



High Cost & Low Income Committee

Briefing Book

Monday, April 25, 2022

1:15 p.m. – 3:10 p.m. Eastern Time

Available for Public Use

USAC Offices

700 12th Street NW, Suite 900

Washington, D.C. 20005

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

<p>Monday, April 25, 2022 1:15 p.m. – 3:10 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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HIGH COST OPEN SESSION		<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each available for discussion upon request):</p> <p style="padding-left: 20px;">A. Approval of High Cost & Low Income Committee Meeting Minutes of January 24 and February 22, 2022.</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p>	5
Vic	<p>a2. Approval of High Cost Support Mechanism 3rd Quarter 2022 Programmatic Budget and Demand Projection for the May 2, 2022 FCC Filing</p>	5
Teleshia	<p>i1. Information on Two USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i></p>	–
Vic	<p>i2. High Cost Business Update:</p> <ul style="list-style-type: none"> • Accomplishments • Upcoming ELAP and PMM Milestones for Q2 and Q3 • Upcoming Plans • Roadmap • Systems Update • Appendix: Metrics 	25

LOW INCOME OPEN SESSION		<i>Estimated Duration in Minutes</i>
Pam	<p>a3. Approval of Low Income Support Mechanism 3rd Quarter 2022 Programmatic Budget and Demand Projection for the May 2, 2022 FCC Filing</p>	5

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Teleshia	i3. Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report <i>(For Information Only)</i>	–
Pam	i4. Low Income (Lifeline) Business Update <ul style="list-style-type: none"> • Accomplishments <ul style="list-style-type: none"> ○ National Verifier Highlights • Plans for Next Quarter • Roadmap • Appendix: Metrics 	25

LOW INCOME EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Pam	i5. Low Income (Lifeline) Business Update <i>(Continued)</i> <ul style="list-style-type: none"> • Call Center Metrics 	5
Chris	a4. Consideration of a Contract Modification for Third Party Identification and Verification (TPIV) Services for Lifeline Program	5

HIGH COST EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Vic Teleshia	i6. High Cost Business Update <i>(Continued)</i> <ul style="list-style-type: none"> • Update on Rural Broadband Accountability Plan (RBAP) • Call Center Metrics 	20
Chair	i7. <i>Executive Session</i> Discussion with the High Cost and Low Income Committee/Board	10

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, July 25, 2022 USAC Offices, Washington, D.C.

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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 24 and February 22, 2022 (*see Attachments A-1 and A-2*).

- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i5** – Low Income (Lifeline) Business Update (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (2) **a4** – Consideration of a Contract Modification for Third Party Identification and Verification (TPIV) Services for Lifeline Program. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.
 - (3) **i6** – High Cost Business Update (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (4) **i7** – *Executive Session* Discussion with the High Cost & Low Income Committee/Board (*if needed*). USAC management recommends this item be discussed in *Executive Session* because it relates to the Committee's

oversight responsibilities and may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.

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 24 and February 22, 2022; and (2) discussion in *Executive Session* of the items noted above.

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, January 24, 2022

(DRAFT) MINUTES¹

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, January 24, 2022. A virtual meeting platform was available to the general public for *Open Session* to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Ms. Olivia Wein, Committee Vice Chair, chaired the meeting on behalf Mr. Ken Mason, Committee Chair, who was not able to attend the meeting in-person. Ms. Wein called the meeting to order at 12:47 p.m. Eastern Time, with a quorum of ten of 11 Committee members present:

Chalk, Indra – *by telephone*

Freeman, Sarah

Gillan, Joe

Jacobs, Ellis – *by telephone*

Mason, Ken – Chair – *by telephone*

Polk, Stephanie – *by telephone*

Sekar, Radha – Chief Executive Officer

Skrivan, Michael – *by telephone*

Waller, Jeff – *by telephone*

Wein, Olivia – Vice Chair

Members of the Committee not present:

Feiss, Geoff

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer

Butler, Stephen – Vice President of Shared Services

Choroser, Beth – Member of the Board – *by telephone*

Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*

Gaither, Victor – Vice President of High Cost – *by telephone*

Garber, Michelle – Vice President of Finance and Chief Financial Officer – *by telephone*

Gregory, Amber – Member of the Board – *by telephone*

Hughet, Pamela – Vice President of Lifeline

Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*

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 – *by telephone*
Wade, Dr. Joan – Member of the Board – *by telephone*
Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steven – <i>by telephone</i>	Kelley Drye & Warren LLP
Boakye-Gyan, Carol – <i>by telephone</i>	USAC
Nuzzo, Patsy	USAC
Pace, Regina – <i>by telephone</i>	USAC
Phillippi, Megan	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Tiwari, Tanya	USAC
Williams, Erin	USAC

HIGH COST OPEN SESSION

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

- a1. **Consent Items.** Ms. Wein presented this item to the Committee:
- A. Approval of High Cost & Low Income Committee Meeting Minutes of October 25 and December 2, 2021.
 - B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i5** – Low Income (Lifeline) Business Update (*Continued*). USAC management recommended 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) **a5** – Approval of Low Income Support Mechanism 2022 Annual Programmatic Budget. USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (3) **i6** – High Cost Business Update (*Continued*). USAC management recommended 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.

- (4) **a6** – Approval of High Cost Support Mechanism 2022 Annual Programmatic Budget. USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (5) **i7** – *Executive Session* Discussion with the High Cost and Low Income Committee/Board. USAC management recommended that this item be discussed in *Executive Session* because it relates to the Committee’s oversight responsibilities and may involve discussion of *specific internal controls or confidential company data* or *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in *Open Session* would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.

On a motion duly made and seconded, and after discussion, the Committee adopted 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 October 25 and December 2, 2021; and (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Ms. Wein introduced Ms. Freeman. As a member of the Nominating Committee, Ms. Freeman 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 High Cost and Low Income 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 2022 Programmatic Budget and Demand Projection for the January 31, 2022 Federal Communications Commission (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 2022 programmatic budget and demand projection for the January 31, 2022 FCC filing.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a 2nd Quarter 2022 High Cost Support Mechanism program budget of \$6.34 million; and

RESOLVED FURTHER, that the USAC High Cost and Low Income Committee directs USAC staff to submit a collection requirement of \$6.34 million for High Cost Support Mechanism administrative costs in the required January 31, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost and Low Income Committee, having reviewed at its meeting on January 24, 2022 the 2nd Quarter 2022 High Cost Support Mechanism demand estimate of \$881.36 million, hereby directs USAC staff to proceed with the required January 31, 2022 filing to the Federal Communications Commission 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 One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report.** This item was provided for *information purposes* only. Ms. Wein noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.
- i2. High Cost Business Update.** Mr. Gaither presented PowerPoint slides to the Committee covering the following items:
 - 2021 Accomplishments
 - Verifications
 - Performance Measures
 - Plans for Next Quarter
 - Roadmap

LIFELINE OPEN SESSION

- a3. Approval of Low Income Support Mechanism 2nd Quarter 2022 Programmatic Budget and Demand Projection for the January 31, 2022 FCC Filing.** Ms. Hughet 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 2022 programmatic budget and demand projection for the January 31, 2022 FCC filing.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a 2nd Quarter 2022 Low Income Support Mechanism direct program budget of \$10.62 million; and

RESOLVED FURTHER, that the USAC High Cost and Low Income Committee directs USAC staff to submit a collection requirement of \$10.62 million for Low Income Support Mechanism administrative costs in the required January 31, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost and Low Income Committee, having reviewed at its meeting on January 24, 2022 the 2nd Quarter 2022 Low Income Support Mechanism demand estimate of \$220.47 million, hereby directs USAC staff to proceed with the required January 31, 2022 filing to the Federal Communications Commission 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 Seven USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports. This item was provided for *information purposes* only. Ms. Wein noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.

i4. Lifeline Business Update. Ms. Hughet presented PowerPoint slides to the Committee covering the following items:

- Program Highlights
- National Verifier Highlights
- Metrics
- Roadmap

At 1:24 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

LOW INCOME EXECUTIVE SESSION

- i5. **Lifeline Business Update (*Continued*).** Ms. Hughet and Ms. Delmar presented this item to the Committee for discussion. The presentation included information on opt-out states and an update on Lifeline forensic and holding company audits.
- a5. **Approval of Low Income Support Mechanism 2022 Annual Programmatic Budget.** Ms. Hughet presented this item to the Committee for consideration. The presentation included a written report on the Low Income Support Mechanism annual programmatic budget.

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

RESOLVED, that the High Cost and Low Income Committee approves a 2022 annual programmatic budget for the Low Income Support Mechanism of \$40.50 million.

HIGH COST EXECUTIVE SESSION

- i6. **High Cost Business Update (*Continued*).** Mr. Gaither presented PowerPoint slides to the Committee covering the following items:
- CAF II Model Achievements
 - Verification Procedures to Evaluate Deployment
 - CAF II Model Verifications Summary
 - Observations
 - Planning for 2022
- a6. **Approval of High Cost Support Mechanism 2022 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, the Committee adopted the following resolution:

RESOLVED, that the High Cost and Low Income Committee approves a 2022 annual programmatic budget for the High Cost Support Mechanism of \$25.07 million.

- i7. ***Executive Session Discussion with the High Cost and Low Income Committee and Board.*** The Committee determined that a confidential *Executive Session* for members of the High Cost and Low Income Committee and the Board was not needed.

OPEN SESSION

At 2:01 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Wein reported that in *Executive Session*, the Committee discussed items i5 and i6 and took action on items a5 and a6.

On a motion duly made and seconded, the Committee adjourned at 2:02 p.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Tuesday, February 22, 2022

(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 Tuesday, February 22, 2022. At the requested of Ken Mason, Committee Chair, Joe Gillan, Board Chair, chaired the meeting. The meeting was called to order at 2:01 p.m. Eastern Time, with a quorum of 9 of the 11 Committee members present:

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

Stephanie Polk joined the meeting at 2:13 p.m. Eastern Time. She did not take action on or participate in the discussion of item a1.

Member of the Committee not present:

Chalk, Indra

Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Buzacott, Alan – Member of the Board
Choroser, Beth – Member of the Board
Domenech, Dr. Dan – Member of the Board
Fontana, Brent – Member of the Board
Gregory, Amber – Member of the Board
Hughet, Pamela – Vice President of Lifeline
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Schell, Julie Tritt – Member of the Board
Wibberly, Dr. Kathy – Member of the Board
Williams, Erin – Acting Vice President and General Counsel; and Assistant Secretary

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.

Others present by telephone:

<u>NAME</u>	<u>COMPANY</u>
Faunce, Donna	USAC
Nuzzo, Patsy	USAC
Pace, Regina	USAC
Phillippi, Megan	USAC
Theobald, Fred	USAC
Tiwari, Tanya	USAC

OPEN SESSION

- a1. **Consideration to Exercise Option Year for Third Party Identification and Verification Services for the Lifeline Program and the Affordable Connectivity 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 & Low Income Committee approves discussion of this item in *Executive Session*.

At 2:01 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

- a1. **Consideration to Exercise Option Year for Third Party Identification and Verification Services for the Lifeline Program and the Affordable Connectivity Program.** 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 option period of the contract with Transunion Public Sector for the performance of third party identification verification services to support the Lifeline Program.

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

RESOLVED, that the High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the first one-year option period of its contract with Transunion Public Sector for third party identification verification services for applicant data provided to USAC via the National Lifeline

Accountability Database to support the Lifeline Program, using Universal Service Fund funds (Task 1). The one-year option period will have an amount not-to-exceed \$340,000.00 (plus applicable taxes), using Universal Service Funds, to support the Lifeline Program.

OPEN SESSION

At 2:25 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 2:26 p.m. Eastern Time.

/s/ Erin Williams

Assistant Secretary

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

ACTION ITEM

**Approval of High Cost Support Mechanism
3rd Quarter 2022 Programmatic Budget and
Demand Projection for the May 2, 2022 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 2022 (3Q2022) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 2, 2022 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 3Q2022 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>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
Steady State:				
Legacy Funds	\$421.83	\$18.07	\$439.90	Includes HCLS, CAF BLS, and Frozen Price Cap and Competitive ETC Support. Increase driven by CAF BLS.
Modernization Funds	634.04	20.03	654.07	Includes CAF Phase II Auction, CAF Phase II (ACS only), 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. Increase driven by RDOF.
Amounts Paid from Reserve	(56.25)	0.20	(56.05)	Disbursements for RBE, Mobility Fund Phase I, and portion of A-CAM I.
Total Steady State	\$999.62	\$38.30	\$1,037.92	
New Requirements				
Legacy Funds	0.00	0.0	0.00	
Modernization Funds	0.00	0.0	0.00	
Total New Requirements	\$0.00	\$0.00	\$0.00	
Total Program Demand	\$999.62	\$38.30	\$1,037.92	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(77.65)	28.28	(49.37)	
Billings	(49.19)	44.59	(4.60)	
Interest Income	(0.02)	(0.01)	(0.03)	
Bad Debt Expense	(7.87)	(0.67)	(8.54)	
Total Prior Period Adjustments	(\$134.73)	\$72.19	(\$62.54)	
USAC Administrative Expenses	\$15.25	\$1.88	\$17.13	See Table B
Total Funding Requirement	\$880.14	\$112.37	\$992.51	

Based on the projected burn rate, USAC estimates the following 3Q2022 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
Direct Program Costs				
Employee Expenses	\$1.77	\$0.02	\$1.79	
Professional Services	0.73	0.00	0.73	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$2.50	\$0.02	\$2.52	
Direct Assigned Costs				
Employee Expenses	\$0.88	\$0.02	\$0.90	
Professional Services	2.82	(0.05)	2.77	
General & Administrative	0.14	(0.01)	0.13	Note 1
Total Direct Assigned Costs	\$3.84	(\$0.04)	\$3.80	
Total Direct Program & Direct Assigned Costs	\$6.34	(\$0.02)	\$6.32	
Common Allocated Costs	\$8.91	\$1.90	\$10.81	
Total Programmatic Budget	\$15.25	\$1.88	\$17.13	

Note 1: General & Administrative includes direct assigned software licensing costs.

A comparison of actual expenditures to the budget for the three months ending March 31, 2022 is provided in **Attachment 2**.

Recommendation

USAC management recommends that the Committee approve the 3Q2022 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 2022 High Cost Support Mechanism program budget of \$6.32 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.32 million for High Cost Support Mechanism administrative costs in the required May 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 25, 2022 the 3rd Quarter 2022 High Cost Support Mechanism demand estimate of \$992.51 million, hereby directs USAC staff to proceed with the required May 2, 2022 filing to the Federal Communications Commission 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>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) ³	\$86.42	(\$0.06)	\$86.36	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	\$232.76	19.60	\$252.36	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	10.76	(1.47)	9.29	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	91.89	0.00	91.89	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>\$421.83</i>	<i>\$18.07</i>	<i>\$439.90</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>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
Steady State – Modernization Funds:				
CAF Phase II ⁷	4.92	0.00	4.92	Support to Price Cap carriers based on Connect America Cost Model (CACM) ends its 7th year support in December 2021 for all its recipients except for Alaska Communications Systems (ACS). Per Order, FCC 16-143, ACS will continue to receive CAF Phase II frozen support until 2025.
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	92.07	0.01	92.08	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 in Alaska.
Alternative Connect America Cost Model I (A-CAM) ¹⁰	156.61	0.00	156.61	Model support to Rate of Return carriers for voice and broadband infrastructure.

⁷ See *Connect America Fund*, WC-Docket Nos. 10-90, Report and Order, 31 FCC Rcd 12086 (2016)

⁸ See *USF/ICC Transformation Order*, 26 FCC Rcd 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

<i>(in millions)</i>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
A-CAM II ¹¹	126.58	0.33	126.91	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	(0.20)	0.52	Support to RBE winners in Price Cap areas for experiments for robust broadband infrastructure in rural communities.
Mobility Fund Phase I ¹³	6.78	0.00	6.78	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	148.72	19.89	168.61	Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism.

Reconsideration, and Notice of Proposed Rulemaking, 33 FCC Rcd 2990, 3020-21, para. 68 (2018), 83 Fed. Reg. 18951 (May 1, 2018); *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).

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*, 33 FCC Rcd 11893, 11903, 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>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
<i>Total Steady State Modernization Funds</i>	<i>\$634.04</i>	<i>\$20.03</i>	<i>\$654.07</i>	
<i>Amounts Paid from Reserve</i>	<i>(\$56.25)</i>	<i>\$0.20</i>	<i>(\$56.05)</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 December 31, 2021 for reserved funds was approximately \$869.10 million.
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	\$999.62	\$38.30	\$1,037.92	

ATTACHMENT 2

High Cost Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months Ending March 31, 2022

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	45	50	5	\$1.58	\$1.75	\$0.17
Professional Services (Note 2)				0.20	0.58	0.38
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$1.78	\$2.33	\$0.55
Direct Assigned Costs						
Employee Expenses	15	20	5	\$0.67	\$0.87	\$0.20
Professional Services (Note 2)				2.22	2.77	0.55
General & Administrative				0.03	0.01	(0.02)
Total Direct Assigned Costs				\$2.92	\$3.65	\$0.73
Total Direct Program & Direct Assigned Costs	60	70	10	\$4.70	\$5.98	\$1.28
Common Allocated Costs (Note 3)				\$9.04	\$8.46	(\$0.58)
Total Programmatic Budget				\$13.74	\$14.44	\$0.70

Note 2: Direct Program Professional Services include support for program modernization orders, 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 3: 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 Meeting

High Cost Business Update

Open Session

April 25, 2022



Universal Service
Administrative Co.

Available for Public Use

Agenda

- Accomplishments
- Upcoming ELAP and PMM Milestones for Q2 and Q3
- Upcoming Plans
- Roadmap
- Systems Update
- Appendix: Metrics

Accomplishments

- Operations
 - Disbursed \$5.1B in 2021
 - Collected annual Certifications \$54.316/HUBB. 100.0% Certified.
- Verifications
 - Performed Letter of Credit (LoC) based verifications for over a dozen RBE & CAF II Auction carriers & ensured prompt USAC response for LoC reductions and removals
 - Reviewed Q4 Performance Measure results and promptly summarized and shared results with the FCC to support the withholding and restoring of HC support
 - Initiated resource planning for the FCC's newly announced Rural Broadband Accountability Plan
 - Prepared sampling plans and templates in support of milestone verifications in A-CAM/R-ACAM (50%) and the Alaska Plan (five-year milestone)

Accomplishments (Continued)

- Product and Intake implementations
 - HUBB – Established the RDOF fund and initiated data collection of 2021 deployed locations for eligible carriers
 - HUBB – Implemented functionality to allow Alaska Plan carriers to certify to their 5-Year interim milestone
 - FCC Form 481 – Completed updates to the Form 481 system to reflect changes for the 2022 filing window
 - CAF Map – Assumed the lead for updating the CAF Map beginning with the 2022 update to reflect new funds and improve the usability of the map
 - Continued to enhance the High Cost Verification System (HCVS) to automate the verification workflow

Performance Measures and Eligible Locations Adjustment Process (ELAP)

- Performance Measures (PMM)
 - Closed out the Q4 data submission of carriers' pre-testing data
 - Transitioned support for the performance measures compliance reporting to the HC Verifications team
 - Launched pre-testing for A-CAM II, CAF II Auction and CAF-BLS carriers, enabling the functionality in PMM
 - Conducted outreach including a webinar and providing carrier support
 - Developed functionality to allow CAF-BLS carriers with no locations reported in HUBB to obtain subscriber samples and begin the performance measures pre-testing in 2022

Performance Measures and Eligible Locations Adjustment Process (ELAP) (Continued)

- ELAP
 - Continued development of the Protective Order and Stakeholder Challenge functions for ELAP
 - Finalized approach for delivering the Stakeholder Map functionality utilizing Tableau
 - Began developing requirements for the Participant Response function

Performance Measures Upcoming Quarterly Milestones

Date	Fund(s)	Milestone
April 7, 2022	A-CAM II, CAF II Auction, CAF-BLS ACAM, RBE, Alaska (Optional)	Q1 Pre-Test Data Filing Deadline Q1 Test Data Optional Filing
July 1, 2022	CAF Phase II CAF II Auction	Final 2021 Test Data Filing Deadline Satellite Carrier MOS Filing Deadline
July 7, 2022	A-CAM II, CAF II Auction, CAF-BLS ACAM, RBE, Alaska (Optional)	Q2 Pre-Test Data Filing Deadline Q2 Test Data Optional Filing
October 7, 2022	A-CAM II, CAF II Auction, CAF-BLS A-CAM, RBE, Alaska (Optional)	Q3 Pre-Test Data Filing Deadline Q3 Test Data Optional Filing
January 7, 2023	A-CAM II, CAF II Auction, CAF-BLS A-CAM, RBE, Alaska (Optional)	Q4 Pre-Test Data Filing Deadline Q4 Test Data Optional Filing

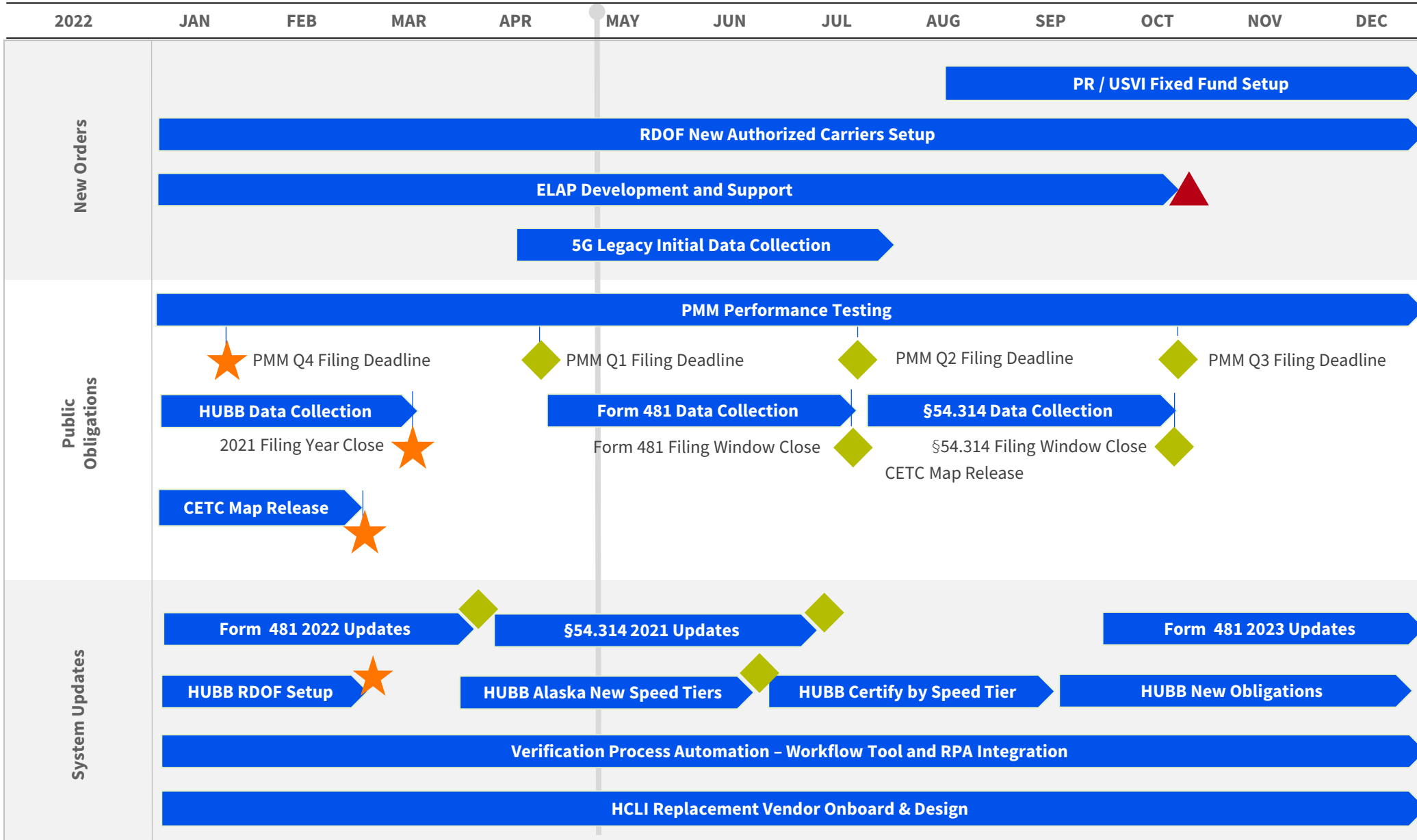
Note 1 – Quarter data submissions due 7 days after the end of the calendar quarter

Note 2 – At the end of 2022 the samples for carriers in A-CAM, RBE, Alaska and ACS will expire and be replaced

Upcoming Plans

- Complete verification sampling plans & launch verifications in support of the Alaska Plan, A-CAM/Revised A-CAM, CAF II Auction, RDOF, and BLS
- Perform PMM compliance reviews including justification for subscriber replacements
- Open the §54.314 Filing Period
- Begin the ELAP Participant Response Process for CAF II Auction Fund
- Update CAF Map with 2021 HUBB Filing Data
- Close the 5G Legacy Initial Filing Period
- Close the FCC Form 481 Filing Period
- Evaluate effectiveness of efforts to reduce carrier PMM technical filing and reporting issues

Roadmap



Milestone Legend

- ▲ At Risk
- ◆ On Track
- ★ Completed

Systems Update

- Performance Measures
 - Collect CAF II Model carriers 2021 test results and calculate annual compliance.
 - Collect initial MOS (Mean Opinion Score) calculations for applicable CAF II Auction carriers.
- ELAP
 - Implementation of the Protective Order and Stakeholder Challenge functionality.
 - Continue work on the Participant Response functionality.
- 5G Initial Legacy Data Collection
 - Collect the 5G Legacy Initial carrier data filing.
- HUBB
 - Implement new speed tiers and obligations for Alaska Plan carriers.
 - Continue implementing new RDOF carriers.
 - Begin work to set up PR and USVI funds.

High Cost IT Recent Releases

- **CETC Data Boundary Map:** Released on December 2, 2021
- **HUBB CAF BLS Special Exception:** Released on December 16, 2021
- **ELAP:** Public Participant Map was released on December 21, 2021
- **RDOF:** HUBB data collection functionality released on February 10, 2022
- **Alaska Plan 5th Year Milestone:** HUBB certification functionality released on February 10, 2022

High Cost IT High Level Project Status

Active Projects	Project Status	Target Production Date	Project Updates and Risks
5G 5G Mobile Legacy High-Cost Support Initial Report	On Hold	March 2022	Form has been deployed; awaiting FCC approval to open the filing window
Form 481 Annual 2022 updates	In Progress/ On Track	March 2022	In development
ELAP Phase 3: Protective Order and Stakeholder Challenge	At Risk/ Off Track	April 2022	Due to multiple issues, the April 1 go-live date will be missed; working with the FCC to develop new process and timelines
PMM High Latency	In Progress/ On Track	April 2022	In development
CAF Map 2022 Updates and RDOF	In Progress/ On Track	May 2022	Delivery is dependent on finalization of HUBB data after filing window close

Appendix A: Metrics

High Cost Disbursements (data through March 31, 2022)

		2022	2021	2020
Legacy	CETC	\$103,867,273	\$396,260,803	\$415,470,391
	ILEC	\$289,452,781	\$1,692,796,682	\$1,632,310,757
Modernized	CETC	\$54,241,376	\$320,858,309	\$279,937,579
	ILEC	\$207,316,449	\$2,718,468,138	\$2,728,137,015
Wireless	CETC	\$0	(\$0)	\$6,702,440
	ILEC	\$0	\$0	\$0

*The Wireless number for CETC is reflecting MF1 only.

Appendix B: Glossary of Terms

Term	Definition
A-CAM/ Revised ACAM	Alternative Connect America Cost Model/(Revised ACAM): A High Cost fund in which rate-of-return carriers elected to receive support based on a cost model in exchange for meeting defined broadband build-out obligations. The FCC created a model based on the Connect America Fund Model to establish fixed support for rate-of-return carriers over a ten-year term in exchange for broadband deployment to a pre-determined number of eligible locations at various speeds (initial budget = \$1.5 billion). Revised Alternative Connect America Model : The FCC allocated an additional \$50 million annually to the A-CAM budget.
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.
CAF BLS	Connect America Fund Broadband Loop Support. FCC amended interstate common line support, renaming it the CAF-BLS mechanism, expanding support from only traditional voice loops to include support for broadband-only loops.
CAF ICC	Connect America Fund Intercarrier Compensation Fund. FCC created High Cost program that allows incumbent local exchange carriers to charge residential customers an Access Recovery Charge on a limited basis, to recover charges from certain multi-line business customers, and, if applicable, to receive additional funds.
CETC	A “competitive eligible telecommunications carrier” is a telecommunications carrier designated by a state’s utility commission or the FCC to receive universal service support; a CETC must offer services that are supported by the federal universal service programs utilizing its own facilities or a combination of its own facilities and resale of another carrier’s services.

Appendix B: Glossary of Terms (Continued)

Term	Definition
ELAP	Eligible Locations Adjustment Process: WCB established the eligible locations adjustment process to review the defined deployment obligations on a state-by-state basis when the total number of actual locations in the eligible areas is less than the number of funded locations (see DA 19-1165).
HUBB	High Cost Universal Broadband Portal: FCC directed USAC to develop a portal to collect carrier deployment data; carriers are required to submit broadband deployment location information and certify as to the accuracy of the deployment data within the HUBB.
LOC	Letter 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 is the process and procedures used in the review of carrier submit data to ensure that the program and its stakeholders are in compliance with the rules and orders governing the relevant USF support.
PMM	Performance Measurement Module. System used by USAC's High Cost Division to collect data required by the FCC's <i>Performance Measurement Orders</i> .

Appendix B: 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.
SAC	Study Area Code. A unique, six-digit identifier used to classify a carrier specific service area.
RBAP	Rural Broadband Accountability Plan. Chairwoman Rosenworcel proposed to increase audits, verifications, and transparency for USF High Cost programs, including the Rural Digital Opportunity Fund. See https://www.fcc.gov/rbap
RBE	Rural Broadband Experiments: In the 2014 Rural Broadband Experiments, the FCC adopted rules for a limited program to test different aspects of a competitive bidding process for new support programs designed to provide robust broadband to consumers in price cap areas. The FCC established a 10-year fund designed to provide \$100 million in funding to carriers to buildout broadband services in high-cost areas. See FCC 14-98.
RDOF	Rural Digital Opportunity Fund: RDOF builds on the CAF II Auction and provides HC support to connect millions more rural homes and small businesses to high-speed broadband networks. With RDOF, the FCC targets support to areas that lack access to both fixed voice and 25/3 Mbps broadband services. The FCC proposed that Phase I will target census blocks that are wholly unserved with broadband at speeds of 25/3 Mbps and Phase II will target census blocks that the FCC later determines through the Broadband Data Collection (or suitable alternative data source), are only partially served. See FCC 20-5.
RPA	Robotic Process Automation. Technology designed to automate manual repetitive, high-volume tasks performed by employees.



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

ACTION ITEM

**Approval of Low Income Support Mechanism
3rd Quarter 2022 Programmatic Budget and
Demand Projection for the May 2, 2022 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 2022 (3Q2022) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 2, 2022 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 3Q2022 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>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
Steady State:				
Lifeline	\$277.70	\$9.38	\$287.08	See Note 1
Link Up	0.06	(0.01)	0.05	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Demand	\$277.76	\$9.37	\$287.13	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(\$61.58)	\$29.12	(\$32.46)	
Billings	(9.80)	9.35	(0.45)	
Bad Debt Expense	(1.60)	0.48	(1.12)	
Administrative Expense True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(\$72.98)	\$38.95	(\$34.03)	
USAC Administrative Expenses	\$15.69	\$0.43	\$16.12	See Table B
Total Funding Requirement	\$220.47	\$48.75	\$269.22	

Note 1: Demand increase primarily driven by anticipated reimbursement claims for the period November 2021-February 2022 for two service providers.

Based on the projected burn rate, USAC estimates the following 3Q2022 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	2Q2022 Budget	Increase/ (Decrease)	3Q2022 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.39	(\$0.01)	\$2.38	
Professional Services	5.23	(0.77)	4.46	
General & Administrative	0.23	0.06	0.29	See Note 2
Total Direct Program Costs	\$7.85	(\$0.72)	\$7.13	
Direct Assigned Costs				
Employee Expenses	\$0.57	\$0.01	\$0.58	
Professional Services	1.74	0.05	1.79	
General & Administrative	0.46	0.00	0.46	See Note 2
Total Direct Assigned Costs	\$2.77	\$0.06	\$2.83	
Total Direct Program & Direct Assigned Costs	\$10.62	(\$0.66)	\$9.96	
Common Allocated Costs	\$5.07	\$1.09	\$6.16	
Total Programmatic Budget	\$15.69	\$0.43	\$16.12	

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

postage, and meetings & conferences.

A comparison of actual expenditures to the budget for the three months ending March 31, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the 3Q2022 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 2022 Low Income Support Mechanism direct program budget of \$9.96 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$9.96 million for Low Income Support Mechanism administrative costs in the required May 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 25, 2022 the 3rd Quarter 2022 Low Income Support Mechanism demand estimate of \$269.22 million, hereby directs USAC staff to proceed with the required May 2, 2022 filing to the Federal Communications Commission 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

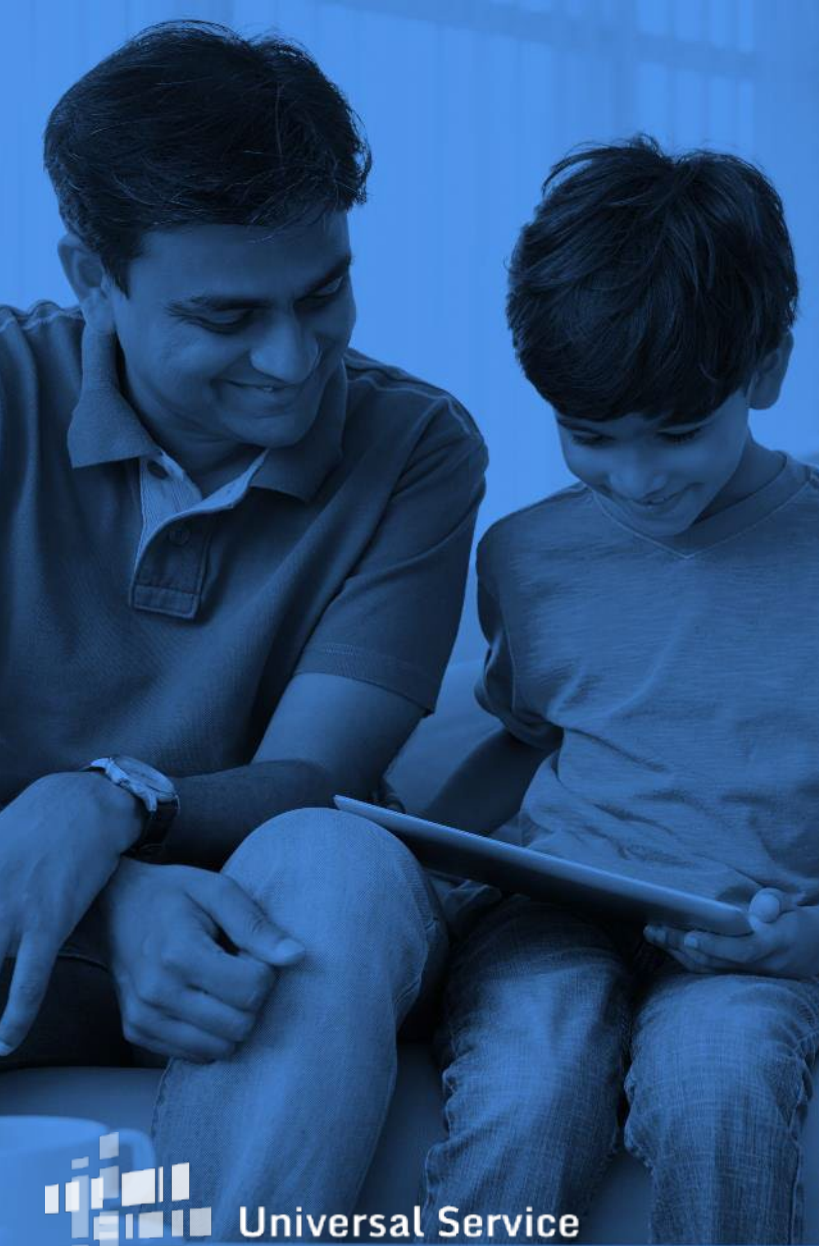
Low Income Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months ending March 31, 2022

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	68	76	8	\$1.98	\$2.32	\$0.34
Professional Services (Note 3)				7.50	4.71	(2.79)
General & Administrative (Note 4)				0.41	0.22	(0.19)
Total Direct Program Costs				\$9.89	\$7.25	(\$2.64)
Direct Assigned Costs						
Employee Expenses	17	14	(3)	\$0.40	\$0.56	\$0.16
Professional Services (Note 3)				1.42	1.74	0.32
General & Administrative (Note 4)				0.40	0.45	0.05
Total Direct Assigned Costs				\$2.22	\$2.75	\$0.53
Total Direct Program & Direct Assigned Costs	85	90	5	\$12.11	\$10.00	(\$2.11)
Common Allocated Costs (Note 5)				\$5.57	\$4.82	(\$0.75)
Total Programmatic Budget				\$17.68	\$14.82	(\$2.86)

Note 3: Direct Program Professional Services include Lifeline eligibility verifications and call center costs. Direct Assigned Professional Services include National Verifier (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 Meeting

Lifeline Business Update

Open Session

April 25, 2022



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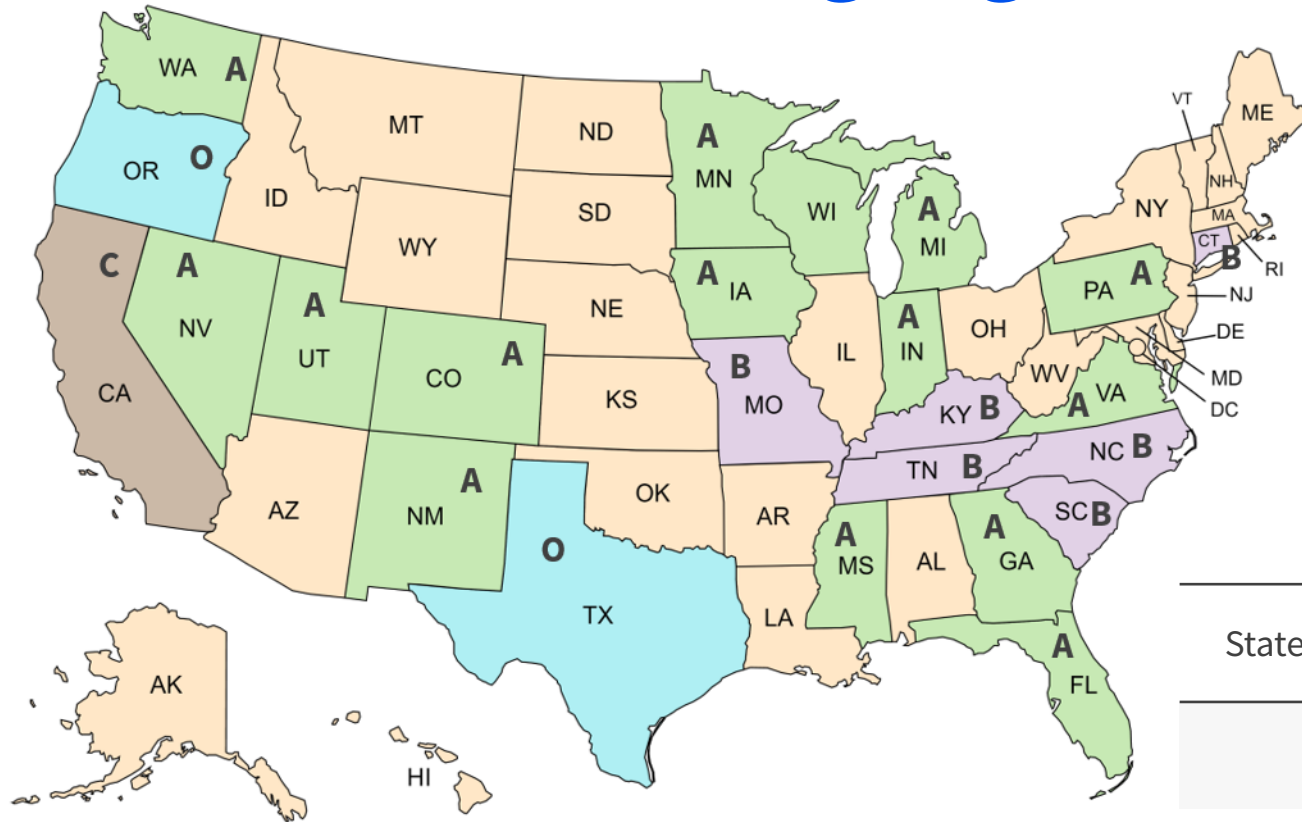
Agenda

- Accomplishments
 - National Verifier (NV) Highlights
- Plans for Next Quarter
- Roadmap

Accomplishments/Major Developments

- Implemented National Verifier connection with Connecticut in February 2022.
- Published a Lifeline Consumer Advocate Toolkit that consumer advocates can use to educate eligible Lifeline populations about the program and how to apply.
- Transitioned Lifeline Business Process Outsourcing (BPO) work from one vendor to three vendors to accommodate increased call, email, and application volumes.
- The FCC waivers governing recertification, reverification, general de-enrollment, and income documentation were extended through June 30, 2022, for all applicable Lifeline participants. Additionally, the FCC waiver regarding documentation requirements for subscribers residing in rural areas on Tribal lands was extended through June 30, 2022.
 - Waiver Order notes that this will likely be the final extension of these waivers.

National Verifier Highlights



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



26 Total NV Connections Available

- 24 state/territory connections,
 - NV leverages automated connections in Texas and Oregon that use state databases to determine eligibility for the Lifeline program
- 2 federal connections to CMS and HUD

State Connection Type	State	March 2022 Subscribers
API	CO, FL, GA, IA, IN, MI, MN, MS, NM, NV, PA, PR, UT, VA, WA, WI	2,521,602
Batch	CT, KY, MO, NC, SC, TN	596,040
Federal Only	AK, AL, AR, AS, AZ, 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	2,238,675
NLAD Opt-Out Automated	OR, TX*	327,017
NLAD Opt-Out (No Connection)	CA	1,137,601

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

Plans for Next Quarter

- Prepare for re-implementation of processes currently waived by FCC COVID-19 waivers through June 30, 2022:
 - Recertification, reverification, and general de-enrollment.
 - Income documentation and documentation requirements for subscribers residing in rural areas on Tribal lands.

Roadmap



Milestone Legend

- ▲ At Risk
- ◆ On Track
- ★ Completed
- Ongoing

Note: COVID-19 waivers impacting reverification and recertification extended to June 30, 2022

Appendix A: Metrics

Lifeline Eligibility and Enrollments (data through March 31, 2022)

Year-to-Date (YTD) Cumulative Comparison	2022 (Jan. through Mar.)	2021 (Jan. through Mar.)
National Verifier Applications Created	4,457,395	1,274,477
Program Eligibility Auto Approved	2,948,949	881,220
Program Eligibility Auto Pass Rate	66%	69%
Enrollments (Excludes CA, OR, and TX)	1,376,078	451,588
De-Enrollments (Excludes CA, OR, and TX)	1,125,444	119,842
NLAD Subscribers (Excludes CA, OR, and TX; based on Mar. Data, Apr. 1 Snapshot)	5,356,317	6,589,638
Opt-Out State Subscribers (CA, OR, and TX; based on Mar. Data, Apr. 1 Snapshot)	1,464,618	2,431,237

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 unless otherwise noted. Actual claimed subscribers will vary but are capped at these NLAD snapshot levels. 2022 YTD subscribers reflect increase in Lifeline applications associated with the higher application volumes related to the implementation of the Affordable Connectivity Program (ACP), as well higher year-over-year de-enrollments associated with non-usage subsequent to the expiration of the FCC non-usage waiver in May 2021.

Appendix B: Lifeline Program Service Type Trends

Month	Broadband	Bundled Broadband	Bundled Voice and Broadband	Bundled Voice	Voice
Mar. 2022	0.62%	29.36%	63.25%	0.99%	5.77%
Feb. 2022	0.62%	27.43%	64.42%	1.52%	6.01%
Jan. 2022	0.60%	26.38%	65.22%	1.60%	6.20%
Dec. 2021	0.58%	25.49%	65.73%	1.72%	6.48%
Nov. 2021	0.56%	25.06%	66.06%	1.66%	6.66%
Oct. 2021	0.55%	23.71%	67.17%	1.58%	7.00%
Sept. 2021	0.54%	22.20%	68.53%	1.45%	7.28%
Aug. 2021	0.52%	21.10%	69.46%	1.39%	7.54%
July 2021	0.49%	24.22%	66.11%	1.35%	7.83%
June 2021	0.43%	38.18%	52.34%	1.28%	7.76%
May 2021	0.38%	38.41%	52.19%	1.26%	7.76%
Apr. 2021	0.26%	32.31%	59.62%	1.10%	6.72%

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

Note: Lifeline program service type data is from the Lifeline Claims System (LCS), which includes the NLAD opt-out states as max claimable subscribers.

Appendix B: Lifeline Program Trends (Continued)

Data Month	Subscribers*	Rate of Change (subscribers month over month)	Disbursed**
Mar. 2022 (snapshot on Apr. 1)	6,820,935	2.18%	\$60,324,909
Feb. 2022 (snapshot on Mar. 1)	6,675,382	1.14%	\$29,380,663
Jan. 2022 (snapshot on Feb. 1)	6,600,082	0.27%	\$78,499,282
Dec. 2021 (snapshot on Jan. 1)	6,582,211	0.62%	\$30,027,204
Nov. 2021 (snapshot on Dec. 1)	6,541,642	0.63%	\$72,247,469
Oct. 2021 (snapshot on Nov. 1)	6,500,879	1.30%	\$40,468,203
Sept. 2021 (snapshot on Oct. 1)	6,379,311	1.12%	\$40,465,026
Aug. 2021 (snapshot on Sept. 1)	6,308,754	1.30%	\$40,016,429
July 2021 (snapshot on Aug. 1)	6,227,736	-7.74%	\$56,206,959
June 2021 (snapshot on July 1)	6,750,377	-2.89%	\$57,047,606
May 2021 (snapshot on June 1)	6,951,594	-23.98%	\$61,739,905
Apr. 2021 (snapshot on May 1)	9,144,182	1.37%	\$79,446,888

Experienced significant de-enrollment for May 2021 data month primarily due to the expiration of the FCC non-usage waiver. Subscriberhip has trended upwards since August 2021.

High dollar variances in the disbursed amounts relate to prior period claims for two large providers.

***Note:** Subscriber counts include all subscribers on the NLAD snapshot, including NLAD opt-out states (CA, OR, and TX). 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).

****Note:** Disbursed refers to amounts distributed within the data month.

Appendix C: Glossary of Terms

Term	Definition
API	An API is a set of programming code that enables data transmission between one software product and another (computer to computer connection). USAC uses API to initiate the consumer eligibility verification process for the Lifeline Program in the National Verifier.
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
ETC	Eligible Telecommunications Carrier
HUD	Housing and Urban Development

Appendix C: Glossary of Terms (Continued)

Term	Definition
LCS	Lifeline Claims System: The online filing system that service providers use to receive reimbursement for offering Lifeline-supported services to eligible consumers.
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.



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