilities.
- A. The Audit Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) shall assist the Board of Directors (Board) in fulfilling the Board's oversight responsibilities relating to corporate accounting, financial reporting practices, internal control over operations (internal controls), Universal Service Fund (USF) program integrity, and all aspects of corporate compliance with applicable law.
- B. The Committee's primary duties and responsibilities shall be as follows:
1. Oversee management's efforts to maintain the reliability and integrity of USAC's accounting policies and financial reporting practices.
 2. Oversee management's efforts to establish, maintain, and review processes that assure that an adequate system of internal control is functioning within USAC through the execution of internal audits, Universal Service Fund Beneficiary and Contributor audits, Payment Quality Assessments, Supply Chain Audit Program audits, and the required annual financial statement audit and agreed upon procedures review.
 3. Oversee management's efforts to establish, maintain, and review processes that assure compliance by USAC with all applicable laws.
 4. Work with the head of the organization to ensure the Vice President, Audit and Assurance (i.e., Chief Audit Executive) reports functionally to the Audit Committee and administratively to the Chief Executive Officer to allow the internal audit function to fulfill the internal audit mandate and be provided with sufficient access and resources to achieve the audit plans while maintaining independence.
 5. Develop in consultation with the Vice President of Audit and Assurance and oversee the Internal Audit Plan to verify USAC's financial and operational integrity.
 6. Provide insight and recommendations to establish cost-effective USF audit plans that include a focus on high-risk areas as identified through past audit results, ongoing organizational projects, risk management trends, and data analytics. Also, assist USAC by recommending solutions to mitigate common

audit findings and suggestions to build a more collaborative audit experience for USF participants.

7. Provide an avenue of communication between USAC's independent financial statement auditors, USAC management (including, but not limited to the Chief Executive Officer, the Vice President of Finance and Chief Financial Officer, the Vice President and General Counsel, and the Vice President of each USAC programmatic division), the Vice President of Audit and Assurance, and the Board.

II. Audit Committee Composition, Appointment, and Meetings.

A. Composition

1. The Committee shall consist of five Board members:
 - a. At least one representative from each of the three programmatic committees of the Board (the High Cost & Low Income Committee, the Rural Health Care Committee, and the Schools & Libraries Committee). The Chairperson of the Audit Committee will serve as a member of the Executive Committee.
 - b. Two at-large Board members.
 - c. At least one Committee member shall have a background in financial reporting, accounting, or auditing, or other financial expertise.
2. Each member of the Committee shall meet each of the following independence requirements:
 - a. Is not and has not been employed in an executive capacity by USAC for at least five years prior to appointment to the Committee.
 - b. Is not an advisor or consultant to USAC and does not have a personal services contract or other business relationship with USAC.
 - c. Is not a spouse, parent, sibling, child, or in-law of any person described in the preceding two clauses of this paragraph or of any member of USAC management.

B. Appointment

1. The members of the Committee shall be appointed annually by the Board. Each member shall hold office until he/she resigns, is removed or until a successor is appointed by the Board.
2. The Board shall appoint one of the members of the Committee as Chair and another as Vice Chair.

- a. The Chair or the Vice Chair shall have a background in financial reporting, accounting, or auditing, or other financial expertise.

C. Meetings

1. The Committee shall meet at least quarterly and at such other times as the Committee deems necessary.
2. The Committee shall, at least annually and at such other times as the Committee deems necessary, separately meet with USAC management, the Vice President of Audit and Assurance, and representatives of the independent financial auditing firm retained by USAC to discuss any matters that either the Committee or any of these groups believes should be discussed privately.
3. The Committee may direct any member of the Board, officer, or employee of USAC or advisor to USAC, including outside counsel or independent auditors, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall advise the Board of all such special meetings either prior to the meeting or promptly thereafter.

III. Responsibilities and Duties

A. Review of Documents, Reports, and Assessments

1. Review, at least annually, the adequacy of the Audit and Assurance Division Charter. Review and reassess, at least annually, the adequacy of the Committee Charter and make recommendations to the Board, as deemed necessary.
2. Review, in conjunction with management and representatives of the independent auditing firm retained by USAC, the annual financial statements and the audit reports included with those statements and the annual agreed upon procedures review report.
 - a. Discuss with management and the independent auditors significant issues regarding accounting principles, practices, and judgments.
 - b. Discuss any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.
 - c. Discuss any significant exceptions in the agreed upon procedures review report.
3. Develop in consultation with the Vice President of Audit and Assurance and approve the annual Internal Audit Plan. In addition to projects outlined in the

Internal Audit Plan, the Committee may from time to time request and / or approve additional specific operational and/or financial audits.

4. Develop in consultation with the Vice President of Audit and Assurance and approve, on a periodic basis, the Key Performance Objectives and Strategic Audit Plan.
 5. Review USAC financial, operational and compliance audit reports prepared by the independent auditors or the Audit and Assurance Division and management's response thereto.
 6. Review, at least annually, a summary report of common audit findings concerning Universal Service Fund beneficiary and contributor audits, supply chain audits, and payment quality assessments.
 - a. Discuss audit results to highlight areas of high risk for consideration in developing future Universal Service Fund audit plans; identify FCC rules that may require revision to improve compliance among beneficiaries and contributors; and propose suggestions for improving audit efficiency among beneficiaries and contributors.
 - b. Provide insight to the Audit and Assurance Division by providing suggested approaches to avoid common audit challenges and solutions to build a more collaborative audit experience for Universal Service Fund participants.
 7. Review with management, the independent or external auditors, and the Vice President of Audit and Assurance any significant findings of the reports, management's response thereto, and any significant difficulties encountered during the course of the review or audit, including any restrictions on the objectives or scope of work or access to required information.
 8. Review the results of both internal and external quality (peer review) assessments of AAD's compliance with the applicable audit standards. Evaluate the corrective action plans developed to address any observations identified and monitor improvements.
- B. Oversight of Independent Auditing Firm(s) Retained by USAC for the Annual Financial Statement Audit and Agreed-Upon Procedures Review
1. Periodically evaluate (at least annually) and replace as necessary the independent auditing firm(s) retained by USAC for the Annual Financial and Agree-Upon Procedures review, subject to the requirement to obtain the approval of the Board for expenditures in excess of the amount set forth in Section III.H.4. of this Audit Committee Charter, *provided*, however, that nothing herein shall affect the authority of the programmatic committees of the Board to select, evaluate, and replace independent auditing firms with

respect to the audits of beneficiaries and contributors of the universal service support mechanisms when deemed necessary by the Committee or the Vice President of Audit and Assurance.

2. Oversee the independence of the independent auditing firm(s) retained by USAC by reviewing and discussing with each auditor a formal written statement concerning their independence and the nature of the relationship, if any, between the auditor and the USAC.
 3. Approve any significant non-audit related services to be provided by an independent auditing firm retained by USAC.
- C. Review and Oversight of USAC's Financial Reporting Process, Financial Statement Audit
1. Review the integrity of USAC's financial reporting process, at least annually, in consultation with: (i) the independent auditing firm(s) retained by USAC, (ii) the Vice President of Finance and Chief Financial Officer, and (iii) the Chief Executive Officer.
 2. Review significant changes to USAC's auditing and accounting principles and practices as suggested by an independent auditing firm retained by USAC, the Vice President of Finance and Chief Financial Officer, or the Vice President of Audit and Assurance.
 3. Require and timely review reports from the independent auditing firm(s) retained by USAC relating to the following:
 - a. All significant accounting policies and practices to be used.
 - b. All alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of such alternative disclosures and treatments and the treatment preferred by the independent auditing firm.
 - c. Other written communications between the independent auditors and management, such as any management letter or schedule of adjusted differences.
 4. Review and evaluate significant disagreements among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of the USAC financial statements and management's response thereto.

D. Oversight of the Operational Reporting Process, Agreed-Upon Procedures Review

1. In consultation with the independent auditing firm(s) retained by USAC and the Vice President of Audit and Assurance, review the integrity of internal controls and operating procedures and any exceptions identified in the agreed-upon procedures reviews.
2. Review changes to USAC's internal controls or operating procedures and practices for consistency with suggestions of an independent auditing firm retained by USAC, management, or the Vice President of Audit and Assurance.
3. Ensure and oversee timely reports from the independent auditing firm(s) retained by USAC to the Audit Committee.
4. Review and evaluate significant disagreements among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of USAC's agreed upon procedures report and management's response thereto.

E. Oversight of Audit and Assurance Division

1. Review and approve the Audit and Assurance Division Charter, organizational structure, budget, activities, and significant changes to the Strategic Audit Plan, Key Performance Objectives, and Internal Audit Plan as needed.
2. Review and approve the appointment, replacement, reassignment, or material changes in the role and/or responsibility of the Vice President of Audit and Assurance Division.
3. Review the effectiveness of the internal audit activities, including compliance with Generally Accepted Government Auditing Standards (GAGAS) as issued by the Comptroller General of the United States (as amended) and the Global Internal Audit Standards issued by the Institute of Internal Auditors.
4. Review reports of whistleblower complaints received by the Vice President of Audit and Assurance. Such reports shall be prepared jointly by the Vice President of Audit and Assurance and USAC's Office of General Counsel.

F. Assessment of Internal Controls, Annual Report on Internal Controls

1. Review with management, the independent auditors, the Vice President of Audit and Assurance and the USAC Board of Directors, the effectiveness of the Company's process for assessing significant risks or exposures and the steps management has taken to minimize such risks and exposures to the Company.

2. Review with management, the independent auditors, and the Vice President of Audit and Assurance the adequacy of the Company's system of internal controls as noted in the Annual Report on Internal Controls as issued by the independent auditing firm.
3. Monitor the following activities:
 - a. The receipt, retention, and treatment of complaints received by USAC regarding accounting, internal controls, operating procedures, or auditing matters.
 - b. The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

G. Compliance With Applicable Law

1. In consultation with the Vice President and General Counsel, review at least annually any legal matters that could have a significant effect on the USAC's operations, financial statements, and reports received from regulators.
2. In consultation with the Vice President and General Counsel, review the processes established to assure compliance by USAC with all applicable laws.
3. Review the results of any investigations concerning waste, fraud, abuse, and/or accounting irregularities and make recommendations for remedial action, if appropriate.

H. Other Responsibilities of the Audit Committee

1. Periodically report to the Board through the Committee Chair or pursuant to other means acceptable to the Board.
2. Maintain minutes or other records of meetings and activities of the Committee.
3. Perform any other activities consistent with the Committee Charter, USAC's By-laws, and applicable laws, as the Committee or the Board deems appropriate.
4. When deemed appropriate by the Committee, the Committee will retain outside legal, accounting, or other advisors or consultants to advise and assist the Committee, without needing to seek approval for the retention of such advisors or consultants from the Board, *provided* that the cost is less than \$250,000 in any single calendar year. If the cost for such purpose exceeds \$250,000 in a calendar year, the Committee shall obtain Board approval before engaging or continuing to engage an outside advisor or consultant.

IV. Limitations on Responsibilities and Duties of Audit Committee Members and Audit Committee

- A. The responsibility of the Committee is oversight. USAC management is responsible for the USAC financial statements as well as financial reporting processes, principles, and internal controls. The independent auditing firm(s) retained by USAC is/are responsible for performing audits of the annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and other procedures. The independent auditing firm(s) is/also responsible for conducting the AUP review and reporting the results. The members of the Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving auditing or accounting.
- B. Each member of the Committee shall be entitled reasonably to rely on the following:
 - 1. The integrity of those persons within USAC and the professionals and experts (such as the independent auditors) who provide professional advice and information to the Committee and/or USAC.
 - 2. The accuracy of the financial and other information provided to the Committee by such persons, professionals, or experts absent actual knowledge to the contrary.
- C. Pursuant to USAC By-Laws and FCC rules, the programmatic committees of the Board have the authority for the performance of audits of beneficiaries of the respective support mechanisms and the full Board has the authority for the performance of audits of contributors to the Universal Service Fund and for Supply Chain audits. The Audit Committee shall provide advice and assistance to the programmatic committees in support of the primary role of the programmatic committees with respect to audits of beneficiaries and the Board with respect to audits of contributors.

V. Procedures for Discussing Matters in *Executive Session*

- A. In general, any USAC Board member may attend any meeting of the Committee, including ***Executive Sessions***, as an observer, even though the person is not a member of the Audit Committee. The exceptions to this general rule are as follows:
 - 1. Where the Board member is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in ***Executive Session***, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the conflict of interest, the Committee or any member thereof may raise the issue for consideration. The Board member may self-

recuse from the meeting or, upon the vote of the Committee, be excluded from the relevant portion of the ***Executive Session*** of the Committee meeting.

2. Where a Board member seeking to attend an ***Executive Session*** of the Committee is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in ***Executive Session***, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the actual or the potential conflict of interest, the Committee or any member thereof may raise the issue for consideration. Where disclosure and/or discussion of the specific issue or potential conflict of interest would compromise the integrity of the Universal Service Fund, the Committee shall exclude all persons other than Audit Committee members.
3. Where the Committee wishes to meet with USAC's independent auditing firm, the Vice President of Audit and Assurance, the Vice President and General Counsel, the Vice President of Finance and Chief Financial Officer, and/or other representatives to discuss or seek assurances concerning any significant difficulties encountered during the course of a review or audit, including any restrictions on the scope of work or access to required information, or matters of a similar nature, and/or engaged in the preliminary assessment of any investigation, the Committee may exclude Board members who are not members of the Committee from attending the relevant portion of the ***Executive Session*** of the Committee meeting.

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

ACTION ITEM

**Election of Committee At-Large Seats, Chairs, and Vice Chairs
and
Election and Appointment of Corporate Officers**

Action Requested

The USAC Board of Directors (Board) is requested to elect Board members to Board and committee leadership positions as committee chairs and vice chairs and to certain officer positions, as well as appoint staff members to certain officer positions. In addition, the Board elects members to committees when necessary.

Discussion

USAC's By-laws provide that the election of USAC corporate officers should be the first order of business at the first Board meeting at the beginning of each calendar year.¹ The Board also determined that it should elect committee chairs and vice chairs at the same time.²

On January 15, 2026, the Nominating Committee of the Board met via teleconference to (1) discuss the results of the January 2026 Board member interest survey, (2) recommend a slate of candidates for each of USAC's corporate officer positions (i.e., Board Chair, Vice Chair, Treasurer, Secretary, Assistant Treasurer, and Assistant Secretary), (3) make recommendations that would assist the Audit, Executive, Executive Compensation, High Cost & Low Income (HCLI), Rural Health Care (RHC), and Schools & Libraries (SL) committees in selecting Board members to serve as committee chairs and vice chairs; and (4) make recommendations to fill at-large seats in each of the committees.

The Nominating Committee shared its recommendations for officer and committee positions with Board members, basing its recommendations on each Board member's interest in serving on a particular committee and/or in a particular officer or committee leadership position and taking into account committee composition requirements, as set out in the Federal Communications Commission (FCC) rules, USAC's By-laws, and committee charters. Unless a member indicated that he or she did not wish to retain his or her current committee assignments (and so long as assignment to a particular committee is not prescribed by the By-laws or committee charters), the Nominating

¹ USAC By-laws, Article III.

² USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), *available at* <https://www.usac.org/about/leadership/board-minutes/>.

Committee recommended that members currently serving in a particular position remain in that position.

Below is information the Nominating Committee used as part of its discussion, which may be informative for Board members regarding Board structure and chair, vice chair and officer positions.

Background

Board of Directors Membership. The USAC Board consists of 20 members, with the Chief Executive Officer (CEO) being the only permanently appointed, non-elected member. The other 19 members of the Board serve three-year staggered terms, with approximately six Board member terms expiring each on December 31 of the third year of their term, regardless of when during the year the member was elected to the Board. In effect, approximately six Board members have their terms expire each year. Although Board member terms are set for three years, Board members serve until they are reappointed or replaced by the FCC Chair, the member resigns, or the member is removed by a two-thirds vote of the Board with the concurrence of the FCC Chair.

Committee Memberships and At-Large Seats. The Board currently has seven committees. The constituency of each committee is set forth below under “Board Committee Composition.” FCC rules and USAC’s By-laws set forth the composition requirements for the HCLI, RHC and SL committees. The composition requirements for the remaining committees are governed by charters that were approved by the Board. Some committee seats are automatic based on the constituency that each Board member represents.³ Other committee seats, which may be identified as “at-large” positions, are not automatic and are made by appointment of the Board.⁴

Election and Term of Committee Chairs and Vice Chairs. The Board previously determined by resolution that committee chairs and vice chairs would be elected for one-year terms that will typically commence at the conclusion of the January Board of Directors meeting each year.⁵ There are no term limits for chairs and vice chairs, and there is no automatic succession. The Board also determined by resolution that a chair or

³ For example, the Board has three members that represent schools eligible to receive support. The SL Committee must contain three members that represent schools eligible to receive support. Therefore, the Board members that represent this constituency are automatically members of the SL Committee.

⁴ For example, the SL Committee must contain one at-large representative elected by the Board. The SL Committee also must contain one service provider representative and, because the Board has multiple service provider representatives, this committee position is also an at-large position elected by the Board. On July 26, 2016, the Board approved two additional at-large seats be added to the High Cost & Low Income and Schools & Libraries Committees to accommodate board member interest in serving on these committees.

⁵ See USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), available at <https://www.usac.org/about/leadership/board-minutes/>.

vice chair would remain in position in the event the Board does not make an election or appointment for such position at the January Board meeting (provided the person holding that position has not resigned or been removed from the Board).⁶

Officer Terms. The officers of the company are set forth in Table 2 below. Pursuant to Article III of the USAC By-laws, and applicable Board resolutions, the positions of Board Chair, Vice Chair, Treasurer, Secretary, Assistant Treasurer, and Assistant Secretary each have a one-year term, which typically begins at the conclusion of each January Board meeting. There are no term limits for such positions, and there is no automatic succession. The Board also determined by resolution that an officer would remain in position in the event the Board did not make an election or appointment for such position in the January Board meeting, provided the person holding that position has not resigned from, or been removed by, the Board in the case of a Board member, and has not resigned, or been removed by, the CEO in the case of an employee of USAC.

Nominating Committee. The Nominating Committee consists of three members and is responsible for soliciting nominations and recommending to the Board a slate of candidates for each of USAC's corporate officer positions. In addition, the Committee assists the Audit, HCLI, RHC, and SL committees in identifying Board members to serve as committee chair and vice-chair for each committee, as well as assisting the committees with identifying Board members to fill at-large seats.

The Board appoints the Nominating Committee members during the October quarterly meeting each year. The Nominating Committee typically reports its recommendations to the Board at the January quarterly meeting. In addition, each committee at its respective January quarterly meeting votes on a recommended committee chair and vice chair, with the names of the nominees reported by the respective committee chair to the Board for consideration also at the Board's January meeting.

At the January meeting, the Chair of the Nominating Committee identifies the Board members recommended to serve as Board Chair, Vice Chair, Treasurer and Secretary, and the staff members to serve as Assistant Treasurer and Assistant Secretary. (USAC's Chief Financial Officer typically serves as the Assistant Treasurer, and the General Counsel typically serves as the Assistant Secretary.)

Deferment of Nominating Process Under Certain Circumstances. The nominating process assumes that the FCC Chair has selected individuals to fill expiring terms of members from the prior two years, as well as members whose terms expired on the immediately preceding December 31 (i.e., all expiring term seats have been selected by the FCC Chair and elected to the Board prior to consideration of members for the chair, vice chair, and officer positions). When this has not occurred, which has periodically been the case, the Audit, Executive Compensation, HCLI, RHC and SL committee chairs

⁶ *Id.*

and vice chairs, as well as the Nominating Committee can (following consultation with the Board Chair, the Vice Chair, the CEO, and the General Counsel), choose to defer making recommendations until the FCC Chair has made Board selections.

Incumbent Preferences. Traditionally, an incumbent committee chair and vice chair retain their positions if they so choose, but there is no rule or policy requiring such practice. Any Board member can serve as Board Chair, Vice Chair, Treasurer or Secretary. As with the committee chair and vice chair positions, the incumbents traditionally retain their positions if they so choose, but there is no rule or policy requiring such practice.

Board Committee Composition

SL Committee:

47 C.F.R. Section 54.705(a)(2) provides that the SL Committee will include the following eight seats: three school representatives; one library representative; one Tribal communities representative; one service provider representative; one at-large representative; and the USAC CEO. On July 26, 2016, at the recommendation of the Nominating Committee, the Board of Directors added two at-large positions to the SL Committee.⁷

HCLI Committee:

The composition of the HCLI Committee was originally set forth in a 1998 FCC order (FCC 98-306, ¶¶ 34 and 38). Although the FCC did not include the HCLI Committee composition requirements in 47 C.F.R. Part 54, the Order sets the size (nine) and membership of the committee, which USAC included in Article II, Section 8 of its By-laws as follows: two ILEC representatives (one representing rural telephone companies and one representing non-rural telephone companies); one wireless representative; one CLEC representative; one low income representative; one interexchange carrier representative; one state consumer advocate; one state telecommunications regulator representative; and the USAC CEO. On July 26, 2016, at the recommendation of the Nominating Committee, the Board of Directors added two at-large positions to the HCLI Committee.⁸

⁷ See USAC Board of Directors Meeting Minutes at 25-26 (July 26, 2016), available at <https://www.usac.org/about/leadership/board-minutes/>.

⁸ See USAC Board of Directors Meeting Minutes at 25-26 (July 26, 2016), available at <https://www.usac.org/about/leadership/board-minutes/>.

RHC Committee:

47 C.F.R. Section 54.705(b)(2) provides that the RHC Committee will consist of the following eight seats: two rural health care representatives; one service provider representative; two at-large representatives elected by the Board; one state telecommunications regulator; one state consumer advocate; and the USAC CEO.

Audit Committee:

The Audit Committee has five members, consisting of a member from each of the HCLI, RHC, and SL committees and two at-large seats. Section II.B. of the Audit Committee Charter requires that at least one member of the Committee “have a background in financial reporting, accounting, or auditing, or other financial expertise.”

Executive Committee:

The Executive Committee is comprised of the Board Chair and Vice Chair; the Audit, HCLI, RHC and SL committee chairs; the Treasurer and Secretary of the corporation; and the USAC CEO.

Executive Compensation Committee:

The Executive Compensation Committee (ECC) consists of five voting members, plus the Board Chair, who serves as a non-voting member.

Current Committee Chairs, Vice Chairs, and Officers*Table 1 – Chairs and Vice Chairs*

Following are the current committee chairs and vice chairs:

Committee	Chair	Vice Chair
Executive	Ken Mason	Julie Tritt Schell
Audit Committee	Julie Tritt Schell	Ken Mason
High Cost & Low Income	Oliva Wein	Vacant (Indra Chalk)
Rural Health Care	Dr. Kathy Wibberly	Dan Kettwich
Schools & Libraries	Amber Gregory	Dr. Joan Wade
Executive Compensation	Julie Tritt Schell	N/A

Table 2 – Officers

Following are the current officers:

Officer Position	<i>Incumbent</i>
Chair	Ken Mason
Vice Chair	Julie Tritt Schell
Secretary	Olivia Wein
Treasurer	Dr. Joan Wade
CEO ⁹ (Interim)	Michelle Garber
Assistant Secretary ¹⁰	Erin Williams
Assistant Treasurer ¹¹	Michelle Garber
Other USAC VPs ¹²	<ul style="list-style-type: none"> • VP, General Counsel: Erin Williams • VP, Finance; Chief Financial Officer (Interim): Dale Francisco • VP, Rural Health Care Program: Mark Sweeney • VP, Lifeline Program: Tim O'Brien • VP, High Cost Program: Victor Gaither • VP, Schools and Libraries: Craig Davis • VP, Audit and Assurance: Teleshia Delmar • VP, Chief Administrative Officer: Chris Beyerhelm • VP, IT; Chief Information Officer: Kyle Hutchinson • VP, Shared Services: Stephen Butler

On January 26, 2026, the Audit, HCLI, RHC, and SL committees met to identify and make recommendations to the Board for action at today's Board meeting for the positions of committee chair and vice chair of their respective committees.

⁹ The CEO is elected to a term coincident with the term of the CEO's employment and is not elected annually.

¹⁰ Traditionally, the General Counsel serves as the Assistant Secretary.

¹¹ Traditionally, the Chief Financial Officer serves as the Assistant Treasurer.

¹² The Board determined that each vice president shall be designated an officer of the corporation immediately upon his or her assumption of the duties of the position and shall serve as such until his or her employment in such position with USAC terminates for any reason; therefore, these positions are not elected annually. However, the positions of Assistant Secretary and Assistant Treasurer are elected annually.

Actions to be Taken by the Board of Directors at this Meeting

The Board will consider resolutions to take the following actions:

- (i) Elect members of the Board to fill at-large seats for each of the Board committees.
- (ii) Elect the Chair and Vice Chair for the SL, HCLI, RHC, and Audit committees, and the Chair for the ECC, each as nominated by the respective committees.
- (iii) Elect the Chair and Vice Chair of the Board, the Treasurer of the corporation, and the Secretary of the corporation.
- (iv) Appoint the Assistant Secretary and Assistant Treasurer of the corporation.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

Election of Board Members to Committee At-Large Seats

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Schools & Libraries Committee**: _____ (at large member representing service providers), _____ (at-large member), and _____ (at-large member); and _____ (at-large member)

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **High Cost & Low Income Committee**: _____ (at-large member), _____ (at-large member), and _____ (representing interexchange carriers); and _____

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Rural Health Care Committee**: _____ (at large member representing service providers), _____ (at-large member), and _____ (at-large member); and _____

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Audit Committee**: _____

(representing the HCLI Committee), _____ (representing the RHC Committee), _____ (representing the SL Committee), _____ (at-large member), and _____ (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Executive Compensation Committee**:

_____ (at-large member), _____ (at-large member), _____ (at-large member), _____ (at-large member) and _____ (at-large member).

Election of Committee Chairs and Vice Chairs

RESOLVED, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects _____ as Chair and _____ as Vice Chair of the **Schools & Libraries Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the High Cost & Low Income Committee and elects _____ as Chair and _____ as Vice Chair of the **High Cost & Low Income Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Rural Health Care Committee and elects _____ as Chair and _____ as Vice Chair of the **Rural Health Care Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects _____ as Chair and _____ as Vice Chair of the **Audit Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Board Chair and elects _____ as Chair of the **Executive Compensation Committee**; and

RESOLVED FURTHER, that each of the aforementioned directors shall serve for a term that begins immediately upon the adoption of this resolution by the Board and ends at such time as the chair or vice chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

Election of Board Chair, Vice Chair, Secretary and Treasurer

RESOLVED, that the USAC Board of Directors elects _____ as Chair of the Board and _____ as Vice Chair of the Board, _____ as Secretary of the corporation, and _____ as Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such member's successor has been elected, when such member resigns from such position, is removed by resolution of the Board, or is no longer a member of the Board (whichever comes first).

Appointment of USAC Staff Members as Assistant Secretary and Assistant Treasurer

RESOLVED, that the USAC Board of Directors appoints the Assistant Secretary of the corporation be filled by USAC's General Counsel, _____ and the Assistant Treasurer of the corporation be filled by USAC's Chief Financial Officer, _____, each for a term that begins immediately upon adoption of this resolution and ends when such person's successor has been appointed, such person resigns from such position, such person's employment with USAC terminates for whatever reason, or such person is removed by the CEO or by resolution of the Board (whichever comes first).



Board of Directors Meeting

Reports From the Committee Chairs

Open Session (Verbal)

January 27, 2026

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

ACTION ITEM

**Approval of USAC Common and Consolidated
2nd Quarter 2026 Budgets and Demand Projection
for the January 30, 2026 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2026 (Q2 2026) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's January 30, 2026 quarterly filing.

Discussion

Based on the projected burn rate, USAC estimates a Q2 2026 USAC consolidated budget of \$65.67 million to administer the Universal Service Fund (USF), which includes \$33.88 million in direct program costs and \$31.79 million in common indirect costs. This does not include projected spending related to the appropriated programs.

<i>(in millions)</i>	Q1 2026 Budget	Increase/ (Decrease)	Q2 2026 Budget
Direct Program & Direct Assigned Costs			
High Cost	\$4.58	\$2.49	\$7.07
Lifeline	10.01	2.78	12.79
Rural Health Care	3.69	0.52	4.21
Schools & Libraries	9.11	0.70	9.81
Connected Care Pilot	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	\$27.39	\$6.49	\$33.88
Common Costs			
Employee Expenses	\$18.26	(\$2.18)	\$16.08
Professional Services	7.95	(0.91)	7.04
General & Administrative (Note 1)	7.92	0.75	8.67
Total Common Costs	\$34.13	(\$2.34)	\$31.79
Total Consolidated Costs	\$61.52	\$4.15	\$65.67

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 twelve months ending December 31, 2025 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the Q2 2026 budgets as proposed.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors approves a 2nd Quarter 2026 common budget of \$31.79 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$31.79 million for common costs in the required January 30, 2026 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 2nd Quarter 2026 consolidated budget to administer the Universal Service Fund of \$65.67 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$65.67 million for consolidated costs in the required January 30, 2026 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
Twelve Months Ending December 31, 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	\$17.79	\$22.89	\$5.10
Lifeline	85	97	12	39.48	52.87	13.39
Rural Health Care	59	59	0	16.67	17.42	0.75
Schools & Libraries	81	85	4	41.09	38.86	(2.23)
Connected Care Pilot	0	0	0	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	285	305	20	\$115.03	\$132.04	\$17.01
Common Costs						
Employee Expenses	397	423	26	\$72.44	\$77.10	\$4.66
Professional Services				36.18	38.80	2.62
General & Administrative (Note 2)				32.76	44.50	11.74
Total Common Costs	397	423	26	\$141.38	\$160.40	\$19.02
Total Consolidated Costs	682	728	46	\$256.41	\$292.44	\$36.03

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 Meeting

2025 USAC Accomplishments & 2026 Goals

Open Session

January 27, 2026

2025 USAC Accomplishments

- Effectively **implemented FCC directives** including the Cybersecurity Pilot Program, the transition to the Fabric, and changes associated with the Administrative Order on High Cost.
- Successfully transitioned the E-Rate and Lifeline **Business Process Outsourcing (BPO) vendors** and insourced the Rural Health Care (RHC) BPO and Lifeline consumer email functions.
- Strengthened USAC's **fraud risk framework** through continued assessments, increased investigations, corrective actions, and creation of a fraud data analytics policy.
- **Invested in our people** by revamping the Talent Review and Continuity program, as well as soliciting employee input through the engagement survey.
- **Increased efficiencies** through digitizing all Human Resources records, creating automated trackers for procurement activities, and upgrading the Intranet.
- Continued **system modernization efforts**, kicking off automation of High Cost (HC) Legacy data collection and transition to the Fabric, nearly completing RHC Telecom program transition to RHC Connect, implementing new CAMP (audit) and EUNA (budget) tools, and decommissioning several legacy systems.
- **Prioritized system security** by beginning our multi-year Zero Trust Architecture strategy.

2026 USAC Goals

- **Effectively manage the programs and deliver on FCC directives.**
- **Continue system modernization** through implementation of Enterprise Resource Planning (ERP) Release 2, kick-off of USF Billing modernization, implementation of an enterprise geographic information systems (GIS) tool, decommissioning legacy systems, and creation of an Artificial Intelligence (AI) Strategy.
- Define and implement **Enterprise Architecture and Data Governance** frameworks.
- **Mature the fraud risk framework** through additional data analytics, investigations, and fraud prevention by design, while continuing to execute assessments and corrective actions.
- Review stakeholder touchpoints and **implement comprehensive, two-way engagement** processes.
- **Insource additional BCAP and Supply Chain audits** to strengthen internal capabilities and knowledge.
- Make meaningful progress on implementation of the **Zero Trust Architecture**.
- **Evaluate resourcing models** and enhance employee skill sets and cross-training to create greater internal growth opportunities and reduce dependency on outside sources where appropriate.
- Offer enhanced **leadership and compliance training** and act on results from the **employee engagement survey**.





Board of Directors

2025 Annual Report Timeline

Open Session

January 27, 2026

2025 Annual Report Timeline

Timing	Activity	Due
December 2025	Design Annual Report outline	In progress
January 2026	Develop Annual Report program narratives	January 22, 2026
February 2026	Finalize Annual Report financial content	February 28, 2026
March 4, 2026	Share Annual Report final draft with Board and FCC for review	March 18, 2026
March 18, 2026	FCC and Board provide feedback on Annual Report final draft	March 18, 2026
March 19, 2026	Incorporate Board and FCC feedback into Annual Report	March 27, 2026
March 31, 2026	Deliver final Annual Report to FCC per MOU	March 31, 2026



**Universal Service
Administrative Co.**