



# High Cost & Low Income

## Briefing Book

January 25, 2021

Virtual Meeting

Universal Service Administrative Company

700 12th Street NW, Suite 900

Washington, D.C. 20005

**Universal Service Administrative Company  
High Cost & Low Income Committee Quarterly Meeting  
Virtual Agenda**

<p><b>USAC Offices</b>  <b>700 12th Street, N.W., Suite 900</b>  <b>Washington, D.C. 20005</b></p>
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<b>MONDAY, JANUARY 25, 2021</b> <b>11:30 A.M. – 12:00 P.M. EASTERN TIME</b> <u><b>HIGH COST OPEN SESSION</b></u>		<i>Estimated Duration in Minutes</i>
Chair	<b>a1.</b> Consent Items (each available for discussion upon request): <b>A.</b> Approval of High Cost & Low Income Committee Meeting Minutes of October 26 and October 27, 2020 <b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Chair	<b>a2.</b> Recommendation for Election of Committee Chair and Vice Chair	5
Vic	<b>a3.</b> Approval of High Cost Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 FCC Filing	5
Teleshia	<b>i1.</b> Information on Four UASC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i>	–
Vic	<b>i2.</b> High Cost Business Update <ul style="list-style-type: none"> <li>• October High Cost Recap</li> <li>• Program Administration Update for High Cost</li> <li>• High Cost Operations Calendar 2021</li> </ul> Q4 2020 Update on High Cost Administration <i>(For Information Only)</i>	15

<b>MONDAY, JANUARY 25, 2021</b> <b>12:00 P.M. – 12:20 P.M. EASTERN TIME</b> <u><b>LOW INCOME OPEN SESSION</b></u>		<i>Estimated Duration in Minutes</i>
James	<b>a4.</b> Approval of Low Income Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 FCC Filing	5
Teleshia	<b>i3.</b> Information on One UASC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i>	–

Available For Public Use

James	<b>i4.</b> Lifeline Business Update <ul style="list-style-type: none"> <li>• Operations Update</li> <li>• Section 508 Compliance and Usability Updates</li> <li>• Lifeline Updates</li> <li>• Q4 2020 Update on Low Income Administration (For Information Only)</li> </ul>	15
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<b>TUESDAY, JANUARY 26, 2021</b> <b>10:40 A.M. – 11:05 A.M. EASTERN TIME</b> <u><b>HIGH COST EXECUTIVE SESSION</b></u> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
Vic	<b>a5.</b> Approval of High Cost Support Mechanism 2021 Annual Programmatic Budget	10
Vic	<b>i5.</b> High Cost Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• Verification Using Robotics Process Automation (RPA) Solutions</li> </ul>	15

<b>TUESDAY, JANUARY 26, 2021</b> <b>11:05 A.M. – 11:40 A.M. EASTERN TIME</b> <u><b>LOW INCOME EXECUTIVE SESSION</b></u> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
James	<b>a6.</b> Approval of Low Income Support Mechanism 2021 Annual Programmatic Budget	10
Chris	<b>a7.</b> Consideration of One-Year Contract Option for National Verifier Business Outsourcing Services	5
Chris	<b>a8.</b> Consideration of One-Year Contract Option for National Verifier Systems Integrator Services	5
James	<b>i6.</b> Low Income (Lifeline) Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• Risk Assessment Highlights a Observations</li> <li>• Program Evaluation Goals, Status, and Results</li> <li>• COVID-19 Waivers and Impact on Demand</li> </ul>	15

**Next Scheduled USAC High Cost & Low Income Committee Meeting**

<b>April 26 – 27, 2021</b> <b>Virtual Meeting</b>
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**Universal Service Administrative Company  
High Cost & Low Income Committee Meeting**

<b>ACTION ITEM</b>
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**Consent Items**

**Action Requested**

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the consent items listed below.

**Discussion**

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

- A. Committee meeting minutes of October 26 and October 27, 2020 (*see Attachments A-1 and A-2*).
  
- B. Approval of moving all *Executive Session* items into *Executive Session*:
  - (1) **a5** – Approval of High Cost Support Mechanism 2021 Annual Programmatic Budget. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
  - (2) **i5** – High Cost Business Update (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it involves *specific internal controls or confidential company data*, and *internal rules and procedures* concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
  - (3) **a6** – Approval of Low Income Support Mechanism 2021 Annual Programmatic Budget. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
  - (4) **a7** – Consideration of One-Year Contract Option for National Verifier Business Process Outsource Services. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
  - (5) **a8** – Consideration of One-Year Contract Option for National Verifier Systems Integrator Services. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.

- (6) **i6** – Low Income (Lifeline) Business Update (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it involves *specific internal controls or confidential company data*, and *internal rules and procedures* concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity. This item also relates to USAC’s *procurement strategy and contract administration*.

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

### **Recommended USAC High Cost & Low Income Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC High Cost & Low Income Committee hereby approves: (1) the Committee meeting minutes of October 26 and October 27, 2020; and (2) discussion in *Executive Session* of the items noted above.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12<sup>th</sup> Street NW, Suite 900**  
**Washington, D.C. 20005**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Monday, October 26, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Open Session* meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, October 26, 2020. Mr. Ken Mason, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of all 11 Committee members present:

Feiss, Geoff	Polk, Stephanie
Freeman, Sarah	Sekar, Radha – Chief Executive Officer
Gerst, Matthew	Tinic, Atilla
Gillan, Joe	Waller, Jeff
Jacobs, Ellis	Wein, Olivia – Vice Chair
Mason, Ken – Chair	

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Buzacott, Alan – Member of the Board  
Choroser, Beth – Member of the Board  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Fontana, Brent – Member of the Board  
Gaither, Vic – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resources Program  
Gregory, Amber – Member of the Board  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer  
Sweeney, Mark – Vice President of Rural Health Care  
Wade, Dr. Joan – Member of the Board  
Wibberly, Dr. Kathy – Member of the Board

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steve	Kelley Drye & Warren LLP
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
Carlin, Tyler	KPMG
D'Aguiar, J'amie	USAC
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	SECA
Lee, James	USAC
LeNard, David	E-Rate Elite Services, Inc.
Little, Chris	USAC
Lock, Sean	Funds for Learning
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### **HIGH COST OPEN SESSION**

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

- a1. Consent Items.** Mr. Mason presented this item to the Committee:
- A.** Approval of High Cost & Low Income Committee Meeting Minutes of July 27, 2020 and July 28, 2020.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of July 27, 2020 and July 28, 2020.

- a2. Approval of High Cost Support Mechanism 1st Quarter 2021 Programmatic Budget and Demand Projection for the November 2, 2020 FCC Filing.** Mr. Gaither presented this item for consideration. The presentation included a written report on USAC management's recommendations for the High Cost Support

Mechanism 1st Quarter 2021 programmatic budget and demand projection for the November 2, 2020 FCC filing.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2021 High Cost Support Mechanism direct program budget of \$6.38 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.38 million for High Cost Support Mechanism administrative costs in the required November 2, 2020 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 26, 2020 the 1st Quarter 2021 High Cost Support Mechanism demand estimate of \$1,359.10 million, hereby directs USAC staff to proceed with the required November 2, 2020 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

- i1. Information on Seven USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.** The Committee received a report with information on seven USAC Audit and Assurance Division High Cost Support Mechanism beneficiary audit reports. Mr. Mason noted that the reports were for *information only* and would be posted on the USAC's public website. No discussion was held.
  
- i2. High Cost Business Update.** Mr. Gaither presented PowerPoint slides covering the following items to the Committee:
  - Program Administration for High Cost
  - Q3 2020 Update on High Cost Administration. The Committee received a report on High Cost 3Q2020 accomplishments, planned activities for 4Q2020, and program metrics. The report was provided for *information only* and was publically posted on the USAC's website. No discussion was held.

### **LIFELINE OPEN SESSION**

- a3. Approval of Low Income Support Mechanism 1st Quarter 2021 Programmatic Budget and Demand Projection for the November 2, 2020 FCC Filing.** Mr. Lee presented this item to the Committee for consideration.

The presentation included a written report on USAC management's recommendations for the Low Income Support Mechanism 1st Quarter 2021 programmatic budget and demand projection for the November 21, 2020 FCC filing.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2021 Low Income Support Mechanism direct program budget of \$10.40 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$10.40 million for Low Income Support Mechanism administrative costs in the required November 2, 2020 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 26, 2020 the 1st Quarter 2021 Low Income Support Mechanism demand estimate of \$262.32 million, hereby directs USAC staff to proceed with the required November 2, 2020 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

- i3. **Lifeline Business Update.** Mr. Lee presented PowerPoint slides covering the following items to the Committee:
- Program Administration Update for Lifeline
  - Q3 2020 Update on Lifeline Administration. The Committee received a report on Lifeline 3Q2020 accomplishments, planned activities for 4Q2020, and program metrics. The report was provided for *information only* and was publically posted on the USAC's website. No discussion was held.

At 10:58 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until October 27, 2020 at 10:00 a.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12<sup>th</sup> Street NW, Suite 900**  
**Washington, D.C. 20005**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Tuesday, October 27, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Executive Session* meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, October 27, 2020. The Committee meeting continued from the October 26, 2020 *Open Session* meeting. Mr. Ken Mason, Committee Chair, called the meeting to order at 10:02 a.m. Eastern Time, with a quorum of ten of the 11 Committee members present:

Feiss, Geoff  
Freeman, Sarah  
Gerst, Matthew  
Gillan, Joe  
Mason, Ken – Chair

Polk, Stephanie  
Sekar, Radha – Chief Executive Officer  
Tinic, Atilla  
Waller, Jeff  
Wein, Olivia – Vice Chair

Members of the Committee not present:

Jacobs, Ellis

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Buzacott, Alan – Member of the Board  
Choroser, Beth – Member of the Board  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Fontana, Brent – Member of the Board  
Gaither, Vic – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resource Program  
Gregory, Amber – Member of the Board  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Schell, Julie Tritt – Member of the Board  
Sweeney, Mark – Vice President of Rural Health Care  
Wade, Dr. Joan – Member of the Board  
Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Lee, James	USAC
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### HIGH COST OPEN SESSION

At 10:03 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. The Committee approved discussing confidential items in *Executive Session* on Monday, October 26, 2020. Only members of the Board and USAC staff were present.

### HIGH COST EXECUTIVE SESSION

i2. **High Cost Support Mechanism Business Update (Continued).** Mr. Gaither presented PowerPoint slides covering the following:

- Verifications 18-Month At-A-Glance
- 2020 Connect America Fund Verification

### LOW INCOME EXECUTIVE SESSION

i3. **Low Income (Lifeline) Business Update (Continued).** Mr. Lee presented PowerPoint slides covering the following topics to the Committee for discussion:

- Lifeline 508 Compliance Update and Usability Testing Update
- COVID-19
  - Waivers
  - Impact on Demand

### OPEN SESSION

At 10:29 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Mason reported that, in *Executive Session*, the Committee discussed items i2 and i3 above.

On a motion duly made and seconded, the Committee adjourned at 10:29 a.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

**Universal Service Administrative Company  
High Cost & Low Income Committee Meeting**

**ACTION ITEM**

**Recommendation for Election of  
Committee Chair and Vice Chair**

**Action Requested**

The USAC High Cost & Low Income (Committee) is taking action to bring its Chair and Vice Chair nominations for consideration by the full Board of Directors (Board) at the Board meeting to be held on January 25, 2021.

**Discussion**

The pertinent resolution related to the election of committee chair and vice chair positions was adopted by the Board on January 25, 2000, and reads as follows:

**RESOLVED**, That the USAC Board of Directors accepts the recommendations of the USAC Nominating Committee that: (1) in addition to the annual election of officers, all Committee chairs and vice chairs shall also be elected annually; (2) the first election for Committee chairs and vice chairs shall occur at the election of officers at the January 2001 Board of Directors meeting; (3) there shall be no term limits imposed on officer and Committee chair and vice-chair positions; and (4) there shall be no automatic succession of positions....<sup>1</sup>

On January 28, 2020, the Board elected Ken Mason as Chair and Olivia Wein as Vice Chair of the High Cost & Low Income Committee.

At their January 25, 2021 quarterly meetings, each committee of the Board (including the Audit Committee and the programmatic committees) will nominate Board members to serve as chair and vice chair of their respective committees. Those recommendations will be submitted to the Board at the Board meeting to be held on January 25, 2021.

**Recommended USAC High Cost & Low Income Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect \_\_\_\_\_

<sup>1</sup> USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), available at <https://www.usac.org/about/leadership/board-minutes/>.

as Chair and \_\_\_\_\_ as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position 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).

**Universal Service Administrative Company  
High Cost & Low Income Committee Meeting**

<b>ACTION ITEM</b>
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**Approval of High Cost Support Mechanism  
2nd Quarter 2021 Programmatic Budget and  
Demand Projection for the January 29, 2021 FCC Filing**

**Action Requested:**

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2021 (2Q2021) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 29, 2021 quarterly filing.

**Discussion:**

On a quarterly basis, USAC is required to submit to the FCC each program's budget<sup>1</sup> and projected demand for the upcoming quarter.<sup>2</sup>

**Funding Requirement**

Based on data filed by supported carriers and FCC authorizations, USAC estimates the 2Q2021 funding requirement for the High Cost Support Mechanism as follows:

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<sup>1</sup> See 47 C.F.R. § 54.715(c).

<sup>2</sup> See 47 C.F.R. § 54.709(a)(3).

Table A. Summary of Program Funding Requirement  
*See Attachment 1 for further detail*

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
<b>Steady State:</b>				
Legacy Funds	\$407.13	(\$7.90)	\$399.23	Includes HCLS, CAF BLS, and Frozen Price Cap and Competitive ETC Support
Modernization Funds	871.77	3.04	874.81	Includes CAF Phase II, CAF Phase II Auction, CAF ICC, Alaska Plan Support, A-CAM I, Revised A-CAM I, A-CAM II, RBE, Mobility Fund Phase I, and Uniendo a Puerto Rico Fund/Connect USVI Fund
Amounts Paid from Reserve	(63.39)	0.0	(63.39)	Disbursements for RBE, Mobility Fund Phase I, and portion of A-CAM I.
<b>Total Steady State</b>	<b>\$1,215.51</b>	<b>(\$4.86)</b>	<b>\$1,210.65</b>	
<b>New Requirements</b>				
Legacy Funds	0.00	0.00	0.00	
Modernization Funds	0.00	218.30	218.30	
<b>Total New Requirements</b>	<b>\$0.00</b>	<b>\$218.30</b>	<b>\$218.30</b>	
<b>Total Program Demand</b>	<b>\$1,215.51</b>	<b>\$213.44</b>	<b>\$1,428.95</b>	
<b>Prior Period Adjustments (difference between projections and actuals):</b>				
Disbursements	17.08	(32.20)	(15.12)	
Billings	140.16	(147.01)	(6.85)	
Interest Income	0.00	(0.01)	(0.01)	
Bad Debt Expense	(15.98)	5.19	(10.79)	
Annual Admin True-up	(14.08)	14.08	0.00	
<b>Total Prior Period Adjustments</b>	<b>\$127.18</b>	<b>(\$159.95)</b>	<b>(\$32.77)</b>	
USAC Admin Expenses	16.50	0.84	17.34	See Table B
<b>Total Funding Requirement</b>	<b>\$1,359.19</b>	<b>\$54.33</b>	<b>\$1,413.52</b>	

Based on the projected burn rate, USAC estimates the following 2Q2021 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
<b>Direct Program Costs</b>				
Employee Expenses	\$1.86	\$0.03	\$1.89	
Professional Services	0.87	(0.13)	0.74	
General & Administrative	0.00	0.00	0.00	
<b>Total Direct Program Costs</b>	<b>\$2.73</b>	<b>(\$0.10)</b>	<b>\$2.63</b>	
<b>Direct Assigned Costs</b>				
Employee Expenses	\$0.94	\$0.03	\$0.97	
Professional Services	2.71	0.02	2.73	
General & Administrative	0.00	0.00	0.00	
<b>Total Direct Assigned Costs</b>	<b>\$3.65</b>	<b>\$0.05</b>	<b>\$3.70</b>	
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$6.38</b>	<b>(\$0.05)</b>	<b>\$6.33</b>	
<b>Common Allocated Costs</b>	<b>\$10.12</b>	<b>\$0.89</b>	<b>\$11.01</b>	
<b>Total Programmatic Budget</b>	<b>\$16.50</b>	<b>\$0.84</b>	<b>\$17.34</b>	

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2020 is provided in **Attachment 2**.

**Recommendation:**

USAC management recommends that the Committee approve the 2Q2021 budget and projection of demand as proposed.

**Recommended High Cost & Low Income Committee Actions:**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2021 High Cost Support Mechanism direct program budget of \$6.33 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.33 million for High Cost Support Mechanism administrative costs in the required January 29, 2021 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 25, 2021 the 2nd Quarter 2021 High Cost Support Mechanism demand estimate of \$1,413.52 million, hereby

directs USAC staff to proceed with the required January 29, 2021 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

**ATTACHMENT 1**

**Detailed High Cost Program Demand**

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
<b>Steady State – Legacy Funds:</b>				
High Cost Loop Support (HCLS) <sup>3</sup>	\$95.40	\$0.28	\$95.68	Provides legacy support to rural carriers in areas where cost to provide service exceeds 115% of the national average cost per line.
Connect America Fund (CAF) Broadband Loop Support (BLS) <sup>4</sup>	195.89	(0.03)	195.86	Replaces legacy fund Interstate Common Line Support. Provides support for voice and broadband only lines to offset interstate access charges.
Frozen Price Cap Carrier Support <sup>5</sup>	19.25	(7.60)	11.65	Price Cap carriers receive support frozen at December 2011 levels. Will be replaced by CAF II and CAF II Auction.
Frozen Competitive ETC Support <sup>6</sup>	96.59	(0.55)	96.04	Competitive carriers receive support frozen at December 2011 levels. Will be replaced by CAF II Auction and/or Mobility Fund Phase II.
<b>Total Steady State Legacy Funds</b>	<b>\$407.13</b>	<b>(\$7.90)</b>	<b>\$399.23</b>	

<sup>3</sup> High Cost Loop (HCL) support is provided pursuant to 47 C.F.R. §§ 54.1301-.1304 and includes Safety Net Additive Support (SNA) and Safety Valve Support (SVS).

<sup>4</sup> See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3117-56, paras. 80-185 (2016) (*2016 Rate-of-Return Reform Order*).

<sup>5</sup> See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17715, 17725-26, paras. 133, 159 (2011) (*USF/ICC Transformation Order*).

<sup>6</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17715, para. 133.

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
<b>Steady State – Modernization Funds:</b>				
CAF Phase II <sup>7</sup>	379.42	0.00	379.42	Support to Price Cap carriers based on Connect America Cost Model (CACM).
CAF Phase II Auction	38.70	0.00	38.70	Support to auction winners in areas that Price Cap carriers did not accept CAF Phase II model support and in extremely high cost service areas.
CAF Inter-carrier Compensation (ICC) <sup>8</sup>	99.00	(0.01)	98.99	Allows incumbent carriers to charge residential customers an Access Recovery Charge on a limited basis and to recover charges from certain multi-line customers.
Alaska Plan Support <sup>9</sup>	32.08	0.00	32.08	Support for Rate of Return carriers and their wireless affiliates for broadband services Alaska.
Alternative Connect America Cost Model I (A-CAM) <sup>10</sup>	157.98	0.00	157.98	Model support to Rate of Return carriers for voice and broadband infrastructure.

<sup>7</sup> See *Connect America Fund et al.*, WC-Docket Nos. 10-90 et al., Report and Order, 29 FCC Rcd 15644 (2014). See also *Wireline Competition Bureau Announces Deadline for Price Cap Carriers to Elect Seventh Year of Connect America Fund Phase II Model-Based Support*, WC Docket 10-90, Public Notice 35 FCC Rcd 7954 (WCB 2020).

<sup>8</sup> See *id.* at 17956, para. 847.

<sup>9</sup> See *Wireless Telecommunications Bureau Approves Performance Plans of the Eight Wireless Providers that Elected to Participate in the Alaska Plan*, WC Docket No. 16-271, Public Notice, 31 FCC Rcd 13317 (WTB 2016); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10155, paras. 47-49 (2016).

<sup>10</sup> See *Wireline Competition Bureau Authorizes 182 Rate-of-Return Companies To Receive \$454 Million Annually in Alternative Connect America Cost Model Support To Expand Rural Broadband*, WC-Docket No. 10-90, Public Notice, 32 FCC Rcd 842 (WCB 2017) (*A-CAM Authorization PN*); *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3094-117, paras. 17-79; *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking, FCC 18-29, para. 68 (rel. Mar. 23, 2018) 83 Fed. Reg. 18951 (May 1, 2018) (*2018 Rate-of-Return Reform Order*); *A-CAM Authorization PN*. See also *Connect America Fund*, WC Docket No. 10-90, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 13775 (2016) (*A-CAM Revised Offer Order*); *Wireline Competition Bureau Announces Offers of Revised A-CAM Support Amounts and Deployment Obligations to Authorized A-CAM Companies to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 19-115 (WCB 2019).

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
A-CAM II <sup>11</sup>	127.26	0.38	127.64	Model support to Rate of Return carriers that currently receive legacy support to fund the deployment of voice and broadband-capable networks in their service territories.
Rural Broadband Experiments (RBE) <sup>12</sup>	0.72	0.00	0.72	Support to RBE winners in Price Cap areas for experiments for robust broadband infrastructure in rural communities.
Mobility Fund Phase I <sup>13</sup>	12.42	0.00	12.42	Support to wireless carriers for the expansion of mobile broadband networks in unserved areas.
Uniendo a Puerto Rico Fund/Connect USVI Fund	24.19	2.67	26.86	Puerto Rico Fund Support targeted to Puerto Rico carriers to rebuild and improve networks and US Virgin Island Fund Support targeted to Virgin Island carriers to rebuild and improve networks.
<b><i>Total Steady State Modernization Funds</i></b>	<b><i>\$871.77</i></b>	<b><i>\$3.04</i></b>	<b><i>\$874.81</i></b>	
<b><i>Amounts Paid from Reserve</i></b>	<b><i>(\$63.39)</i></b>	<b><i>\$0.00</i></b>	<b><i>(\$63.39)</i></b>	Per FCC direction, all disbursements for RBE, Mobility Fund Phase I, and a portion of disbursements for A-CAM I are paid from reserved funds collected in prior years. The ending balance as of December 31, 2020 for

<sup>11</sup> See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, FCC 18-176, para. 34 (2018) (*December 2018 Rate of Return Reform Order*).

<sup>12</sup> See *Wireline Competition Bureau Announces Entities Provisionally Selected for Rural Broadband Experiments; Sets Deadlines for Submission of Additional Information*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 14684 (WCB 2014); *Wireline Competition Bureau Announces Additional Provisionally Selected Bidders for Rural Broadband Experiments and Sets Deadlines for Submission of Additional Information*, WC Docket Nos. 10-90 et al., Public Notice, 30 FCC Rcd 2045 (WCB 2015).

<sup>13</sup> See *Mobility Fund Phase I Support Authorized for 11 Winning Bids Default on 35 Winning Bids Determined*, Public Notice, 31 FCC Rcd 1721 (WTB 2016); *Tribal Mobility Fund Phase I Support Authorized for Final Fifty-One Winning Bids*, Public Notice, 30 FCC Rcd 2226 (WTB 2015).

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
				reserved funds was approximately \$1.16 billion.
New Requirements – Legacy Funds:				
<b><i>Total New Requirements Legacy Funds</i></b>	<b><i>\$0.00</i></b>	<b><i>\$0.00</i></b>	<b><i>\$0.00</i></b>	
New Requirements – Modernization Funds:				
Rural Digital Opportunity Fund	0.00	218.30	218.30	Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism
<b><i>Total New Requirements Modernization Funds</i></b>	<b><i>\$0.00</i></b>	<b><i>\$218.30</i></b>	<b><i>\$218.30</i></b>	
<b>Total Program Demand</b>	<b>\$1,215.51</b>	<b>\$213.44</b>	<b>\$1,428.95</b>	

**ATTACHMENT 2**

**High Cost Administrative Costs and Headcount**  
Comparison of Actual Expenditures and Headcount to the Budget for the  
Twelve Months Ending December 31, 2020

<i>(\$ in millions)</i>	<b>FTE Actual</b>	<b>FTE Budget</b>	<b>FTE Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>Direct Program Costs</b>						
Employee Expenses	45	44	(1)	6.04	\$6.73	0.69
Professional Services (Note 1)				1.35	8.41	7.06
General & Administrative				0.00	0.00	0.00
<b>Total Direct Program Costs</b>				<b>\$7.39</b>	<b>\$15.14</b>	<b>\$7.75</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	19	18	(1)	\$3.24	\$3.10	(\$0.14)
Professional Services (Note 1)				6.00	11.21	5.21
General & Administrative				0.00	0.00	0.00
<b>Total Direct Assigned Costs</b>				<b>\$9.24</b>	<b>\$14.31</b>	<b>\$5.07</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>64</b>	<b>62</b>	<b>(2)</b>	<b>\$16.63</b>	<b>\$29.45</b>	<b>\$12.82</b>
<b>Common Allocated Costs (Note 2)</b>				<b>\$34.60</b>	<b>\$36.16</b>	<b>\$1.56</b>
<b>Total Programmatic Budget</b>				<b>\$51.23</b>	<b>\$65.61</b>	<b>\$14.38</b>

**Note 1:** Direct Program Professional Services include support for program modernization orders, a program risk assessment, High Cost data collection costs, and functional requirements gathering for High Cost system modernization. Direct Assigned Professional Services include beneficiary & contributor audit program audits and IT contract labor.

**Note 2:** Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year.



# High Cost Business Update

High Cost & Low Income Committee Meeting  
January 25, 2021



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# High Cost Agenda

Topic	Description	Purpose	Presenter	Length
October Recap	CETC Boundary Project	Informational	Vic	2 min
Program Administration Update	Program Administration, FCC Order Volume, Upcoming Milestones	Informational	Vic	15 min
High Cost Operations Calendar 2021	High Cost Operations Calendar – 2021		Vic	3 min
Appendix A	Glossary of Acronyms and Projects	Informational	--	--
Appendix B	Q4 2020 Update on High Cost Program Administration	Informational	--	--

# High Cost October Recap

- CETC Legacy Boundary project
  - Boundary maps were shared with competitive eligible telecom carriers (CETCs) for feedback and will be available to public on the website.
    - Maps will be made available on the website in Q1 2021.
    - CETCs may petition the FCC to make further changes.
  - FCC reviewed the comments and adjusted the CETC study area boundaries.

# High Cost Operations Administration Update

- Disbursements
  - Year-to-date (YTD) disbursements (January 2020 through November 2020) are \$4.6 billion, and December disbursements are on track.
  - Connect America Fund (CAF) Phase II Auction support authorizations are nearly completed.
    - One eligible carrier is pending (210/211 carriers completed, and \$1.36 billion authorized).
  - U.S. Virgin Islands/Puerto Rico (USVI/PR)
    - Stage II mobile authorizations of support are completed.

# High Cost Operations Administration Update *(continued)*

- Data Collection and Validations
  - Performance Measures
    - CAF II carrier data collection was completed on October 9.
    - Q4 data collection for CAF II carriers on track for January 2021 Completion.
  - Preparing for performance measure pre-testing with ACAM I, Rural Broadband Experiments (RBE) and Alaska Plan carriers beginning in January.

# High Cost Operations Administration Update *(continued)*

- CAF Verifications
  - CAF II Auction (on-demand LOC) and additional RBE verifications are on-going.
  - Preparing 2021 verification reviews:
    - Submitting sampling plans to FCC for approval by end January 2021 (ACAM, Revised ACAM, CAF II, CAF II Auction, RBE, and Alaska Plan)
    - Conducting mock ACAM verifications
    - Preparing to issue carrier questionnaires
  - FCC Form 481 In-Depth Validation (IDVs) are completed.

# High Cost Operations Administration Update *(continued)*

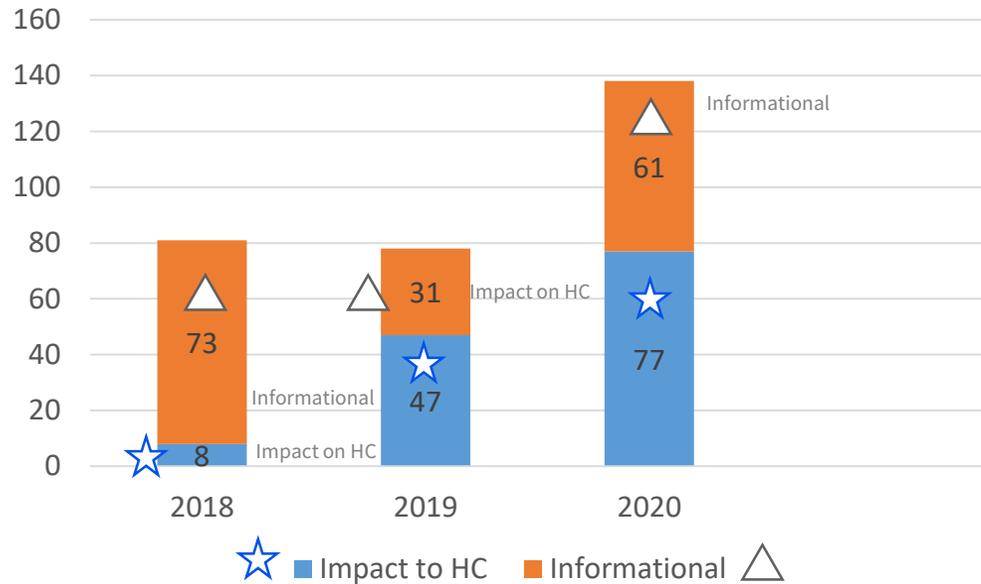
- Outreach
  - Update High Cost Universal Broadband portal (HUBB portal), FAQ, training materials to prepare carriers for March 2021 deadline.
  - Performance Measures outreach and support to:
    - Help CAF II Model carriers navigate quarterly speed and latency pre-testing in 2020 and start official testing in 2021; and
    - Prepare ACAM, RBE, and Alaska Plan carriers to start pre-testing in 2021 with updated website content, email communications, and webinars.

# High Cost Operations Administration Update *(continued)*

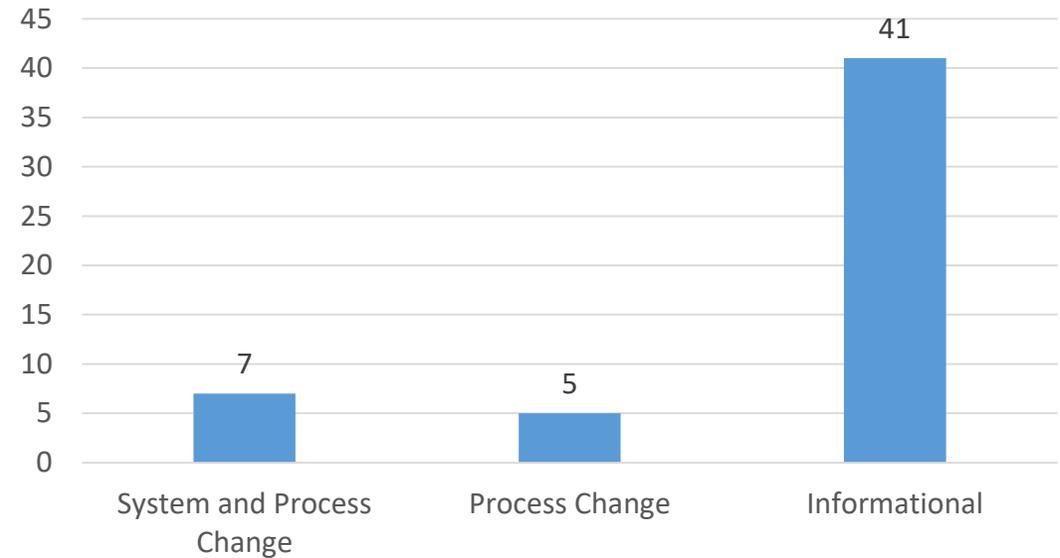
- Outreach *(continued)*
  - Outreach to prepare ACAM carriers for 2021 verification reviews of 40 percent 10/1 Mbps deployment milestone with updated website content, email communications, and webinars.
  - Recruited carriers for mock verification reviews.
  - Outreach and support for ELAP user testing with CAF II Auction carriers with new website, email communications, and webinars.
  - Webinars for WTA and NTCA covering HUBB filing, performance measures testing and verification reviews

# High Cost Order Updates (Sept. – Dec.)

FCC Released Items



FCC Released Items and the Impact to High Cost in 2020



- **Note:** Continued increase in FCC releases that impact High Cost processes and systems (post September 8, 2020). Non-informational including:
  - 5G Fund for rural America defining the fund requirements and process
  - Carrier authorizations for USVI/PR Stage II

# High Cost Program Upcoming Milestones

- Implementations
  - Finalize the 5G Legacy annual reporting requirements documentation.
  - Complete the portal map for the CETC Legacy Boundary project (prerequisite for 5G).
  - Close out Phase I of the High Cost Low Income (HCLI) System Functional Analysis and Requirements project.
  - Begin the process for Phase II and system integration.

# High Cost Program Upcoming Milestones *(continued)*

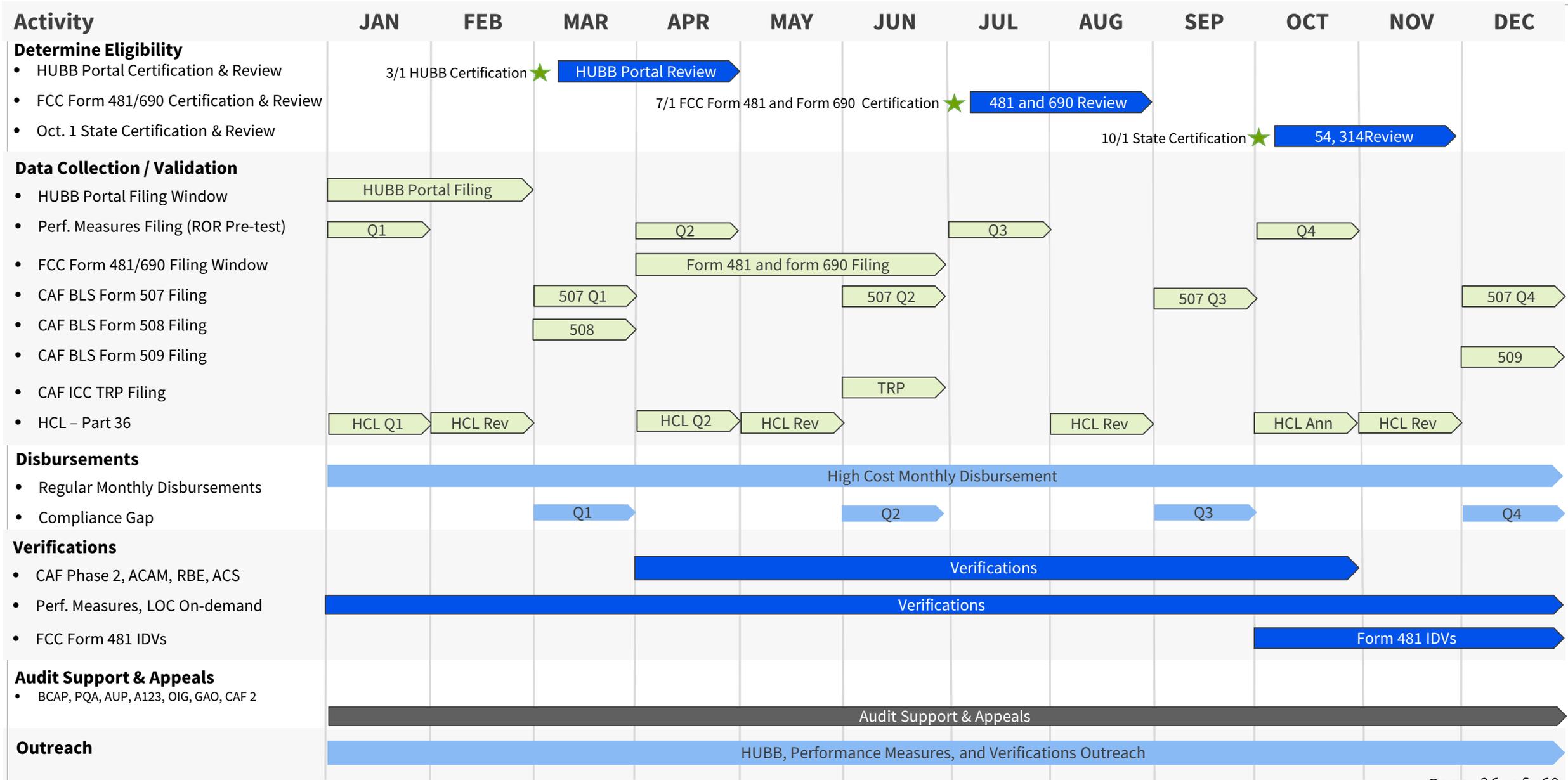
- CAF Verifications
  - 2021 verification kickoff in early March
  - Verifications for revised ACAM, ACAM, CAF II, CAF II Auction, RBE, Performance Measures, and LOCs on-demand
  - Continue streamlining and automation of verification processes
- Systems
  - ELAP Phase I - pre-test complete and ready for official launch
  - ELAP TPIV Vendor Contract executed
  - Complete verification workflow development

# High Cost Program Upcoming Milestones *(continued)*

- Outreach
  - Outreach and customer service support to help carriers navigate March 2021 deadline for filing 2020 broadband deployment data in HUBB portal.
  - Performance measures outreach and support to help CAF II carriers begin official speed and latency testing, and help ACAM, RBE, and Alaska Plan carriers begin quarterly pre-testing in 2021.
  - Outreach to help ACAM carriers navigate verification reviews of 40 percent 10/1 Mbps deployment milestone starting in 2021.
  - ELAP outreach to CAF II Auction carriers and CETC Map outreach.
  - Create new USVI/PR and Rural Digital Opportunity Fund (RDOF) pages for USAC website.

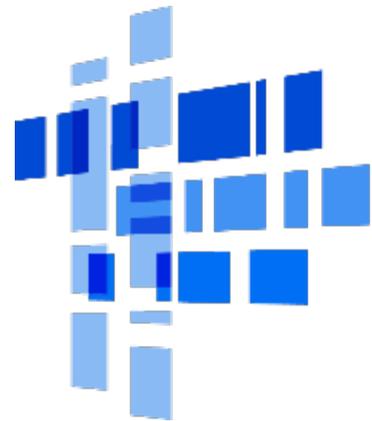
# High Cost Operations 2021 Calendar

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# High Cost Glossary

Acronym	Description	Definition
HCLI	High Cost Low Income System	Calculation system within the HC Operations Program that builds the monthly carrier support.
LOC/OOC	Letter of Credit /Bankruptcy opinion of Counsel	Requirements for winning auction bidders such as in the case of the CAF II Auction.
PMM	Performance Measurement Module	Collection of system functionality designed to deliver the requirements of the <i>Performance Measurement Orders</i> .
PR / USVI	Puerto Rico / US Virgin Islands	United States territories for which the FCC created specific HC funds to help rebuild and shore up communications networks damaged or destroyed by hurricanes.
RBE	Rural Broadband Experiments	A 10 year fund designed to provide \$100 million funding for carriers to buildout broadband services in high cost areas.
RDOF	Rural Digital Opportunity Fund	A new fund provide up to \$20.4 billion over ten years to finance up to gigabit speed broadband networks in unserved rural areas.
RoR	Rate of Return	Carriers subject to FCC rate-of-return regulation under High Cost Program rules.
SAC	Study Area Code	A unique, six digit identifier used to identify a carrier specific service area.
US Telecom	US Telecom	Trade association that represents telecommunications related businesses in the US.
WCB	Wireline Competition Bureau	The FCC Bureau responsible for, among other things, oversight of the four federal universal service funds.



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**Universal Service Administrative Company  
High Cost and Low Income Committee Meeting**

**INFORMATION ITEM**

**High Cost Business Update  
Q4 2020 Update on High Cost Administration**

**Overall Summary**

The High Cost Division remains focused on the mission of wiring rural America as ongoing COVID-19 lockdowns underscore the critical role of broadband in enabling telework solutions, telemedicine services, distance learning, and electronic commerce. The Division continues implementation of several Federal Communications Commission (FCC) modernization orders, driving the transition from legacy, voice-supported programs to the broadband-focused Connect America Fund (CAF) programs.

*Fourth quarter highlights.*

- Continued ongoing system work and outreach to collect and analyze network speed and latency pre-test data from CAF II Model carriers in order to comply with the *Performance Measures Orders* and prepare smaller carriers to begin speed and latency pre-testing in 2021.
- Began gearing up for the March 1, 2021 deadline for carriers to submit their 2020 deployment data into the High Cost Universal Broadband (HUBB) portal and the subsequent verification reviews testing deployment to a random sample of locations reported in the HUBB by CAF II Model and Alternative Connect America Cost Model (ACAM) carriers.
  - With these reviews, the Division's Verification and Compliance team will verify that:
    - CAF II Model carriers have fully satisfied their deployment obligations by the end of 2020, and
    - ACAM I and Revised ACAM (ACAM I/Revised) carriers have met their first deployment milestone (the 40 percent milestone), deploying broadband at speeds of at least 10 megabits per second (Mbps) downstream and one Mbps upstream (10/1 Mbps) by the end of 2020.
- Continued to develop system and process requirements to implement additional modernized funds, including:
  - Uniendo a Puerto Rico and Connect United States Virgin Islands Stage 2 Funds Mobile and Fixed (PR/VI Funds), through which the FCC will invest more than \$900 million in fixed and mobile networks designed to withstand,
  - Rural Digital Opportunity Fund (RDOF), which will invest \$20.4 billion over 10 years to expand broadband in unserved rural areas, and

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- 5G Fund for Rural America (5G Fund), which will invest up to \$9 billion over 10 years to bring 5G wireless to remote communities, including Tribal lands.

### **High Cost Program Q4 2020 Updates**

#### *FCC Order Implementation/Disbursements:*

- Disbursed payments for new modernized funds, including ACAM and CAF II Auction.
- In October, completed authorization of support for PR/VI Stage 2 Mobile Fund.
- Developed requirements to implement PR/VI Stage 2 Funds, RDOF, and 5G Fund in the years ahead--currently working with the FCC to develop and finalize requirements for initial legacy reporting mandated in the 5G Order.
- Continued to develop maps of existing High Cost Program-supported service areas for wireless competitive eligible telecommunications carriers (CETCs). The FCC will use the maps to establish framework for transitioning to the 5G Fund.
- Engaged with KPMG to complete detailed requirements for the final version of the HCLI system assessment and future-state system architecture; continued work on “analysis of alternatives” documentation.

#### *Systems*

- Continued to integrate additional funds into the HUBB, migrating locations already in the system and updating deployment milestone tracking for ACAM I, Revised ACAM, CAF BLS, ACAM II, and CAF II Auction carriers.
- Modified HUBB for Verification and Compliance Team, allowing the Team to track locations throughout the verification review process by locking locations selected for review to prevent carrier modifications during verification reviews.
- Modified the Performance Measures Module (PMM) logic to reduce the number of locations locked in HUBB during performance testing.
- Continued PMM system development to prepare for the 2021 collection of speed and latency pre-test data from carriers participating in ACAM I/Revised, RBE and Alaska Plan, including work to provide early access to the process to the relevant carriers as well as documentation and education to help them prepare for the start of testing.
- Continued to collect, compile, and analyze quarterly speed and latency pre-test data submitted to the PMM by CAF II carriers and provide the results to FCC and carriers.
- Continued system development to support the Eligible Location Adjustment Process (ELAP), focusing on stakeholder verification, stakeholder challenge and participant map functionality.
- Conducted ELAP pre-testing with CAF II Auction carriers, allowing them to test the system and provide feedback in advance of the official launch of the first phase of the process.

### Compliance

- Implemented process improvements to redesign and streamline the CAF verification process, through which USAC confirms deployment to a random sample of locations reported in the HUBB by support recipients.
- Verified deployment to roughly 4,300 CAF II Model and ACS locations to close out verification reviews of the CAF II Model 80 percent milestone and ACS 40 percent milestone.
- Continued to perform ongoing verification reviews of rolling deployment milestones RBE carriers.
- Prepared for 2021 verification reviews of ACAM I/Revised carriers by creating new sampling plans, integrating new automation processes, and ensuring adequate staffing.
- Sought Robotics Processing Automation (RPA) contractor to automate segments of the verification review process in 2021 to improve process efficiency;
  - Issued RPA Request for Proposal (RFP) on November 25, 2020.
- Conducted mock verification reviews with ACAM carriers who will face their 40 percent milestone in 2021.

### Outreach

- Updated online HUBB resource page, FAQ, and training materials to prepare carriers for March 1, 2021 filing deadline of 2020 broadband deployment data.
- Ramped up Performance Measures outreach to ACAM I/Revised, Alaska Plan and RBE carriers before they start speed and latency pre-testing in 2021.
  - Updated online PMM resource page and individual fund pages; created online guide to provide overview of vendors offering solutions to help carriers conduct testing.
  - Pushed out multiple emails and hosted a November 2020 webinar to provide overview of testing requirements and PMM walkthrough.
  - Continued to communicate with and provide customer service and troubleshooting support to help CAF II Model carriers upload quarterly speed and latency pre-test data into the PMM in 2020.
- Ramped up outreach to ACAM I/Revised carriers on upcoming verification reviews of 40 percent deployment milestone:
  - Updated verification resource page and individual fund pages,
  - Pushed out multiple email communications, and
  - Hosted Dec. 3 webinar to explain the verification process and overview of evidence and documents that carriers may submit to prove deployment. Recruited ACAM carriers to participate in mock verification reviews.
- Created new ELAP online resource page and pushed out multiple ELAP email communications to CAF II Auction carriers.
  - Held October 2020 webinar to explain ELAP, provided walk-through of the ELAP Module, and recruited CAF II Auction carriers for user testing.

- Partnered with rate-of-return (RoR) trade associations to present webinars to explain HUBB reporting obligations, Performance Measures testing mandates and verification reviews:
  - Held WTA webinar on December 8 and the National Telephone Cooperative Association (NTCA) webinar held on December 15.

### **High Cost Upcoming Q1 2021 Activities**

#### **FCC Order Implementation/Disbursements**

- Will continue to disburse payments for new modernized funds shifting carriers away from legacy cost-based funding mechanisms to model-based support with defined deployment obligations, including CAF II Auction and ACAM, as well as PR/VI Stage 2 Mobile Fund.
- Will continue to develop requirements to implement additional new modernized funds, including PR/VI Stage 2, RDOF, and the 5G Fund in the years ahead.
  - Will continue to develop requirements for the 5G Order and PR/USVI Stage 2 Mobile data collection.
- Will continue work on maps that show service areas of wireless CETCs that currently receiving legacy High Cost support.
  - The FCC will use the maps to establish the framework for transitioning to the proposed 5G Fund.
- Will continue engagement with KPMG to develop and finalize “analysis of alternatives” for future-state High Cost Low Income (HCLI) system. We anticipate the publication of final the implementation plan and roadmap in January 2021.

#### **Systems**

- Will finalize the integration of new funds into the HUBB, with a focus on migrating existing locations already in the system and updating deployment milestone tracking for (I and Revised), CAF-BLS/ACAM II and CAF II Auction carriers ahead of the March 1, 2021 deadline.
- Will provide system and troubleshooting support to help carriers navigate the March 1 filing deadline for reporting 2020 broadband deployments in the HUBB.
- Will continue PMM system development to collect quarterly speed and latency pre-test data from Original and Revised ACAM, RBE, and Alaska Plan carriers starting in 2021 as well as provide troubleshooting assistance and support to these carriers.
- Will launch the stakeholder phase of ELAP and continue system development for the stakeholder verification, stakeholder challenge, and participant map functions.

#### **Compliance**

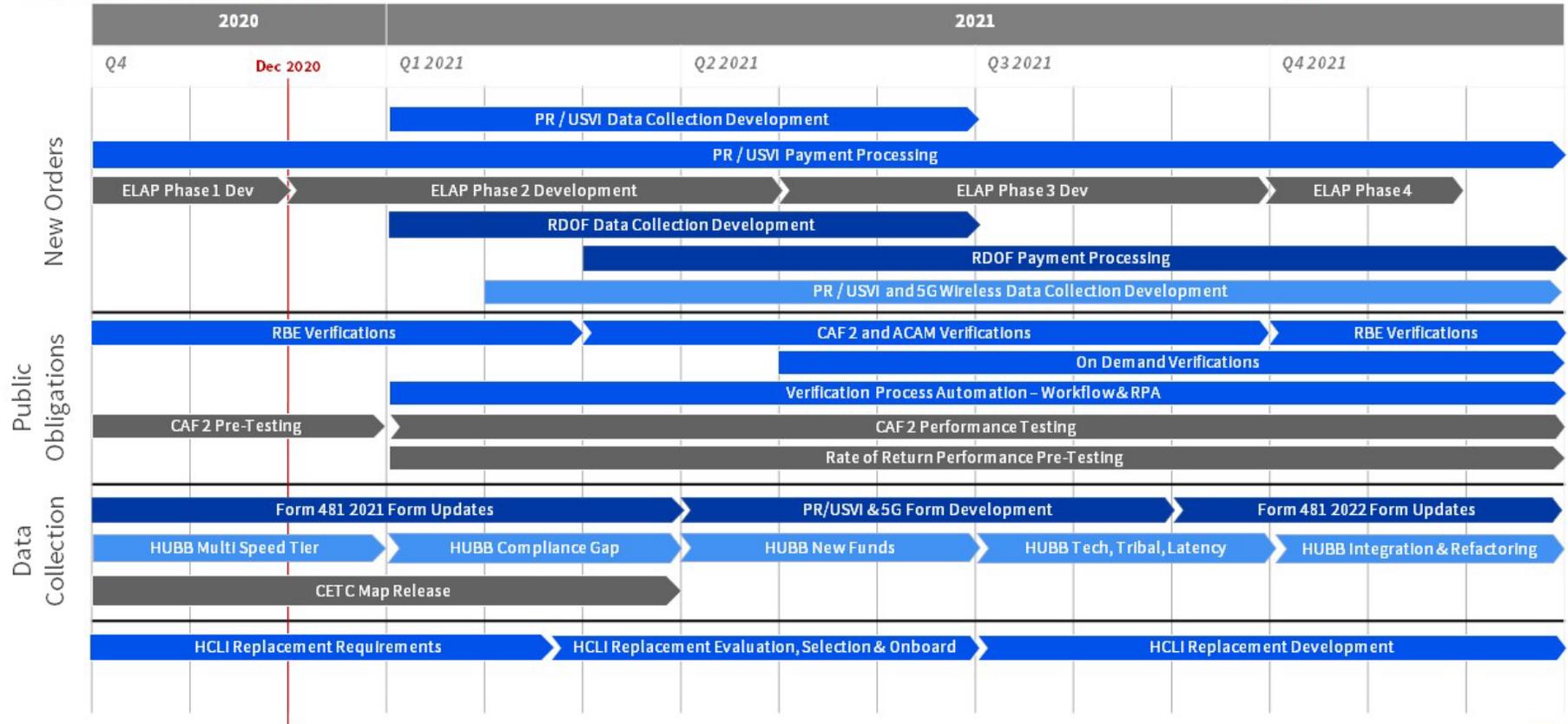
- Plan to kick off verification reviews of the final (100 percent) deployment milestone for CAF II Model carriers and 60 percent deployment milestone for ACS, as well as, will continue ongoing reviews of rolling deployment milestones for RBE carriers.
- Will kick off the 40 percent milestone verification reviews of ACAM I and Revised carriers.
- Will continue to prepare for verification reviews of additional modernized funds, including Alaska Plan and CAF-BLS as well as CAF Phase II Auction (with optional 20 percent milestone), by analyzing fund requirements, updating/creating new sampling plans, integrating new automation processes and ensuring adequate staffing.
  - Note: the addition of rate of return carriers will increase the number of study areas under review by about 400.
- Will review proposals for RPA contractor to automate segments of the verifications review process in 2021.

### Outreach

- Will continue outreach and support to help carriers navigate March 1, 2021, deadline for submitting 2020 broadband deployment data in the HUBB by updating online resources, emailing communications, conducting webinar and industry group presentations.
- Will continue Performance Measures outreach, providing support to help relevant ACAM, Alaska Plan and RBE carriers navigate quarterly speed and latency pre-testing requirements.
- Will continue to provide support to CAF II Model carriers who will begin official testing in 2021.
- Plan to continue outreach to ACAM I/Revised carriers to help them navigate verification reviews of 40 percent 10/1 Mbps deployment milestone.
- Will reach out to CAF II Auction carriers to inform them of launch of the stakeholder phase of ELAP.
- Plan to continue outreach to wireless CETCs receiving legacy support to have them review maps of their existing study area boundaries to develop 5G Fund transition framework.
- Will create new PR/VI Fund, RDOF, and 5G Fund pages for USAC website.

# High Cost Program Road Ahead

(as of December 2020)



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Metric	Target	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Variance	Description/mitigation
1 Wireless Road miles build out	63,602	49,672	49,816	49,816	49,816	-13,786	Target completion August 2021.
2 Wireless Tribal population build out	52,556	50,207	50,207	50,207	50,207	-2,349	On track with verifications.
3 Wireline Locations validated (CAFII)	100%	100.0%	100.0%	100.0%	100.0%	0.0%	
4 Wireline Locations Verified (CAFI)	100%					0.0%	CAF I waiver work complete and letters delivered to FCC.
Wireline Locations Verified (CAF II)	100%	100%	100%	100%	100%	0%	Verifications completed in August
5 Disbursements completed (\$M)	1,299	1,249	1,250	1,267	853	-446.1	Disbursements include PPAs not included in forecast. Target based on Q4 2020 projections.
6 Disbursement cycle time	17 Days	18 Days	18 Days	19 Days	16 Days	1 Day	Disbursement cycle time.
7 IT Systems availability (%)	99%	100%	100%	100%	100%	0.01	Availability of HUBB, CAP and HCLI systems.
8 Appeals	N/A	0	0	0	1	N/A	One active appeal
9 Call Ctre Abandon Rate	3%	5%	29%	4%	6%	3%	15 calls abandoned in 4Q. (Average of 4Q rate reflected)

\*Q4 disbursements reflected through Nov'20 cash flow month.

**Universal Service Administrative Company  
High Cost & Low Income Committee Meeting**

<b>ACTION ITEM</b>
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**Approval of Low Income Support Mechanism  
2nd Quarter 2021 Programmatic Budget and  
Demand Projection for the January 29, 2021 FCC Filing**

**Action Requested:**

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2021 (2Q2021) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 29, 2021 quarterly filing.

**Discussion:**

On a quarterly basis, USAC is required to submit to the FCC each program's budget<sup>1</sup> and projected demand for the upcoming quarter.<sup>2</sup>

**Funding Requirement**

Based on projected subscribership levels, USAC estimates the 2Q2021 funding requirement for the Low Income Support Mechanism as follows:

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<sup>1</sup> See 47 C.F.R. § 54.715(c).

<sup>2</sup> See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	1Q2021	Increase/ (Decrease)	2Q2021	Notes
Steady State:				
Lifeline	\$215.30	\$16.68	\$231.98	See Note 1
Link Up	0.03	0.01	0.04	
New Requirements:				
N/A	0.00	0.00	0.00	
<b>Total Program Demand</b>	<b>\$215.33</b>	<b>\$16.69</b>	<b>\$232.02</b>	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	26.88	(17.25)	9.63	
Billings	23.74	(24.83)	(1.09)	
Bad Debt Expense	(2.74)	0.63	(2.11)	
Administrative Expense True-Up	(17.26)	17.26	0.00	
<b>Total Prior Period Adjustments</b>	<b>\$30.62</b>	<b>(\$24.19)</b>	<b>\$6.43</b>	
USAC Administrative Expenses	16.37	0.00	16.37	See Table B
<b>Total Funding Requirement</b>	<b>\$262.32</b>	<b>(\$7.50)</b>	<b>\$254.82</b>	

**Note 1:** Demand increase is due to temporary pause in de-enrollment, annual recertification, and reverification requirements as described in DA 20-1357.<sup>3</sup>

Based on the projected burn rate, USAC estimates the following 2Q2021 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	1Q2021 Budget	Increase/ (Decrease)	2Q2021 Budget	Notes
<b>Direct Program Costs</b>				
Employee Expenses	\$2.30	(\$0.05)	\$2.25	
Professional Services	4.88	(0.43)	4.45	
General & Administrative	0.32	(0.14)	0.18	See Note 2
<b>Total Direct Program Costs</b>	<b>\$7.50</b>	<b>(\$0.62)</b>	<b>\$6.88</b>	
<b>Direct Assigned Costs</b>				
Employee Expenses	\$0.59	\$0.01	\$0.60	
Professional Services	1.93	0.02	1.95	
General & Administrative	0.38	0.00	0.38	See Note 2
<b>Total Direct Assigned Costs</b>	<b>\$2.90</b>	<b>\$0.03</b>	<b>\$2.93</b>	
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$10.40</b>	<b>(\$0.59)</b>	<b>\$9.81</b>	
<b>Common Allocated Costs</b>	<b>\$5.97</b>	<b>\$0.59</b>	<b>\$6.56</b>	
<b>Total Programmatic Budget</b>	<b>\$16.37</b>	<b>\$0.00</b>	<b>\$16.37</b>	

<sup>3</sup> See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, DA 20-1357 (2020).

**Note 2:** General & Administrative expenses include computer support & maintenance, postage, and meetings & conferences.

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2020 is provided in **Attachment 1**.

**Recommendation:**

USAC management recommends that the Committee approve the 2Q2021 budget and projection of demand as proposed.

**Recommended High Cost & Low Income Committee Actions:**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2021 Low Income Support Mechanism direct program budget of \$9.81 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$9.81 million for Low Income Support Mechanism administrative costs in the required January 29, 2021 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 25, 2021 the 2nd Quarter 2021 Low Income Support Mechanism demand estimate of \$254.82 million, hereby directs USAC staff to proceed with the required January 29, 2021 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

**ATTACHMENT 1**

**Low Income Administrative Costs and Headcount**  
Comparison of Actual Expenditures and Headcount to the Budget for the  
Twelve months ending December 31, 2020

<i>(\$ in millions)</i>	<b>FTE Actual</b>	<b>FTE Budget</b>	<b>FTE Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>Direct Program Costs</b>						
Employee Expenses	70	63	(7)	\$7.66	\$8.42	\$0.76
Professional Services (Note 3)				12.92	22.19	9.27
General & Administrative (Note 4)				0.42	2.23	1.81
<b>Total Direct Program Costs</b>				<b>\$21.00</b>	<b>\$32.84</b>	<b>\$11.84</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	14	21	7	\$2.85	\$3.65	\$0.80
Professional Services (Note 3)				9.10	11.93	2.83
General & Administrative (Note 4)				1.36	0.92	(0.44)
<b>Total Direct Assigned Costs</b>				<b>\$13.31</b>	<b>\$16.50</b>	<b>\$3.19</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>84</b>	<b>84</b>	<b>0</b>	<b>\$34.31</b>	<b>\$49.34</b>	<b>\$15.03</b>
<b>Common Allocated Costs (Note 5)</b>				<b>\$20.29</b>	<b>\$20.43</b>	<b>\$0.14</b>
<b>Total Programmatic Budget</b>				<b>\$54.60</b>	<b>\$69.77</b>	<b>\$15.17</b>

**Note 3:** Direct Program Professional Services include Lifeline eligibility verifications. Direct Assigned Professional Services include National Verifier (NV) software development, NV operations & maintenance, beneficiary & contributor audit program audits, and IT contract labor.

**Note 4:** General & Administrative expenses include computer support & maintenance, postage, and meetings & conferences.

**Note 5:** Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year.



# Lifeline Business Update

High Cost and Low Income Committee Meeting

January 25, 2021



Universal Service  
Administrative Co.

# Agenda: Lifeline

- Operations Update – 5 minutes
- Section 508 Compliance and Usability Updates – 5 minutes
- Lifeline Updates – 5 minutes
- Appendix A: Glossary of Terms
- Appendix B: Q4 2020 Update on Lifeline (separate document)

# Operations Update: Program Performance

## Eligibility and Enrollments

YTD Cumulative Comparison	2020 YTD (Jan to Oct)	2019 Comparison (Jan to Oct)
NV Applications Created	4,607,045	802,291
Program Eligibility Auto Approved	2,893,688	545,206
Program Eligibility Auto Pass Rate	63%	68%
NLAD Enrollments (Excludes CA, OR, and TX)	2,077,282	2,745,844
NLAD De-Enrollments (Excludes CA, OR, and TX)	1,756,927	3,637,109
NLAD Subscribers (Oct Data – Nov 1st Snapshot)	6,038,542	6,339,885
NLAD Opt Out State Subscribers (Oct Data - CA, OR, and TX)	2,193,065	1,892,667

### Notes on Metrics:

- NV Application volumes are significantly higher in 2020 compared to 2019 due to the full launch of all states through the duration of 2020.
- Eligibility auto pass rates has approached an average of 70% towards the end of 2020 with the introduction of additional new state connections.

## Call Center Metrics

Metric	SLA	Nov Actuals
Average real-time review	6 min	4.8 min
Average speed to answer (ASA)	30 sec	13 sec
Calls Abandon Rate	3%	1.1%

## Appeals

Year	Total Submitted	Percent Resolved
2020	21 (YTD)	48%
2019	62	82%
2018	19	74%

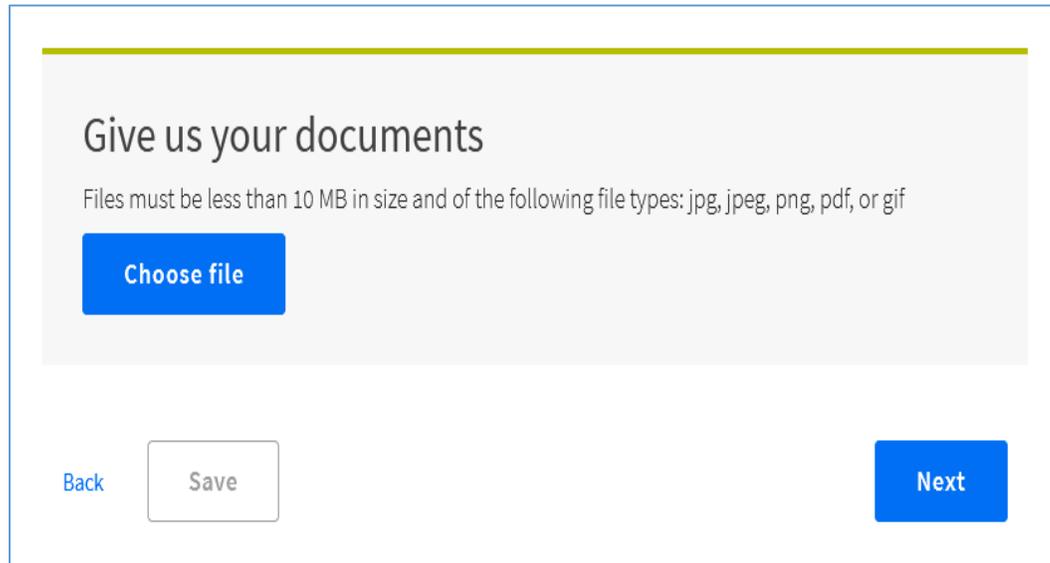
# Section 508 Compliance and Usability Updates

Examples of recent Section 508 compliance and usability updates include:

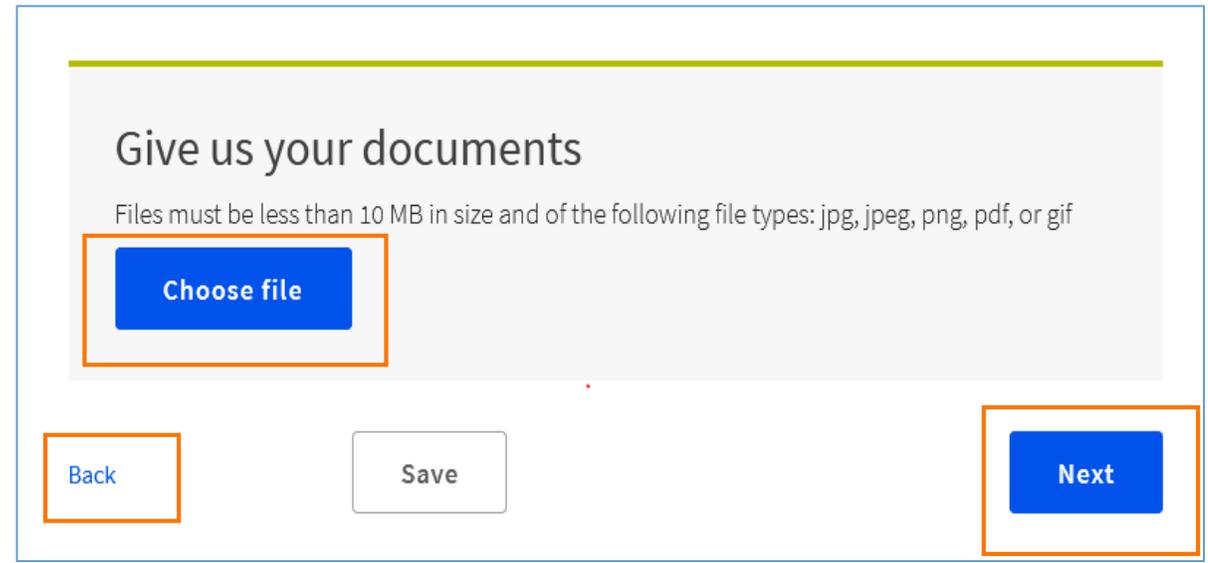
- Linked text now uses additional non-color based messages to not rely on color as the sole means of communicating information;
- Color of buttons and text is updated to ensure sufficient color contrast; and
- Keyboard focus of checkboxes is updated to include outline of checkbox and text.

# Section 508 Compliance and Usability Updates

## Before and After System Screenshots



Before



After

Color of buttons updated to ensure sufficient color contrast.

# 508 Compliance and Usability Updates Examples

Keyboard focus of checkboxes updated to include text outline for more visibility.

Color of buttons updated to ensure sufficient color contrast.

## Tell Us Which Program You Are In

To qualify for Lifeline, we need to know which government assistance program you are in.

### Are you in any of these?

Check all that apply.

- SNAP (Supplemental Nutrition Assistance Program) or Food Stamps [?](#)
- Medicaid
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance
- Veterans Pension and Survivors Benefit Programs
- Tribal Specific Program (only choose if you live on tribal lands)
- I don't participate in one of these programs, I want to qualify through my income.
- I am not in any of these, but my child or dependent is in one of these programs. [?](#)

You may be asked to submit documents about the program(s) you select.

Back

Next

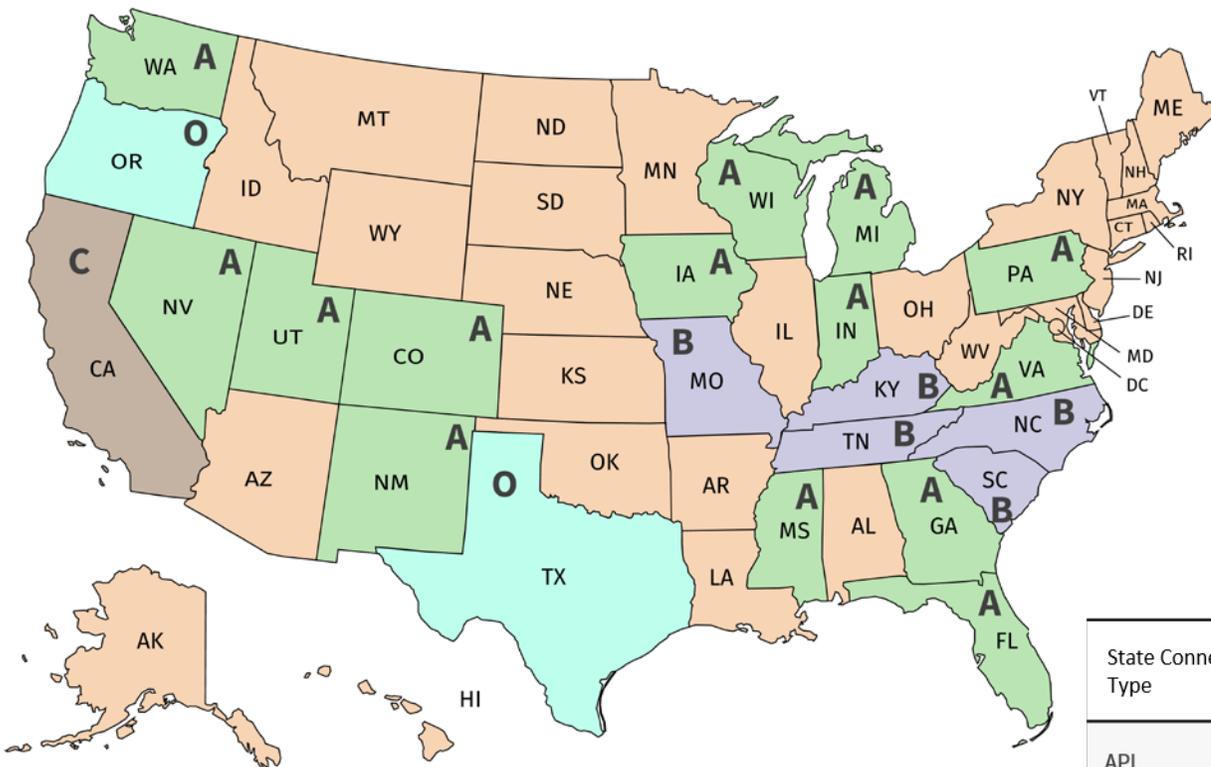
# Lifeline Updates

- Lifeline continues to work toward automated database connections with additional states.
  - Deployed Florida connection on Nov. 6, 2020.
  - Connection to Minnesota is planned for Q1 2021. Adding MN will result in 23 state/U.S. territory connections (including OR and TX), plus two federal connections (HUD and CMS).
- The Lifeline National Eligibility Verifier (NV) fully launched in Oregon and Texas (Nov. 18) and in California (Dec. 18).

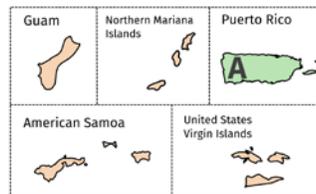
# Lifeline Updates *(continued)*

- Computer Matching Agreement (CMA) extensions and renewals:
  - Renewed the CMAs for Iowa and Georgia for one year on November 5, 2020 prior to the Nov. 24 expiration.
  - CMS CMA 12-month renewal was signed by all parties on December 11, 2020 ahead of schedule and will be effective on February 28, 2021.

# Lifeline Updates *(continued)*



- State API Connection (A)
- Federal Connection Only
- State Batch Connection (B)
- NLAD Opt-Out State with State API Connection (O)
- NLAD Opt-Out State (C)



- The National Verifier has access to 22 existing state/territory connections, which includes the automated connections in TX and OR plus nationwide connections for CMS and HUD.
- We are working towards a connection in MN by Q1 2021.
- We will continue to work towards connections in additional states and federal agencies in 2021 to further increase automation for eligibility reviews.

## NV Connection Statistics

State Connection Type	State	October 2020 Subscriber Count
API	CO, FL, GA, IA, IN, MI, MS, NM, NV, PA, PR, UT, VA, WA, and WI	2,682,347
Batch	KY, MO, NC, SC, and TN	654,452
Federal Only	AK, AL, AR, AS, AZ, CT, DC, DE, GU, HI, ID, IL, KS, LA, MA, MD, ME, MN, MP, MT, ND, NE, NH, NJ, NY, OH, OK, RI, SD, VI, VT, WV, and WY	2,701,743
NLAD Opt-Out	CA, OR, and TX	2,193,065

**\*Note:** NV benefits from the existing state eligibility connections in TX and OR.

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# Lifeline Updates *(continued)*

- **Lifeline Risk Assessment:** Fulfilled GAO's 2010 request, focusing on program administration and internal controls.
  - **Goal:** Evaluate whether program goals are met in a cost-effective manner and that risks are appropriately targeted and addressed.
  - **Due Date:** Draft report received in November 2020; results summarized in Executive Session.
- **Lifeline Program Evaluation:** Required by the 2016 Lifeline Order and 2015 GAO Report; focused on program design.
  - **Goal:** Provide the Commission and the public with better information about the operation and effectiveness of the Lifeline Program.
  - **Due Date:** Submit findings to FCC by December 31, 2020; more details included in Executive Session.

# Appendix A: Glossary of Terms

Acronym	Term	Definition
API	Application Programming Interface	An API is a set of programming code that enables data transmission between one software product and another (computer to computer connection).
CMA	Computer Matching Agreement	The computerized comparison of records for the purpose of establishing or verifying eligibility for a federal benefit program.
GAO	Government Accountability Office	The GAO is an independent and non-partisan U.S. legislative agency that monitors and audits government spending and operations.
NLAD	National Lifeline Accountability Database	The National Lifeline Accountability Database (NLAD) allows service providers to check on a real-time, nationwide basis whether a consumer is already receiving a Lifeline Program-supported service. Service providers can only claim reimbursement for Lifeline subscribers that are enrolled in NLAD.

**Universal Service Administrative Company  
High Cost and Low Income Committee Meeting**

**INFORMATION ITEM**

**Lifeline Business Update  
Q4 2020 Update on Lifeline Administration**

**Overall Summary**

During this reporting period, the Lifeline division worked with the FCC to respond to Lifeline stakeholder needs during the pandemic. The FCC released a series of orders in March, April, June, August, and November 2020 as part of its COVID-19 response efforts to temporarily prevent involuntary de-enrollments, including non-usage de-enrollments. The waivers also paused annual recertification and reverification requirements. During this period, USAC has continued to conduct outreach and program integrity efforts for instances of suspected fraud and to recover improper payments.

Additionally, the November Order extended prior Lifeline waivers governing subscriber usage, income documentation, and documentation requirements for subscribers residing in rural areas on Tribal lands. All of the aforementioned waivers are currently in effect through February 28, 2021.

The Lifeline division has implemented an automated solution for validating monthly claims submitted by service providers in National Lifeline Accountability Database (NLAD) opt-out states against the monthly subscriber listing provided to USAC by the NLAD opt-out states. This change was released to production on December 15, 2020.

**Q4 2020 Lifeline Program Updates and Accomplishments**

- Computer Matching Agreements (CMAs) renewals were established for IA and GA on November 5, 2020 prior to their November 24, 2020 expiration dates. Work to extend the CMS CMA, which would otherwise expire on February 27, 2021, is in progress and ahead of schedule.
- NV fully launched in OR and TX on November 18, 2020 and in CA on December 18, 2020. Consumers in Oregon and Texas will continue to apply for the federal Lifeline benefit by leveraging the states' application processes and the states will continue to perform eligibility determinations and check for duplicate subscribers as they do today.
- In Oregon, the state Public Utility Commission (PUC) has begun conducting eligibility verification and reverification for consumers residing on Tribal lands.
- The Lifeline program evaluation findings were submitted to the FCC in December 2020, as required by the 2016 Lifeline Order and recommended in the GAO's 2015 Report. The program evaluation focused on program design.

**Planned Activities for Q1 2021**

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- The Lifeline risk assessment will be completed in early Q1 2021. The assessment is focused on program administration and internal controls to fulfill a GAO recommendation.
- Work toward automated database connections with additional states. The connection to Minnesota is expected in 2021. Adding MN will result in 23 state/U.S. territory connections (including OR and TX), plus 2 federal (HUD and CMS) connections.<sup>1</sup>
- Resume reverification, recertification, and other processes and conduct outreach to carriers and subscribers at the end of the waiver period associated with the COVID-19 pandemic.
- Per the 2019 Lifeline Order, implement the new recertification process for use after the COVID-19 waivers expire at the end of February. The new process will require eligibility documentation to be collected in certain instances during annual recertification.
- Enhance functional ease of use and usability of the Lifeline's systems based on assessment that an independent expert vendor completed in 2019.
- Execute mitigation plans for the medium and high level risks from the Lifeline Risk Assessment report; create mechanisms to monitor the low risk items.
- Work with the FCC to analyze and prioritize findings and recommendations from the Lifeline Program Evaluation; execute corrective actions appropriately.

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<sup>1</sup> Both OR and TX have automated connections to state eligibility databases. Thus, the National Verifier indirectly benefits from those connections with respect to eligibility verification for the federal Lifeline program.

**Lifeline Program Trends**

Lifeline Program Service Type Trends<sup>2</sup>

<b>Month</b>	<b>Broadband</b>	<b>Bundled Broadband</b>	<b>Bundled Voice &amp; Broadband</b>	<b>Bundled Voice</b>	<b>Voice</b>
Nov 2020	0.16%	46.63%	45.32%	0.94%	6.94%
Oct 2020	0.21%	45.63%	44.58%	1.12%	8.46%
Sep 2020	0.20%	45.22%	44.56%	1.20%	8.82%
Aug 2020	0.20%	45.16%	44.20%	0.98%	9.47%
Jul 2020	0.23%	44.95%	44.06%	1.01%	9.75%
Jun 2020	0.23%	45.43%	43.59%	1.02%	9.73%
May 2020	0.23%	45.08%	43.86%	0.81%	10.02%
Apr 2020	0.23%	44.04%	44.47%	0.83%	10.44%
Mar 2020	0.22%	43.39%	44.05%	1.15%	11.19%
Feb 2020	0.20%	44.82%	42.74%	1.13%	11.11%
Jan 2020	0.19%	45.13%	42.13%	1.16%	11.39%
Dec 2019	0.19%	45.48%	40.98%	1.38%	11.96%

- Broadband – Broadband service meeting minimum service standards
- Bundled Broadband – Broadband and voice, but only broadband meeting minimum service standards
- Bundled Voice & Broadband – Broadband and voice, both meeting minimum service standards
- Bundled Voice – Broadband and voice, but only voice meeting minimum service standards
- Voice – Voice service meeting minimum service standards

<sup>2</sup> Lifeline Program service type data is from the Lifeline Claims System (LCS), which includes the NLAD opt-out states.

Lifeline Seven Year, Year-Over-Year Subscriberhip & Claimed Support Amounts<sup>3</sup>



<sup>3</sup> “Monthly Average Subscribers Claimed during Reporting Quarter” shows the average number of subscribers claimed during the reporting quarter, year over year for the previous seven years. “Total Annual Support Claimed by End of Reporting Quarter” shows the total annual amount Lifeline has provided at the close of the reporting quarter. Differences between claimed subscriber counts and subscriber counts from the NLAD snapshot vary due to non-claiming of subscribers, subscriber de-enrollments, or the timing of claims for Lifeline reimbursement. 4Q2020 estimated, reporting prior to end of quarter.

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**Lifeline Program Trends**

Lifeline Program Trends for NLAD Subscribers and Disbursements<sup>1</sup>

Data Month – 2020	NLAD Subscribers	Change %	Disbursed
January (snapshot on Feb. 1)	7,489,663	-	\$66,021,048
February (snapshot on Mar. 1)	7,405,185	-1%	\$62,629,661
March (snapshot on Apr. 1)	7,037,973	-5%	\$68,072,062
April (snapshot on May. 1)	7,206,548	2%	\$67,143,871
May (snapshot on Jun. 1)	7,425,625	3%	\$70,849,819
June (snapshot on Jul. 1)	7,600,951	2%	\$67,969,622
July (snapshot on Aug. 1)	7,738,951	2%	\$72,358,735
August (snapshot on Sep. 1)	7,900,914	2%	\$76,387,591
September (snapshot on Oct. 1)	8,057,316	2%	\$76,157,705
October (snapshot on Nov. 1)	8,231,607	2%	\$77,370,507

Subscribership moderately increased during the time period in which FCC waivers temporarily suspended involuntary de-enrollments from March 2020 through February 28, 2021. This has resulted in a reversal of the decreasing trend in subscribers toward an increasing trend starting in April 2020 and continuing to the present.

<sup>1</sup> Subscriber counts include all subscribers on the NLAD snapshot. Subscriber counts from the NLAD opt-out states (CA, OR, and TX) are also included. Actual claimed subscribers will vary but are capped at these NLAD snapshot levels (i.e. service providers cannot claim more than what is in NLAD).

Program Metrics for Q4 2020<sup>2</sup>

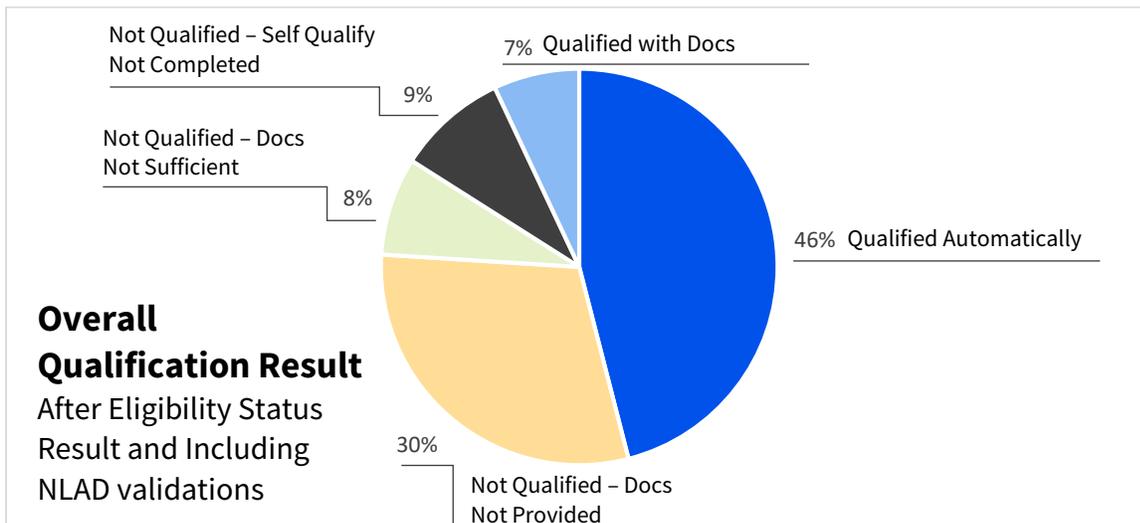
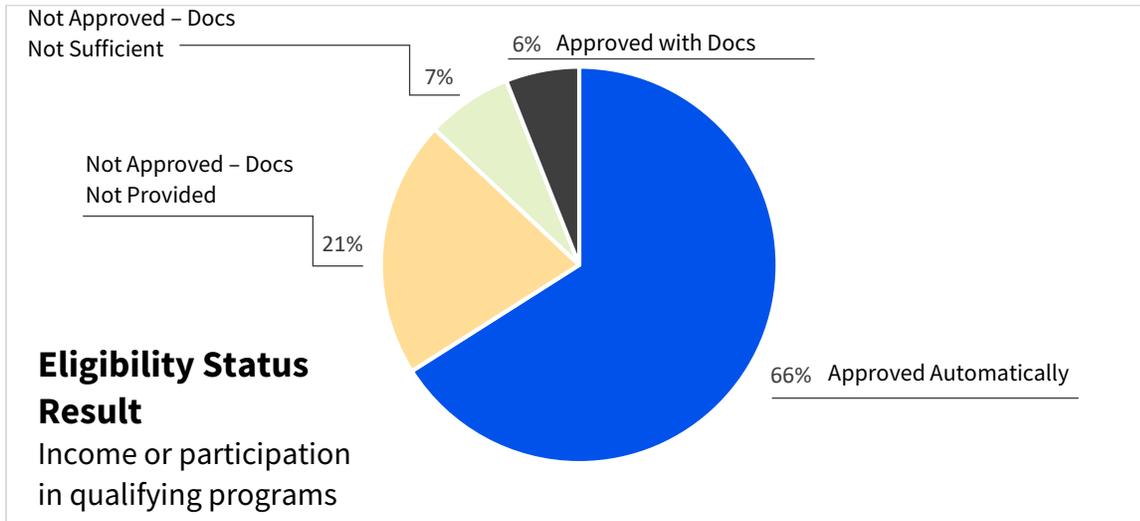
Metric	Target	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Variance to Target (most recent)	Comment	
<b>1</b> Disbursements Completed (\$M)	\$ 228.9	\$ 198.8	\$ 206.0	\$ 216.6	\$ 232.1	\$ 3.2	 Displays actual disbursements authorized, which includes original claims in the previous data month and prior revisions received. Updated target based on Q4 2020 projected support forecast.	
<b>2</b> System Uptime (%)	NLAD:	99%	100%	100%	100%	100%	+1.00%	 100% uptime in Q4 2020
	LED:	99%	100%	100%	100%	100%	+1.00%	 100% uptime in Q4 2020
<b>3</b> Call Center Abandonment Rate	3%	8%	2%	2%	2%	-1.00%	 The average abandonment rate in Q4 2020 maintained at 2%, which is in line with our target rate as call volumes decreased quarter over quarter. The total call volume received decreased 11% from Q3 2020 to Q4 2020. USAC is working closely with the BPO in order to better align resources to the actual number of calls received to reduce the abandonment rate.	
<b>4</b> Appeals over 90 days aged	0	103	103	98	74	+ 74	 In Q4 2020, one appeal aged greater than 90 days, twenty nine appeals were fully denied, and three were partially granted/partially denied.	
<b>5</b> Appeals Average Age (days)	90	444	517	591	667	+ 577	 Lifeline and OGC are continuing to work on the resolution of open appeals.	
<b>6</b> Manual eligibility verification (% of total applications w/ manual decisions)	TBD	25%	25%	25%	23%	N/A	Includes NV applications decided using manual documentation review due to failing eligibility database and/or NLAD checks, created within the actuals month. This does not include reverifications.	
<b>7</b> Average Manual Review Time	Real Time:	<6 min	8 min	5 min	4 min	5 min	- 1 min	 Real time includes all applications received through the portal during business hours, requiring a manual review.
	Non-Real Time:	<48 h	6 h 43 m	9 h 48 m	7 h 51 m	9 h 58 m	- 38h 2m	 Non-Real time includes all applications received outside business hours and all mailed in applications, requiring a manual review.

**Legend**  
 On track  
 Action Required

<sup>2</sup> 4Q2020 estimated for metrics 4, 5, and 7 due to reporting prior to end of quarter.

National Verifier Application Processing

1,220,209 applications<sup>3</sup> received during 3Q2020 have been processed.<sup>4</sup> Results are shown below.



<sup>3</sup> Application totals include states that have fully launched and soft launched in National Verifier.

<sup>4</sup> The data represented for 3Q2020 was summarized on Dec. 30, 2020. A small number of applications could still potentially change their qualification results within the 90-day curing period, but result percentages would likely have little to no change.

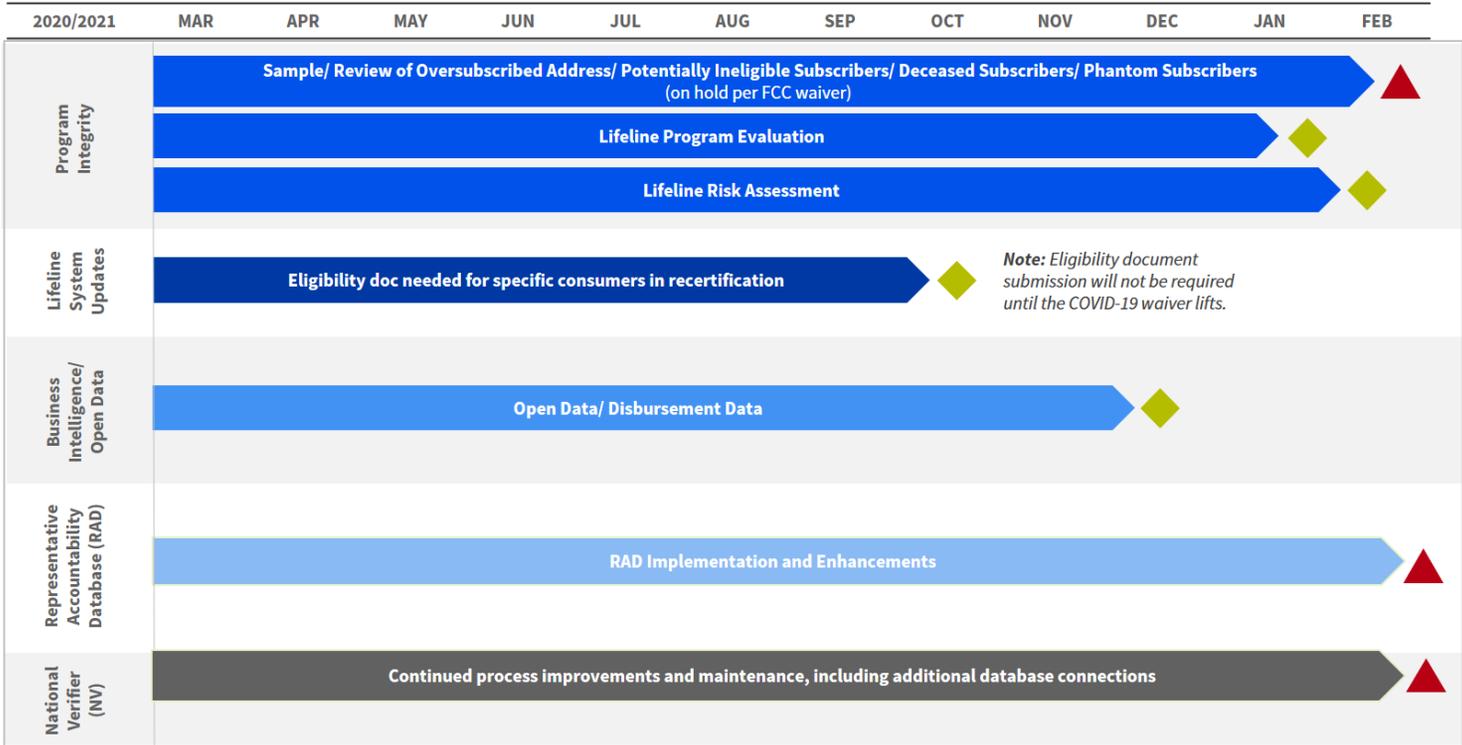
National Verifier Reverification Status

<b>Launch</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
Number of subscribers coming due for Re-verification	<b>317,087</b>	<b>52,791</b>	<b>1,017,570</b>	<b>117,226</b>	<b>682,593</b>	<b>1,562,428</b>	<b>1,610,391</b>	<b>1,007,067</b>	<b>6,367,153</b>
Qualified	232,108	23,989	772,468	72,978	499,528	1,156,393	1,010,071	656,867	4,424,402
Natural Attrition	45,056	13,457	131,216	26,809	85,128	187,409	127,984	18,321	635,380
Pending	1,664	607	16,582	2,848	11,260	218,626	472,336	33,879	1,055,802
De-enrolled for reverification <sup>5</sup>	38,259	14,738	97,304	14,591	86,677	-	-	-	251,569
Current Reverification Pass Rate <sup>6</sup>	85%	61%	87%	81%	84%	84%	68%	66%	77%

<sup>5</sup> Due to the COVID-19 pandemic waivers, reverification activities are on hold for all launches until March 1, 2021.

<sup>6</sup> Reverification Pass Rate takes into account subscribers who have naturally de-enrolled or transferred (which requires a new application) during the reverification process. USAC expects additional qualifications once outreach resumes following the waivers.

**Lifeline Program Road Ahead**



**Milestone Legend**

- IT Activities
- Lifeline Operations Activities
- Business Intelligence
- RAD
- NV
- On Going
- Complete

FL and MN CMAs completed.  
 FL DB connection implemented.  
 GA and IA CMA renewals completed.  
 CMS CMA renewal completed.  
 NV full launch for OR, CA, and TX completed.