



High Cost & Low Income Committee

Briefing Book

Monday, July 24, 2023

11:00 a.m. - 12:15 p.m. Eastern Time

Available For Public Use

Universal Service Administrative Company

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

Washington, D.C. 20005

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

<p>Monday, July 24, 2023 11:00 a.m. – 12:15 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>

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 April 20, 2023.</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 4th Quarter 2023 Programmatic Budget and Demand Projection for the August 2, 2023 FCC Filing</p>	5
Teleshia	<p>i1. Information on Eleven 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"> • 2Q2023 Accomplishments • Plans for 3Q2023 • Roadmap • Appendix: Metrics 	25

LOW INCOME OPEN SESSION		<i>Estimated Duration in Minutes</i>
Tim	<p>a3. Approval of Low Income Support Mechanism 4th Quarter 2023 Programmatic Budget and Demand Projection for the August 2, 2023 FCC Filing</p>	5
Teleshia	<p>i3. Information on Four USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i></p>	–

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LOW INCOME OPEN SESSION		<i>Estimated Duration in Minutes</i>
Tim	i4. Low Income (Lifeline) Business Update <ul style="list-style-type: none"> • Q22023 Accomplishments • National Verifier Highlights • Plans for Next Quarter • Roadmap • Appendix: Program Metrics 	25

LOW INCOME EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Tim	i5. Low Income (Lifeline) Business Update <i>(Continued, if needed)</i>	5

HIGH COST EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Teleshia	i6. Information on One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report <i>(For Information Only)</i>	–
Chris	a4. Consideration of a Contract Award for Mobile Assessment Services in the State of Alaska	5

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, October 30, 2023 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 April 20, 2023 (*see Attachments A-1*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i5** – Low Income (Lifeline) Business Update (*Continued, if needed*). 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) **i6** – Information on One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report. USAC management recommends that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures and would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (3) **a4** – Consideration of a Contract Award for Mobile Assessment Services in the State of Alaska. USAC management recommends that this item be discussed 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.

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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 April 20, 2023; 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
Thursday, April 20, 2023

(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 Thursday, April 20, 2023. Mr. Ken Mason, Committee Chair, called the meeting to order at 1:30 p.m. Eastern Time, with a quorum of ten of 11 Committee members present:

Chalk, Indra	Mason, Ken – Chair
Feiss, Geoff	Polk, Stephanie – <i>by telephone</i>
Freeman, Sarah – <i>by telephone</i>	Sekar, Radha – Chief Executive Officer
Gillan, Joe	Waller, Jeff – <i>by telephone</i>
Jacobs, Ellis – <i>by telephone</i>	Wein, Olivia – Vice Chair

Member of the Committee not present:

Skrivan, Michael

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services – *by telephone*
Buzacott, Alan – Member of the Board
Delmar, Teleshia – Vice President of Audit and Assurance
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
O'Brien, Tim – Vice President of Lifeline
Schell, Julie Tritt – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care
Wade, Dr. Joan – Member of the Board
Wibberly, Dr. Kathy – Member of the Board
Williams, Erin – Vice President, 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:

<u>NAME</u>	<u>COMPANY</u>
Bolling, Christopher – <i>by telephone</i>	USAC
Borg, Jeanenne – <i>by telephone</i>	USAC
Faunce, Donna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Havivi, Daniel – <i>by telephone</i>	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Phillippi, Megan	USAC
Robinson, Jen – <i>by telephone</i>	USAC
Rones, Julie	USAC
Ruffley, Brandon – <i>by telephone</i>	USAC
Sadirkhanova, Sabina – <i>by telephone</i>	USAC
Simab, Habib	USAC
Suggs-Moore, Vickie	USAC
Wilson, Carl	USAC
Xu, Wayne – <i>by telephone</i>	USAC

HIGH COST OPEN SESSION

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

- a1. Consent Items.** Mr. Mason presented the consent items to the Committee:
- A.** Approval of High Cost & Low Income Committee Meeting Minutes of January 23 and 30; and March 16, 2023.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) i4** – Low Income (Lifeline) Business Update (*Continued, if needed*). 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) i5** – Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommended that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

- (3) **i6** – Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommended that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (4) **a4** – Consideration of a Contract Award for Computer Matching Program Operations and Maintenance Services (*same as aBOD04cf*). USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.
- (5) **a5** – Consideration of a Contract Modification for Lifeline Call Center Services. USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.
- (6) **i7** – 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.
- (7) **i8** – Information on One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report. USAC management recommended that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

C. Consideration and Approval of One Routine Procurement.

Approval of the Consideration of a Contract Modification for Lifeline Call Center Services. The resolution was provided in **aHCLI05cf**.

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 January 23, January 30, and March 16, 2023; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of one routine procurement as presented in item aHCLI05cf.

- a2. Approval of High Cost Support Mechanism 3rd Quarter 2023 Programmatic Budget and Demand Projection for the May 2, 2023 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 3rd quarter 2023 programmatic budget and demand projection for the May 2, 2023 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 3rd Quarter 2023 High Cost Support Mechanism program budget of \$6.44 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.44 million for High Cost Support Mechanism administrative costs in the required May 2, 2023 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 20, 2023 the 3rd Quarter 2023 High Cost Support Mechanism demand estimate of \$1,044.23 million, hereby directs USAC staff to proceed with the required May 2, 2023 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 Eight USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.** This item was provided for *information purposes* only. No discussion was held. Mr. Mason 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 and Mr. Hutchinson presented PowerPoint slides to the Committee covering the following items:
- 1Q2023 Accomplishments
 - Plans for 2Q2023
 - Robotics Process Automation Rollout Status Roadmap
 - Roadmap

LIFELINE OPEN SESSION

- a3. Approval of Low Income Support Mechanism 3rd Quarter 2023 Programmatic Budget and Demand Projection for the May 2, 2023 FCC Filing.** Mr. O'Brien 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 3rd quarter 2023 programmatic budget and demand projection for the May 2, 2023 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 3rd Quarter 2023 Low Income Support Mechanism direct program budget of \$14.60 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$14.60 million for Low Income Support Mechanism administrative costs in the required May 2, 2023 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 20, 2023 the 3rd Quarter 2023 Low Income Support Mechanism demand estimate of \$206.97 million, hereby directs USAC staff to proceed with the required May 2, 2023 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. Low Income (Lifeline) Business Update.** Mr. O'Brien presented PowerPoint slides to the Committee covering the following items:
- Q1 2023 Accomplishments
 - National Verifier Highlights
 - Lifeline Subscriber Trends
 - Plans for Next Quarter
 - Roadmap

At 2:05 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

- i4. **Low Income (Lifeline) Business Update (*Continued, if needed*).** The Committee determined no further discussion was needed on the Low Income (Lifeline) Business Update in *Executive Session*.
- i5. **Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report.** This item was provided for *information purposes* only. No discussion was held.
- i6. **Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report.** This item was provided for *information purposes* only. No discussion was held.
- a4. **Consideration of a Contract Award for Computer Matching Program Operations and Maintenance Services (*same as aBOD04cf*).** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to award a contract to CMS to support the API providing automated computer matching for eligibility verifications for the Lifeline Program.

On a motion duly made and seconded, the 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 one (1) year sole-source contract to the Centers for Medicare and Medicaid Services for operations and maintenance services and IT security incident work in support of the currently developed and in-use application programming interface providing automated computer matching for eligibility verifications for the Lifeline Program, for a firm-fixed price of \$648,120.00 (plus applicable taxes) over the one (1) year term, subject to required Federal Communications Commission approval and subject to an allocation of the total contract cost to the Universal Service Fund in support of the Lifeline Program, as eventually determined by the parties and as instructed in writing by the Federal Communications Commission.

- a5. **Consideration of a Contract Modification for Lifeline Call Center Services.** No additional discussion was held on this item. The Committee adopted the following resolution as part of the Consent Items:

RESOLVED, that the High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to modify its existing contract with Navient B.P.O., LLC, by increasing the contract's total not-to-exceed price by \$3,500,000.00 (plus

applicable taxes) for postage fees associated with Lifeline mailings, thereby increasing the total not-to-exceed amount from \$61,986,817.30 (plus applicable taxes) to \$65,486,817.30 (plus applicable taxes), subject to required Federal Communications Commission (FCC) approval.

HIGH COST EXECUTIVE SESSION

- i7. **High Cost Business Update (*Continued*)**. Mr. Gaither and Mr. Hutchinson presented PowerPoint slides on the HCLI modernization status.
- i8. **Information on One USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Report**. This item was provided for *information purposes* only. No discussion was held.

OPEN SESSION

At 2:19 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Mason reported that in *Executive Session*, the Committee discussed item i7 and took action on item a4.

On a motion duly made and seconded, the Committee adjourned at 2:19 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
4th Quarter 2023 Programmatic Budget and
Demand Projection for the August 2, 2023 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 4th Quarter 2023 (4Q2023) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's August 2, 2023 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 4Q2023 funding requirement for the High Cost Support Mechanism as follows:

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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>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
Steady State:				
Legacy Funds	\$554.15	\$34.93	\$589.08	Includes HCLS, CAF BLS, CAF ICC, Frozen Price Cap and Competitive ETC Support.
Modernization Funds	550.33	(17.01)	533.32	Includes CAF Phase II Auction, CAF Phase II (ACS only), 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.
Amounts Paid from Reserve	(54.88)	0.08	(54.80)	Disbursements for RBE, Mobility Fund Phase I, and portion of A-CAM I.
Total Steady State	\$1,049.60	\$18.00	\$1,067.60	
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	\$1,049.60	\$18.00	\$1,067.60	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(\$20.88)	\$1.19	(\$19.69)	
Billings	7.61	1.05	8.66	
Interest Income	(0.03)	(0.01)	(0.04)	
Bad Debt Expense	(10.10)	2.31	(7.79)	
Annual Admin True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(\$23.40)	\$4.54	(\$18.86)	
USAC Administrative Expenses	\$17.95	\$0.19	\$18.14	See Table B
Total Funding Requirement	\$1,044.15	\$22.73	\$1,066.88	

Based on the projected burn rate, USAC estimates the following 4Q2023 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
Direct Program Costs				
Employee Expenses	\$1.70	\$0.09	\$1.79	
Professional Services	0.82	(0.09)	0.73	
General & Administrative	0.00	0.00	0.00	See Note 1
Total Direct Program Costs	\$2.52	\$0.00	\$2.52	
Direct Assigned Costs				
Employee Expenses	\$0.68	\$0.08	\$0.76	
Professional Services	3.01	(0.01)	3.00	
General & Administrative	0.23	\$0.01	0.24	See Note 1
Total Direct Assigned Costs	\$3.92	\$0.08	\$4.00	
Total Direct Program & Direct Assigned Costs	\$6.44	\$0.08	\$6.52	
Common Allocated Costs	\$11.51	\$0.11	\$11.62	
Total Programmatic Budget	\$17.95	\$0.19	\$18.14	

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

A comparison of actual expenditures to the budget for the six months ending June 30, 2023 is provided in **Attachment 2**.

Recommendation

USAC management recommends that the Committee approve the 4Q2023 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 4th Quarter 2023 High Cost Support Mechanism program budget of \$6.52 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.52 million for High Cost Support Mechanism administrative costs in the required August 2, 2023 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 July 24, 2023 the 4th Quarter 2023 High Cost Support Mechanism demand estimate of \$1,066.88 million, hereby directs USAC staff to proceed with the required August 2, 2023 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>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) ³	\$82.29	(\$0.91)	\$81.38	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	288.11	35.85	323.96	Replaces legacy fund Interstate Common Line Support. Provides support for voice and broadband only lines to offset interstate access charges.
CAF Intercarrier Compensation (ICC) ⁵	89.35	(0.01)	89.34	Allows incumbent carriers to charge residential customers an Access Recovery Charge on a limited basis and to recover charges from certain multi-line customers.
Frozen Price Cap Carrier Support ⁶	2.81	0.00	2.81	Frozen Price Cap carrier support for Uniendo PR and USVI.
Frozen Competitive ETC Support ⁷	91.59	0.00	91.59	Frozen support for competitive carriers.
Total Steady State Legacy Funds	\$554.15	\$34.93	\$589.08	

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, 17956, para. 847 (2011) (*USF/ICC Transformation Order*).

⁶ *Id.* at 26 FCC Rcd at 17715, 17725-26, paras. 133, 159.

⁷ *Id.* at 26 FCC Rcd at 17715, para. 133.

<i>(in millions)</i>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
Steady State – Modernization Funds:				
CAF Phase II ⁸	\$4.92	\$0.00	\$4.92	Support to Price Cap carriers based on Connect America Cost Model (CACM) ended after the 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.
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	155.37	0.00	155.37	Model support to Rate of Return carriers for voice and broadband infrastructure.

⁸ See *Connect America Fund*, WC-Docket Nos. 10-90, Report and Order, 31 FCC Rcd 12086 (2016)

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, 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).

<i>(in millions)</i>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
A-CAM II ¹¹	126.10	0.00	126.10	Model support to Rate of Return carriers for voice and broadband infrastructure.
Rural Broadband Experiments (RBE) ¹²	0.52	0.00	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	(10.79)	16.07	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	159.00	(6.22)	152.78	Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism.
<i>Total Steady State Modernization Funds</i>	<i>\$550.33</i>	<i>(\$17.01)</i>	<i>\$533.32</i>	
<i>Amounts Paid from Reserve</i>	<i>(\$54.88)</i>	<i>\$0.08</i>	<i>(\$54.80)</i>	Per FCC direction, all disbursements for RBE, Mobility Fund Phase I, and a portion of disbursements for A-CAM I are paid from

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 18-176Rcd 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>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
				reserved funds collected in prior years. The ending balance as of June 30, 2023 for reserved funds was approximately \$652.18 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	\$1,049.60	\$18.00	\$1,067.60	

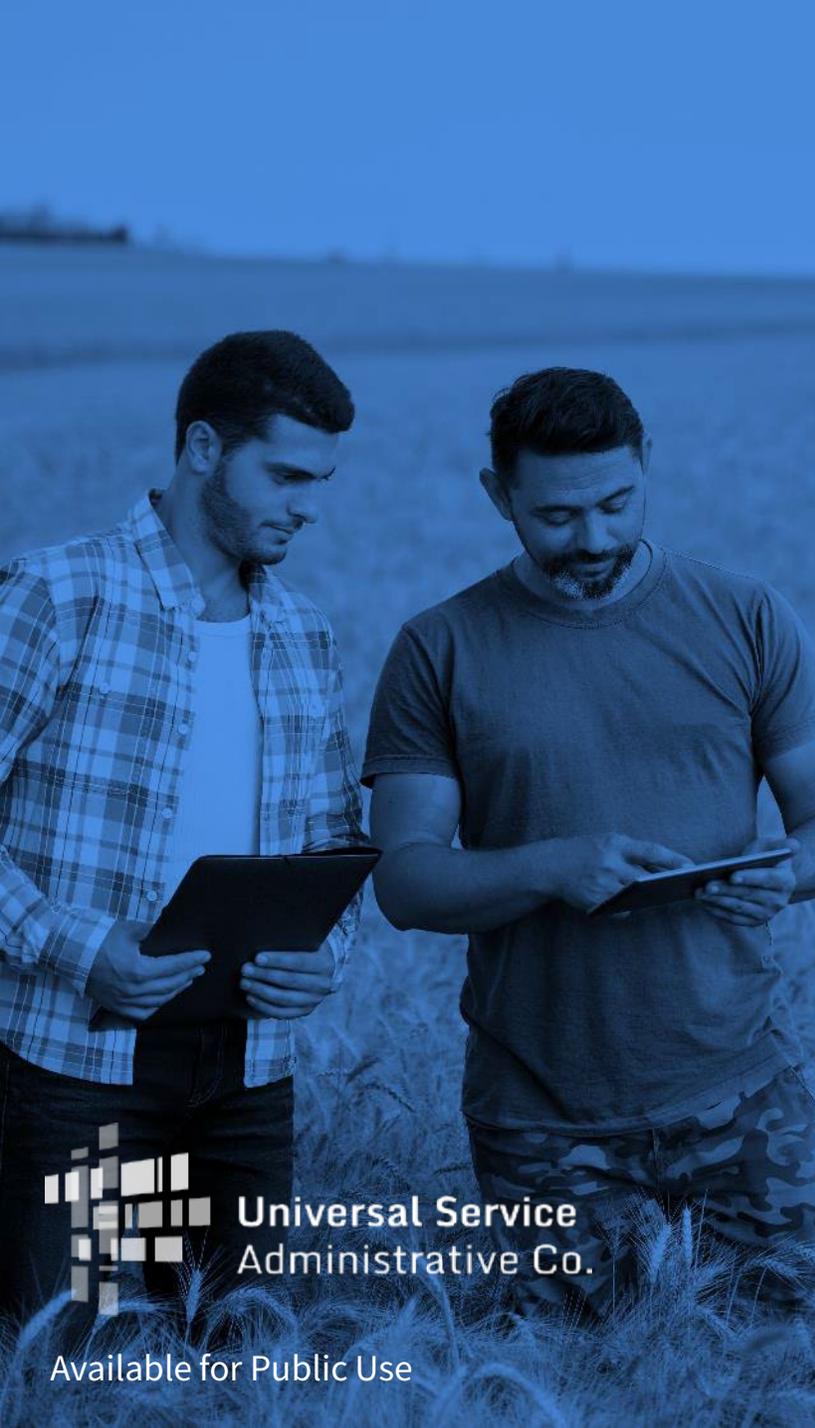
ATTACHMENT 2

High Cost Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Six months ending June 30, 2023

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	45	50	5	\$3.22	\$3.41	\$0.19
Professional Services (Note 2)				0.68	1.62	0.94
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$3.90	\$5.03	\$1.13
Direct Assigned Costs						
Employee Expenses	15	16	1	\$1.67	\$1.37	(\$0.30)
Professional Services (Note 2)				6.34	6.02	(0.32)
General & Administrative				0.08	0.40	0.32
Total Direct Assigned Costs				\$8.09	\$7.79	(\$0.30)
Total Direct Program & Direct Assigned Costs	60	66	6	\$11.99	\$12.82	\$0.83
Common Allocated Costs (Note 3)				\$21.86	\$23.54	\$1.68
Total Programmatic Budget				\$33.85	\$36.36	\$2.51

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 and Low Income Committee

High Cost Business Update

Open Session

July 24, 2023



Agenda

- 2Q2023 Accomplishments
- Plans for 3Q2023
- Roadmap
- Appendix A: Metrics
- Appendix B: Glossary of Terms

2Q2023 Accomplishments

Compliance

- Executed current work associated with CAF II auction on-demand verification requests (17 carriers) and RDOF on-demand verification requests (20 carriers) in support of reducing or terminating Letters of Credit. A total of three auction reviews and five RDOF reviews completed successfully.
- Worked with the FCC team to identify milestone non-compliance and implement support withholdings for 15 carriers across ACAM, RACAM, ACAM II, and CAF II Auction.
- Completed compliance analysis of 1Q PMM data. Funds were restored to 46 carriers that came into compliance.

2Q2023 Accomplishments (Continued)

Operations

- Processed support withholding/restoration for milestone deployment obligations and PMM 1Q2023 pre-testing results.
 - Milestone
 - Carriers impacted for total of \$446K withholding of support.
 - 1Q PMM
 - Carriers impacted for total of \$2.3M restoration of support.
- Completed CAF BLS annual data validation and analysis (PIA).
- Calculated and published 2023/2024 BCM (Budget Control Mechanism) for HC Legacy funds.

2Q2023 Accomplishments (Continued)

Outreach

- Completed outreach for verification reviews, performance measures, and webinars for the HUBB and FCC Form 481 filings.

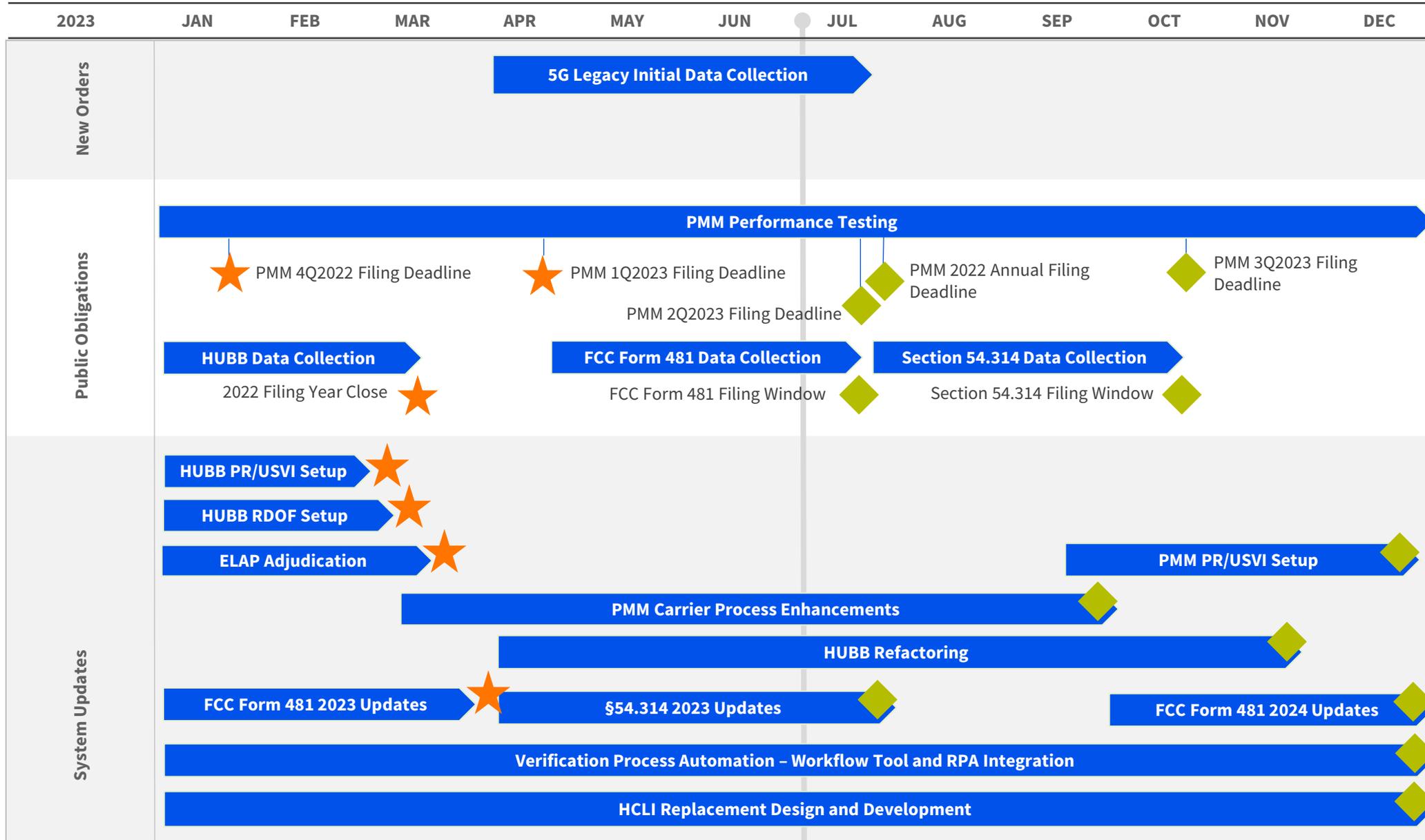
Product

- Updated and deployed CAF Map with HUBB data as of the close of the 2022 filing year from March 2023, providing public information on carrier deployments.
- Completed a usability study of Form 54.314 with State and Tribal users, gaining insight into how they use the State Access Tools. This information is being used to update and improve Form 54.314 for the 2023 filing year.

Plans for 3Q2023

- Close out the FCC Form 481 and performance measures filings in July.
- Continue work on 2023 on-demand and milestone verifications and review of performance measures 2022 annual filings to identify any non-compliance.
- Continue to monitor the new automation, track process and system metrics, and identify additional enhancements.
- Complete CAF ICC annual data validation and analysis (PIA).
- Continue outreach to 1) ensure state and Tribal access to Form 481 and HUBB data, 2) help states and carriers navigate annual 54.314 certification, and 3) help carriers comply with ongoing quarterly and annual speed and latency testing requirements.

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix A: Metrics

High Cost Calendar Year Deployments (Data as of July 5, 2023)

Fund	2020	2021	2022	2023
ACAM	458,736	511,039	567,852	575,873
ACAM II	316,509	355,021	380,411	381,225
AK Plan	36,760	55,238	57,893	58,244
CAF BLS	746,401	902,067	1,046,305	1,055,828
CAF Phase II	3,098,616	4,211,380	4,214,969	4,214,998
CAF II AUC	78,323	182,517	435,153	437,924
PR Fixed	-	-	240,973	981,150
RBE	25,507	27,640	27,995	28,001
RDOF	49,969	109,393	396,962	445,831

2022 Filing Year Closes March 1, 2023

Appendix A: Metrics (Continued)

High Cost Disbursements (Through May 2023)

Fund Type	Carrier Type	2023	2022	2021
Legacy	CETC	\$152,643,851	\$366,415,625	\$369,229,873
	ILEC	\$752,964,288	\$1,754,582,767	\$1,692,324,455
Modernized	CETC	\$327,590,111	\$708,250,422	\$347,889,239
	ILEC	\$558,134,287	\$1,336,299,929	\$2,718,940,364
Wireless	CETC	\$0	\$0	\$0
	ILEC	\$0	\$0	\$0

*The Wireless number for CETC reflects MF1 only.

Appendix B: Verification Snapshot (May 22, 2023)

The below table highlights verification activity initiated in 2023. Verifications include on-demand requests from carriers, required milestone reviews to ensure carriers satisfy program obligations, and reviews in coordination with the Rural Broadband Accountability Program (RBAP).

Fund	# Locations Sampled	Tested	# Locations Reviewed	
			Pass	Fail
CAF II – ACS (In progress)	61	0	0	0
ACAM (In progress)	3,215	0	0	0
ACAM II (In progress)	1,993	0	0	0
RDOF – On Demand (In progress)	986	0	0	0
RDOF – On Demand (Completed)	830	830	765 (92%)	65 (8%)
CAF II Auction – On Demand (Completed)	812	812	721 (89%)	91 (11%)
CAF II Auction – On Demand (In progress)	777	0	0	0
CAF II Auction – 40% (In progress)	1,055	0	0	0
CAF BLS	1,569	0	0	0
Alaska Plan – Wireline (In progress)*	768	768	676 (88%)	92 (12%)
Total Locations To Date	12,066	2,410	2,162	248

*Alaska Plan **Wireline** verifications for three wireline carriers who received an extension to file location data at the five-year milestone.

Appendix C: Glossary of Terms

Term	Definition
ACAM I/ Revised ACAM I/ACAM II	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. Carriers are receiving support under one of three offers—ACAM I, Revised ACAM I, or ACAM.
ACS	Alaska Communications System receives frozen support over a 10-year term in exchange for defined deployment obligations.
AK Plan	Alaska Plan: Support over a 10-year term, for fixed and mobile service, to maintain, extend, and upgrade broadband service across certain areas of Alaska. Fifteen rate-of-return carriers and eight of their wireless affiliates elected to be on the Alaska Plan.
AAD	Audit and Assurance Division: An organization within USAC dedicated to preserving the integrity of universal service funds and USAC’s corporate resources by conducting objective audits, performing payment quality assessments, and evaluating the efficiency and effectiveness of USAC’s operations.
BCAP	Beneficiary and Contributor Audit Program: BCAP assesses beneficiary and contributor compliance with the Federal Communications Commission (FCC) rules, orders, and program requirements (collectively, FCC Rules).
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 II Auction	Mechanism awarding support through a reverse auction, which was conducted in 2018, for deployment to unserved areas where the price cap carrier declined the offer of model-based support.
CAF BLS	Connect America Fund Broadband Loop Support: FCC amended interstate common line support, renaming it the CAF BLS mechanism, expanding support from solely 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.

Appendix C: Glossary of Terms (Continued)

Term	Definition
CAF Map	Connect America Fund Broadband Map displays the geographic areas that are eligible for CAF support, as well as the specific fixed locations where carriers participating in the program have built out broadband service. The data in the map include address, latitude and longitude coordinates, carrier name, deployment year, and available speed meeting FCC obligations.
ETC	Eligible Telecommunications Carrier: A telecommunications carrier designated by a state’s utility commission or the FCC to receive universal service support; a ETC 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.
ELAP	Eligible Locations Adjustment Process: WCB implemented an eligible locations adjustment process to review the defined deployment obligations for CAF II Auction carriers 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).
FCC Form 481	Form that annually collects financial and operations information used to validate carrier support and fulfills various certification requirements.
HCL	High-cost Loop support, mechanism that provides support for the last mile of connection in areas where the cost to serve exceeds the national average cost per line by a certain amount.
HCLI	High Cost Low Income, “the tool of record” used for High Cost support calculations, program administration and submission of payment information for delivering funds to the carriers.
HCVS	High Cost Verification System.

Appendix C: Glossary of Terms (Continued)

Term	Definition
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.
ILEC	Incumbent Local Exchange Carrier, 47 CFR § 51.5, with respect to an area, the local exchange carrier that: (1) On February 8, 1996, provided telephone exchange service in such area; and (2) (i) On February 8, 1996, was deemed to be a member of the exchange carrier association pursuant to § 69.601(b) of this chapter; or (ii) Is a person or entity that, on or after February 8, 1996, became a successor or assign of a member described in paragraph (2)(i) of this section.
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: The process and procedures used in the review of carrier submit data to ensure that the program and its stakeholders comply with the rules and orders governing the relevant USF support.
PMM	Performance Measures Module: System used by USAC's High Cost division to collect data required by the FCC's performance measures Orders.
PR/USVI	Puerto Rico/U.S. 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 and expand availability of broadband fixed and mobile services.

Appendix C: Glossary of Terms (Continued)

Term	Definition
RBAP	<p>Rural Broadband Accountability Plan: Chairwoman Rosenworcel initiative to increase audits, verifications, and transparency for USF High Cost programs, including the Rural Digital Opportunity Fund.</p> <p>See https://www.fcc.gov/rbap</p>
RBE	<p>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.</p>
RDOF	<p>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 Phase I, the FCC targets support to areas that lack access to 25/3Mbps broadband.</p>
RPA	<p>Robotic Process Automation: Technology designed to automate manual repetitive, high-volume tasks performed by employees.</p>
SAC	<p>Study Area Code: A unique, six-digit identifier used to classify a carrier-specific service area.</p>



**Universal Service
Administrative Co.**

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

ACTION ITEM

**Approval of Low Income Support Mechanism
4th Quarter 2023 Programmatic Budget and
Demand Projection for the August 2, 2023 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 4th Quarter 2023 (4Q2023) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's August 2, 2023 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 4Q2023 funding requirement for the Low Income Support Mechanism as follows:

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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>	3Q2023	Increase/ (Decrease)	4Q2023	Notes
Steady State:				
Lifeline	\$261.56	\$40.58	\$302.14	See Note 1
Link Up	0.06	0.00	0.06	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Demand	\$261.62	\$40.58	\$302.20	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(\$77.97)	\$13.97	(\$64.00)	
Billings	1.44	0.61	2.05	
Bad Debt Expense	(1.76)	0.15	(1.61)	
Interest Income	(0.01)	0.00	(0.01)	
Administrative Expense True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(\$78.30)	\$14.73	(\$63.57)	
USAC Administrative Expenses	\$23.65	\$0.43	\$24.08	See Table B
Total Funding Requirement	\$206.97	\$55.74	\$262.71	

Note 1: Demand increase reflects anticipated reimbursement claims for the period February 2023-May 2023 for a single service provider.

Based on the projected burn rate, USAC estimates the following 4Q2023 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	3Q2023 Budget	Increase/ (Decrease)	4Q2023 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.73	\$0.25	\$2.98	
Professional Services	8.00	0.00	8.00	
General & Administrative	0.53	0.00	0.53	See Note 2
Total Direct Program Costs	\$11.26	\$0.25	\$11.51	
Direct Assigned Costs				
Employee Expenses	\$0.69	\$0.11	\$0.80	
Professional Services	2.39	0.00	2.39	
General & Administrative	0.26	(0.01)	0.25	See Note 2
Total Direct Assigned Costs	\$3.34	\$0.10	\$3.44	
Total Direct Program & Direct Assigned Costs	\$14.60	\$0.35	\$14.95	
Common Allocated Costs	\$9.05	\$0.08	\$9.13	
Total Programmatic Budget	\$23.65	\$0.43	\$24.08	

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

A comparison of actual expenditures to the budget for the six months ending June 30, 2023 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the 4Q2023 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 4th Quarter 2023 Low Income Support Mechanism direct program budget of \$14.95 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$14.95 million for Low Income Support Mechanism administrative costs in the required August 2, 2023 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 July 24, 2023 the 4th Quarter 2023 Low Income Support Mechanism demand estimate of \$262.71 million, hereby directs USAC staff to proceed with the required August 2, 2023 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
Six Months ending June 30, 2023

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	83	90	7	\$4.51	\$5.47	\$0.96
Professional Services (Note 3)				9.55	15.19	5.64
General & Administrative (Note 4)				0.84	1.06	0.22
Total Direct Program Costs				\$14.90	\$21.72	\$6.82
Direct Assigned Costs						
Employee Expenses	16	17	1	\$1.13	\$1.38	\$0.25
Professional Services (Note 3)				5.00	4.78	(0.22)
General & Administrative (Note 4)				0.66	0.52	(0.14)
Total Direct Assigned Costs				\$6.79	\$6.68	(\$0.11)
Total Direct Program & Direct Assigned Costs	99	107	8	\$21.69	\$28.40	\$6.71
Common Allocated Costs (Note 5)				\$15.06	\$18.52	\$3.46
Total Programmatic Budget				\$36.75	\$46.92	\$10.17

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

July 24, 2023

Agenda

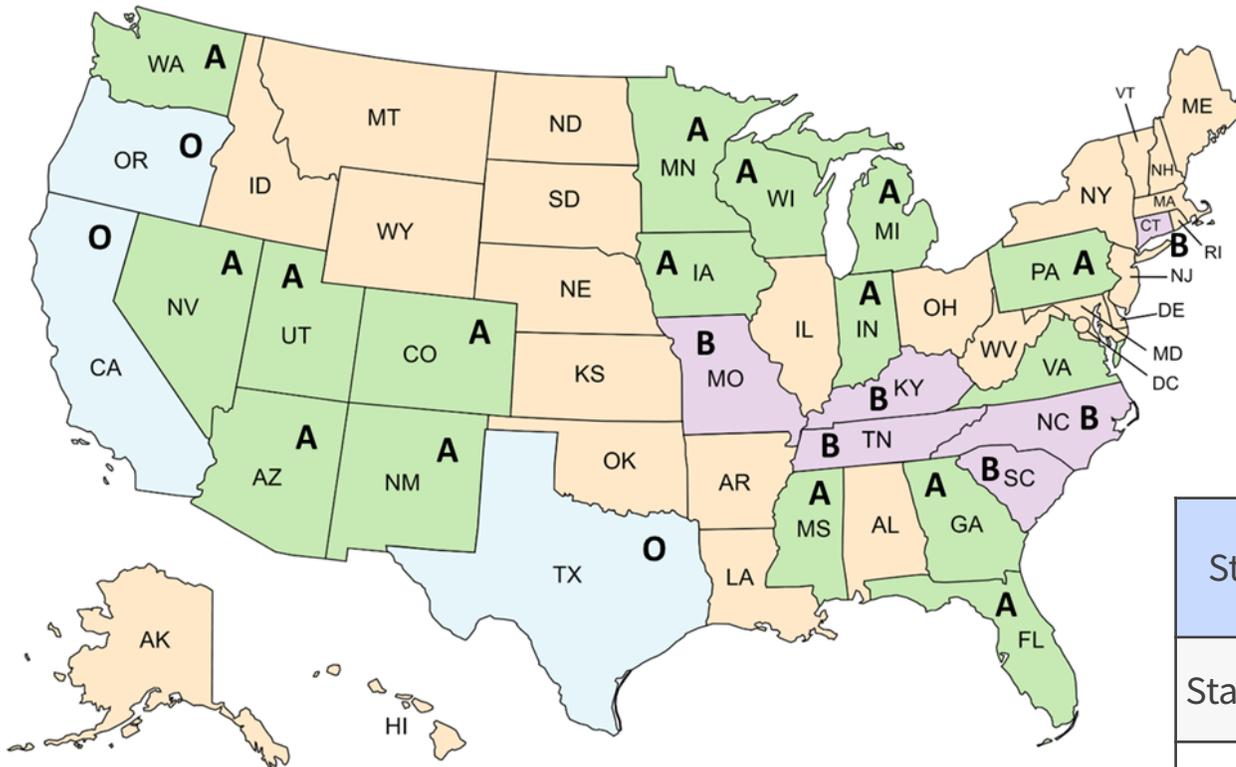
- 2Q2023 Accomplishments
- National Verifier Highlights
- Plans for Next Quarter
- Roadmap
- Appendix A: Program Metrics
- Appendix B: Service Type Trends
- Appendix C: Glossary of Terms

2Q2023 Accomplishments

- Successfully transitioned to Navient as the new Business Process Outsourcer (BPO) for call center and special processes including inbound mail, outbound mail, and automated calling.
- Introduced additional National Verifier (NV) enhancements, including:
 - Sent automated email reminders for qualified consumers who have not yet enrolled in Lifeline/Affordable Connectivity Program (ACP).
 - Improved GetInternet.gov design and transitioned NV landing page to support ACP branding, reduce program confusion, and improve customer experience.
- Fully initiated the Lifeline recertification process for all eligible consumers, with a current success rate of 90.8 percent.*

*Success rate will continue to increase through remainder of recertification window

National Verifier Highlights



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



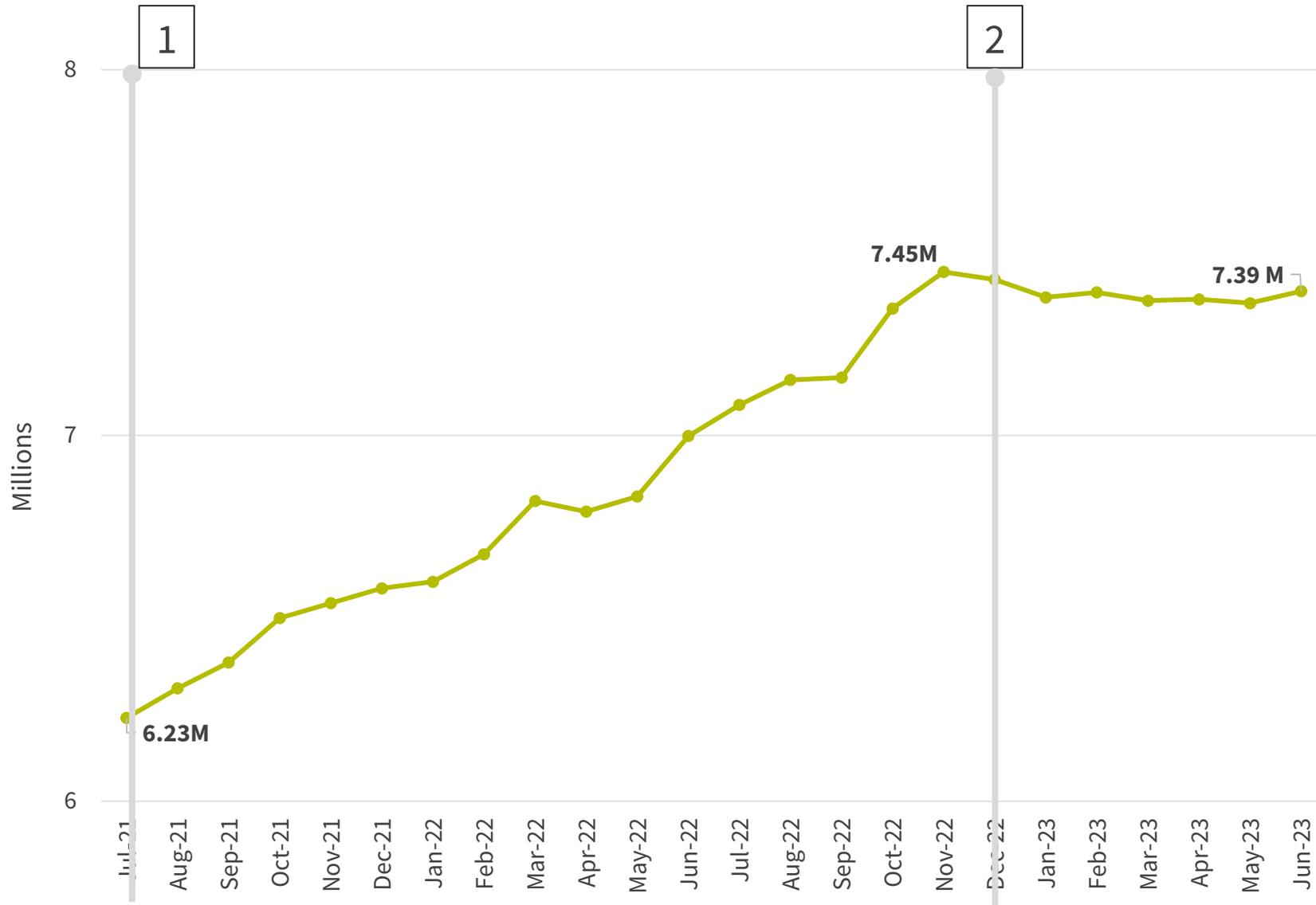
29 Total NV Connections Available

- 26 state and territory connections
- Three federal connections with CMS, HUD, and VA
- 95 percent of qualified applications passed through an automated database connection
- CMAs are in various stages of completion with six states

State Connection Type	Avg. Eligibility Pass Rate	June 2023 Subscribers
State and Federal	67%	3,698,155
Federal Only	57%	2,345,523

* Opt-Out state June 2023 subscribers – 1,351,104

Lifeline Subscriber Trends



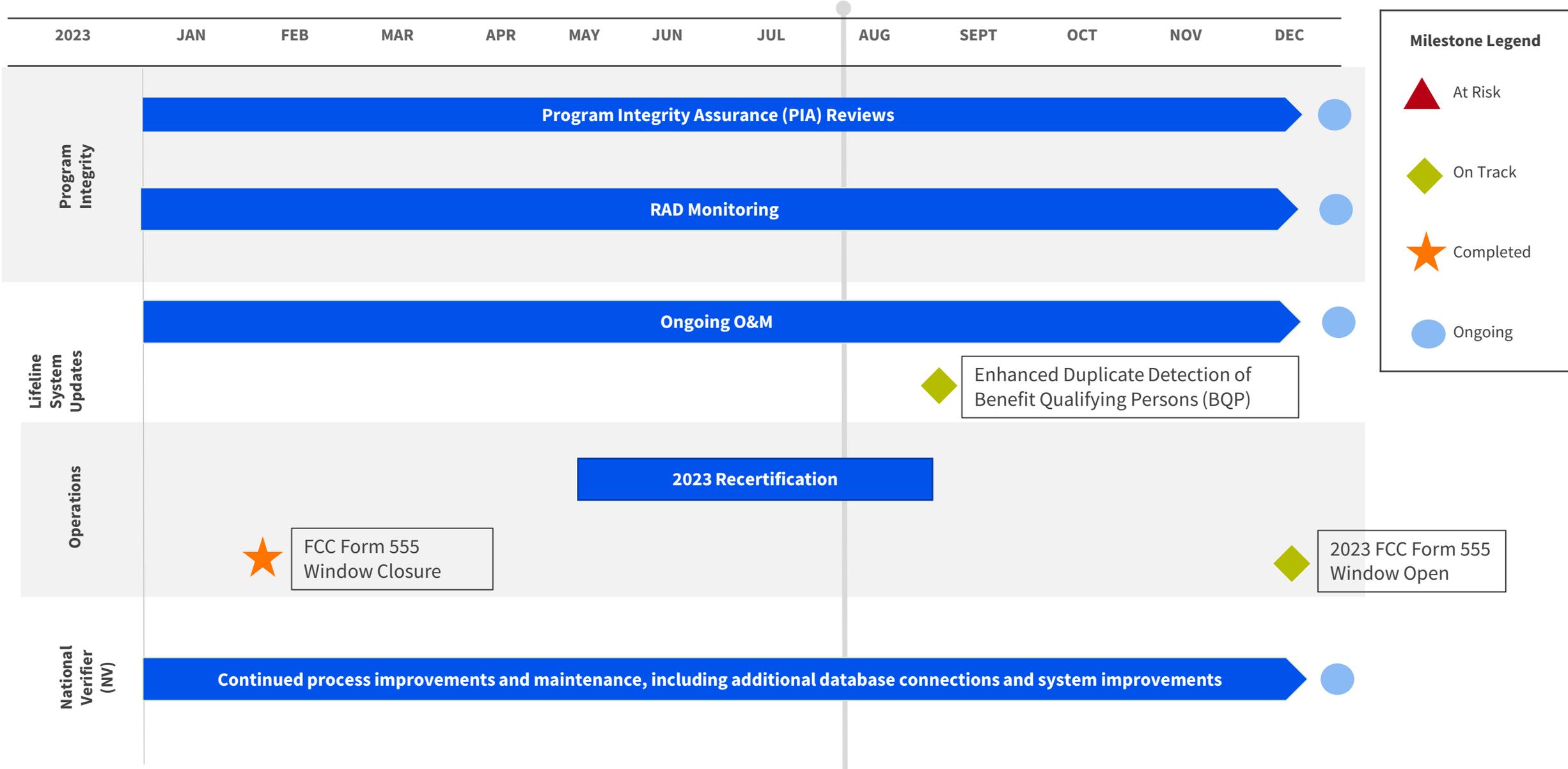
1. Subscribership generally trended upwards since July 2021, following waivers of non-usage de-enrollments.
2. Subscribership stabilized since peaking in Nov. 2022.

***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).

Plans for Next Quarter

- Close 2023 Lifeline recertification (all subscribers have been initiated).
- Initiate reverification for pending Lifeline subscribers.
- Finalize enhancements to the Lifeline claims process, including partial claims filing process.
- Enhance duplicate detection.
- Initiate modernization of FCC Form 555.

Roadmap



Appendix A: Metrics

Lifeline Eligibility and Enrollments

Year-to-Date (YTD) Cumulative Comparison	2023 (January through June)	2022 (January through June)
National Verifier Applications Created	9,308,948	9,503,308
Program Eligibility Auto Approved	6,024,327	6,233,206
Program Eligibility Auto Pass Rate	65	66
Enrollments (Excludes CA, OR, and TX)	2,898,960	2,863,201
De-Enrollments (Excludes CA, OR, and TX)	2,859,925	2,516,982
NLAD Subscribers (Excludes CA, OR, and TX; based on June Data, July 1 Snapshot)	6,043,678	5,511,082
Opt-Out State Subscribers (CA, OR, and TX; based on June Data, July 1 Snapshot)	1,351,104	1,489,525

***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 as higher year-over-year de-enrollments associated with non-usage subsequent to the expiration of 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
June 2023	0.93%	26.83%	67.52%	0.94%	3.78%
May 2023	0.94%	27.59%	66.60%	1.03%	3.84%
April 2023	0.93%	28.52%	65.68%	0.99%	3.87%
March 2023	0.93%	29.77%	64.43%	0.96%	3.91%
February 2023	0.90%	30.89%	63.27%	0.98%	3.96%
January 2023	0.88%	31.11%	63.04%	0.96%	4.02%
December 2022	0.85%	31.33%	62.73%	0.95%	4.14%
November 2022	0.81%	30.43%	63.61%	0.93%	4.23%
October 2022	0.78%	29.03%	64.89%	0.91%	4.40%
September 2022	0.77%	27.66%	66.05%	0.92%	4.60%
August 2022	0.75%	26.38%	67.18%	0.92%	4.77%
July 2022	0.72%	25.13%	68.32%	0.90%	4.93%

- **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

Data Month	Subscribers*	Rate of Change (subscribers month over month)	Disbursed**
June 2023 (snapshot on Jul. 1)	7,394,782	0.45%	\$47,424,259
May 2023 (snapshot on Jun. 1)	7,361,936	-0.14%	\$66,026,426
April 2023 (snapshot on May 1)	7,372,429	0.05%	\$56,395,572
March 2023 (snapshot on Apr. 1)	7,368,900	-0.3%	\$99,438,117
February 2023 (snapshot on Mar. 1)	7,391,287	0.18%	\$170,860,643
January 2023 (snapshot on Feb. 1)	7,377,940	-0.65%	\$49,617,050
December 2022 (snapshot on Jan. 1)	7,426,389	-0.28%	\$68,091,053
November 2022 (snapshot on Dec. 1)	7,447,317	1.36%	\$39,266,830
October 2022 (snapshot on Nov. 1)	7,347,470	2.64%	\$61,450,474
September 2022 (snapshot on Oct. 1)	7,158,437	0.09%	\$31,541,427
August 2022 (snapshot on Sept. 1)	7,152,147	0.97%	\$31,035,692
July 2022 (snapshot on Aug. 1)	7,083,701	1.23%	\$91,257,124

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 an 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.
VA	U.S. Department of Veterans Affairs



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