



High Cost & Low Income

Briefing Book

April 26, 2021

Available for Public Use

Virtual Meeting

Universal Service Administrative Company Offices

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

Washington, D.C. 20005

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

USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005

MONDAY, APRIL 26, 2021 11:45 A.M. – 12:20 P.M. EASTERN TIME <u>HIGH COST OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of High Cost & Low Income Committee Meeting Minutes of January 25 and January 26, and March 10, 2021 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Vic	a2. Approval of High Cost Support Mechanism 3rd Quarter 2021 Programmatic Budget and Demand Projection for the April 30, 2021 FCC Filing	10
Teleshia	i1. Information on 12 UASC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i>	–
Vic	i2. High Cost Business Update: <ul style="list-style-type: none"> • Accomplishments <ul style="list-style-type: none"> ○ Metrics ○ 5G Readiness ○ Performance Measures Readiness • Plans For Next Quarter • Roadmap • System Update 	20

MONDAY, APRIL 26, 2021 12:20 P.M. – 12:40 P.M. EASTERN TIME <u>LOW INCOME OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
James	a3. Approval of Low Income Support Mechanism 3rd Quarter 2021 Programmatic Budget and Demand Projection for the April 30, 2021 FCC Filing.	5

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James	i3. Lifeline Business Update <ul style="list-style-type: none"> • Recap of Previous Committee Meeting • Accomplishments: <ul style="list-style-type: none"> ○ Metrics ○ Lifeline National Verifier Updates • Plans For Next Quarter • Issues and Mitigations • Roadmap 	15
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TUESDAY, APRIL 27, 2021 10:35 A.M. – 10:55 P.M. EASTERN TIME <u>HIGH COST EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
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Vic	i4. High Cost Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Robotic Process Automation Application for Verification 	15
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TUESDAY, APRIL 27, 2021 10:55 A.M. – 11:15 A.M. EASTERN TIME <u>LOW INCOME EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
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James	i5. Lifeline Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • National Verifier API and Bulk Upload. 	15
Chris	a4. Consideration of Contract Award for Computer Matching Program Operations and Maintenance Services	5

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

ACTION ITEM

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 resolution below:

- A. Committee meeting minutes of January 25, January 26, and March 10, 2021 (*see Attachments A-1, A-2 and A-3*).

- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i4** – 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.
 - (2) **i5** – 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.
 - (3) **a4** – Consideration of Contract Award for Computer Matching Program Operations and Maintenance Services. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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 High Cost & Low Income Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 25, January 26, and March 10, 2021; and (2) discussion in *Executive Session* of the items noted above.

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, January 25, 2021

(DRAFT) MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the *Open Session* portion of the quarterly meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, January 25, 2021. Mr. Ken Mason, Committee Chair, called the meeting to order at 11:30 a.m. Eastern Time, with a quorum of 10 of the 11 Committee members present:

Feiss, Geoff	Mason, Ken – Chair
Freeman, Sarah	Sekar, Radha – Chief Executive Officer
Gerst, Matt	Skrivan, Michael
Gillan, Joe	Waller, Jeff
Jacobs, Ellis	Wein, Olivia – Vice Chair

Members of the Committee not present:

Polk, Stephanie

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
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
Schell, Julie Tritt – Member of the Board

¹ 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.

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>
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
Crawford, Katherine	USAC
DiVo, Victor	USAC
Goode, Vernell	USAC
Harkin, Michelle	CMS Consulting Inc.
James, Christine	USAC
Lee, James	USAC
Little, Chris	USAC
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Schrader, Theresa	Broadband Legal Strategies, LLC
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 October 26 and October 27, 2020.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - **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*.
 - **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.

- **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*.
- **a7** – Consideration of One-Year Contract Option for National Verifier Business Process Outsourcing Services. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- **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*.
- **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*.

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: (1) the Committee meeting minutes of October 26 and October 27, 2020; and (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Mason introduced Mr. Gerst. As Chair of the Nominating Committee, Mr. Gerst reported on the election recommendations for the High Cost and Low Income Committee.

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

RESOLVED, that the USAC Audit Committee recommends that the USAC Board of Directors elect **Ken Mason** as Chair and

Olivia Wein 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).

- a3. Approval of High Cost Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 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 2nd Quarter 2021 programmatic budget and demand projection for the January 29, 2021 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 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.

- i1. Information on Four USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.** The Committee received a report with information on four USAC Audit and Assurance Division High Cost Support Mechanism beneficiary audit reports. Mr. Mason noted that the reports were provided for *information only* and would be posted on 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:
- Update on Items from the October 2020 High Cost meeting

- High Cost Program Administration Update
 - Disbursements
 - Data Collection and Validations
 - CAF Verifications
 - Outreach
 - FCC Order Updates
 - Upcoming Milestones and 2021 Calendar
- 4Q2020 Update on High Cost Administration. The Committee received a report on High Cost 4Q2020 accomplishments, planned activities for 1Q2021, and program metrics. The report was provided for *information only* and was publically posted on USAC's website. No discussion was held.

LIFELINE OPEN SESSION

- a4. Approval of Low Income Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 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 2nd Quarter 2021 programmatic budget and demand projection for the January 29, 2021 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 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.

- i3. Information on One UASC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report.** The Committee received a report with information on one USAC Audit and Assurance Division Low Income Support Mechanism beneficiary audit report. Mr. Mason noted that the report was provided for *information only* and would be posted on the USAC's public website. No discussion was held.
- i4. Lifeline Business Update.** Mr. Lee presented PowerPoint slides covering the following items to the Committee:
- Operations Update: Program Performance
 - Section 508 Compliance and Usability Updates
 - Lifeline Updates
 - Q4 2020 Update on Lifeline Administration. The Committee received a report on Lifeline 4Q2020 accomplishments, planned activities for 1Q2021, and program metrics. The report was provided for *information only* and was publically posted on the USAC's website. No discussion was held.

At 12:37 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until January 26, 2021 at approximately 10:40 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Tuesday, January 26, 2021

(DRAFT) MINUTES¹

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the *Executive Session* portion of the quarterly meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, January 26, 2021. The Committee meeting continued from the January 25, 2021 *Open Session* portion of the meeting. Mr. Ken Mason, Committee Chair, called the meeting to order at 10:48 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	Skrivan, Michael
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
Domenech, Dr. Dan – 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
Schell, Julie Tritt – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care

¹ 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.

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

OPEN SESSION

At 10:48 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, January 25, 2021. Only members of the Board and USAC staff were present.

HIGH COST EXECUTIVE SESSION

- a5. **Approval of High Cost Support Mechanism 2021 Annual Programmatic Budget.** Mr. Gaither presented this item to the Committee for consideration. The presentation included a written report on the High Cost Support Mechanism annual budget.

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

RESOLVED, that the High Cost & Low Income Committee approves a 2021 annual programmatic budget for the High Cost Support Mechanism of \$25.53 million.

- i5. **High Cost Business Update (Continued).** Mr. Gaither presented PowerPoint slides covering the following:
- 2021 Verification Approach Using Robotics Process Automation Solutions.

LOW INCOME EXECUTIVE SESSION

- a6. Approval of Low Income Support Mechanism 2021 Annual Programmatic Budget.** Mr. Lee presented this item to the Committee for consideration. The presentation included a written report on the Low Income Support Mechanism annual budget.

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

RESOLVED, that the High Cost & Low Income Committee approves a 2021 annual programmatic budget for the Low Income Support Mechanism of \$39.81 million.

- a7. Consideration of One-Year Contract Option for National Verifier Business Process Outsourcing Services.** Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to exercise the first one-year options under the contract for National Verifier business process outsourcing.

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

RESOLVED, that the USAC Board of Director's High Cost Low Income Committee, having reviewed the recommendation of USAC management, authorizes USAC management to exercise the first one-year option under the contract for National Verifier business process outsourcing services from Conduent State & Local Solutions, Inc. for a not-to-exceed amount of \$15,000,000 (plus applicable taxes), subject to required FCC approval, over the one-year option term.

- a8. Consideration of One-Year Contract Option for National Verifier Systems Integrator Services.** Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation award a contract to operate, maintain, and continue development of additional state and federal database connections and necessary modifications to the National Verifier system.

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

RESOLVED, that the USAC Board of Director's High Cost Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management, to award a sole source time and material contract to Accenture Federal Services LLC (Accenture) to operate, maintain, and continue development of additional state and federal database

connections and necessary modifications to the NV System with a base period of nine (9) months for approximately \$4.3 million (plus applicable taxes), and two (2) additional one-year option terms, for approximately \$4 million per year, for a total not-to-exceed (NTE) cost of \$12.3 million (plus applicable taxes) over the term of the contract.

- i6. Low Income (Lifeline) Business Update (Continued).** Mr. Lee presented PowerPoint slides covering the following topics to the Committee for discussion:
- Risk Assessment Highlights a Observations
 - Program Evaluation Goals, Status, and Results
 - COVID-19 Waivers and Impact on Demand

OPEN SESSION

At 11:50 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 took action on items a5, a6, a7, and a8 and discussed items i5 and i6 above.

On a motion duly made and seconded, the Committee adjourned at 11:50 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Wednesday, March 10, 2021

(DRAFT) MINUTES¹

Due to the temporary closure of USAC's offices in Washington, D.C. in response to the COVID-19 pandemic, the non-quarterly meeting of the High Cost & Low Income Committee (Committee) was conducted by web conference on Wednesday, March 10, 2021. At the requested of Ken Mason, Committee Chair, Joe Gillan, Board Chair, chaired the meeting. The meeting was call to order at 4:05 p.m. Eastern Time, with a quorum of seven of the eleven Committee members present:

Feiss, Geoff
Gerst, Matt
Gillan, Joe
Mason, Ken – Chair

Sekar, Radha – Chief Executive Officer
Skrivan, Michael
Wein, Olivia – Vice Chair

Member of the Committee not present:

Freeman, Sarah
Jacobs, Ellis

Polk, Stephanie
Waller, Jeff

Officers of the corporation present by telephone:

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
Domenech, Dr. Dan – Member of the Board
Fontana, Brent – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Morning, Kim – Acting Vice President and General Counsel; and Assistant Secretary
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer
Schell Julie Tritt – Member of the Board
Wade, Dr. Joan – Member of the Board

¹ 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.

Wibberly, Dr. Kathy – Member of the Board

Others present by telephone:

<u>NAME</u>	<u>COMPANY</u>
Lee, James	USAC
Nuzzo, Patsy	USAC
Tiwari, Tanya	USAC

OPEN SESSION

- a1. **Consideration of Contract Award for Third Party Identification and Verification Services for the Lifeline Program and the Emergency Broadband Benefit Program.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the High Cost and Low Income Committee determines that the discussion of this item be conducted in *Executive Session*.

At 4:05 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

- a1. **Consideration of Contract Award for Third Party Identification and Verification Services for the Lifeline Program and the Emergency Broadband Benefit Program.** Mr. Beyerhelm presented this item for consideration. The presentation included a summary slide and written report with information on USAC management's proposed contract and recommendation to award of a task order for the performance of third party identification and verification services for applicant data provided to USAC via the National Lifeline Accountability Database (NLAD) for the Lifeline Program.

On a motion duly made and seconded, the High Cost & Low Income Committee adopted the following resolution:

RESOLVED, that the USAC High Cost Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a contract to Transunion Public Sector for performance of third party identification and verification services for the Lifeline Program (Task 1). The base period of Task 1 is twelve months, for a not-to-exceed amount of \$580,000 (plus applicable taxes) over the base period, with the ability for USAC to exercise four

additional one year option terms, subject to Federal Communications Commission and Committee approval.

OPEN SESSION

At 4:27 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Committee discussed and took action on item a1.

On a motion duly made and seconded, the Committee adjourned at 4:30 p.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

ACTION ITEM

**Approval of High Cost Support Mechanism
3rd Quarter 2021 Programmatic Budget and
Demand Projection for the April 30, 2021 FCC Filing**

Action Requested:

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2021 (3Q2021) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's April 30, 2021 quarterly filing.

Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

Based on data filed by supported carriers and FCC authorizations, USAC estimates the 3Q2021 funding requirement for the High Cost Support Mechanism as follows:

¹ See 47 C.F.R. § 54.715(c).

² 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>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
Steady State:				
Legacy Funds	\$399.23	(\$3.65)	\$395.58	Includes HCLS, CAF BLS, and Frozen Price Cap and Competitive ETC Support
Modernization Funds	1,093.11	(123.14)	969.97	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, Uniendo a Puerto Rico Fund/Connect USVI Fund, and RDOF. Decrease due to adjusted expectations for how quickly funding will be authorized for RDOF.
Amounts Paid from Reserve	(63.39)	5.63	(57.76)	Disbursements for RBE, Mobility Fund Phase I, and portion of A-CAM I.
Total Steady State	\$1,428.95	(\$121.16)	\$1,307.79	
New Requirements				
Legacy Funds	0.00	0.00	0.00	
Modernization Funds	0.00	0.00	0.00	
Total New Requirements	\$0.00	\$0.00	\$0.00	
Total Program Demand	\$1,428.95	(\$121.16)	\$1,307.79	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(15.12)	10.27	(4.85)	
Billings	(6.85)	(11.40)	(18.25)	
Interest Income	(0.01)	(0.00)	(0.01)	
Bad Debt Expense	(10.79)	(1.79)	(12.58)	
Total Prior Period Adjustments	(\$32.77)	(\$2.92)	(\$35.69)	
USAC Admin Expenses	17.34	(0.12)	17.22	See Table B
Total Funding Requirement	\$1,413.52	(\$124.20)	\$1,289.32	

Based on the projected burn rate, USAC estimates the following 3Q2021 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
Direct Program Costs				
Employee Expenses	\$1.89	\$0.02	\$1.91	
Professional Services	0.74	0.01	0.75	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$2.63	\$0.03	\$2.66	
Direct Assigned Costs				
Employee Expenses	\$0.97	\$0.01	\$0.98	
Professional Services	2.73	0.00	2.73	
General & Administrative	0.00	0.00	0.00	
Total Direct Assigned Costs	\$3.70	\$0.01	\$3.71	
Total Direct Program & Direct Assigned Costs	\$6.33	\$0.04	\$6.37	
Common Allocated Costs	\$11.01	(\$0.16)	\$10.85	
Total Programmatic Budget	\$17.34	(\$0.12)	\$17.22	

A comparison of actual expenditures to the budget for the twelve months ending March 31, 2021 is provided in **Attachment 2**.

Recommendation:

USAC management recommends that the Committee approve the 3Q2021 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 3rd Quarter 2021 High Cost Support Mechanism direct program budget of \$6.37 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.37 million for High Cost Support Mechanism administrative costs in the required April 30, 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 April 26, 2021 the 3rd Quarter 2021 High Cost Support Mechanism demand estimate of \$1,289.32 million, hereby

directs USAC staff to proceed with the required April 30, 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>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) ³	\$95.68	(\$2.97)	\$92.71	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) ⁴	195.86	0.44	196.30	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 ⁵	11.65	0.05	11.70	Price Cap carriers receive support frozen at December 2011 levels. Will be replaced by CAF II and CAF II Auction.
Frozen Competitive ETC Support ⁶	96.04	(1.17)	94.87	Competitive carriers receive support frozen at December 2011 levels. Will be replaced by CAF II Auction and/or Mobility Fund Phase II.
<i>Total Steady State Legacy Funds</i>	<i>\$399.23</i>	<i>(\$3.65)</i>	<i>\$395.58</i>	

³ 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).

⁴ 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*).

⁵ 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*).

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

<i>(in millions)</i>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
Steady State – Modernization Funds:				
CAF Phase II ⁷	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 Intercarrier Compensation (ICC) ⁸	98.99	0.19	99.18	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 ⁹	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) ¹⁰	157.98	0.00	157.98	Model support to Rate of Return carriers for voice and broadband infrastructure.

⁷ 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).

⁸ See *id.* at 17956, para. 847.

⁹ 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).

¹⁰ 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>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
A-CAM II ¹¹	127.64	0.00	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) ¹²	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 ¹³	12.42	(5.63)	6.79	Support to wireless carriers for the expansion of mobile broadband networks in unserved areas.
Uniendo a Puerto Rico Fund/Connect USVI Fund	26.86	0.00	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.
Rural Digital Opportunity Fund	218.30	(117.70)	100.60	Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism. Decrease due to adjusted expectations for how quickly funding will be authorized for new fund.

¹¹ 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*).

¹² 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).

¹³ 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>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
<i>Total Steady State Modernization Funds</i>	<i>\$1,093.11</i>	<i>(\$123.14)</i>	<i>\$969.97</i>	
<i>Amounts Paid from Reserve</i>	<i>(\$63.39)</i>	<i>\$5.63</i>	<i>(\$57.76)</i>	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 March 31, 2021 for reserved funds was approximately \$1.10 billion.
New Requirements – Legacy Funds:				
<i>Total New Requirements Legacy Funds</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	
New Requirements – Modernization Funds:				
<i>Total New Requirements Modernization Funds</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	
Total Program Demand	<i>\$1,428.95</i>	<i>(\$121.16)</i>	<i>\$1,307.79</i>	

ATTACHMENT 2

High Cost Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months Ending March 31, 2021

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	48	52	4	\$1.61	\$1.86	\$0.25
Professional Services (Note 1)				0.40	0.84	0.44
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$2.01	\$2.70	\$0.69
Direct Assigned Costs						
Employee Expenses	17	22	5	\$0.76	\$0.94	\$0.18
Professional Services (Note 1)				1.33	2.71	1.38
General & Administrative				0.00	0.00	0.00
Total Direct Assigned Costs				\$2.09	\$3.65	\$1.56
Total Direct Program & Direct Assigned Costs	65	74	9	\$4.10	\$6.35	\$2.25
Common Allocated Costs (Note 2)				\$9.15	\$10.17	\$1.02
Total Programmatic Budget				\$13.25	\$16.52	\$3.27

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. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



High Cost & Low Income Committee

High Cost Business Update

Open Session

April 26, 2021



Universal Service
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Available For Public Use

Agenda

- Accomplishments
 - Metrics
 - 5G Readiness (CETC Maps and Legacy Reporting)
 - Performance Measures (PMM) Readiness
- Plans for Next Quarter
- Roadmap
- System Update

Accomplishments/Updates

- Operations

- YTD Disbursements (February 2021) - \$419.2M;
- RDOF - Disbursement Readiness for 2nd Quarter 2021
- PR/USVI Stage II – Fixed Disbursement Readiness, 2nd Quarter 2021.
- HC Legacy Funds PIA Advisory project completion – Phase 1

PIA initiative strengthens internal controls based on the outcomes of the IPERA audit. Phase 2, implement or incorporate recommendations

Accomplishments/Updates (Continued)

- Data Collection & Validations
 - Annual HUBB filing deadline completed on March 1st with 99.8% of carriers certified
 - Performance Measures Pre-Testing for ACAM, RBE, and Alaska Plan carriers is underway for Q1 and on target for the April 7th filing deadline
 - FCC Form 481 filing window successfully opened on April 1st

Accomplishments/Updates (Continued)

- CAF Verifications
 - Launched verifications for ACAM/Revised ACAM (40% milestone), CAF II (100% milestone)
 - Concluded practice verification activity for eight A-CAM carriers
 - On-going: CAF II Auction (On-demand Verification), RBE 100% milestone reviews
 - Evaluated proposals in support of selecting a vendor for automation (RPA) of verification processes/activities
 - Expect RPA to be in play by June 2021.
 - Launched Workflow tool for Verifications team
 - Preparing to perform reviews in other funds including Alaska Plan, PR/USVI (LoCs), and RDOF (LoCs)

Accomplishments/Updates (Continued)

- New Orders/Projects Intake
 - On-going: PR/USVI (Mobile) requirements gathering
 - Completed: HCLI Requirements Analysis Phase I
 - In Progress: Development and publishing of CETC Legacy Maps
 - Completed : Legacy Initial Reporting (5G) requirements gathering

Accomplishments/Updates (Continued)

- New Orders 5G Readiness (CETC Maps and 5G Reporting)
 - CETC Maps
 - USAC created coverage maps of wireless CETC carriers to determine eligible coverage areas for 5G program. USAC maps publically available 2nd Quarter 2021.
 - The maps illustrate the service area boundaries and exchanges for each CETC which will be used to disaggregate legacy support .

Accomplishments/Updates (Continued)

- New Orders 5G Readiness (CETC Maps and 5G Reporting)
 - 5G Reporting
 - + \$382 million annual support to CETCs to provide mobile wireless service in their HC program subsidized service areas
 - To prepare for the launch of the 5G Fund, CETCs must file a description explaining how they used the fund to serve their subsidized service area

Accomplishments/Updates (Continued)

- Outreach
 - Completed HUBB outreach and provided customer service support/technical assistance to help carriers navigate/close out annual filing window for submitting 2020 deployment data by March 1, 2021
 - Conducting Performance Measures outreach and providing customer service support/technical assistance to help CAF II Model carriers conduct quarterly speed and latency testing, and help ACAM, RBE and Alaska Plan carriers conduct quarterly pre-testing and report results
 - Conducting verification outreach to help ACAM carriers prepare for reviews of 40 percent 10/1 Mbps deployment milestone in 2021
 - Conducting outreach for ELAP, CETC Legacy Mapping, and CAF Map

Metrics

High Cost

Metric	Q1 2020	Q1 2021	Q2 2020	Q2 2021	Q3 2020	Q3 2021	Q4 2020	Q4 2021
Eligibility:								
3/1 - HUBB Portal Cert.	99.6%	99.8%	N/A	N/A	N/A	N/A	N/A	N/A
7/1 - FCC Form 481/690	N/A	N/A	N/A	N/A	99.7%	N/A	N/A	N/A
10/1 - State Cert.	N/A	N/A	N/A	N/A	N/A	N/A	99.9%	N/A
Verification:								
A-CAM	N/A							
CAF Phase II	5,024	N/A	N/A	N/A	2,113	N/A	2,202	N/A
Rural Broad Band Exp.	3,273	N/A	540	N/A	N/A	N/A	175	N/A
Alaska Plan	N/A	N/A	N/A	N/A	312	N/A	162	N/A
FCC Form 481 IDVs	N/A	N/A	N/A	N/A	N/A	N/A	1,148	N/A

Metrics (Continued)

High Cost

Metric	Q1 2020	Q1 2021	Q2 2020	Q2 2021	Q3 2020	Q3 2021	Q4 2020	Q4 2021
Locations Certified:								
A-CAM	345,193	N/A	N/A	N/A	393,430	N/A	N/A	N/A
A-CAM II	32,546	N/A	N/A	N/A	51,026	N/A	N/A	N/A
CAF Phase II	3,452,745	N/A	N/A	N/A	3,591,667	N/A	N/A	N/A
Rural Broadband Exp.	24,262	N/A	N/A	N/A	28,709	N/A	N/A	N/A
Alaska Plan	29,359	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PR/USVI (Fixed)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Letter of Credit:								
CAF II Auction	189	204	199	N/A	201	N/A	202	N/A
Rural Broadband Exp.	10	15	15	N/A	15	N/A	20	N/A
RDOF	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PR/USVI (Fixed)	N/A	1	N/A	N/A	N/A	N/A	N/A	N/A

Metrics (Continued)

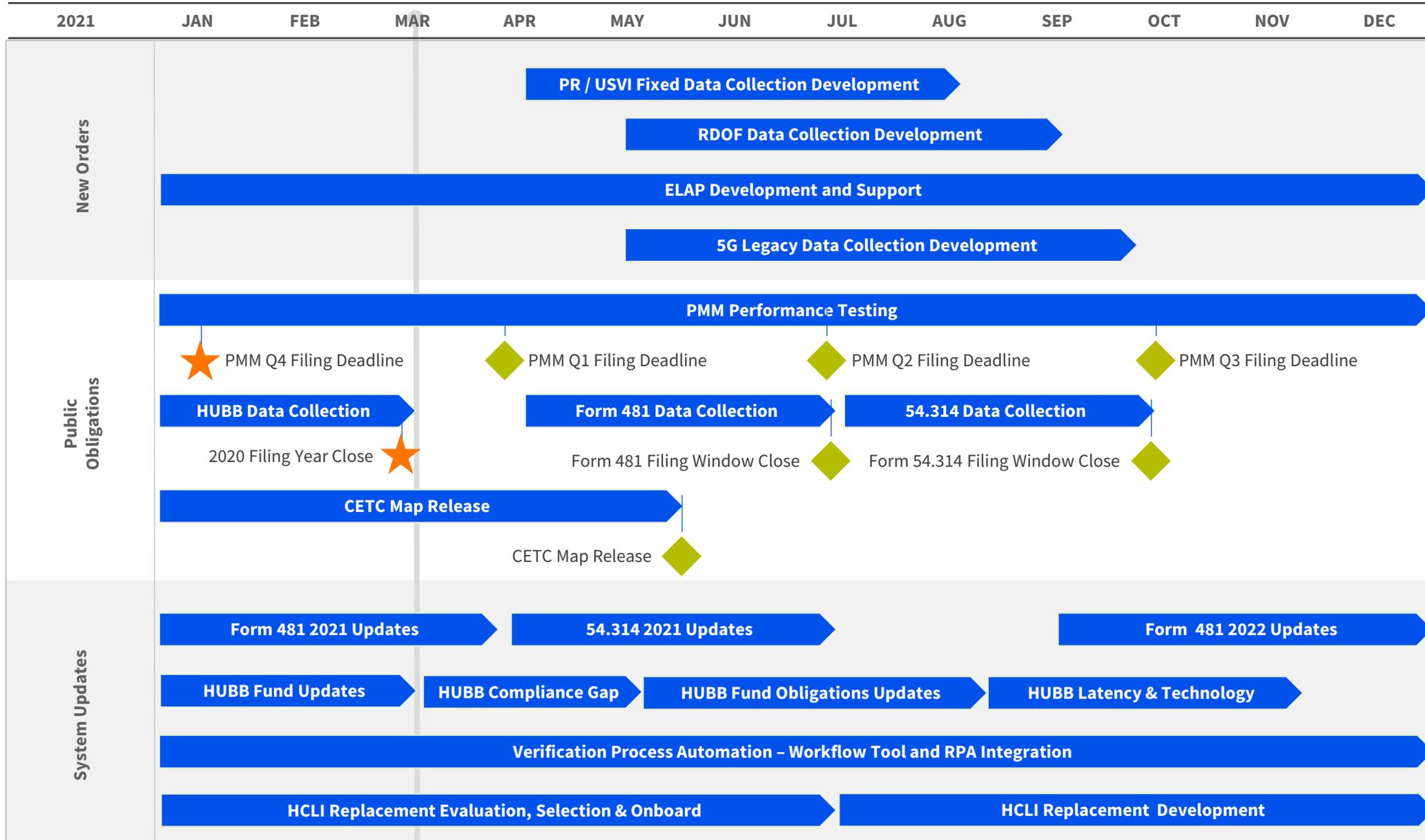
High Cost

Metric	Q1 2020	Q1 2021	Q2 2020	Q2 2021	Q3 2020	Q3 2021	Q4 2020	Q4 2021
Disbursement:								
Legacy	512	-	496	-	520	-	519	-
Modernized Funds	737	-	751	-	759	-	768	-
Appeals:	-	1	-	-	-	-	-	-
Performance Measures Pre-Test								
Sample Size	60.0%	-	58.5%	-	78.2%	-	92.8%	-
Speed Test	97.0%	-	89.7%	-	92.0%	-	93.7%	-
Latency Test	95.2%	-	97.9%	-	98.1%	-	97.8%	-

Plans for Next Quarter

- 3Q 2021
 - Final Outreach activities and Data Collection of FCC Form 481 and Certifications
 - Launch Participant Phase of Eligible Locations Adjustment Process (ELAP)
 - Collect Performance Measures pre-test results for A-CAM/Revised A-CAM, RBE and Alaska Plan carriers for Q2 and compile compliance reports
 - Continue final phase review of approximately 7,000 locations across both CAF II and A-CAM/Revised A-CAM funds

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Systems Update

- Performance Measures
 - Pre-Test Data Collection April 7th for ACAM, RBE and Alaska Plan Carriers
 - Continuing outreach and developing contingency plans for potential large non-compliance results due to low carrier engagement
 - Carrier support assisting carriers with questions as needed
- Form 481
 - Changes for 2021 completed for implementation to support the April 1st opening of the filing window
 - Changes include initial Supply Chain reporting requirements

High Cost IT High Level Project Status

RDOF Disbursements – Deployment Completed. IT completed the deployment of functionality for calculating disbursements for RDOF funds in the HCLI system on 2/4/2021.

Performance Measures Order System Release 1.5 RoR Carriers – Deployment Completed. IT completed the deployment of functionality for RoR carriers to use PMM on 1/28/2021.

Active Projects	Project Status	Target Production Date	Project Updates & Risks
Eligible Locations Adjustment Process (ELAP) Phase 1: Participant functionality Phase 2: Public Map, Stakeholder Registration & Verification	In Progress/ On Track	April 2021	Phase 1 Participant functionality is scheduled for an April release pending Public Notice publication. Development on the Public Map is on-going. USAC Product/FCC working on final requirements for Phase 2 Stakeholder Registration & Verification.
CETC Data Boundary Map A public map of the service area boundaries for Competitive Eligible Telecom Carriers (CETCs) as requested by the FCC	In Progress/ On Track	2nd Quarter 2021	After UAT, FCC provided new data and requested some enhancements. New UAT is scheduled on 3/15/2021 with a release of 3/24/2021.

High Cost IT High Level Project Status

Active Projects	Project Status	Target Production Date	Project Updates & Risks
Rural Digital Opportunity Fund (RDOF) RDOF disbursements and HUBB data collection functionality	In Progress/ On Track	April 2021	Disbursement functionality was released on 2/4/2021. Updated webtools will be released on 4/21/2021. HUBB data collection is on hold waiting on FCC.
Verification Workflow Tool Automate parts of the verification process via a workflow tool	In Progress/ On Track	Complete	Initial workflow tool launched on 3/11/2021.
HUBB Compliance Gap Automate the process in which a SAC can be set into compliance gap and track progress to exit compliance gap	In Progress/ On Track	TBD	IT received the compliance gap requirements and are reviewing them to give an LOE and technical design.

Appendix A: Glossary of Terms

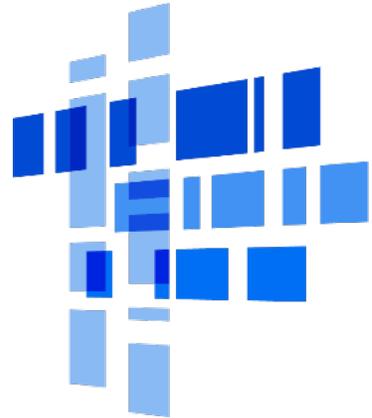
Term	Definition
A-CAM/ RA-CAM	Alternative Connect America Cost Model/(Revised ACAM): A High Cost fund in which rate-of-return carriers elected receive support based on a cost model in exchange for meeting defined broadband build-out obligations
CAF	Connect America Fund. Beginning with the 2011 <i>Universal Service Fund/Connect America Fund Transformation Order</i> , a part of the federal universal service High Cost program designed to expand access to voice and broadband services.
CETC	A “competitive eligible telecommunications carrier” is a carrier that meets the definition of an “eligible telecommunications carrier” under Subpart C Part 54 of the FCC rules.
ELAP	Eligible Locations Adjustment Process: A voluntary challenge process to facilitate post-auction review and potential adjustment of the defined CAF II Auction deployment obligations (and associated support) on a state-by-state basis if the total number of locations funded by the program exceeds the number of actual locations.

Appendix A: Glossary of Terms (Continued)

Term	Definition
HUBB	High Cost Universal Broadband Portal: USAC’s online system for Carriers participating in modernized Connect America Fund (CAF) programs to submit broadband deployment data pursuant to Part 54.316 of the FCC rules.
LoC	Letters of Credit. Pursuant to FCC rules, before being authorized to receive certain modernized high cost support, a winning bidder must obtain an irrevocable standby letter of credit that conforms to FCC rules and requirements
PIA	Program Integrity Assurance
PMM	Performance Measures Module. USAC’s online system for Carriers to submit performance data required by FCC’s Performance Measures Order.

Appendix A: Glossary of Terms (Continued)

Term	Definition
PR/USVI PR/VI	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 two-stage HC fund to provide up to \$20.4 billion over ten years to finance up to gigabit speed broadband networks in unserved rural areas.
RPA	Robotic Process Automation. Technology designed to automate manual repetitive, high-volume tasks performed by employees.



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

ACTION ITEM

**Approval of Low Income Support Mechanism
3rd Quarter 2021 Programmatic Budget and
Demand Projection for the April 30, 2021 FCC Filing**

Action Requested:

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2021 (3Q2021) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's April 30, 2021 quarterly filing.

Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

Based on projected subscribership levels, USAC estimates the 3Q2021 funding requirement for the Low Income Support Mechanism as follows:

¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	2Q2021	Increase/ (Decrease)	3Q2021	Notes
Steady State:				
Lifeline	\$231.98	\$10.44	\$242.42	See Note 1
Link Up	0.04	0.00	0.04	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Demand	\$232.02	\$10.44	\$242.46	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	9.63	23.34	32.97	
Billings	(1.09)	(2.09)	(3.18)	
Bad Debt Expense	(2.11)	(0.31)	(2.42)	
Total Prior Period Adjustments	\$6.43	\$20.94	\$27.37	
USAC Administrative Expenses	16.37	\$0.06	\$16.43	See Table B
Total Funding Requirement	\$254.82	\$31.44	\$286.26	

Note 1: Demand increase due to temporary pause in de-enrollment, annual recertification, and reverification requirements as described in DA 21-229.³

Based on the projected burn rate, USAC estimates the following 3Q2021 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	2Q2021 Budget	Increase/ (Decrease)	3Q2021 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.25	\$0.06	\$2.31	
Professional Services	4.45	(0.01)	4.44	
General & Administrative	0.18	0.12	0.30	See Note 2
Total Direct Program Costs	\$6.88	\$0.17	\$7.05	
Direct Assigned Costs				
Employee Expenses	\$0.60	\$0.01	\$0.61	
Professional Services	1.95	0.00	1.95	
General & Administrative	0.38	0.00	0.38	See Note 2
Total Direct Assigned Costs	\$2.93	\$0.01	\$2.94	
Total Direct Program & Direct Assigned Costs	\$9.81	\$0.18	\$9.99	
Common Allocated Costs	\$6.56	(\$0.12)	\$6.44	
Total Programmatic Budget	\$16.37	\$0.06	\$16.43	

Note 2: General & Administrative expenses include computer support & maintenance,

³ See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, DA 21-229 (2021).

postage, and meetings & conferences.

A comparison of actual expenditures to the budget for the three months ending March 31, 2021 is provided in **Attachment 1**.

Recommendation:

USAC management recommends that the Committee approve the 3Q2021 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 3rd Quarter 2021 Low Income Support Mechanism direct program budget of \$9.99 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$9.99 million for Low Income Support Mechanism administrative costs in the required April 30, 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 April 26, 2021 the 3rd Quarter 2021 Low Income Support Mechanism demand estimate of \$286.26 million, hereby directs USAC staff to proceed with the required April 30, 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
Three months ending March 31, 2021

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	68	72	4	\$1.88	\$2.25	\$0.37
Professional Services (Note 3)				2.41	4.88	2.47
General & Administrative (Note 4)				0.08	0.32	0.24
Total Direct Program Costs				\$4.37	\$7.45	\$3.08
Direct Assigned Costs						
Employee Expenses	14	14	0	\$0.36	\$0.59	\$0.23
Professional Services (Note 3)				1.22	1.93	0.71
General & Administrative (Note 4)				0.53	0.38	(0.15)
Total Direct Assigned Costs				\$2.11	\$2.90	\$0.79
Total Direct Program & Direct Assigned Costs	82	86	4	\$6.48	\$10.35	\$3.87
Common Allocated Costs (Note 5)				\$5.42	\$6.03	\$0.61
Total Programmatic Budget				\$11.90	\$16.38	\$4.48

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. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



High Cost & Low Income Committee

Lifeline Business Update

Open Session

April 26, 2021



Universal Service
Administrative Co.

Agenda

- Recap of Previous Committee Meeting
- Accomplishments
 - Metrics
 - Lifeline National Eligibility Verifier (National Verifier or NV) Updates
- Plans for Next Quarter
- Issues and Mitigation
- Roadmap
- Systems Update

Recap of Previous Committee Meeting

- In our last board meeting, we committed to researching potential challenges and ways to improve the manual eligibility review processes.
- Lifeline is actively working to identify consumer barriers that could limit the success rates for manual review processes, such as document upload requirements and consumer understanding of this requirement.
 - Planned activities include conducting a consumer survey to obtain direct consumer feedback.
- Implemented training and outreach updates during Q1 2021 to include the following:
 - NV consumer videos on how to apply *Online or with a Service Provider*
 - Video on how to use the mapping tool (pin drop) in NV to verify addresses
 - LifelineSupport.org redesign for ease of use
 - Improved consumer outreach letters

Metrics

Lifeline Eligibility and Enrollments

Year-to-Date (YTD) Cumulative Comparison	2021 YTD (Jan. and Feb.)	2020 Comparison (Jan. and Feb.)
National Verifier Applications Created	852,804	1,005,138
Program Eligibility Auto Approved	591,451	618,076
Program Eligibility Auto Pass Rate	69%	61%
Enrollments (Excludes CA, OR, and TX)	303,376	522,988
De-Enrollments (Excludes CA, OR, and TX)	60,056	733,636
Subscribers (Feb Data, Mar. 1 Snapshot)	6,500,660	5,507,120
Opt-Out State Subscribers (Feb Data – CA, OR, and TX)	2,387,183	1,898,121

Note: Subscriber counts include all subscribers in the National Lifeline Accountability Database (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).

Metrics (Continued)

Lifeline Call Center Metrics

Metric	SLA	March Actuals
Average Real-Time Review	6.0 min	5.5 min
Average Speed to Answer (ASA)	30 sec	12 sec
Calls Abandon Rate	3%	1.0%

Appeals of USAC Administrative Decisions

Year	Total Submitted	Percent Resolved
2021	1 (YTD)	100%
2020	21	81%
2019	62	90%

Metrics (Continued)

Submission by Application Method (YTD)

Application Method	2021 YTD % (Jan. to Feb.)
API	89.05%
Consumer Portal	7.28%
Service Provider Portal	3.02%
Mail	0.63%
USAC Agent Assisted/Created (by Phone)	0.02%

Lifeline Program Trends

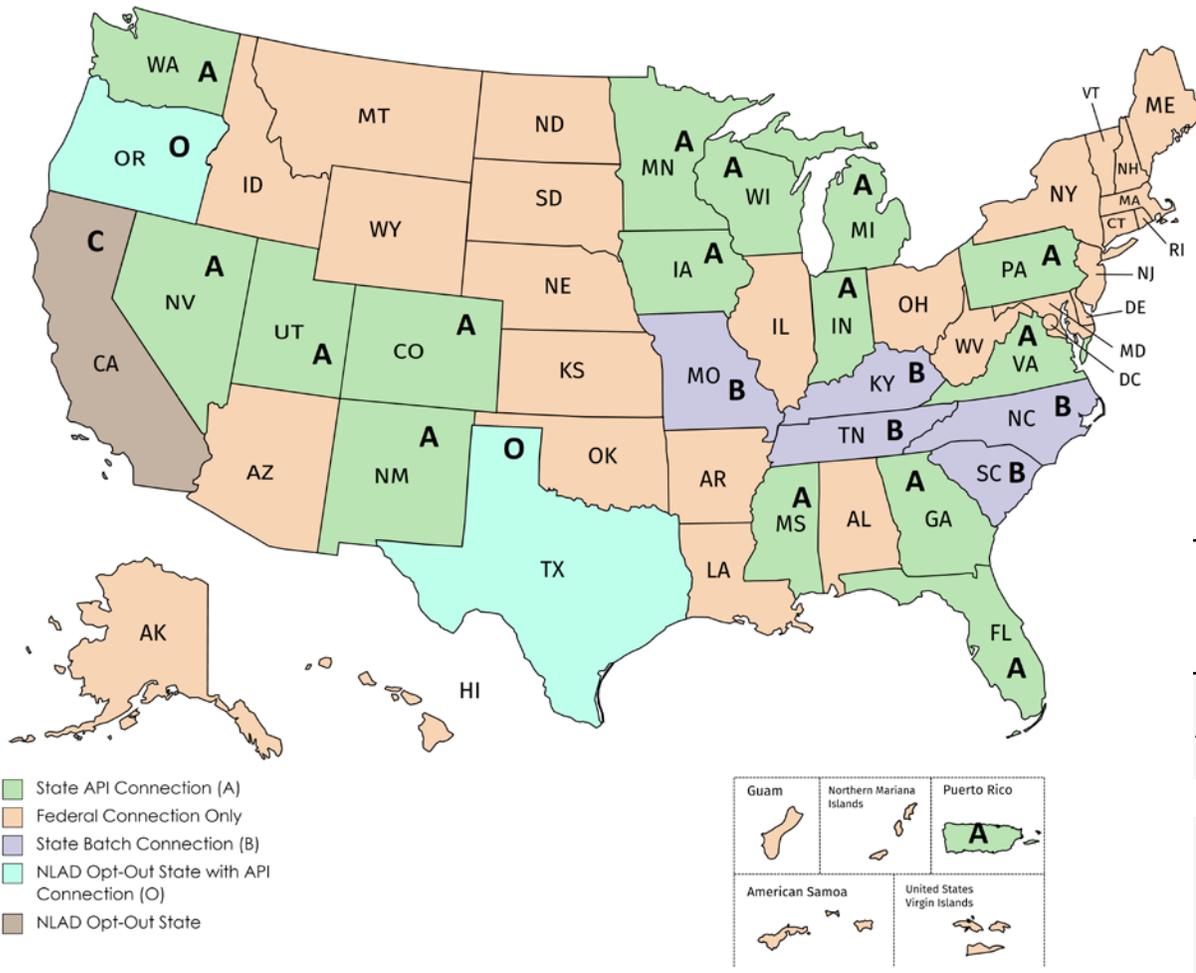
Data Month	NLAD Subscribers	Sub Change %	Disbursed
Feb. 2021 (snapshot on Mar. 1)	8,887,843	1.84%	\$ 109,239,255
Jan. 2021 (snapshot on Feb. 1)	8,726,868	2.13%	\$ 57,100,374
Dec. 2020 (snapshot on Jan. 1)	8,544,528	1.77%	\$ 81,126,257
Nov. 2020 (snapshot on Dec. 1)	8,396,248	2.00%	\$ 78,498,066
Oct. 2020 (snapshot on Nov. 1)	8,231,607	2.16%	\$ 77,370,507
Sept. 2020 (snapshot on Oct. 1)	8,057,316	1.98%	\$ 76,151,689
Aug. 2020 (snapshot on Sep. 1)	7,900,914	2.09%	\$ 76,387,591
July 2020 (snapshot on Aug. 1)	7,738,951	1.82%	\$ 72,358,735
June 2020 (snapshot on Jul. 1)	7,600,951	2.36%	\$ 67,969,622
May 2020 (snapshot on Jun. 1)	7,425,625	3.04%	\$ 70,849,819
April 2020 (snapshot on May. 1)	7,206,548	2.40%	\$ 67,143,871
March 2020 (snapshot on Apr. 1)	7,037,973	-	\$ 68,072,062

Subscribership moderately increased during the time period in which FCC waivers temporarily suspended involuntary de-enrollments. 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.

***Note:** 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).

Lifeline NV Updates

- MN connection was enabled on March 2, 2021.
- The NV now has access to 23 existing state/territory connections, which includes automated connections in TX and OR that benefit the NV. The NV also has nationwide connections for the Centers for Medicare and Medicaid Services (CMS) and the United States Department of Housing and Urban Development (HUD).
- 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	February 2021 Subscriber Count
API	CO, FL, GA, IA, IN, MI, MN, MS, NM, NV, PA, PR, UT, VA, WA, WI	2,990,143
Batch	KY, MO, NC, SC, TN	714,847
Federal Only	AK, AL, AR, AS, AZ, CA, CT, DC, DE, GU, HI, ID, IL, KS, LA, MA, MD, ME, MP, MT, ND, NE, NH, NJ, NY, OH, OK, RI, SD, VI, VT, WV, WY	2,795,670
NLAD Opt-Out	CA, OR, TX	2,387,183

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

Available For Public Use

Lifeline NV Updates (Continued)

- **New State Connection – MN**
 - Enabled connection on March 2, 2021. The current automated eligibility pass rate is 70 percent.
- **CMA Renewals In Progress**
 - *CMA re-establishments* for MO, NC, PA, and TN on track for renewal.
 - *CMA renewals* for SC, VA, and WA extensions on track.

Plans for Next Quarter

COVID-19 Waiver Extension released on February 24, 2021.

- The FCC has extended the previous waivers, including those governing documentation requirements for subscribers residing in rural areas on Tribal lands, recertification, reverification, and income documentation through June 30, 2021. The existing waiver for non-usage de-enrollments has been extended through May 1, 2021.
- USAC could expect to see a significant number of de-enrollments (1M+) related to non-usage starting in May, which could lower the number of subscribers and disbursements for subsequent months in 2021.

Plans for Next Quarter

- During the COVID-19 waiver period, new enrollments have held steady compared to previous months
 - During the time that the FCC COVID-19 waivers have been in effect from March 17, 2020 through June 30, 2021, we have seen a net increase in Lifeline subscribership from 7 million in late March 2020 to over 8 million during Q1 2021.
 - We expect these subscriber level increases to at least continue through June 30, 2021 for the waiver period.
 - Increases in Lifeline subscriptions could also be attributable to the pandemic in general, resulting in greater demand for the Lifeline program.
 - In addition, USAC and the FCC continue outreach to promote awareness of the Lifeline program to ensure that eligible consumers have the tools and information they need to apply for and maintain their Lifeline benefit.

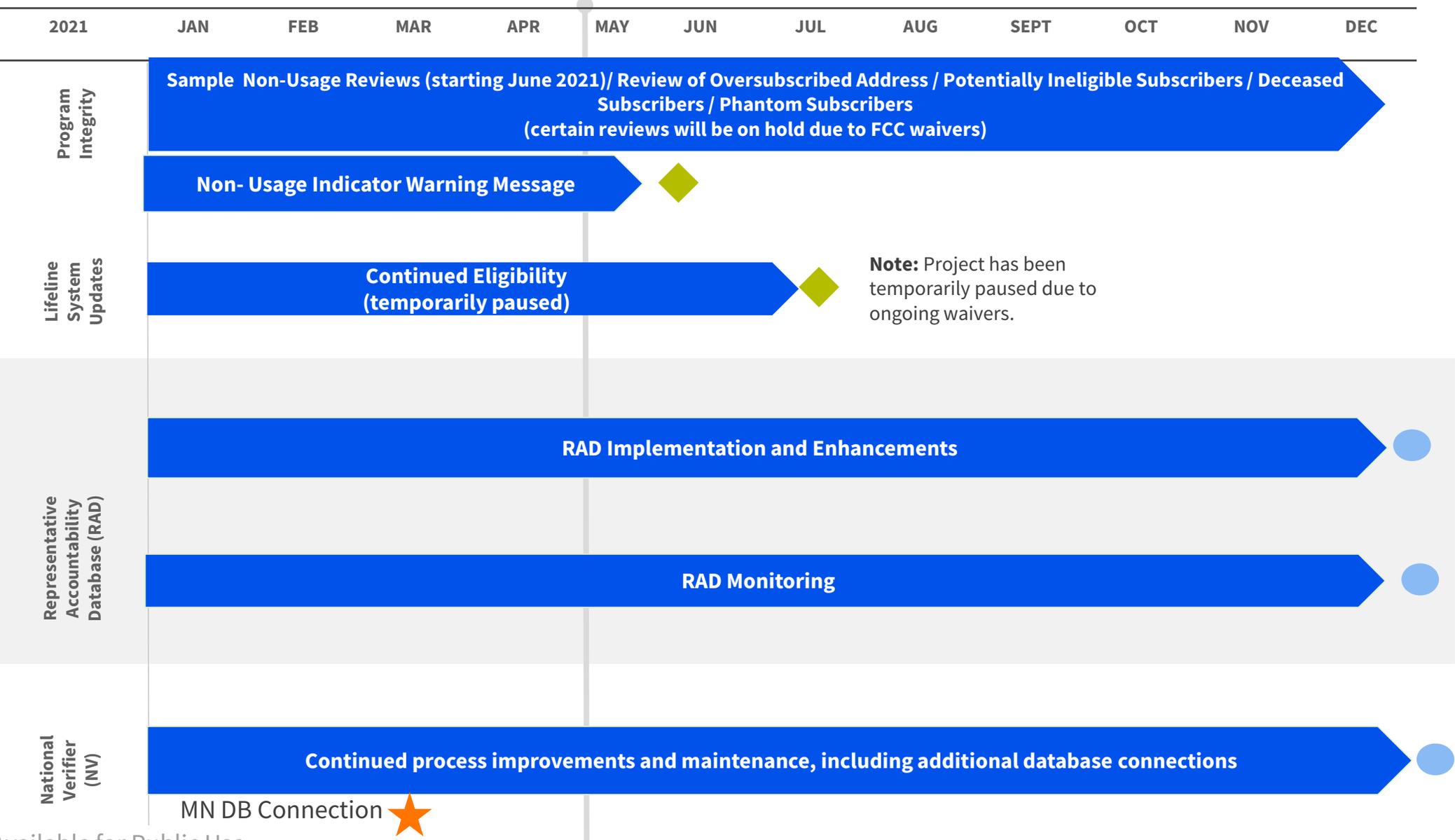
Plans for Next Quarter (Continued)

- USAC will continue to monitor suspicious activities in NV. The Program Integrity team shares a Representative Accountability Database (RAD) lockout report with the FCC on a monthly basis.
- Continue regular communications via monthly newsletter and webinar, including tips to stay in compliance.
 - Host quarterly Tribal webinars and newsletter for state and federal partners, which began in Q1 2021.
 - Continuing the redesign of Lifeline's consumer-facing website (LifelineSupport.org) to streamline content to improve ease of understanding.
- Support the FCC with any action item related to the State of the Lifeline Marketplace report that is scheduled to be published on June 30, 2021.

Issues and Mitigation

- Improper payment risk related to non-usage: USAC has developed a system warning message within the Lifeline Claims System (LCS) that will be triggered when an eligible telecommunications carrier (ETC) (who is subject to non-usage) claims an unusually high percentage of subscribers, which may indicate that the ETC is claiming subscribers that are in their non-usage cure period or who should otherwise be de-enrolled. This enhancement will be released following the expiration of the waiver pertaining to non-usage.
- The Lifeline program Integrity team has finalized a process for conducting targeted reviews of ETC's compliance with non-usage rules.
 - Both mitigations will be implemented after the COVID-19 waiver for non-usage lift on May 1, 2021.

Roadmap



Milestone Legend

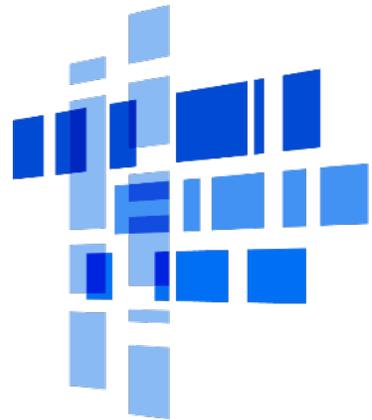
-  At Risk
-  On Track
-  Completed
-  Ongoing

Appendix A: Glossary of Terms

Term	Definition
CMA	Computer Matching Agreement: A written agreement between the source agency and the recipient agency (or non-federal agency) specifying the terms of the matching program.
CMS	Centers for Medicare and Medicaid Services
HUD	Housing and Urban Development
ETC	Eligible Telecommunications Carrier
LCS	Lifeline Claims System: The online filing system that service providers use to receive reimbursement for offering Lifeline-supported services to eligible consumers.

Appendix A: Glossary of Terms

Term	Definition
NLAD	National Lifeline Accountability Database: Allows service providers to check on a real-time, nationwide basis whether a consumer is already receiving a Lifeline program-supported service.
NV	National Verifier: The Lifeline National Eligibility Verifier determines whether consumers are eligible for Lifeline.
RAD	Representative Accountability Database: A registration system that validates the identities of service provider representatives performing transactions in the National Lifeline Accountability Database and the National Verifier.
SLA	Service Level Agreement: Defines the level of service expected by a customer from a supplier, laying out the metrics by which that service is measured, and the remedies or penalties, if any, should the agreed-on service levels not be achieved.



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