



High Cost & Low Income Committee

Briefing Book

Monday, January 27, 2025

1:15 p.m. - 2:45 p.m. ET

Available for Public Use

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, January 27, 2025 1:15 p.m. – 2:45 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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HIGH COST OPEN SESSION		<i>Estimated Duration in Minutes</i>
Available for Public Use		
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of High Cost & Low Income Committee Meeting Minutes of October 28, 2024 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Consideration and Approval of Two Routine Procurements	5
Chair	a2. Recommendation for Election of Committee Chair and Vice Chair	5
Vic	a3. Approval of High Cost Support Mechanism 2nd Quarter 2025 Programmatic Budget and Demand Projection for the January 31, 2025 FCC Filing	5
Vic	i1. High Cost Business Update <ul style="list-style-type: none"> • 2024 Year in Review • 2025 Plans • Appendix: Glossary of Terms 	20

<u>HIGH COST INFORMATION ONLY</u>		<i>Estimated Duration in Minutes</i>
Available for Public Use		
Vic	i2. High Cost Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Q4 2024 Accomplishments • Q1 2025 Plans • Roadmap • Appendices: <ul style="list-style-type: none"> A. Disbursements and Deployments, B. 2024 Verification Deployments and Performance Measures Testing, and C. Glossary of Terms 	–
Teleshia	i3. Information on Four USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.	–

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LOW INCOME OPEN SESSION Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	a4. Approval of Low Income Support Mechanism 2nd Quarter 2025 Programmatic Budget and Demand Projection for the January 31, 2025, FCC Filing	5
Tim	i4. Low Income (Lifeline) Business Update <ul style="list-style-type: none"> • 2024 Year in Review • 2024 Metrics • National Verifier Highlights • Lifeline Subscriber Trends • 2025 Priorities 	20

<u>LOW INCOME INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	i5. Lifeline Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Q4 2024 Accomplishments • Q1 2024 Plans • Roadmap • Program Metrics, • Service Type Trends, • Subscribership Trends • Glossary of Terms 	–
Teleshia	i6. Information on Four USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports	–

LOW INCOME EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Tim	i7. Low Income (Lifeline) Business Update (<i>Continued</i>)	5
Chris	a5. Consideration to Exercise Option Term for Lifeline Program Business Process Outsourcing Services	–
Chris	a6. Consideration of Contract Increase for Option Year Three and Four for Lifeline Program Third Party Identification and Verification Services	–
Tim	a7. Approval of Low Income (Lifeline) Support Mechanism 2025 Annual Programmatic Budget	10

Available For Public Use

HIGH COST EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Vic	i8. High Cost Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Current FCC and GAO High Cost Audit Updates 	10
Vic	a8. Approval of High Cost Support Mechanism 2025 Annual Programmatic Budget	10

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, April 28, 2025 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 October 28, 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.
 - (2) **a5.** Consideration to Exercise Option Term for Lifeline Program Business Process Outsourcing 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.
 - (3) **a6.** Consideration of Contract Increase for Option Year Three and Four for Lifeline Program Third Party Identification and Verification 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) **a7.** Approval of Low Income (Lifeline) Support Mechanism 2025 Annual Programmatic Budget. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, as well as *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*.
- (5) **i8.** High Cost Business Update (*Continued*). 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*.
- (6) **a8.** Approval of High Cost Support Mechanism 2025 Annual Programmatic Budget. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration* as well as *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 Two Routine Procurements

- (1) Consideration to Exercise Option Term for Lifeline Program Business Process Outsourcing Services. The resolution is provided in **aHCLI05cf**. If discussion is needed, it will be conducted in *Executive Session*.
- (2) Consideration of Contract Increase for Option Year Three and Four for Lifeline Program Third Party Identification and Verification Services. The resolution is provided in **aHCLI06cf**. 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 October 28, 2024; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of two routine procurements as presented in items **aHCLI05cf** and **aHCLI06cf**.

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

**HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, October 28, 2024**

(DRAFT) MINUTES¹

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, October 28, 2024. Ms. Olivia Wein, Committee Chair, called the meeting to order at 12:04 p.m. Eastern Time, with a quorum of seven of eleven Committee members present:

Chalk, Indra	Skrivan, Michael – Vice Chair
Mason, Ken	Waller, Jeff – <i>by telephone</i>
Sekar, Radha – Chief Executive Officer	Wein, Olivia – Chair
Siefer, Angela	

Commissioner Sarah Freeman joined the call at 12:10 p.m. Eastern Time due to technical difficulties. She did not vote on item a1. Ms. Stephanie Polk joined the call at 12:29 p.m. Eastern Time. She did not vote on or participate in the discussion of items a1-a3 and i1-i3.

Members of the Committee not present:

Chacko, Sheba
Semmler, Kara

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
Gregory, Amber – Member of the Board

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

Hutchinson, Kyle – Vice President 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 – *by telephone*
Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Adesegun, David	USAC
Ahmed, Sharmarke	USAC
Alomari, Ghanem	USAC
Claxton, Naomi	USAC
Crouse, Martin – <i>by telephone</i>	InHand Networks
Faunce, Donna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Harvey, Casey	Iron Bow
Havivi, Daniel – <i>by telephone</i>	USAC
Kahn, Sammy	USAC
King, Ryan	USAC
Kurisch, Bill	USAC
Little, Chris – <i>by telephone</i>	USAC
Malashenok, Yelena	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Parker, Ben	USAC
Sadirkhanova, Sabina – <i>by telephone</i>	USAC
Santana-Gonzalez, Jeanette	USAC
Simab, Habib	USAC
Smith, Chris	USAC
Staurulakis, Chresanthe	USAC
Suggs-Moore, Vickie	USAC
Tessler, Joelle	USAC
Weith, Tim	USAC
Zitin, Caroline	USAC

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 July 29, 2024.
- B. Approval of moving all *Executive Session* items into *Executive Session*:
- (1) **i7.** Low Income (Lifeline) Business Update (*Continued*). 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) **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*.

On a motion duly made and seconded, and after discussion, the Committee adopted 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**.

- a2. Approval of High Cost Support Mechanism 1st Quarter 2025 Programmatic Budget and Demand Projection for the November 1, 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 1st quarter 2025 programmatic budget and demand projection for the November 1, 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 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.

- i1. High Cost Business Update.** Mr. Gaither presented PowerPoint slides to the Committee covering the following items:
- Impact of Fabric and Broadband Data Collections on the High Cost Program
 - Appendix: Glossary of Terms
- i2. High Cost Business Update (*Continued*).** This item was provided for *information purposes only*. No discussion was held. Ms. Wein noted that the High Cost materials listed below would be made public and posted to the USAC website.
- 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
- i3. Information on Four 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.

LOW INCOME OPEN SESSION

- a3. Approval of Low Income Support Mechanism 1st Quarter 2025 Programmatic Budget and Demand Projection for the November 1, 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 1st quarter 2025 programmatic budget and demand projection for the November 1, 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 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.

- i4. Income (Lifeline) Business Update.** Mr. O'Brien presented PowerPoint slides to the Committee covering the following items:
- National Verifier Highlights
 - Lifeline Subscriber Trends
 - Lifeline Program Impacts from Affordable Connectivity Program Sunset
 - Safe Connections Act
 - Overview and Administrative Action

The Committee requested that USAC promote the awareness of the Safe Connections Act and Mr. O'Brien indicated that he would speak to the FCC regarding the promotion of this benefit.

- i5. Income (Lifeline) Business Update (*Continued*).** This item was provided for *information purposes only*. No discussion was held. Ms. Wein noted that the materials listed below would be made public and posted to the USAC website.
- Q3 2024 Accomplishments
 - Q4 2024 Plans
 - 2024 Roadmap
 - Program Metrics
 - Service Type Trends
 - Subscribership Trends
 - Glossary of Terms
- i6. Information on Four 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.

At 12:42 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.

EXECUTIVE SESSION

- i7. Low Income (Lifeline) Business Update (*Continued*).** Mr. O'Brien and Ms. Delmar, presented PowerPoint slides to the Committee covering the following items:
- Lifeline and Affordable Connectivity Program Tribal Support
 - Safe Connections Act Results
 - Lifeline Improper Payment Rate Results and Key Outcomes
 - Lifeline Fraud Risk Assessment Observations and Steps Taken
 - Affordable Connectivity Sunset Sentiments
 - Appendix: Glossary of Terms
- 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.** No additional discussion was held on this item. The Board adopted the following resolutions as part of the Consent Items:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to modify its contract with Accenture Federal

Services, LLC for the operation and maintenance, design, development, licensing and hosting of the National Verifier and National Lifeline Accountability Database system for the Lifeline Program by adding and exercising a twelve month option term (“fourth option term”) for a not-to-exceed amount of \$4,735,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$21,800,000.00 (plus applicable taxes) to \$26,535,000.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a5. Consideration of a Contract Modification for Lifeline Email Services.** No additional discussion was held on this item. The Board adopted the following resolutions 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 add and exercise a third and final one-year option term for Lifeline Email Services with Guidehouse for a not-to-exceed amount of \$2,100,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$23,915,123.31 to \$26,015,123.31 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a6. Consideration of a Contract Modification for Robotics Process Automation.** No additional discussion was held on this item. The Board adopted the following resolutions 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 increase the total not-to-exceed amount of the Robotics Process Automation (“RPA”) contract with Ampcus (“Contract”) to provide Operations and Maintenance services to ensure continuity of operations by \$250,000.00 (plus applicable taxes) and, to add Document Redaction Solution services from another existing contract with Ampcus to this contract to simplify contract administration and tracking for a not-to-exceed amount of \$200,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$3,528,319.99 (plus applicable taxes) to \$3,978,319.99 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a7. Consideration of a Contract Modification for High Cost Calculation Engine 2.0.** No additional discussion was held on this item. The Board adopted the following resolutions 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 increase the total estimated cost of the High Cost Calculation Engine 2.0 contract with Accenture (“Contract”) to provide Operations and Maintenance services to ensure continuity of operations and provide for

enhanced integration with enterprise-level systems being simultaneously upgraded for twelve (12) months through the end of December 2025 by \$5,000,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$10,055,660.69 (plus applicable taxes) to \$15,055,660.69 (plus applicable taxes), subject to required Federal Communications Commission approval.

i8. High Cost Business Update (*Continued*). Mr. Gaither and Ms. Delmar presented PowerPoint slides to the Committee covering the following items:

- High Cost Tribal Support
- High Cost Improper Payment Results
- HUBB Portal Data Performance Audit Update
- High Cost Fraud Risk Assessment Observations, Steps Taken, and Next Steps

OPEN SESSION

At 1:44 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Wein reported that in *Executive Session*, the Committee discussed items i7 and i8.

On a motion duly made and seconded, the Committee adjourned at 1:45 p.m. Eastern Time.

/s/ Erin Williams

Assistant Secretary

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

ACTION ITEM

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

Action Requested

The USAC High Cost & Low Income (Committee) is taking action to bring its Chair and Vice Chair nominations for consideration by the full Board of Directors (Board) at the Board meeting to be held on January 28, 2025.

Discussion

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

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

On January 30, 2024, the Board elected Olivia Wein as Chair and Michael Skrivan as Vice Chair of the High Cost & Low Income Committee.

At their January 27, 2025 quarterly meetings, each committee of the Board (including the Audit Committee and the programmatic committees) will nominate Board members to serve as chair and vice chair of their respective committees. Those recommendations will be submitted to the Board at the Board meeting to be held on January 28, 2025.

Recommended USAC High Cost & Low Income Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect _____ as Chair and _____ as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position by the Board and ends at _____

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

such time as the Chair or Vice Chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

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

ACTION ITEM

**Approval of High Cost Support Mechanism
2nd Quarter 2025 Programmatic Budget and
Demand Projection for the January 31, 2025 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2025 (Q2 2025) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2025 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 Q2 2025 funding requirement for the High Cost Support Mechanism as follows:

[The remainder of the page is intentionally blank.]

¹ 47 C.F.R. § 54.715(c).

² 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>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
Steady State:				
Legacy Funds	\$487.35	(\$6.94)	\$480.41	Includes HCLS, CAF BLS, CAF ICC, Frozen Price Cap, and Competitive ETC support. Decrease due to new part 36 data, Cap, and BCM adjustments
Modernization Funds	\$654.24	\$11.15	\$665.39	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. Increase primarily for Alaska plan.
Amounts Paid from Reserve	(53.18)	0.82	(52.36)	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
Total Steady State	\$1,088.41	\$5.03	\$1,093.44	
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	\$1,088.41	\$5.03	\$1,093.44	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(30.37)	49.09	18.72	
Billings	11.28	(4.51)	6.77	
Interest Income	(0.02)	0.02	0.00	
Bad Debt Expense	(6.29)	(7.91)	(14.20)	
Annual Admin True-Up	5.32	(5.32)	0.00	
Total Prior Period Adjustments	(20.08)	31.37	11.29	
USAC Administrative Expenses	18.07	1.10	19.17	See Table B
Total Funding Requirement	\$1,086.40	\$37.50	\$1,123.90	

Based on the projected burn rate, USAC estimates the following Q2 2025 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
Direct Program Costs				
Employee Expenses	\$1.84	\$0.09	\$1.93	
Professional Services	0.29	(0.10)	0.19	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$2.13	(\$0.01)	\$2.12	
Direct Assigned Costs				
Employee Expenses	\$0.65	\$0.04	\$0.69	
Professional Services	3.09	(0.64)	2.45	
General & Administrative	0.06	(0.03)	0.03	See Note 1
Total Direct Assigned Costs	\$3.80	(\$0.63)	\$3.17	
Total Direct Program & Direct Assigned Costs	\$5.93	(\$0.64)	\$5.29	
Common Allocated Costs	\$12.14	\$1.74	\$13.88	
Total Programmatic Budget	\$18.07	\$1.10	\$19.17	

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

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2024 is provided in **Attachment 2**.

Recommendation

USAC management recommends that the Committee approve the Q2 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 2nd Quarter 2025 High Cost Support Mechanism program budget of \$5.29 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$5.29 million for High Cost Support Mechanism administrative costs in the required January 31, 2025 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 January 27, 2025 the 2nd Quarter 2025 High Cost Support Mechanism demand estimate of \$1,123.90 million, hereby directs USAC staff to proceed with the required January 31, 2025 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>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) ³	\$55.05	(\$3.24)	\$51.81	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	256.82	(3.71)	253.11	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	84.32	0.00	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 ⁶	2.81	0.00	2.81	Frozen Price Cap carrier support for Uniendo PR and USVI.
Frozen Competitive ETC Support ⁷	88.35	0.01	88.36	Frozen support for competitive carriers.
Total Steady State Legacy Funds	\$487.35	(\$6.94)	\$480.41	

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 No. 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 See *USF/ICC Transformation Order*, 26 FCC Rcd at 17715, 17725-26, paras. 133, 159.

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

<i>(in millions)</i>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
Steady State – Modernization Funds:				
CAF Phase II ⁸	4.92	1.48	6.40	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 ⁹	32.08	9.62	41.70	Support for Rate of Return carriers and their wireless affiliates for broadband services in Alaska.
Alternative Connect America Cost Model I (A-CAM) ¹⁰	42.71	1.27	43.98	Model support to Rate of Return carriers for voice and broadband infrastructure.

⁸ See *Connect America Fund*, WC Docket No. 10-90, 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 Nos. 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). 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, 34 FCC Rcd 906 (WCB 2019).

<i>(in millions)</i>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
A-CAM II ¹¹	54.84	0.00	54.84	Model support to Rate of Return carriers for voice and broadband infrastructure.
Rural Broadband Experiments (RBE) ¹²	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 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	10.68	0.00	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	150.11	(1.22)	148.89	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

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

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

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

<i>(in millions)</i>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
				areas served by legacy rate-of-return support recipients.
Total Steady State Modernization Funds	\$654.24	\$11.15	\$665.39	
Amounts Paid from Reserve	(\$53.18)	\$0.82	(\$52.36)	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.
New Requirements – Legacy Funds:				
Total New Requirements Legacy Funds	0.00	0.00	0.00	
New Requirements – Modernization Funds:				
Total New Requirements Modernization Funds	\$0.00	\$0.00	\$0.00	
Total Program Demand	\$1,088.41	\$5.03	\$1,093.44	

ATTACHMENT 2

High Cost Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Twelve months ending December 31, 2024

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	49	50	1	\$7.54	\$7.18	(\$0.36)
Professional Services (Note 2)				0.74	1.89	1.15
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$8.28	\$9.07	\$0.79
Direct Assigned Costs						
Employee Expenses	13	16	3	\$2.75	\$2.95	\$0.20
Professional Services (Note 2)				19.62	16.91	(2.71)
General & Administrative				0.38	0.35	(0.03)
Total Direct Assigned Costs				\$22.75	\$20.21	(\$2.54)
Total Direct Program & Direct Assigned Costs	62	66	4	\$31.03	\$29.28	(\$1.75)
Common Allocated Costs (Note 3)				\$49.22	\$55.65	\$6.43
Total Programmatic Budget				\$80.25	\$84.93	\$4.68

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

January 27, 2025

Agenda

- 2024 Year in Review
- 2025 Plans
- Appendix: Glossary of Terms

2024 Year in Review

High Cost Program Operations/PMO Integration

- Completed the collection of a range of critical legacy and modernized data in support of facilitating carrier compliance and monthly support.
- Successfully collected High Cost program certifications/eligibility associated with HUBB deployments, annual financial and operations certifications, and state annual certifications to ensure carrier compliance with FCC rules and accurate payments.
- Timely High Cost monthly disbursements of approximately \$400M associated with 1,700+ carriers, ensuring uninterrupted funding for continued broadband deployment. Additionally, managed and implemented modernized funds noncompliance for HUBB, PMM, and LOCs.
- Implemented FCC Order requirements for the new E-ACAM program, administrative orders, and 5G orders.

Stakeholder Management

- Effectively provided outreach and communications for all High Cost support mechanisms in support of broadband deployments and reporting requirements.

2024 Year in Review (Continued)

PIA Actions

- Successfully completed all CAF required milestone verifications, CAF II Auction and RDOF on-demand verifications, CAF BLS milestone analysis, RBAP verifications, and performance measures compliance reviews to ensure carrier compliance with FCC rules and requirements.
- Finalized the FCC Form 481 financial and operational In-Depth Validations (IDVs) to ensure carriers compliance.
- Completed annual trend analysis and data validation for legacy funds totaling ~\$2B to identify areas of fraud risk.
- Deployed E-ACAM HUBB and CAF BLS Fabric analysis to increase program integrity.
- Finalized High Cost plans for Special Compliance Review (SCR) for legacy funds following AAD's PQA procedures. These new procedures add additional controls to enforce carrier compliance with FCC rules.
- Fully supported the FCC OIG performance audit.

Systems Modernization

- Successfully deployed new HCLI 2.0 payment system and updated the HC operations procedures to reflect system changes. HCLI 2.0 reduces manual intervention and improves on many system and process controls to minimize payment issues.

2025 Plans

HC Operations/PMO/Integration

- Execute High Cost core activities associated with all HC programs.
- Implement additional FCC Order requirements per the administrative, 5G, and Alaska Connect Orders.

Stakeholder Management

- Continue to provide outreach and communications supporting all HC programs.

PIA Actions

- Complete 2025 CAF required milestone, on-demand, RBAP, and performance measures verifications.
- Implement Special Compliance Review process, further enhancing HC legacy fund program integrity and minimizing improper payments.
- Implement Performance Measures PIA enhancements to ensure a robust compliance program.
- HUBB Fabric conversion for RDOF and PR/USVI.

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 § 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: 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 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.
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 https://www.fcc.gov/rbap

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

January 27, 2025

Agenda

- Q4 2024 Accomplishments
- Q1 2025 Plans
- Roadmap
- Appendices
 - A: Disbursements and Deployments
 - B: 2024 Verification of Deployments and Performance Measures Testing
 - C: Glossary of Terms

Q4 2024 Accomplishments

Operations

- Successfully collected annual 54.314 certifications, 100 percent certified.
- Updated and certified all High Cost operational procedure documents.
- Completed CAF ICC annual data validation as part of High Cost PIA process for legacy funds.
- Disbursed High Cost support on time and accurately.

Q4 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 and identified 75 carriers who did not fully deploy to the required locations in their study area.
- Supported reducing/terminating letters of credit in CAF II Auction (9 reviews) and RDOF (39 reviews).
- Performed compliance analysis of 2023 annual performance measures testing and Q3 2024 test results.
 - A total of 296 study area/speed tier combinations did not meet performance requirements for annual testing. USAC and FCC discussing next steps based on fund and specific scenarios.
 - A total of 149 study area/speed tier combinations came into compliance with performance testing requirements and may have funds restored.
 - All study area/speed tier combinations in the PR/VI program did not meet pre-testing requirements.

Q4 2024 Accomplishments (Continued)

Stakeholder Engagement and Outreach

- Helped carriers navigate ongoing quarterly network speed and latency pre-testing, testing, and reporting requirements; obtain compliance reports; and prepare for mandatory quarterly reporting in 2025.
 - Includes helping Original and Revised ACAM, RBE, and Alaska carriers obtain new random subscriber location samples to continue quarterly testing in 2025, and helping RDOF carriers obtain their first random subscriber location samples and prepare to begin quarterly pre-testing in 2025.
- Prepared carriers and consultants to navigate upcoming HUBB filing window – requiring carriers to certify all 2024 deployment in the HUBB by March 3, 2025.
 - Included education and training on integration of Fabric IDs into the annual HUBB data collection for Enhanced ACAM carriers.

Q1 2025 Plans

Operations

- Continue the implementation of the 5G Fund and Alaska Connect FCC Order requirements (i.e. business requirements and payment system adjustments).
- Continue to support improvements to the HCLI 2.0 and verification systems.

Compliance

- Begin the process to prepare for 2025 verifications. This includes development or revision of sampling plans for required milestone, on-demand, and RBAP reviews, as well as updating performance measures procedures.

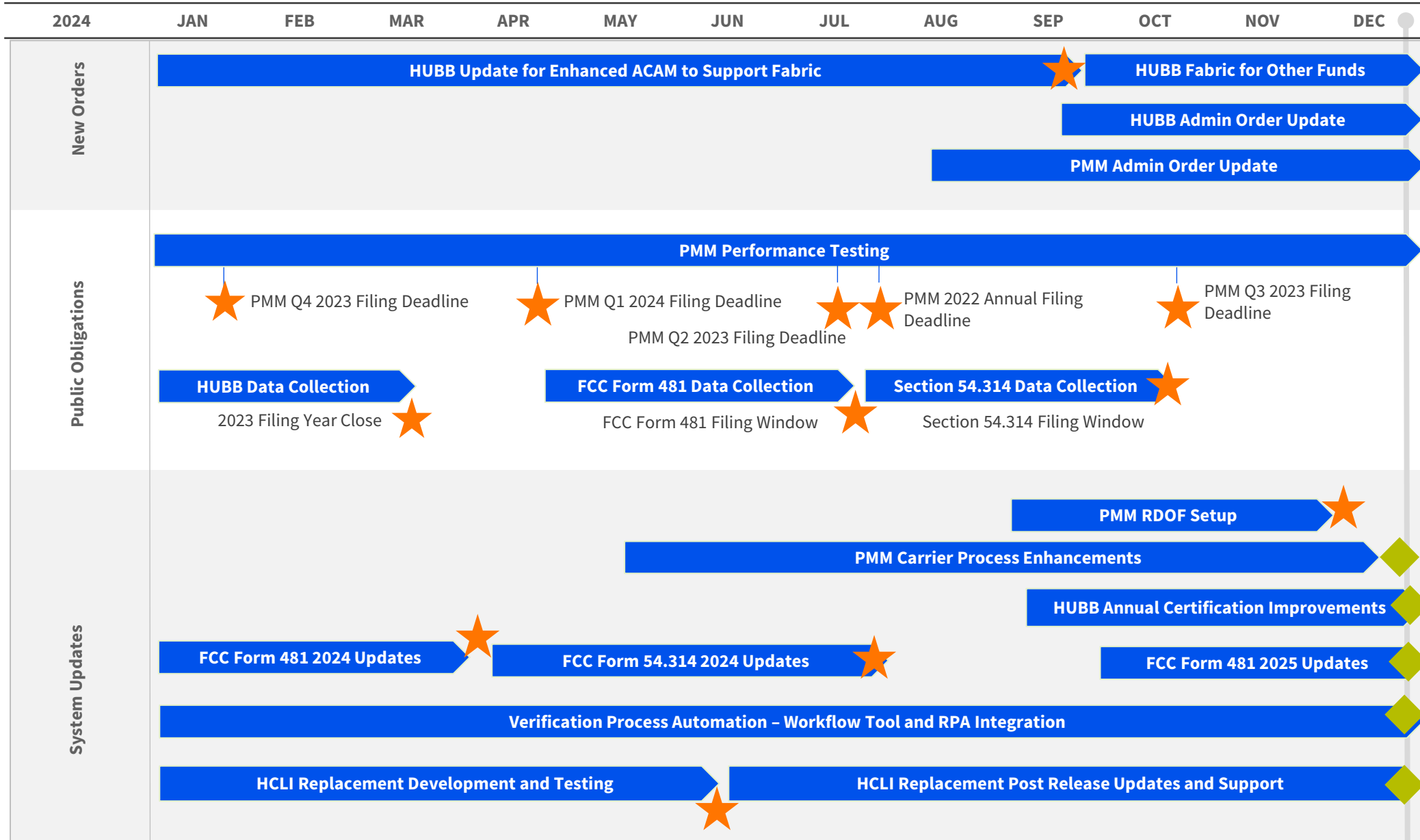
Q1 2025 Plans (Continued)

Stakeholder Engagement and Outreach

- Help carriers navigate ongoing quarterly network speed and latency pre-testing/testing requirements, comply with new mandatory quarterly reporting mandates, and obtain compliance reports.
- Help carriers and consultants navigate annual HUBB filing window – requiring carriers to certify all 2024 deployments in the HUBB by March 3, 2025.
 - Includes education and training on integration of Fabric IDs into the annual HUBB data collection for Enhanced ACAM carriers.
- Prepare carriers with 2024 deployment milestones (Original and Revised ACAM, ACAM II, CAF II Auction, RDOF, and PR/USVI) for verification reviews in 2025 to confirm deployment data reported in the HUBB.

2024 Roadmap

Available for Public Use



Milestone Legend

- ▲ At Risk
- ◆ On Track
- ★ Completed

Appendix A: Metrics

High Cost Disbursements (Through November 2024)

Disbursements				
Fund Type	SAC Type	2024	2023	2022
Legacy	CETC	\$323,837,203	\$363,104,008	\$366,415,625
	ILEC	\$1,429,201,346	\$1,864,389,661	\$1,754,582,767
Modernized	CETC	\$678,316,037	\$762,269,180	\$708,250,422
	ILEC	\$1,706,914,312	\$1,338,603,612	\$1,336,299,929
Wireless	CETC	\$0	\$0	\$0

*The Wireless number for CETC reflects MF1 only.

Appendix A: Metrics (Continued)

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

Fund	2020	2021	2022	2023	2024
ACAM	454,042	506,211	562,967	608,704	611,488
ACAMII	308,169	346,342	370,992	394,575	395,635
AK PLAN	36,759	55,137	57,788	62,294	62,593
CAF BLS	740,964	895,347	1,038,354	1,227,189	1,228,372
CAFII	3,097,118	4,209,321	4,212,377	4,215,903	4,225,333
CAFII AUC	79,494	186,106	435,662	562,767	617,921
PR Fixed			224,950	1,032,618	1,032,618
RBE	25,499	27,632	27,983	28,320	28,446
RDOF	49,081	107,409	387,521	825,377	1,084,354
USVI Fixed					817

Appendix B: 2024 Verification – Deployment Snapshot

The below table highlights verification activity initiated in 2024 (as of December 30, 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	623	550	73
ACAM II 50%	769	769	567	202
CAF BLS 100%	7,945	7,945	6,680	1,265
CAF II Auction – LoC (Completed)	2,221	2,221	1,944	277
CAF II Auction – LoC (In-Progress)	636	TBD	TBD	TBD
CAF II Auction – Required 60%	831	831	283	548
RDOF – LoC (Completed)	6,231	6,231	5,830	401
RDOF – LoC (In-Progress)	4,262	TBD	TBD	TBD
PR-USVI – LoC (Completed)	166	166	149	17
RBAP (In-Progress)	N/A	N/A	N/A	N/A
RBAP (Completed)	2,404	2,404	1,575	829
Total Locations To Date	26,088	21,190	17,578	3,612

Appendix B: 2024 Verification - Performance Measures Testing

Summary of Results by Speed/SAC Combination for Q3 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 BLS	Completed 2023	---	---	---	---	---	---	---	---
CAF II ACS	In testing	1	0	1	0	1	0	1	0
ACAM I & Revised ACAM I	In testing	510	104	414	96	420	90	415	95
RBE	In testing	33	10	30	3	31	2	24	9
AK Plan Wireline	In testing	20	3	19	1	20	0	17	3
CAF II Auction	In testing	172	28	147	25	159	13	159	13
ACAM II	In testing	238	12	228	10	227	11	227	11
PRVI	Pre-testing	4	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)	---	---	---	---	---	---	---	---
Total		978	157	839	135	858	116	843	131

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.
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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 § 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 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.
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 High Cost 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 https://www.fcc.gov/rbap

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 High Cost 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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High Cost & Low Income Committee Meeting**

ACTION ITEM

**Approval of Low Income Support Mechanism
2nd Quarter 2025 Programmatic Budget and
Demand Projection for the January 31, 2025 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2025 (Q2 2025) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2025 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 Q2 2025 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>	Q1 2025	Increase/ (Decrease)	Q2 2025	Notes
Steady State:				
Lifeline	\$287.10	\$5.05	\$292.15	See Note 1
Link Up	0.05	0.02	0.07	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Demand	\$287.15	\$5.07	\$292.22	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(21.99)	13.32	(8.67)	
Billings	2.71	(0.95)	1.76	
Bad Debt Expense	(1.10)	(1.54)	(2.64)	
Interest Income	0.00	0.00	0.00	
Annual Administrative Expense True-Up	(1.56)	1.56	0.00	
Total Prior Period Adjustments	(21.94)	12.39	(9.55)	
USAC Administrative Expenses	\$22.84	(\$0.39)	\$22.45	See Table B
Total Funding Requirement	\$288.05	\$17.07	\$305.12	

Note 1: Demand increase reflects an increase in subscribers.

Based on the projected burn rate, USAC estimates the following Q2 2025 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	Q1 2025 Budget	Increase/ (Decrease)	Q2 2025 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.93	(\$0.44)	\$2.49	
Professional Services	6.37	0.66	7.03	
General & Administrative	0.34	0.14	0.48	See Note 3
Total Direct Program Costs	\$9.64	\$0.36	\$10.00	
Direct Assigned Costs				
Employee Expenses	\$0.62	\$0.02	\$0.64	
Professional Services	3.13	(1.93)	1.20	
General & Administrative	0.42	(0.14)	0.28	See Note 3
Total Direct Assigned Costs	\$4.17	(\$2.05)	\$2.12	
Total Direct Program & Direct Assigned Costs	\$13.81	(\$1.69)	\$12.12	
Common Allocated Costs	\$9.03	\$1.30	\$10.33	
Total Programmatic Budget	\$22.84	(\$0.39)	\$22.45	

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

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2024 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the Q2 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 2nd Quarter 2025 Low Income Support Mechanism direct program budget of \$12.12 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$12.12 million for Low Income Support Mechanism administrative costs in the required January 31, 2025 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 January 27, 2025 the 2nd Quarter 2025 Low Income Support Mechanism demand estimate of \$305.12 million, hereby directs USAC staff to proceed with the required January 31, 2025 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
Twelve Months ending December 31, 2024

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	81	92	11	\$10.66	\$11.77	\$1.11
Professional Services (Note 4)				24.60	25.62	1.02
General & Administrative (Note 5)				1.14	1.81	0.67
Total Direct Program Costs				\$36.40	\$39.20	\$2.80
Direct Assigned Costs						
Employee Expenses	13	20	7	\$2.43	\$3.50	\$1.07
Professional Services (Note 4)				9.27	11.06	1.79
General & Administrative (Note 5)				2.11	1.59	(0.52)
Total Direct Assigned Costs				\$13.81	\$16.15	\$2.34
Total Direct Program & Direct Assigned Costs	94	112	18	\$50.21	\$55.35	\$5.14
Common Allocated Costs (Note 6)				\$34.84	\$34.73	(\$0.11)
Total Programmatic Budget				\$85.05	\$90.08	\$5.03

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

January 27, 2025

Agenda

- 2024 Year in Review
- 2024 Metrics
- 2025 Priorities
- National Verifier (NV) Highlights
- Lifeline Subscriber Trends

2024 Year in Review

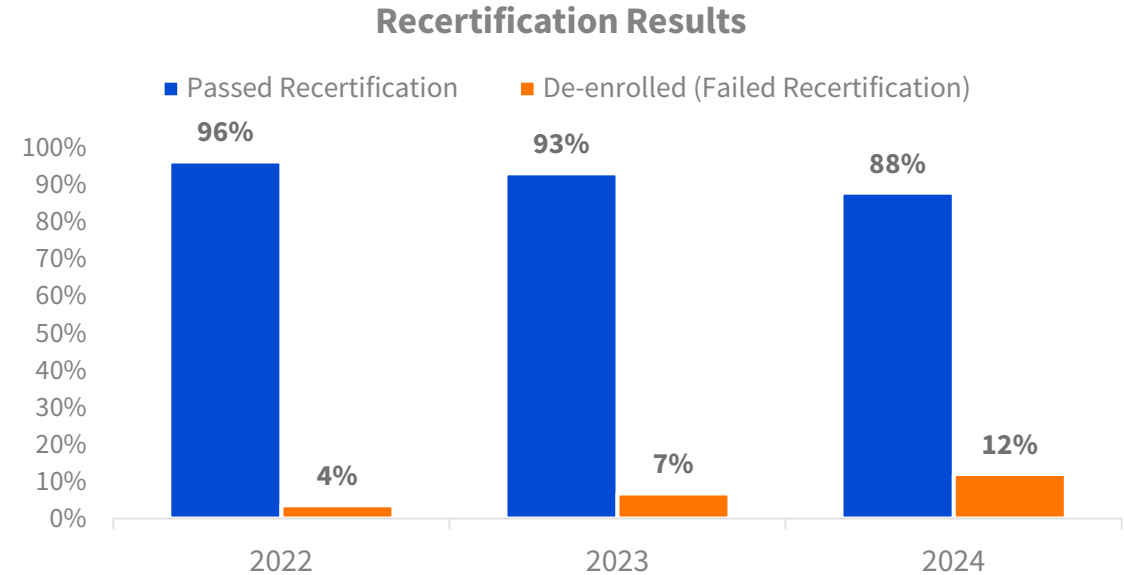
- Completed the full implementation of the Safe Connections Act system requirements and operational processes in November 2024.
- Completed the Lifeline reverification process, which began in 2018. All Lifeline consumers in National Lifeline Accountability Database (NLAD) states whose eligibility had been determined by eligible telecommunications carriers (ETCs) have now been qualified via the National Verifier or de-enrolled.
- Supported the wind-down of the Affordable Connectivity Program and the associated impacts on Lifeline.
- Automated to the Death Master File process in January 2024.
- Implemented enhancements to the address update workflow in December 2024.
- Completed Program Integrity initiatives, which included: 69 Program Integrity Audits, 1,068 agent lock-outs, and approximately \$694,000 in program fund recovered.

2024 Metrics

Year-to-Date (YTD) Cumulative Comparison	2024 (January through December)	2023 (January through December)
Lifeline Subscribers	8,791,856	7,370,439
Applications Received	27,941,002	17,934,356
Manual Reviews Processed	4,352,421	3,918,467
Inbound Calls Offered	1,756,994	2,211,891
Inbound Email Volume	120,132	123,680

Lifeline 2024 Recertification Review

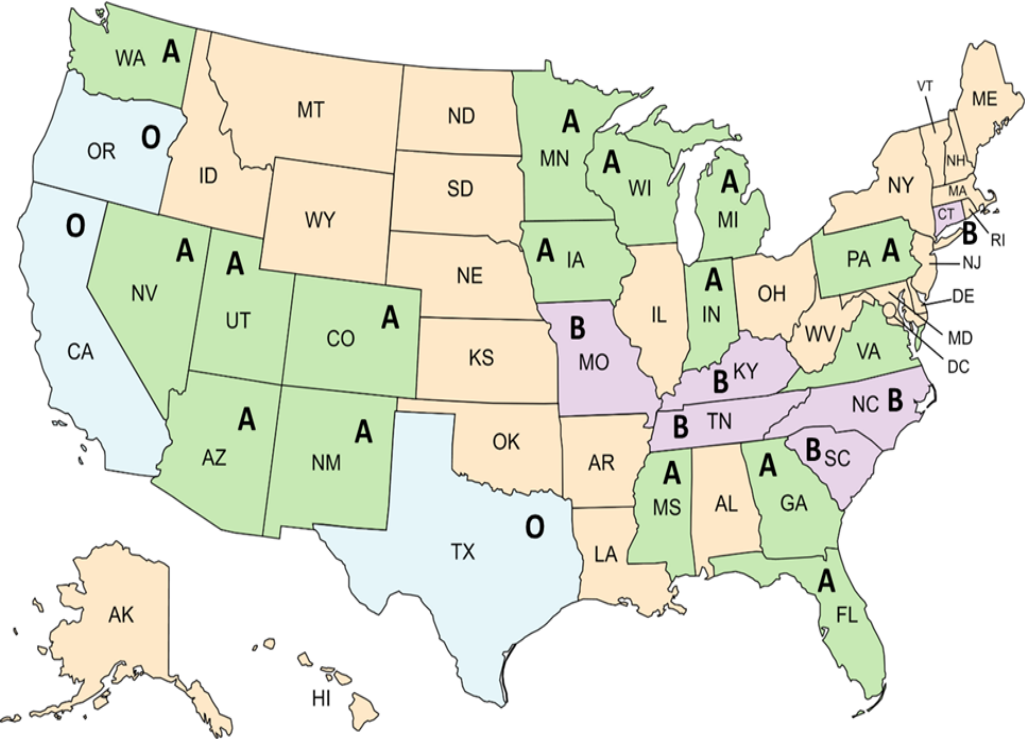
Recertification Results Completed to Date	# Subscribers	Rate
Auto-Pass – Database or Existing Qual.	3,784,079	86%
Manual Pass	79,550	2%
Overall Pass Rate	3,863,629	88%
De-enrollments (Fail Total)	516,160	12%
Total completed recertifications	4,379,789	--



Highlights

- The current pass rate for 2024 Lifeline Recertification is 88 percent.
- Consumers primarily utilize the interactive voice response (IVR) (50 percent) and consumer portal (35 percent) to complete manual recertification.
- Since 2022 there has been a decrease in the Recertification pass rate.

National Verifier Highlights



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



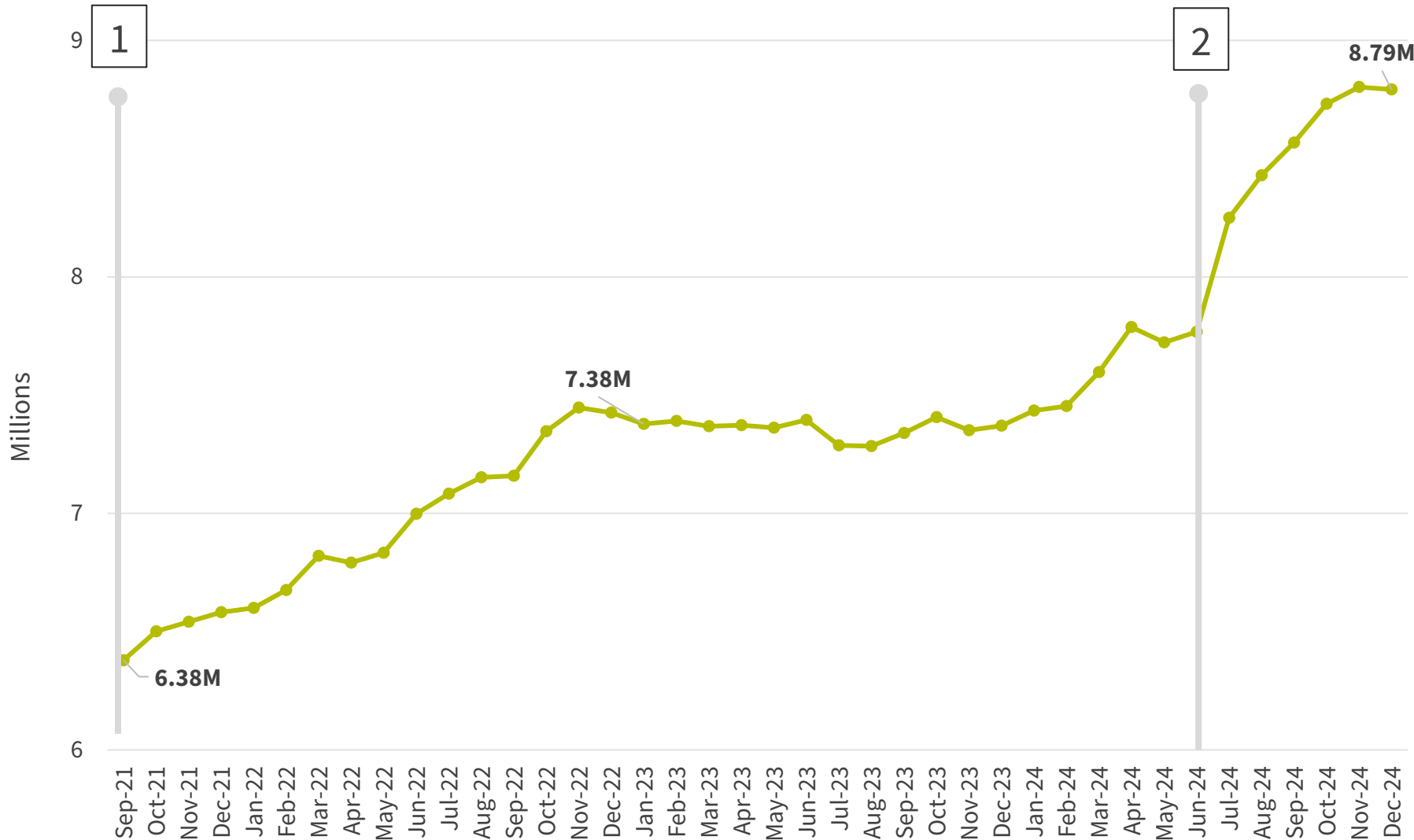
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29 Total NV Connections Available

- 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	December 2024 Data Month Subscribers
State and Federal	56.2%	1.6%	57.8%	37.0%	4,242,121
Federal Only	37.0%	1.9%	38.9%	25.3%	2,705,284
Overall	46.0%	1.7%	47.7%	30.8%	6,947,405

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).

2025 Priorities

- Modernization initiatives
 - User Experience (UX) improvements for NV
 - Document redaction and optical character recognition (OCR)
- Continue to seek automated eligibility database connections with state and federal agencies.
- Maintain consistent cadence for Program Integrity Assurance (PIA) reviews.
- Complete enhancements to the Support Center CRM solution.



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High Cost and Low Income Committee

Lifeline Business Update (Continued)

Open Session - Information Only

January 27, 2025

Agenda

- Q4 2024 Accomplishments
- Q1 2025 Plans
- 2025 Roadmap
- Program Metrics
- Service Type Trends
- Subscribership Trends
- Glossary of Terms

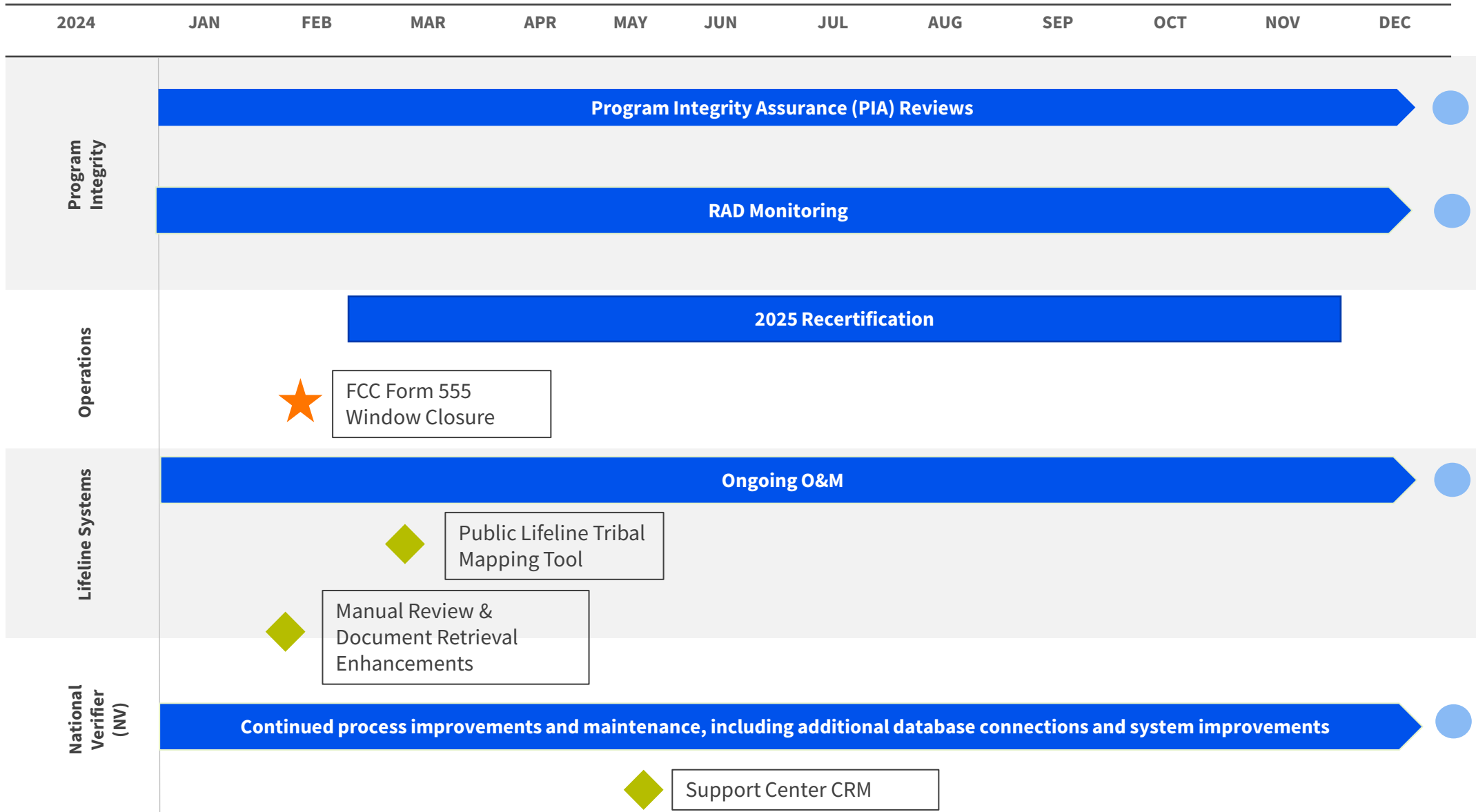
Q4 2024 Accomplishments

- Supported the implementation of four weather event orders in October 2024. This included waiving Lifeline rules and implementing a temporary eligibility program to allow consumers receiving FEMA's Individuals and Households Program (IHP) support to enroll in Lifeline.
- Implemented the Safe Connections Act and continued eligibility processes (Phase II) in November 2024.
- Implemented enhancements to the address update workflow in December 2024.
- Completed 13 Program Integrity Assurance (PIA) reviews and one ad hoc review for transfer consent and associated consumer complaints.

Q1 2025 Plans

- Publish a public Tribal mapping tool on USAC.org.
- Complete Q3 2024 Lifeline PIAs.
- Implement OIG recommendations regarding manual review and document retrieval process, which includes the identification of the document used for approval.

2025 Roadmap



Milestone Legend

- At Risk
- On Track
- Completed
- Ongoing

Program Metrics

Lifeline Eligibility and New Enrollments

Year-to-Date Cumulative Comparison	2024 (January through December)	2023 (January through December)
National Verifier Applications Created	27,941,002	17,934,342
Program Eligibility Auto Approved	14,952,173	11,494,997
Program Eligibility Auto Pass Rate	53.5%	64.1%
Enrollments (Excludes CA, OR, and TX)	6,788,524	5,704,946
De-Enrollments (Excludes CA, OR, and TX)	5,849,298	5,706,996
NLAD Subscribers (Excludes CA, OR, and TX) at Period-End	6,947,400	6,000,929
Opt-Out State Subscribers (CA, OR, and TX) at Period-End	1,844,451	1,369,511

***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
December 2024	1.96%	3.06%	92.66%	0.34%	1.97%
November 2024	1.97%	3.19%	92.45%	0.36%	2.03%
October 2024	1.59%	3.36%	95.57%	0.38%	2.11%
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%

- **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

Data Month	Subscriber (incl. opt-out)	Tribal Subscribers	Rate of Change (subscribers month over month)	Disbursed
December 2024 (snapshot on Jan. 1)	8,791,856	252,431	-0.12%	\$79,453,592
November 2024 (snapshot on Dec. 1)	8,802,542	251,983	0.81%	\$75,430,003
October 2024 (snapshot on Nov. 1)	8,732,130	249,512	1.92%	\$79,301,639
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

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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