



# High Cost & Low Income Committee

## Briefing Book

Monday, October 28, 2024

12:00 p.m. – 1:50 p.m. Eastern Time

Available for Public Use

Universal Service Administrative Company Offices

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

Washington, D.C. 20005

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

<p><b>Monday, October 28, 2024</b>  <b>12:00 p.m. – 1:50 p.m. Eastern Time</b>  <b>USAC Offices</b>  <b>700 12th Street, N.W., Suite 900</b>  <b>Washington, D.C. 20005</b></p>
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<b>HIGH COST OPEN SESSION</b>		<i>Estimated Duration in Minutes</i>
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Chair	<p><b>a1.</b> Consent Items (each available for discussion upon request):</p> <ul style="list-style-type: none"> <li><b>A.</b> Approval of High Cost &amp; Low Income Committee Meeting Minutes of July 29, 2024</li> <li><b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></li> <li><b>C.</b> Consideration and Approval of Four Routine Procurements</li> </ul>	5
Vic	<p><b>a2.</b> Approval of High Cost Support Mechanism 1st Quarter 2025 Programmatic Budget and Demand Projection for the November 1, 2024 FCC Filing</p>	5
Vic	<p><b>i1.</b> High Cost Business Update</p> <ul style="list-style-type: none"> <li>• Impact of Fabric and Broadband Data Collections on the High Cost Program</li> <li>• Appendix: Glossary of Terms</li> </ul>	20

<b><u>HIGH COST INFORMATION ONLY</u></b>		<i>Estimated Duration in Minutes</i>
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Vic	<p><b>i2.</b> High Cost Business Update (<i>Continued</i>)</p> <ul style="list-style-type: none"> <li>• HCLI 2.0 Impact</li> <li>• Q3 2024 Accomplishments</li> <li>• Q4 2024 Plans</li> <li>• Roadmap</li> <li>• Appendices: <ul style="list-style-type: none"> <li>○ A: Disbursements and Deployments,</li> <li>○ B: 2024 Verification Deployments and Performance Measures Testing, and</li> <li>○ C. Glossary of Terms</li> </ul> </li> </ul>	–
Teleshia	<p><b>i3.</b> Information on Four USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.</p>	–

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<b>LOW INCOME OPEN SESSION</b> Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	<b>a3.</b> Approval of Low Income Support Mechanism 1st Quarter 2025 Programmatic Budget and Demand Projection for the November 1, 2024, FCC Filing	5
Tim	<b>i4.</b> Low Income (Lifeline) Business Update <ul style="list-style-type: none"> <li>• National Verifier Highlights</li> <li>• Lifeline Subscriber Trends</li> <li>• Lifeline Program Impacts From Affordable Connectivity Program Sunset</li> <li>• Safe Connections Act <ul style="list-style-type: none"> <li>○ Overview</li> <li>○ Administrative Action</li> </ul> </li> </ul>	20

<b><u>LOW INCOME INFORMATION ONLY</u></b> Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	<b>i5.</b> Lifeline Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• Q3 2024 Accomplishments</li> <li>• Q4 2024 Plans</li> <li>• 2024 Roadmap</li> <li>• Program Metrics</li> <li>• Service Type Trends</li> <li>• Subscribership Trends</li> <li>• Glossary of Terms</li> </ul>	–
Teleshia	<b>i6.</b> Information on Four USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports	–

<b>LOW INCOME EXECUTIVE SESSION</b> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
Tim Teleshia	<b>i7.</b> Low Income (Lifeline) Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• Lifeline Tribal Support</li> <li>• Affordable Connectivity Program Tribal Support</li> <li>• Safe Connections Act Results</li> <li>• Lifeline Improper Payment Rate Results</li> <li>• Lifeline Improper Payment Rate Results – Key Outcomes</li> <li>• Lifeline Fraud Risk Assessment Observations</li> <li>• Lifeline Fraud Risk Assessments – Steps Taken</li> <li>• Affordable Connectivity Sunset Sentiments</li> <li>• Appendix: Glossary of Terms</li> </ul>	30
Chris	<b>a4.</b> Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting	

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	of the National Verifier and National Lifeline Accountability Database Systems for the Lifeline Program	
Chris	<b>a5.</b> Consideration of a Contract Modification for Lifeline Email Services	
<b>HIGH COST EXECUTIVE SESSION</b> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
Chris	<b>a6.</b> Consideration of a Contract Modification for Robotics Process Automation	
Chris	<b>a7.</b> Consideration of a Contract Modification for High Cost Calculation Engine 2.0	
Teleshia Vic	<b>i8.</b> High Cost Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• High Cost Tribal Support</li> <li>• High Cost Improper Payment Results</li> <li>• HUBB Portal Data Performance Audit Update</li> <li>• High Cost Fraud Risk Assessment Observations</li> <li>• High Cost Fraud Risk Assessment – Steps Taken</li> <li>• Next Steps</li> </ul>	25

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

<p><b>Monday, January 27, 2025</b> <b>USAC Offices, Washington, D.C.</b></p>
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**Universal Service Administrative Company  
High Cost & Low Income Committee Meeting**

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

**Action Requested**

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

**Discussion**

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

- A. Committee meeting minutes of July 29, 2024 (*see Attachment A*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
  - (1) **i7.** Low Income Business Update (*Continued*). USAC management recommends that this matter be discussed in *Executive Session* USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* that would constitute a discussion of *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity. In addition, this includes *pre-decisional matters pending before the FCC*.
  - (2) **a4.** Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Lifeline Program. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
  - (3) **a5.** Consideration of a Contract Modification for Lifeline Email Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.

- (4) **a6.** Consideration of a Contract Modification for Robotics Process Automation. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (5) **a7.** Consideration of a Contract Modification for High Cost Calculation Engine 2.0. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (6) **i8.** High Cost Business Update (*Continued, if needed*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* that would constitute a discussion of *internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity. In addition, this includes *pre-decisional matters pending before the FCC*.

#### C. Consideration and Approval of Four Routine Procurements

- (1) Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Lifeline Program. The resolution is provided in **aHCLI04cf**. If discussion is needed, it will be conducted in *Executive Session*.
- (2) Consideration of a Contract Modification for Lifeline Email Services. The resolution is provided in **aHCLI05cf**. If discussion is needed, it will be conducted in *Executive Session*.
- (3) Consideration of a Contract Modification for Robotics Process Automation. The resolution is provided in **aHCLI06cf**. If discussion is needed, it will be conducted in *Executive Session*.
- (4) Consideration of a Contract Modification for High Cost Calculation Engine 2.0. The resolution is provided in **aHCLI07cf**. If discussion is needed, it will be conducted in *Executive Session*.

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 RESOLUTIONS:

**RESOLVED**, that the High Cost & Low Income Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of July 29, 2024; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of four routine procurements as presented in items **aHCLI04cf-**  
**aHCLI07cf.**

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

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Monday, July 29, 2024**

**MINUTES<sup>1</sup>**

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, July 29, 2024. Ms. Olivia Wein, Committee Chair, called the meeting to order at 10:16 a.m. Eastern Time, with a quorum of eight (8) of eleven (11) Committee members present:

Chalk, Indra	Semmler, Kara
Freeman, Sarah	Seifer, Angela
Mason, Ken	Skrivan, Michael – Vice Chair
Sekar, Radha – Chief Executive Officer	Wein, Olivia – Chair

Members of the Committee unable to participate in the meeting virtually due to a global FedRAMP Webex outage included Ms. Stephanie Polk, Ms. Sheba Chacko, and Mr. Jeff Waller.

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer  
Butler, Stephen – Vice President of Shared Services  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
O'Brien, Tim – Vice President of Lifeline  
Sanquist, Christine – Member of the Board  
Sweeney, Mark – Vice President of Rural Health Care  
Thompson, Mona – Member of the Board  
Wade, Joan – Member of the Board  
Wibberly, Dr. Kathy – Member of the Board  
Williams, Erin – Vice President, General Counsel, and Assistant Secretary

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



Others present\*:

<u>NAME</u>	<u>COMPANY</u>
Ahmed, Sharmarke	USAC
Case, Kevin	USAC
Claxton, Naomi	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Gustafson, Jaymie	USAC
Kahn, Sammy	USAC
King, Ryan	USAC
Kirkpatrick, Matthew	USAC
Little, Chris	USAC
Lougheed, Matt	USAC
Malashenok, Yelena	USAC
McKinnon, Amanda	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Ruffley, Brandon	USAC
Santana-Gonzalez, Jeanette	USAC
Schecker, Laurence	USAC
Suggs-Moore, Vickie	USAC
Weith, Tim	USAC
Zitin, Caroline	USAC

\*Due to a global FedRAMP Webex outage, the public that registered to attend virtually were unable to join the meeting. They were notified by email of the problem and reminded that the public materials would be posted on the USAC website.

### HIGH COST OPEN SESSION

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

- a1. Consent Items.** Ms. Wein presented the consent items to the Committee:
- A.** Approval of High Cost & Low Income Committee Meeting Minutes of April 29, 2024.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*:
    - (1) **i5.** Low Income Business Update (*Continued if needed*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* that would constitute a discussion of *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.** High Cost Business Update (*Continued, if needed*). USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* that would constitute a discussion of *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 April 29, 2024; and (2) discussion in *Executive Session* of the items noted above.

- i1. Information on 12 USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.** This item was provided for *information purposes* only. No discussion was held. Ms. Wein noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.
- a2. Approval of High Cost Support Mechanism 4th 2024 Programmatic Budget and Demand Projection for the August 2, 2024 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 4th quarter 2024 programmatic budget and demand projection for the August 2, 2024 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 4th Quarter 2024 High Cost Support Mechanism program budget of \$7.59 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$7.59 million for High Cost Support Mechanism administrative costs in the required August 2, 2024 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 29, 2024 the 4th Quarter 2024 High Cost Support Mechanism demand estimate of \$1,069.94 million, hereby directs USAC staff to proceed with the required August 2, 2024 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.

**i2. High Cost Business Update.** Mr. Gaither presented PowerPoint slides to the Committee covering the following items:

- Q2 2024 Accomplishments
- HCLI 2.0 Operational Update
- Q3 2024 Plans
- Roadmap
- Appendices

During the presentation, Mr. Gaither noted that 100 percent of the FCC Form 481 annual certifications were collected, updated from the 60% reported in the published materials, and also the annual 54.314 ETC certification deadline is scheduled for October 1.

### **LOW INCOME OPEN SESSION**

**i3. Information on Two USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports.** This item was provided for *information purposes* only. No discussion was held. Ms. Wein noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.

**a3. Approval of Low Income Support Mechanism 4th Quarter 2024 Programmatic Budget and Demand Projection for the August 2, 2024 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 4th quarter 2024 programmatic budget and demand projection for the August 2, 2024 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 4th Quarter 2024 Low Income Support Mechanism direct program budget of \$13.82 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$13.82 million for Low Income Support Mechanism administrative costs in the required August 2, 2024 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 29, 2024 the 4th Quarter 2024 Low Income Support Mechanism demand estimate of \$198.37 million, hereby directs USAC staff to proceed with the required August 2, 2024 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.

**i4. Low Income (Lifeline) Business Update.** Mr. O'Brien presented PowerPoint slides to the Committee covering the following items:

- Q2 2024 Accomplishments
- National Verifier Highlights
- Lifeline Subscriber Trends
- Q3 2024 Plans
- Roadmap
- Appendices: Program Metrics, Service Type Trends, and Glossary

Ms. Thompson requested that USAC provide Tribal metrics for each meeting.

At 10:53 a.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.

**HIGH COST & LOW INCOME EXECUTIVE SESSION**

- i5. **Low Income (Lifeline) Business Update** (*Continued, if needed*). Mr. O'Brian provided confidential responses to question asked during the Lifeline Business Update.
- i7. **High Cost Business Update** (*Continued, if needed*). No additional discussion was conducted.

**OPEN SESSION**

At 11:07 a.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 item i5.

On a motion duly made and seconded, the Committee adjourned at 11:07 a.m. Eastern Time.

/s/ Erin Williams  
Assistant Secretary

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

<b>ACTION ITEM</b>
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**Approval of High Cost Support Mechanism  
1st Quarter 2025 Programmatic Budget and  
Demand Projection for the November 1, 2024 FCC Filing**

**Action Requested**

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2025 (Q1 2025) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 1, 2024 quarterly filing.

**Discussion**

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

**Funding Requirement**

Based on data filed by supported carriers and FCC authorizations, USAC estimates the Q1 2025 funding requirement for the High Cost Support Mechanism as follows:

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

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

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

<i>(in millions)</i>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
<b>Steady State:</b>				
Legacy Funds	\$516.19	(\$28.84)	\$487.35	Includes HCLS, CAF BLS, CAF ICC, Frozen Price Cap, and Competitive ETC support. Decrease mainly due to change in 508 data used for True-ups and cap adjustments
Modernization Funds	\$655.53	(\$1.29)	\$654.24	Includes CAF Phase II Auction, CAF Phase II (ACS only), Alaska Plan Support, A-CAM I, Revised A-CAM I, A-CAM II, E-ACAM, RBE, Mobility Fund Phase I, Uniendo a Puerto Rico Fund/Connect USVI Fund, and RDOF. Decrease due to RDOF defaults and transition support for ACAM, ACAM II, and PR/USVI
Amounts Paid from Reserve	(53.53)	0.35	(53.18)	Disbursements for RBE, Mobility Fund Phase I, and a portion of A-CAM I and E-ACAM. Increase due to transition support reduction for ACAM and ACAM II
<b>Total Steady State</b>	<b>\$1,118.19</b>	<b>(\$29.78)</b>	<b>\$1,088.41</b>	
<b>New Requirements</b>				
Legacy Funds	0.00	0.00	0.00	
Modernization Funds	0.00	0.00	0.00	
<b>Total New Requirements</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Program Demand</b>	<b>\$1,118.19</b>	<b>(\$29.78)</b>	<b>\$1,088.41</b>	
<b>Prior Period Adjustments (difference between projections and actuals):</b>				
Disbursements	(87.91)	57.54	(30.37)	Prior quarter reflected increased use of reserved funds for E-ACAM in Q1 and Q2.
Billings	27.28	(16.00)	11.28	Lower billings in Q2 due to revised Form 499 information.
Interest Income	(0.02)	0.00	(0.02)	
Bad Debt Expense	(9.57)	3.28	(6.29)	
Annual Admin True-Up	0.00	5.32	5.32	
<b>Total Prior Period Adjustments</b>	<b>(70.22)</b>	<b>50.14</b>	<b>(20.08)</b>	

<i>(in millions)</i>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
USAC Administrative Expenses	\$21.97	(\$3.90)	\$18.07	See Table B
<b>Total Funding Requirement</b>	<b>\$1,069.94</b>	<b>\$16.46</b>	<b>\$1,086.40</b>	

Based on the projected burn rate, USAC estimates the following Q1 2025 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
<b>Direct Program Costs</b>				
Employee Expenses	\$1.89	(\$0.05)	\$1.84	
Professional Services	.40	(0.11)	0.29	
General & Administrative	0.00	0.00	0.00	See Note 1
<b>Total Direct Program Costs</b>	<b>\$2.29</b>	<b>(\$0.16)</b>	<b>\$2.13</b>	
<b>Direct Assigned Costs</b>				
Employee Expenses	\$0.77	(\$0.12)	\$0.65	
Professional Services	4.44	(1.35)	3.09	
General & Administrative	0.09	(0.03)	0.06	See Note 1
<b>Total Direct Assigned Costs</b>	<b>\$5.30</b>	<b>(\$1.50)</b>	<b>\$3.80</b>	
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$7.59</b>	<b>(\$1.66)</b>	<b>\$5.93</b>	
<b>Common Allocated Costs</b>	<b>\$14.38</b>	<b>(\$2.24)</b>	<b>\$12.14</b>	
<b>Total Programmatic Budget</b>	<b>\$21.97</b>	<b>(\$3.90)</b>	<b>\$18.07</b>	

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

A comparison of actual expenditures to the budget for the nine months ending September 30, 2024 is provided in **Attachment 2**.



**Recommendation**

USAC management recommends that the Committee approve the Q1 2025 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 1st Quarter 2025 High Cost Support Mechanism program budget of \$5.93 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$5.93 million for High Cost Support Mechanism administrative costs in the required November 1, 2024 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 October 28, 2024 the 1st Quarter 2025 High Cost Support Mechanism demand estimate of \$1,086.40 million, hereby directs USAC staff to proceed with the required November 1, 2024 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>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) <sup>3</sup>	\$54.07	\$0.98	\$55.05	Provides legacy support to rural carriers in areas where cost to provide service exceeds 115% of the national average cost per line.
Connect America Fund (CAF) Broadband Loop Support (BLS) <sup>4</sup>	282.41	(25.59)	256.82	Replaces legacy fund Interstate Common Line Support. Provides support for voice and broadband only lines to offset interstate access charges.
CAF Intercarrier Compensation (ICC) <sup>5</sup>	88.55	(4.23)	84.32	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 <sup>6</sup>	2.81	0.00	2.81	Frozen Price Cap carrier support for Uniendo PR and USVI.
Frozen Competitive ETC Support <sup>7</sup>	88.35	0.00	88.35	Frozen support for competitive carriers.
<b><i>Total Steady State Legacy Funds</i></b>	<b><i>\$516.19</i></b>	<b><i>(\$28.84)</i></b>	<b><i>\$487.35</i></b>	

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

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

<sup>5</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17956, para. 847.

<sup>6</sup> See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17715, 17725-26, paras. 133, 159 (2011) (*USF/ICC Transformation Order*).

<sup>7</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17715, para. 133.

<i>(in millions)</i>	Q4 2024	Increase/ (Decrease)	Q1 2025	Notes
Steady State – Modernization Funds:				
CAF Phase II <sup>8</sup>	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	36.60	0.00	36.60	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 <sup>9</sup>	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) <sup>10</sup>	43.03	(0.32)	42.71	Model support to Rate of Return carriers for voice and broadband infrastructure.
A-CAM II <sup>11</sup>	54.94	(0.10)	54.84	Model support to Rate of Return carriers for voice and broadband infrastructure.

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

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

<sup>10</sup> See *Wireline Competition Bureau Authorizes 182 Rate-of-Return Companies To Receive \$454 Million Annually in Alternative Connect America Cost Model Support To Expand Rural Broadband*, WC-Docket No. 10-90, Public Notice, 32 FCC Rcd 842 (WCB 2017) (*A-CAM Authorization PN*); *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3094-117, paras. 17-79; *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking, 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).

<sup>11</sup> See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, 33 FCC 18-176Rcd 11893, 11903, para. 34 (2018) (*December 2018 Rate of Return Reform Order*).

<i>(in millions)</i>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
Rural Broadband Experiments (RBE) <sup>12</sup>	0.39	0.00	0.39	Support to RBE winners in Price Cap areas for experiments for robust broadband infrastructure in rural communities.
Mobility Fund Phase I <sup>13</sup>	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	10.83	(0.15)	10.68	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	150.83	(0.72)	150.11	Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism.
Enhanced Alternative Connect America Cost Model	315.13	0.00	315.13	Enhanced ACAM (E-ACAM) supports deployment of 100/20 service (or greater) through rural areas served by carriers currently receiving A-CAM support and in areas served by legacy rate-of-return support recipients.
<b><i>Total Steady State Modernization Funds</i></b>	<b><i>\$655.53</i></b>	<b><i>(\$1.29)</i></b>	<b><i>\$654.24</i></b>	
<b><i>Amounts Paid from Reserve</i></b>	<b><i>(\$53.53)</i></b>	<b><i>\$0.35</i></b>	<b><i>(\$53.18)</i></b>	Per FCC direction, all disbursements for RBE, Mobility Fund Phase I, and a portion of disbursements for A-CAM I and, E-ACAM are paid from reserved funds collected in prior years.

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

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

<i>(in millions)</i>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
New Requirements – Legacy Funds:				
<b><i>Total New Requirements Legacy Funds</i></b>	<b><i>0.00</i></b>	<b><i>0.00</i></b>	<b><i>0.00</i></b>	
New Requirements – Modernization Funds:				
<b><i>Total New Requirements Modernization Funds</i></b>	<b><i>\$0.00</i></b>	<b><i>0.00</i></b>	<b><i>0.00</i></b>	
<b>Total Program Demand</b>	<b><i>\$1,118.19</i></b>	<b><i>(\$29.78)</i></b>	<b><i>\$1,088.41</i></b>	

**ATTACHMENT 2**

**High Cost Administrative Costs and Headcount**  
Comparison of Actual Expenditures and Headcount to the Budget for the  
Nine months ending September 30, 2024

<i>(\$ in millions)</i>	<b>FTE Actual</b>	<b>FTE Budget</b>	<b>FTE Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>Direct Program Costs</b>						
Employee Expenses	49	50	1	\$5.44	\$5.29	(\$0.15)
Professional Services (Note 2)				0.55	1.49	0.94
General & Administrative				0.00	0.00	0.00
<b>Total Direct Program Costs</b>				<b>\$5.99</b>	<b>\$6.78</b>	<b>\$0.79</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	14	16	2	\$2.00	\$2.18	\$0.18
Professional Services (Note 2)				18.15	12.47	(5.68)
General & Administrative				0.53	0.26	(0.27)
<b>Total Direct Assigned Costs</b>				<b>\$20.68</b>	<b>\$14.91</b>	<b>(\$5.77)</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>63</b>	<b>66</b>	<b>3</b>	<b>\$26.67</b>	<b>\$21.69</b>	<b>(\$4.98)</b>
<b>Common Allocated Costs (Note 3)</b>				<b>\$35.85</b>	<b>\$41.27</b>	<b>\$5.42</b>
<b>Total Programmatic Budget</b>				<b>\$62.52</b>	<b>\$62.96</b>	<b>\$0.44</b>

**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*

October 28, 2024

# Agenda

- Impact of Fabric and Broadband Data Collection (BDC) on the High Cost Program
- Appendix: Glossary of Terms



# Impact of Fabric and BDC on the HC Program

- **What is the Broadband Serviceable Location Fabric?**
  - A dataset of locations in the United States and Territories where mass market fixed broadband internet access service is or could be installed.
  - Includes serviceable locations uniquely identified with a Fabric/location ID.
  - Updated biannually and subject to challenges.
  - Allows broadband availability data filers, the FCC, and other stakeholders to work from a single, standardized list of locations for the BDC.
  - Serves as the foundational layer for BDC and mapping efforts.
- **What is Broadband Data Collection?**
  - A biannual process mandated by Congress, in the Broadband Data Act, to gather precise and granular data on broadband availability and service quality throughout the United States at locations included in the Fabric.
  - Internet service providers (ISPs) must submit detailed information about their service coverage areas and speeds, contributing to the creation of more accurate broadband maps.

# Impact of Fabric and BDC on the HC Program

- **What is the FCC National Broadband Map (NBM)?**
  - Visualizes the data gathered through the BDC, mapping out the broadband availability information onto the Fabric, and enables users to explore service options at specific residential and small business locations.
  - The map is updated twice a year with new availability and location data. It is also updated biweekly to reflect the results of challenges, FCC verification efforts, and corrections from Internet providers.
- **What is the HUBB Portal?**
  - A tracking system where carriers with defined deployment obligations certify information about their broadband deployment progress in meeting their Connect America Fund (CAF) deployment obligations and ensures compliance.
  - This information includes latitude and longitude coordinates, minimum speeds offered and date of deployment for every location where mass-market, high-speed Internet service is available.
  - The HUBB dataset serves as the foundation for the Connect America Fund Broadband Map (CAF Map).

# Data Fields (Fabric, BDC, and HUBB)

The screenshot shows a web application interface for broadband availability. The top navigation bar includes 'Location Summary', 'Provider Detail', 'Area Summary', 'Data Download', and 'About'. Below the navigation, there are filters for 'Residential' and 'Technology: Any Technology' with a speed filter set to 'Speed: >= 100/20'. A search bar is present with an 'Address' field. The main area is a map showing a rural area with several green location markers. A blue location pin is placed on 'Webbs Mill Rd N'. To the right of the map is a sidebar with a 'Selected Location' section showing a location ID and status ('Served', Residential, Unit Count: 1). Below this is a 'Broadband Availability' table.

Provider	Technology	Down (Mbps)	Up (Mbps)	Chall.
<a href="#">Citizens Telephone Cooperative</a>	Copper	10	1	
<a href="#">Citizens Telephone Cooperative</a>	Fiber to the Premises	1000	500	
<a href="#">HughesNet</a>	GSO Satellite	100	5	
<a href="#">Starlink</a>	NGSO Satellite	220	25	
<a href="#">T-Mobile</a>	Licensed Fixed Wireless	0.2	0.2	
<a href="#">Viasat</a>	GSO Satellite	150	3	
<b>Business-only Service</b>				
<a href="#">Viasat</a>	GSO Satellite	150	4	

- Fabric and BDC datasets have a location identifier (Location ID)
- All datasets track service units, while HUBB and BDC also provide deployment/availability details, including data on broadband speed.
- Additionally, both HUBB and BDC include provider and carrier information.

# Impact of Fabric and BDC on the HC Program

- New ability to collect carrier HC deployment data using Fabric IDs rather than GPS coordinates for some programs
  - Relies on BDC data to determine eligible locations for HC broadband deployments
  - Currently available for Enhanced ACAM carriers (additional funds to be added in the future)
- CAF-BLS Analysis: Request to Data Strategy team to analyze CAF-BLS program against BDC data and Fabric location data
- HC Program: The HC Enhanced ACAM program is the first program where the FCC will use the Fabric and the BDC data to identify locations that are unserved.

# Impact of Fabric and BDC on the HC Program (Continued)

## CAF Verifications

- Potential Process Improvements
  - Simplifies carrier reporting burden by requiring the Fabric ID in lieu of the GPS Coordinates and Address Data
  - Improved accuracy of deployment data by using the challenge process and the Fabric/BDC to align with a standard list of locations
  - Reduces complexity of the Verification process by eliminating the need to verify GPS Coordinates and creates more opportunity to verify broadband availability information.

# Appendix: Glossary of Terms

Term	Definition
ACAM I/ Revised ACAM I/ACAM II/EACAM	Alternative Connect America Cost Model/(Revised ACAM)/Enhanced 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. The FCC released the newest iteration of ACAM, Enhanced ACAM, to further facilitate widespread broadband deployment at speeds of at least 100/20 Mbps across eligible rate-of-return carriers' service areas by the end of 2028.
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 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.

# Appendix : Glossary of Terms (Continued)

Term	Definition
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.
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.
CETC	A “competitive eligible telecommunications carrier” is a carrier that meets the definition of an “eligible telecommunications carrier” and does not meet the definition of an “incumbent local exchange carrier” in 47 C.F.R. § 51.5. CETC’s are the phone company’s competitors; they’re tier two providers or resellers.
ETC	Eligible Telecommunications Carrier: A telecommunications carrier designated by a state’s utility commission or the FCC to receive universal service support; an 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, a 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.

# Appendix: Glossary of Terms (Continued)

Term	Definition
HCVS	High Cost Verification System.
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 the accuracy of the deployment data within the HUBB.
ILEC	Incumbent Local Exchange Carrier, 47 C.F.R. § 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.
MoS	Mean Opinion Score
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-submitted 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.
RBAP	Rural Broadband Accountability Plan: Chairwoman Rosenworcel's initiative to increase audits, verifications, and transparency for USF High Cost programs, including the Rural Digital Opportunity Fund. See <a href="https://www.fcc.gov/rbap">https://www.fcc.gov/rbap</a>



# Appendix: Glossary of Terms (Continued)

Term	Definition
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 build out 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 Phase I, the FCC targets support to areas that lack access to 25/3Mbps broadband.
RPA	Robotic Process Automation: Technology designed to automate manual repetitive, high-volume tasks performed by employees.
SAC	Study Area Code: A unique, six-digit identifier used to classify a carrier-specific service area.
SPIN	Service Provider Identification Number. A unique non-digit number assigned to service providers by USAC when the FCC Form 498 is filed.



**Universal Service  
Administrative Co.**



# High Cost and Low Income Committee

High Cost Business Update (Continued)

*Open Session – Information Only*

October 28, 2024

# Agenda

- HCLI 2.0 Impact
- Q3 2024 Accomplishments
- Q4 2024 Plans
- Roadmap
- Appendices:
  - A: Disbursements and Deployments
  - B: 2024 Verification Deployments and Performance Measures Testing
  - C: Glossary of Terms

## HCLI 2.0 Impact

- Disbursements calculation started with June 2024 support
  - Accomplished calculation run time of approximately 10 minutes vs. 10 -12 hours in HCLI 1.0 allowing for more analytic work.
  - Automated support calculation for all 17 funds including automated non-compliance rules application.
- Automated interfaces with all High Cost Forms and FCC Form 498.
  - Eliminated need for data base administrators. Changes are now managed through User Interface.
  - Reduced risk of SAC/SPIN misalignment for payment processing

## HCLI 2.0 Impact (Continued)

- Automated controls, workflows, notifications/emails, tracking and storing supporting documents.
- HCLI 2.0 is scalable and can be modified and enhanced easily.
  - Creating a new fund in HCLI 2.0 requires just 1-2 weeks, vs. 6-9 weeks in HCLI 1.0.
- HCLI 2.0 enhances program integrity and minimizes non-standard improper payments.

# Q3 2024 Accomplishments

- **Operations**

- Successfully completed 3 months of parallel HCLI 1.0 and HCLI 2.0 monthly processes.
- Successfully collected annual CAF ICC TRP data for Program Year 2024-2025 support.
- Completed CAF BLS annual data analytics including validation and trend analysis. Shared results with all stakeholders, including AAD.
- Concluded HCLI 2.0 parallel run. Legacy system decommissioned.
- Disbursed approximately \$2.98 billion through August 2024

# Q3 2024 Accomplishments (Continued)

- **Compliance**

- Completed milestone verifications of 65 carriers, covering over 10,000 locations, in support of CAF II Auction, ACAM, Revised ACAM, ACAM II, and BLS.
- Performed evaluation of CAF BLS deployment utilizing the HUBB as well as Fabric and BDC data to assess whether BLS carriers fully deployed to the required locations in their study area.
- Supported reducing/terminating Letters of Credit in CAF II Auction (12 reviews) & RDOF (29 reviews).
- Performed compliance analysis of 2023 Annual Performance Measures testing as well as Q2 2024 test results.
  - A total of 156 study area/speed tier combinations which did not meet performance requirements for annual testing. USAC & FCC discussing next steps based on fund and specific scenarios.
  - A total of four study area/speed tier combinations that came into compliance with performance testing requirements and may have funds restored.
  - One study area/speed tier combination in the PR/VI program which did not meet pre-testing requirements.



# Q3 2024 Accomplishments (Continued)

- **Stakeholder Engagement and Outreach**

- Ensured state and Tribal access to Form 481 and broadband deployment data from HUBB.
- Helped states and carriers that self certify navigate annual 54.314 Eligible Telecommunications Carrier (ETC) certification by Oct. 1, 2024, deadline.
- Helped carriers navigate quarterly network speed and latency pre-testing/testing and reporting requirements, and obtain quarterly and annual compliance reports (Original and Revised ACAM, RBE, Alaska Plan, ACAM II, CAF BLS, CAF II Auction, PR/USVI).

# Q4 2024 Plans

- **Operations**
  - Complete HC Procedure Document updates including HCLI 2.0.
  - Conduct “Circle of Life” webinar on common audit findings.
- **PMO/Integration/Engineering Support**
  - 5G Intake Kick Off.
  - Administrative Order Operational Readiness Planning.
- **Compliance**
  - Evaluate success of automation for required verification activity completed in 2024 and identify potential enhancements for 2025.
  - Collaborate with the FCC on potential Rural Broadband Accountability Plan (RBAP) reviews to be performed in Q4 2024.
  - Analyze Q3 2024 PMM data and restore funds for carriers who meet broadband requirements.

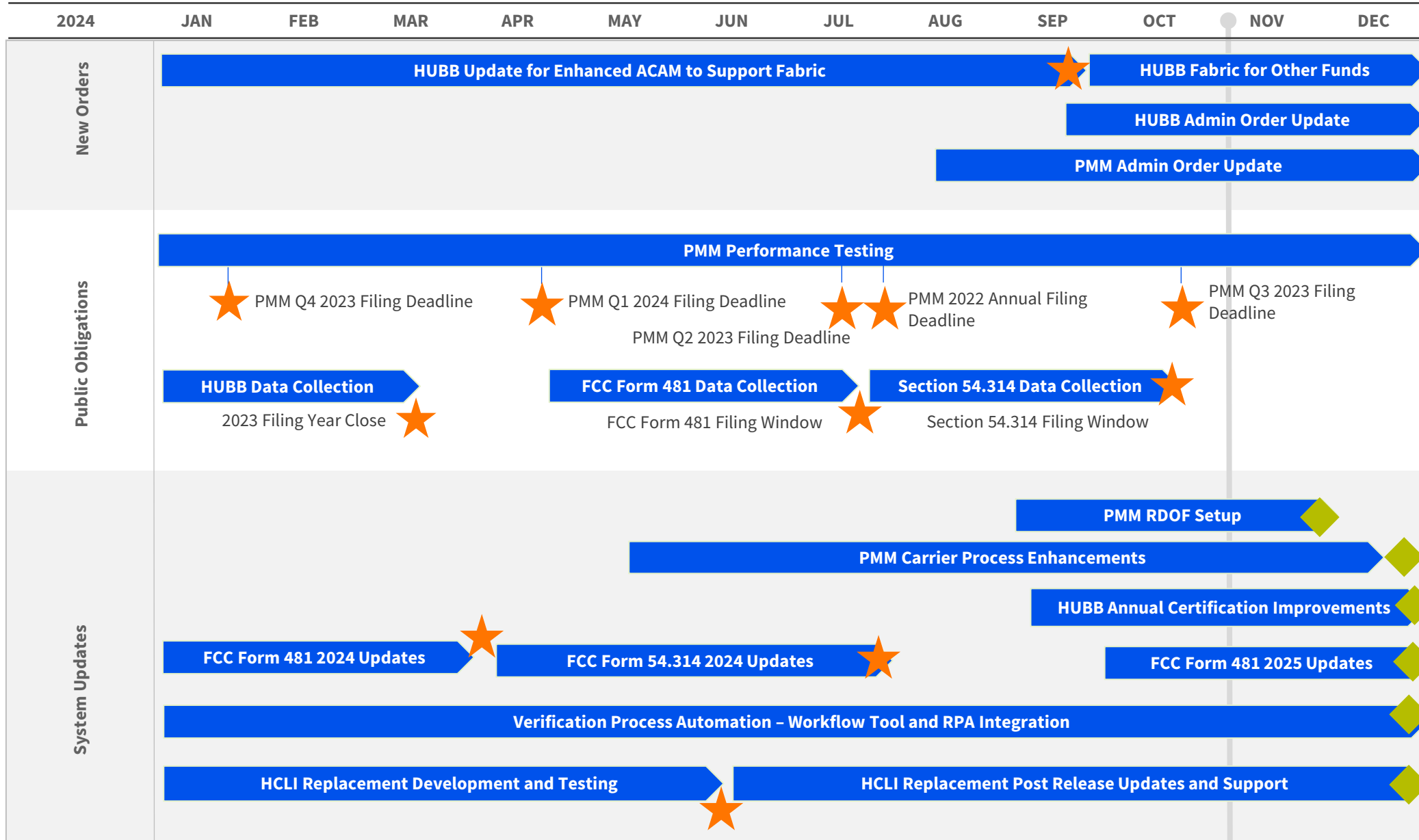
# Q4 2024 Plans

- **Stakeholder Engagement and Outreach**

- Help carriers navigate ongoing quarterly network speed and latency testing requirements, obtain compliance reports and prepare for mandatory quarterly PMM reporting in 2025 (includes helping Original and Revised ACAM, RBE and Alaska carriers obtain new random subscriber location samples to continue testing in 2025).
- Help RDOF carriers obtain random subscriber location samples and prepare to begin quarterly network speed and latency pre-testing in 2025.
- Prepare carriers and consultants to navigate upcoming HUBB filing window – requiring carriers to certify all 2024 deployment in the HUBB by March 1, 2025 – and integration of Fabric IDs into the annual HUBB data collection for Enhanced ACAM carriers.

# 2024 Roadmap

Available for Public Use



**Milestone Legend**

- ▲ At Risk
- ◆ On Track
- ★ Completed

# Appendix A: Metrics

## High Cost Disbursements (Through December 2023)

Fund Type	Carrier Type	2023	2022	2021
Legacy	CETC	\$363,104,008	\$366,415,625	\$369,229,873
	ILEC	\$1,864,389,661	\$1,754,582,767	\$1,692,324,455
Modernized	CETC	\$762,269,180	\$708,250,422	\$347,889,239
	ILEC	\$1,338,603,612	\$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 A: Metrics (Continued)

High Cost Calendar Year Deployments (Data as of March 31, 2024)

<b>Fund</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
ACAM	455,427	507,616	564,458	609,721
ACAM II	310,066	348,061	372,708	396,295
AK Plan	36,774	55,212	57,863	62,370
CAF BLS	742,337	896,788	1,040,683	1,228,412
CAF Phase II	3,098,363	4,210,960	4,214,475	4,218,561
CAF II AUC	79,910	187,097	437,776	565,867
PR Fixed			94,059	997,633
RBE	25,499	27,632	27,983	28,320
RDOF	50,214	110,163	401,062	845,435

# Appendix B: 2024 Verification – Deployment Snapshot (as of September 4, 2024)

The below table highlights verification activity initiated in 2024. 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
Revised ACAM 70%	623	267	220	47
ACAM II 50%	769	158	116	42
CAF BLS 100%	7,936	1,230	995	235
CAF II Auction – LoC (Completed)	1,325	1,325	1,163	162
CAF II Auction – LoC (In-Progress)	889	87	86	1
CAF II Auction – Required 60%	831	33	28	5
RDOF – LoC (Completed)	4,325	4,325	4,050	275
RDOF – LoC (In-Progress)	3,753	TBD	TBD	TBD
PR-USVI – LoC (Completed)	166	166	149	17
RBAP (In-Progress)	781	TBD	TBD	TBD
RBAP (Completed)	1,623	1,623	845	778
<b>Total Locations To Date</b>	<b>23,021</b>	<b>9,214</b>	<b>7,652</b>	<b>1,562</b>

# Appendix B: 2024 Verification - Performance Measures Testing

## Summary of Results by Speed/SAC Combination for Q2 2024

Fund	Testing Status	Submitted Test Results	Overall Non-Compliant Test Results	Download Test Results		Upload Test Results		Latency Test Results	
				Pass	Fail	Pass	Fail	Pass	Fail
CAF II Model	Completed 2021	---	---	---	---	---	---	---	---
CAF II ACS	In testing	1	0	1	0	1	0	1	0
ACAM I & Revised ACAM I	In testing	501	31	482	19	486	15	485	16
RBE	In testing	33	8	32	1	32	1	25	8
AK Plan Wireline	In testing	20	3	18	2	19	1	17	3
CAF II Auction	In testing	154	24	133	21	150	4	145	9
ACAM II	In testing	234	5	231	3	230	4	232	2
CAF BLS	In testing	306	9	299	7	301	5	298	8
PRVI	Pre-testing	1	0	N/A	N/A	N/A	N/A	N/A	N/A
RDOF	Upcoming (Pre-testing starts 2025)	---	---	---	---	---	---	---	---
Enhanced ACAM	Upcoming (Pre-testing starts 2026)	---	---	---	---	---	---	---	---
<b>Total</b>		1250	80	1196	53	1219	30	1203	46

### Notes:

- Initial performance measures testing framework established within DA 18-710.
- Penalties determined based on lowest compliance score across download speed, upload speed, and latency test results. The column titled “Overall Non-Compliant Test Results” summarizes the number of unique Speed/SAC combinations that are non-compliant. A given carrier can fail all three but would only count once as non-compliant.
- 2024 Annual PMM results are not due until July 2025.
- PRVI is currently in pre-testing. Therefore, results are not shown for individual test types.



# Appendix C: Glossary of Terms

Term	Definition
ACAM I/ Revised ACAM I/ACAM II/EACAM	Alternative Connect America Cost Model/(Revised ACAM)/Enhanced 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. The FCC released the newest iteration of ACAM, Enhanced ACAM, to further facilitate widespread broadband deployment at speeds of at least 100/20 Mbps across eligible rate-of-return carriers' service areas by the end of 2028.
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 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.

# Appendix C: Glossary of Terms (Continued)

Term	Definition
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.
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.
CETC	A “competitive eligible telecommunications carrier” is a carrier that meets the definition of an “eligible telecommunications carrier” and does not meet the definition of an “incumbent local exchange carrier” in 47 C.F.R. § 51.5. CETC’s are the phone company’s competitors; they’re tier two providers or resellers.
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, a 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.

# Appendix C: Glossary of Terms (Continued)

Term	Definition
HCVS	High Cost Verification System.
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 the accuracy of the deployment data within the HUBB.
ILEC	Incumbent Local Exchange Carrier, 47 C.F.R. § 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.
MoS	Mean Opinion Score
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-submitted 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.
RBAP	Rural Broadband Accountability Plan: Chairwoman Rosenworcel initiative to increase audits, verifications, and transparency for USF High Cost programs, including the Rural Digital Opportunity Fund. See <a href="https://www.fcc.gov/rbap">https://www.fcc.gov/rbap</a>

# Appendix C: Glossary of Terms (Continued)

Term	Definition
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 build out 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 Phase I, the FCC targets support to areas that lack access to 25/3Mbps broadband.
RPA	Robotic Process Automation: Technology designed to automate manual repetitive, high-volume tasks performed by employees.
SAC	Study Area Code: A unique, six-digit identifier used to classify a carrier-specific service area.
SPIN	Service Provider Identification Number. A unique non-digit number assigned to service providers by USAC when the FCC Form 498 is filed.



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

<b>ACTION ITEM</b>
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**Approval of Low Income Support Mechanism  
1st Quarter 2025 Programmatic Budget and  
Demand Projection for the November 1, 2024 FCC Filing**

**Action Requested**

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2025 (Q1 2025) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 1, 2024 quarterly filing.

**Discussion**

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

**Funding Requirement**

Based on projected subscribership levels, USAC estimates the Q1 2025 funding requirement for the Low Income Support Mechanism as follows:

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

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

Table A. Program Funding Requirement

<i>(in millions)</i>	<b>Q4 2024</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025</b>	<b>Notes</b>
Steady State:				
Lifeline	\$256.34	\$30.76	\$287.10	See Note 1
Link Up	0.05	0.00	0.05	
New Requirements:				
N/A	0.00	0.00	0.00	
<b>Total Program Demand</b>	<b>\$256.39</b>	<b>\$30.76</b>	<b>\$287.15</b>	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(\$83.64)	\$61.65	(\$21.99)	See Note 2
Billings	4.29	(1.58)	2.71	
Bad Debt Expense	(1.47)	0.37	(1.10)	
Interest Income	0.00	0.00	0.00	
Annual Administrative Expense True-Up	0.00	(1.56)	(1.56)	
<b>Total Prior Period Adjustments</b>	<b>(\$80.82)</b>	<b>\$58.88</b>	<b>(\$21.94)</b>	
USAC Administrative Expenses	\$22.80	\$0.04	\$22.84	See Table B
<b>Total Funding Requirement</b>	<b>\$198.37</b>	<b>\$89.68</b>	<b>\$288.05</b>	

**Note 1:** Demand increase reflects outstanding claims for prior periods.

**Note 2:** Lower variance between projected and actual disbursements.

Based on the projected burn rate, USAC estimates the following Q1 2025 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	<b>Q4 2024 Budget</b>	<b>Increase/ (Decrease)</b>	<b>Q1 2025 Budget</b>	<b>Notes</b>
<b>Direct Program Costs</b>				
Employee Expenses	\$3.11	(\$0.18)	\$2.93	
Professional Services	6.09	0.28	6.37	
General & Administrative	0.45	(0.11)	0.34	See Note 3
<b>Total Direct Program Costs</b>	<b>\$9.65</b>	<b>(\$0.01)</b>	<b>\$9.64</b>	
<b>Direct Assigned Costs</b>				
Employee Expenses	\$0.92	(\$0.30)	\$0.62	
Professional Services	2.85	0.28	3.13	
General & Administrative	0.40	0.02	0.42	See Note 3
<b>Total Direct Assigned Costs</b>	<b>\$4.17</b>	<b>\$0.00</b>	<b>\$4.17</b>	
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$13.82</b>	<b>(\$0.01)</b>	<b>\$13.81</b>	
<b>Common Allocated Costs</b>	<b>\$8.98</b>	<b>\$0.05</b>	<b>\$9.03</b>	
<b>Total Programmatic Budget</b>	<b>\$22.80</b>	<b>\$0.04</b>	<b>\$22.84</b>	

**Note 3:** General & Administrative expenses include computer support & maintenance, postage, and meetings & conferences.

A comparison of actual expenditures to the budget for the nine months ending September 30, 2024 is provided in **Attachment 1**.

### **Recommendation**

USAC management recommends that the Committee approve the Q1 2025 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 1st Quarter 2025 Low Income Support Mechanism direct program budget of \$13.81 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$13.81 million for Low Income Support Mechanism administrative costs in the required November 1, 2024 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 October 28, 2024 the 1st Quarter 2025 Low Income Support Mechanism demand estimate of \$288.05 million, hereby directs USAC staff to proceed with the required November 1, 2024 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  
Nine Months ending September 30, 2024

<i>(\$ in millions)</i>	<b>FTE Actual</b>	<b>FTE Budget</b>	<b>FTE Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>Direct Program Costs</b>						
Employee Expenses	84	92	8	\$7.77	\$8.66	\$0.89
Professional Services (Note 4)				19.16	19.53	0.37
General & Administrative (Note 5)				0.90	1.36	0.46
<b>Total Direct Program Costs</b>				<b>\$27.83</b>	<b>\$29.55</b>	<b>\$1.72</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	13	20	7	\$1.73	\$2.58	\$0.85
Professional Services (Note 4)				7.12	8.21	1.09
General & Administrative (Note 5)				1.59	1.19	(0.40)
<b>Total Direct Assigned Costs</b>				<b>\$10.44</b>	<b>\$11.98</b>	<b>\$1.54</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>97</b>	<b>112</b>	<b>15</b>	<b>\$38.27</b>	<b>\$41.53</b>	<b>\$3.26</b>
<b>Common Allocated Costs (Note 6)</b>				<b>\$25.38</b>	<b>\$25.75</b>	<b>\$0.37</b>
<b>Total Programmatic Budget</b>				<b>\$63.65</b>	<b>\$67.28</b>	<b>\$3.63</b>

**Note 4:** 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 5:** General & Administrative expenses include computer support & maintenance, postage, and meetings & conferences.

**Note 6:** 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

Lifeline Business Update

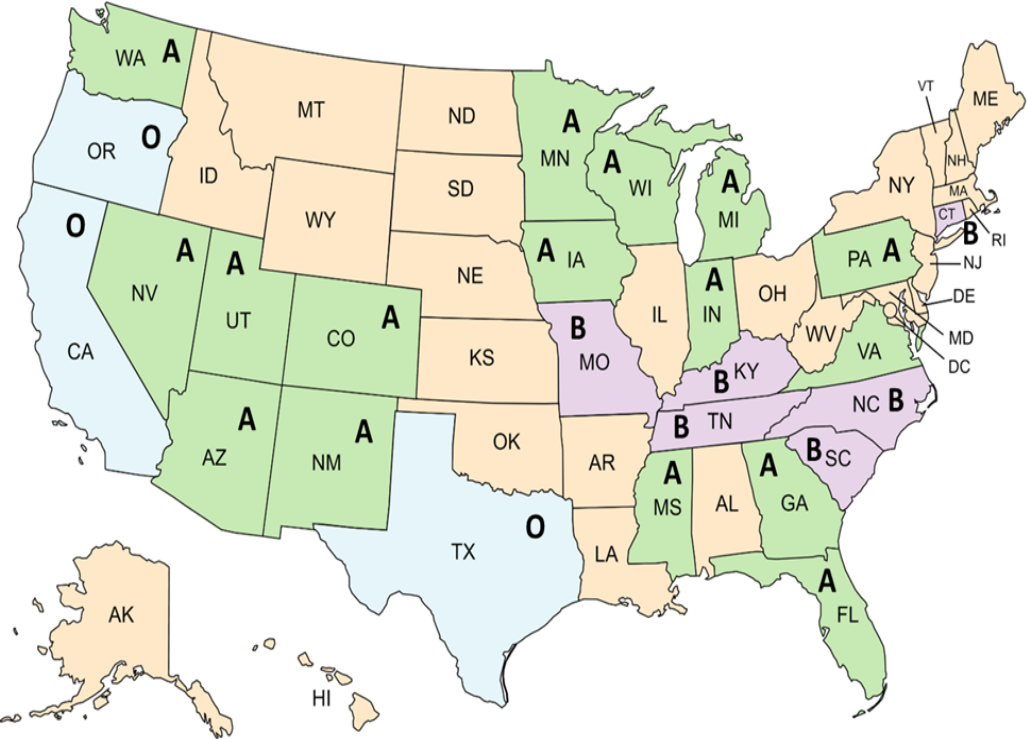
*Open Session*

October 28, 2024

# Agenda

- National Verifier (NV) Highlights
- Lifeline Subscriber Trends
- Lifeline Program Impacts From Affordable Connectivity Program (ACP) Sunset
- Safe Connections Act (SCA)
  - Overview
  - Administrative Action

# National Verifier Highlights



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



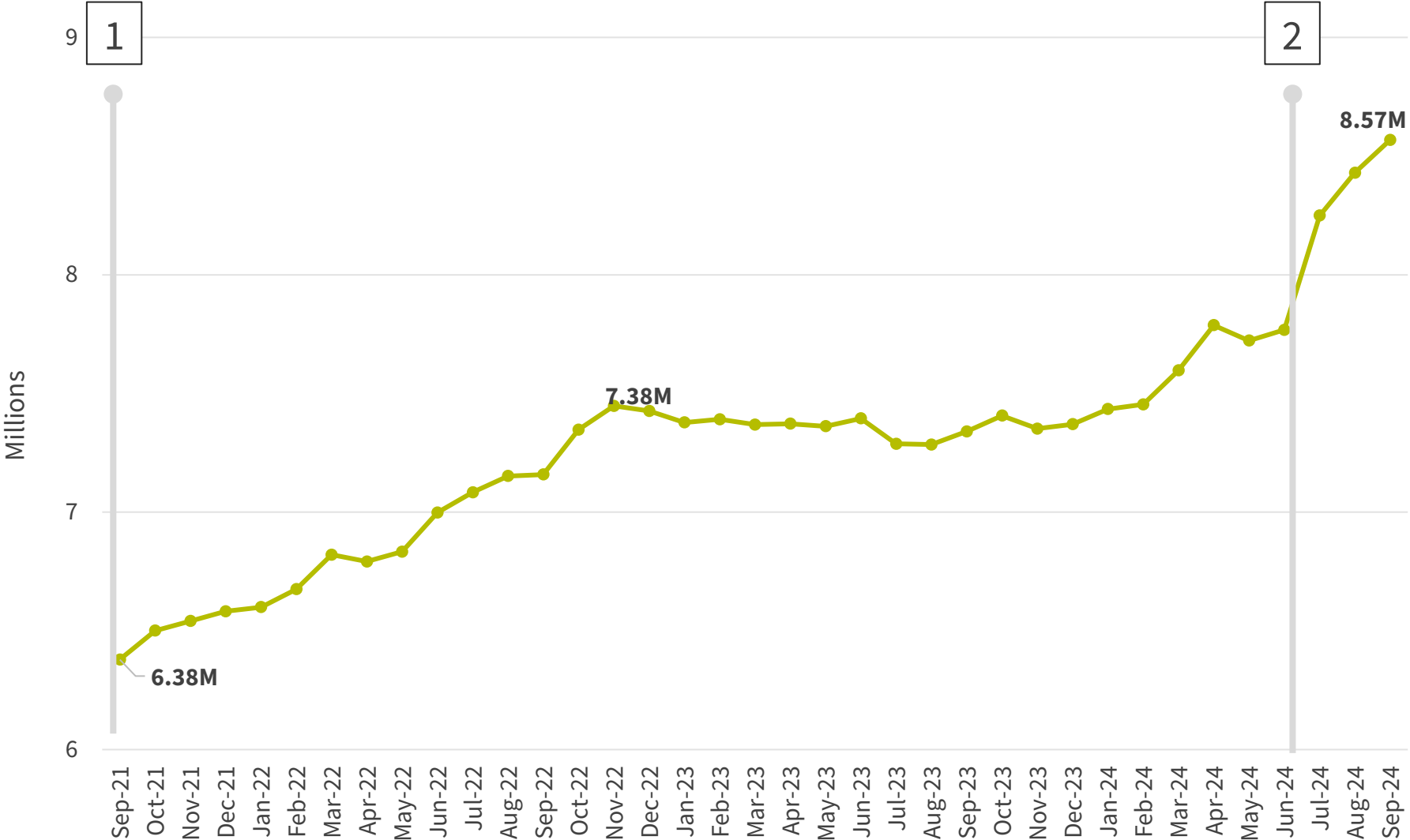
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## 29 Total NV Connections Available

- 26 state and territory connections
- Three federal connections to CMS, HUD, & VBA
- Five potential new connections, with CMAs in various stages of review

Connection Types	% of Apps Passing Eligibility Database Check	% of Apps Passing Program/Income Manual Review	Overall Program/Income Eligibility Pass Rate*	% of Apps Passing all Database Checks	June 2024 Data Month Subscribers
<b>State and Federal</b>	<b>56.5%</b>	<b>4.4%</b>	<b>60.9%</b>	<b>42.0%</b>	<b>4,128,838</b>
<b>Federal Only</b>	<b>46.4%</b>	<b>4.1%</b>	<b>50.5%</b>	<b>37.8%</b>	<b>2,603,969</b>
<b>Overall</b>	<b>52.0%</b>	<b>4.2%</b>	<b>56.2%</b>	<b>37.8%</b>	<b>6,732,807</b>

# Lifeline Subscriber Trends



1. Subscriberhip has generally trended upwards since July 2021, following waivers of non-usage de-enrollments.
2. Further increase in subscriberhip since June 2024 post ACP.

**\*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).

# Lifeline Program Impacts From ACP Sunset

Lifeline volumes before, during, and after ACP/EBBP

Data Month	Lifeline Enrollments	Applications Created	Manual Reviews	Calls Offered
January 2020	5,587,982	402,098	83,593	88,796
January 2021	8,726,868	457,518	90,696	57,647
January 2022	6,600,082	1,374,231	290,233	156,708
January 2023	7,377,940	1,756,291	385,315	197,275
January 2024	7,434,171	1,661,107	327,518	207,229
May 2024	7,722,863	2,404,731	497,805	168,111
September 2024	8,567,905	2,898,566	303,503	121,683

Approximately 24 percent of ACP subscribers (at program's end) are enrolled in Lifeline today. That number is consistent with what it was during ACP.

# Safe Connections Act – Overview

- On November 16, 2023, the FCC established rules to implement the Safe Connections Act (SCA) of 2022 to support survivors of domestic violence and related crimes, and individuals caring for them.
- USAC implemented the SCA on September 4, 2024.
- Under the SCA, survivors experiencing financial hardship may qualify for and receive emergency Lifeline support (discount of up to \$9.25 on phone, internet, or bundled services) for up to six months.
- Survivors need to provide proof of an attempted line separation request from their provider to receive emergency support from Lifeline.
- Survivors are notified 75 days before the period of emergency support expires.
- Prior to support expiration, survivors may apply for the standard Lifeline benefit.



# Safe Connections Act – Administrative Action

- The NV consumer portal has been updated to support the enhanced survivor benefit application process; the Lifeline application (FCC Form 5629) has been updated to allow consumers to apply as survivors.
- The Lifeline communications team produced bulletins, newsletter articles, webinars, and office hours for service providers.
- Staff is trained to conduct SCA manual reviews; customer service is trained to support the process for consumers and providers.
- To maintain the confidentiality of survivor information, USAC implemented additional procedural and system controls for internal users, business processing outsourcing agents, and service providers.
- Technical controls and administrative processes, including consumer outreach, will be put in place to manage each survivor's transition to Lifeline or emergency benefit period expiration.



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## **High Cost and Low Income Committee**

Lifeline Business Update (Continued)

*Open Session - Information Only*

October 28, 2024

# Agenda

- Q3 2024 Accomplishments
- Q4 2024 Plans
- 2024 Roadmap
- Program Metrics
- Service Type Trends
- Subscribership Trends
- Glossary of Terms

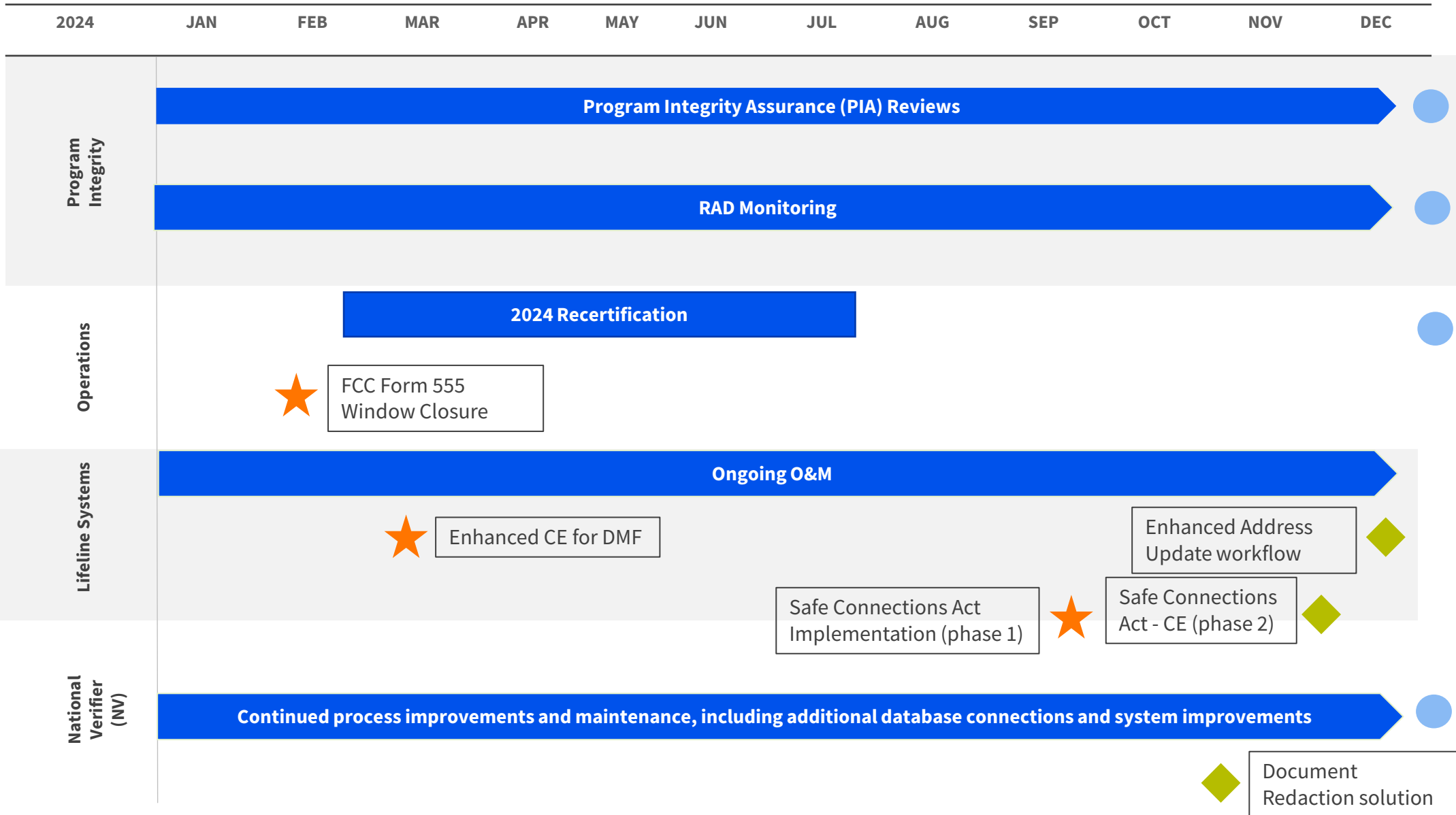
## Q3 2024 Accomplishments

- Completed the Lifeline reverification process, which began in 2018. All Lifeline consumers in NLAD states whose eligibility had been determined by ETCs have now been qualified via the National Verifier or de-enrolled.
- Launched the Safe Connections Act (SCA) eligibility and enrollment processes.
- Completed Q1 Program Integrity Assurance (PIA) reviews and two ad hoc reviews for enrollment and transfer consent.
- Initiated the collection of additional identity alerts through our Third Party Identity Verification (TPIV) vendor.

# Q4 2024 Plans

- Complete Lifeline 2024 annual recertifications.
- Implement a document redaction solution for portal and application programming interface (API) submitted documents in October 2024.
- Implement SCA continued eligibility processes (Phase II) in November 2024.
- Enhance the address update consumer workflow in December 2024.
- Publish a public Tribal mapping tool on USAC.org.

# 2024 Roadmap



**Milestone Legend**

- At Risk
- On Track
- Completed
- Ongoing

# Program Metrics

## Lifeline Eligibility and New Enrollments

Year-to-Date Cumulative Comparison	2024 (January through September)	2023 (January through September)
National Verifier Applications Created	20,507,588	13,876,213
Program Eligibility Auto Approved	11,550,775	8,931,237
Program Eligibility Auto Pass Rate	56.3%	64.4%
Enrollments (Excludes CA, OR, and TX)	5,137,583	4,373,769
De-Enrollments (Excludes CA, OR, and TX)	4,414,257	4,409,661
NLAD Subscribers (Excludes CA, OR, and TX) at end of Period	6,732,807	5,968,465
Opt-Out State Subscribers (CA, OR, and TX) at end of Period	1,835,098	1,371,337

**\*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.



# Service Type Trends

Month	Broadband	Bundled Broadband	Bundled Voice and Broadband	Bundled Voice	Voice
September 2024	1.06%	3.74%	92.61%	0.40%	2.19%
August 2024	1.04%	9.24%	87.09%	0.44%	2.19%
July 2024	1.04%	10.53%	85.66%	0.50%	2.28%
June 2024	1.05%	11.75%	83.92%	0.59%	2.69%
May 2024	1.03%	12.49%	83.23%	0.50%	2.75%
April 2024	0.98%	14.03%	81.61%	0.57%	2.81%
March 2024	0.89%	15.29%	80.21%	0.70%	2.91%
February 2024	0.87%	16.60%	78.69%	0.86%	2.99%
January 2024	0.88%	17.67%	77.18%	1.01%	3.27%
December 2023	0.88%	18.78%	75.90%	1.05%	3.38%
November 2023	0.88%	20.47%	74.11%	1.09%	3.46%
October 2023	0.88%	22.68%	71.87%	1.07%	3.50%

- **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.

# Subscriber Trends

<b>Data Month</b>	<b>Subscriber (incl. opt-out)</b>	<b>Tribal Subscribers</b>	<b>Rate of Change</b> (subscribers month over month)	<b>Disbursed</b>
September 2024 (snapshot on Oct. 1)	8,567,905	243,431	1.64%	\$68,957,360
August 2024 (snapshot on Sep. 1)	8,429,872	240,332	2.19%	\$77,530,243
July 2024 (snapshot on Aug. 1)	8,249,404	229,461	6.20%	\$69,864,017
June 2024 (snapshot on Jul. 1)	7,767,922	217,733	0.58%	\$70,287,581
May 2024 (snapshot on Jun. 1)	7,722,863	207,793	-0.83%	\$71,421,962
April 2024 (snapshot on May 1)	7,787,495	232,924	2.51%	\$69,738,099
March 2024 (snapshot on Apr. 1)	7,596,827	230,750	1.92%	\$68,650,011
February 2024 (snapshot on Mar. 1)	7,453,709	227,688	0.26%	\$81,714,095
January 2024 (snapshot on Feb. 1)	7,434,171	229,445	0.86%	\$130,593,037
December 2023 (snapshot on Jan. 1)	7,370,439	227,417	0.26%	\$60,363,727
November 2023 (snapshot on Dec. 1)	7,351,586	222,670	-0.74%	\$37,338,881
October 2023 (snapshot on Nov. 1)	7,406,426	217,588	0.91%	\$51,734,958

# 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

# 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 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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