



High Cost & Low Income Committee

Briefing Book

Monday, July 28, 2025

1:00 p.m. - 2:10 p.m. Eastern Time

Available for Public Use

Universal Service Administrative Company

700 12th Street, NW, Suite 900

Washington, D.C. 20005

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

**Monday, July 28, 2025
1:00 p.m. – 2:10 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

HIGH COST OPEN SESSION Available for Public Use		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of High Cost & Low Income Committee Meeting Minutes of April 28, 2025 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Vic	a2. Approval of High Cost Support Mechanism 4th Quarter 2025 Programmatic Budget and Demand Projection for the August 1, 2025 FCC Filing	5
Vic	i1. High Cost Business Update <ul style="list-style-type: none"> • Q2 2025 Accomplishments • Q3 2025 Plans • Appendix A: Glossary of Terms 	20

<u>HIGH COST INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Vic	i2. High Cost Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Roadmap • Appendices: <ul style="list-style-type: none"> A. Disbursements and Deployments, B. Verification Deployments and Performance Measures Testing 	—
Teleshia	i3. Information on 12 USAC Audit and Assurance Division High Cost Support Mechanism Beneficiary Audit Reports.	—

LOW INCOME OPEN SESSION Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	a3. Approval of Low Income Support Mechanism 4th Quarter 2025 Programmatic Budget and Demand Projection for the August 1, 2025 FCC Filing	5
Tim	i4. Low Income (Lifeline) Business Update <ul style="list-style-type: none"> • Q2 2025 Accomplishments • Q3 2025 Plans • National Verifier Highlights • Lifeline Subscriber Trends 	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"> • 2025 Roadmap • Program Metrics • Service Type Trends • Subscribership Trends • Glossary of Terms 	—
Teleshia	i6. Information on Two 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 Kyle	i7. Low Income (Lifeline) Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • Business Process Outsourcing Transition Update • National Verifier Cloud Migration 	5

HIGH COST EXECUTIVE SESSION Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Vic	i8. High Cost Business Update (<i>Continued, if needed</i>)	3

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, October 27, 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 April 28, 2025 (*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*** because it relates to ***specific internal controls and/or confidential company data*** that would constitute a discussion of internal rules and procedures and USAC's ***procurement strategy and contract administration***, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
 - (2) **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 and/or confidential company data*** that would constitute a discussion of internal rules and procedures.

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 April 28, 2025; and (2) discussion in ***Executive Session*** of the items noted above.

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, April 28, 2025

(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, April 28, 2025. Ms. Olivia Wein, Committee Chair, called the meeting to order at 1:01 p.m. Eastern Time, with a quorum of eight of the 11 Committee members present.

Chalk, Indra – Vice Chair	Siefer, Angela
Freeman, Sarah	Wade, Dr. Joan
Green, Anisa	Waller, Jeff – <i>by telephone</i>
Sekar, Radha – CEO – <i>by telephone</i>	Wein, Olivia – Chair

Ms. Sheba Chacko joined the meeting by telephone at 1:04 p.m., she did not participate in the discussion or vote on item a1.

Members of the Committee not present:

Semmler, Kara
Polk, Stephanie

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
Kettwich, Dan – Member of the Board
Mason, Ken – Member of the Board
O'Brien, Tim – Vice President of Lifeline
Schell, Julie Tritt – Member of the Board

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

Sweeney, Mark – Vice President of Rural Health Care
 Thompson, Mona –Member of the Board – *by telephone*
 Wibberly, Dr. Kathy – Member of the Board
 Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Alomari, Ghanem	USAC
Broadnax, Folasade	USAC
Case, Kevin	USAC
Corriher, Kim Gaffney – <i>by telephone</i>	Southern Ohio Health Care Network
Estrella, Giulianna	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Hipolito, Mharizza	USAC
Kahn, Sammy	USAC
Kasting, Anna	USAC
King, Ryan	USAC
Little, Chris	USAC
Lougheed, Matt	USAC
Malashenok, Yelena	USAC
Mitchell, Katherine	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Ruffley, Brandon	USAC
Simab, Habib	USAC
Staurulakis, Chresanthe	USAC
Suggs-Moore, Vickie	USAC
Sural, Baylee	USAC
Tessler, Joelle	USAC
Turner, Trey – <i>by telephone</i>	Espy Services, Inc.
Tyson, Ashley	FCC
Weith, Tim	USAC
Wilkins, Jonathan	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 January 27, 2025 and March 10, 2025.

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 discussion of the matter relates to *specific internal controls and/or confidential company data* that could constitute a discussion of *internal rules and procedures*. Additionally, the matter *could pertain to the eligibility, funding status, or other specific information regarding a participant in a universal service program, and disclosure would reveal proprietary or confidential financial information*.
- (2) **a4. Consideration of a Contract Award for Computer Matching Program Operations and Maintenance 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) **i8. High Cost Business Update (*Continued*).** USAC management recommends that this matter be discussed in *Executive Session* because it relates to *specific internal controls and/or confidential company data* that would constitute a discussion of *internal rules and procedures*. Additionally, this matter includes *pre-decisional matters pending before a governmental agency or instrumentality, where discussion in open session would risk undermining the agency's deliberative process and/or disclosing the agency's conclusions or rationales prior to final decision-making*.

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 January 27, 2025 and March 10, 2025; and (2) discussion in *Executive Session* of the items noted above.

- a2. Approval of High Cost Support Mechanism 3rd Quarter 2025 Programmatic Budget and Demand Projection for the May 2, 2025 FCC Filing.** Mr. Gaither presented this item for consideration. The presentation included a written report on USAC management's recommendations for the High Cost support mechanism 3rd quarter 2025 programmatic budget and demand projection for the May 2, 2025 FCC Filing.

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

RESOLVED, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2025 High Cost Support Mechanism program budget of \$6.03 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.03 million for High Cost Support Mechanism administrative costs in the required May 2, 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 April 28, 2025 the 3rd Quarter 2025 High Cost Support Mechanism demand estimate of \$1,050.65 million, hereby directs USAC staff to proceed with the required May 2, 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.

- i1. **High Cost Business Update.** Mr. Gaither presented PowerPoint slides to the Committee covering the following topics:
 - Q1 2025 Accomplishments
 - Q2 2025 Plans
 - 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.
 - Roadmap
 - Appendices:
 - A: Disbursements and Deployments
 - B: Verification Deployments and Performance Measures Testing
- i3. **Information on Nine 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 3rd Quarter 2025 Programmatic Budget and Demand Projection for the May 2, 2025 FCC Filing.** Mr. O'Brien presented this item to the Committee for consideration. The presentation included a written report on USAC management's recommendations for the Low Income Support Mechanism 3rd quarter 2025 programmatic budget and demand projection for the May 2, 2025 FCC filing.

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

RESOLVED, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2025 Low Income Support Mechanism direct program budget of \$14.03 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$14.03 million for Low Income Support Mechanism administrative costs in the required May 2, 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 April 28, 2025 the 3rd Quarter 2025 Low Income Support Mechanism demand estimate of \$244.93 million, hereby directs USAC staff to proceed with the required May 2, 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.

- i4. Low Income (Lifeline) Business Update.** Mr. O'Brien presented PowerPoint slides to the Committee covering the following topics:
- Q1 2025 Accomplishments
 - Q2 2025 Plans
 - National Verifier Highlights
 - Lifeline Subscriber Trends
- i5. Low Income (Lifeline) Business Update (*Continued*).** This item was provided for *information purposes* only. Ms. Thompson questioned how the service type trends broke out for the Tribal population. Mr. O'Brien noted that he would get back to Ms. Thompson with the figures. Ms. Wein noted that the materials listed below

would be made public and posted to the USAC website.

- 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 1:50 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, FCC, and USAC staff were present.

EXECUTIVE SESSION

- i7. Low Income (Lifeline) Business Update (*Continued*).** Mr. O'Brien presented PowerPoint slides to the Committee providing an update on the following:

- Affordable Connectivity Program Closeout
- Lifeline Funding Recovery Audit Update

- a4. Consideration of Contract Award for Computer Matching Program Operations and Maintenance Services.** Mr. Beyerhelm presented this item to the Committee requesting authorization to award a contract to the Centers for Medicare & Medicaid Services. After, Mr. Mason requested that procurement explore if they could negotiate a multiyear contract with the Centers for Medicare and Medicaid Services. Mr. Beyerhelm indicated that they would explore that option.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a one (1) year sole source contract to the Centers for Medicare and Medicaid Services for operations and maintenance services and IT security incident work in support of the currently developed and in-use application programming interface providing automated computer matching for eligibility verifications for the Lifeline Program for a total firm-fixed amount of \$648,120.00 (plus applicable taxes), subject to required Federal Communications Commission approval

- i8. High Cost Business Update (*Continued*).** Mr. Gaither presented PowerPoint slides to the Committee providing an update on the FCC's Office of Inspector General Audit.

OPEN SESSION

At 2:12 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 and took action on item a4.

On a motion duly made and seconded, the Committee adjourned at 2:12 p.m. Eastern Time.

/s/ Erin Williams
Assistant Secretary

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

ACTION ITEM

**Approval of High Cost Support Mechanism
4th Quarter 2025 Programmatic Budget and
Demand Projection for the August 1, 2025 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 4th Quarter 2025 (Q4 2025) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's August 1, 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 Q4 2025 funding requirement for the High Cost Support Mechanism as follows:

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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>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Steady State:				
Legacy Funds	\$521.09	\$5.52	\$526.61	Includes HCLS, CAF BLS, CAF ICC, Frozen Price Cap, and Competitive ETC support. Increase due to BCM adjustments not applied in Q3 2025.
Modernization Funds	\$664.80	(\$0.26)	\$664.54	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.
Amounts Paid from Reserve	(52.22)	\$0.18	(52.04)	Disbursements for RBE, Mobility Fund Phase I, and a portion of A-CAM I and E-ACAM. Increase due to term ending for 10 RBE SACs in Q4.
Total Steady State	\$1,133.67	\$5.44	\$1,139.11	
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	\$1,133.67	\$5.44	\$1,139.11	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(82.28)	100.05	17.77	
Billings	(5.18)	12.89	7.71	
Interest Income	(2.39)	2.18	(0.21)	
Bad Debt Expense	(12.70)	5.05	(7.65)	
Annual Admin True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(102.55)	120.17	17.62	
USAC Administrative Expenses	19.53	\$0.50	\$20.03	See Table B
Total Funding Requirement	\$1,050.65	\$126.11	\$1,176.76	

Based on the projected burn rate, USAC estimates the following Q4 2025 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Direct Program Costs				
Employee Expenses	\$1.92	\$0.28	\$2.20	
Professional Services	0.24	0.00	0.24	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$2.16	\$0.28	\$2.44	
Direct Assigned Costs				
Employee Expenses	\$0.68	\$0.04	\$0.72	
Professional Services	3.16	(0.74)	2.42	
General & Administrative	0.03	0.03	0.06	See Note 1
Total Direct Assigned Costs	\$3.87	(\$0.67)	\$3.20	
Total Direct Program & Direct Assigned Costs	\$6.03	(\$0.39)	\$5.64	
Common Allocated Costs	\$13.50	\$0.89	\$14.39	
Total Programmatic Budget	\$19.53	\$0.50	\$20.03	

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

A comparison of actual expenditures to the budget for the six months ending June 30, 2025 is provided in **Attachment 2**.

Recommendation

USAC management recommends that the Committee approve the Q4 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 4th Quarter 2025 High Cost Support Mechanism program budget of \$5.64 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$5.64 million for High Cost Support Mechanism administrative costs in the required August 1, 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 July 28, 2025 the 4th Quarter 2025 High Cost Support Mechanism demand estimate of \$1,176.76 million, hereby directs USAC staff to proceed with the required August 1, 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>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) ³	\$51.81	(\$2.45)	\$49.36	Provides legacy support to rural carriers in areas where cost to provide service exceeds 115% of the national average cost per line.
Connect America Fund (CAF) Broadband Loop Support (BLS) ⁴	293.79	\$8.31	\$302.10	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	(\$0.03)	84.29	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	88.36	(\$0.31)	88.05	Frozen support for competitive carriers.
Total Steady State Legacy Funds	\$521.09	\$5.52	\$526.61	

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>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Steady State – Modernization Funds:				
CAF Phase II ⁸	6.40	0.00	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	41.70	0.00	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	43.73	0.00	43.73	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*);

<i>(in millions)</i>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
A-CAM II ¹¹	55.56	0.00	55.56	Model support to Rate of Return carriers for voice and broadband infrastructure.
Rural Broadband Experiments (RBE) ¹²	0.25	(\$0.18)	\$0.07	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	148.69	(\$0.08)	148.61	Fund the deployment of up to gigabit speed broadband networks in unserved rural communities through a two-phase reverse auction mechanism.

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). +55.56+.07+6.78+10.68+148.56

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>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Enhanced Alternative Connect America Cost Model	314.41	\$0.00	314.41	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.
<i>Total Steady State Modernization Funds</i>	<i>\$664.80</i>	<i>(\$0.26)</i>	<i>\$664.54</i>	
<i>Amounts Paid from Reserve</i>	<i>(\$52.22)</i>	<i>\$0.18</i>	<i>(\$52.04)</i>	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:				
<i>Total New Requirements Legacy Funds</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	
New Requirements – Modernization Funds:				
<i>Total New Requirements Modernization Funds</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	
Total Program Demand	<i>\$1,133.67</i>	<i>\$5.44</i>	<i>\$1,139.11</i>	

ATTACHMENT 2**High Cost Administrative Costs and Headcount**

Comparison of Actual Expenditures and Headcount to the Budget for the
Six months ending June 30, 2025

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	46	50	4	\$3.65	\$3.77	\$0.12
Professional Services (Note 2)				0.36	0.48	0.12
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$4.01	\$4.25	\$0.24
Direct Assigned Costs						
Employee Expenses	14	14	0	\$1.36	\$1.34	(\$0.02)
Professional Services (Note 2)				3.34	5.54	2.20
General & Administrative				0.11	0.09	(0.02)
Total Direct Assigned Costs				\$4.81	\$6.97	\$2.16
Total Direct Program & Direct Assigned Costs	60	64	4	\$8.82	\$11.22	\$2.40
Common Allocated Costs (Note 3)				\$23.81	\$26.02	\$2.21
Total Programmatic Budget				\$32.63	\$37.24	\$4.61

Note 2: Direct Program Professional Services includes support for program modernization orders and High Cost data collection costs. Direct Assigned Professional Services include beneficiary & contributor audit program audits and IT contract labor.

Note 3: Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



High Cost and Low Income Committee

High Cost Business Update

Open Session

July 28, 2025

Agenda

- Q2 2025 Accomplishments
- Q3 2025 Plans
- Appendix
 - A: Glossary of Terms

Q2 2025 Accomplishments

Operations

- Successful collection of CAF ICC annual Tariff Review Plan (TRP) for Program Year (PY) 2025/2026: 100 percent collected.
- Completed annual data validation and trend analysis for legacy fund CAF BLS, as part of HC PIA efforts.
 - Reviewed explanation of variance and supporting documents for outliers.
 - All carriers responded to requests for information.
 - Found no issues.
- Completed pilot SCR (Special Compliance Review) testing for legacy funds (HCL, CAF BLS, and CAF ICC).
- Processed approximately \$1.86 billion in HC disbursements in a timely and accurate manner to ensure continuity in voice and broadband service to customers.

Q2 2025 Accomplishments (Continued)

Compliance

- Reviewed carrier-submitted broadband deployment data (via the HUBB) to ensure compliance with all required PY2024 milestones.
 - A total of 548 out of 584 study area/speed tier combinations were compliant and only 36 out of 584 were non-compliant, as shown below:
 - ACAM (80 percent @ 10/1, 60 percent @ 25/3) - 2
 - ACAM II (60 percent) - 1
 - CAF II Auction (80 percent) - 15
 - RDOF (40 percent for 2021 authorizations) - 18
- Supported reducing/terminating Letters of Credit:
 - Performed CAF II Auction reviews of 12 carriers covering 1,194 locations.
 - Engaged in RDOF reviews of 58 carriers covering 8,574 locations.

Q2 2025 Accomplishments (Continued)

Compliance

- Performed compliance analysis of Q1 2025 performance test results, which includes 466 study area/speed tier combinations in RDOF pre-testing, 1,821 study area/speed tier combinations in testing, and 49 study area/speed tier combinations that still have not met their 2023 annual performance measures testing requirement.
 - Over 93% of carriers in performance testing are compliant.
 - A total of 94 RDOF study area/speed tier combinations did not meet pre-testing requirements.
 - A total of 16 study area/speed tier combinations came into compliance with testing requirements and had \$901,837 of support restored.
- Identified CAF BLS carriers participating in PMM who were non-compliant with 2023 annual testing and worked with IT to create special statistically valid subscriber samples to be tested.

Q2 2025 Accomplishments (Continued)

Stakeholder Engagement and Outreach

- Conducted outreach and provided training and customer service support to help carriers navigate annual FCC Form 481 filing, due July 1, 2025.
- Conducted outreach and provided training and customer service support to help carriers navigate ongoing quarterly network speed and latency pre-testing/testing requirements, comply with new quarterly reporting mandates, and obtain quarterly compliance reports.
 - Included extensive outreach to help carriers submit and certify results from all four quarters of 2024 network testing in the PMM by July 1, 2025, filing deadline.
- Conducted outreach to prepare RDOF and PR/USVI carriers for new verification reviews (to confirm deployment to a random sample of locations reported in the HUBB) starting in 2025, and help Original and Revised ACAM, ACAM II, and CAF II Auction carriers navigate ongoing verification reviews in 2025.

Q2 2025 Accomplishments (Continued)

Program Management and Engineering

- Implemented in-depth analytics and processes to help identify potential fraud and risk areas in Performance Measures.
- Implemented enhanced reporting activities, business process improvements, and compliance activities on Performance Measures data.

Q3 2025 Plans

Operations

- Finalize FCC Form 481 and PMM annual certification collection.
- Collect FCC Form 507 data for ACAM, ACAM II, EACAM, and AK Plan.
- Implement support reduction for missing or late annual certification submissions.
- Continue timely and accurate monthly disbursements for all HC funds.

Program Management and Telco Engineering

- Continue implementation of initiatives to improve the Performance Measures process and minimize fraud and risk.

Q3 2025 Plans (Continued)

Compliance

- Launch milestone verifications for a sample of 66 carriers covering approximately 7,327 locations across the various program milestones highlighted below. Verifications anticipated to conclude in the fall.
 - ACS (90 percent), ACAM (80 percent 10/1 and 60 percent 25/3), BLS (100 percent), ACAM II (60 percent), CAF II Auction (80 percent), PR/USVI (40 percent), and RDOF 2021 authorizations (40 percent)
- Conclude 15 risk-based verifications in support of the Rural Broadband Accountability Plan (RBAP).
- Continue to support timely performance of on-demand verifications to reduce/terminate Letters of Credit in CAF II Auction and RDOF.
- Analyze updated Fabric/BDC data of BLS carriers, reflecting December 2024 deployment, as a final confirmation of carrier compliance with 100 percent milestones.
- Perform compliance analysis of 2024 annual PMM data and Q2 2025 PMM test data.

Q3 2025 Plans (Continued)

Stakeholder Engagement and Outreach

- Conduct outreach and provide training and customer service support to ensure state and Tribal access to FCC Form 481 and HUBB deployment data, and help states and carriers that self-certify navigate annual ETC certification by October 1 deadline.
- Conduct outreach and provide training and customer service support to help carriers navigate ongoing quarterly network speed and latency pre-testing/testing requirements, comply with new quarterly reporting mandates, and obtain quarterly compliance reports.
 - Includes outreach to help ACAM II, CAF BLS, and CAF II Auction carriers obtain new random subscriber location samples for ongoing testing in 2026 and help Enhanced ACAM carriers obtain first random subscriber location samples and prepare to begin pre-testing in 2026.
- Conduct outreach and provide training and customer service support to prepare RDOF and PR/USVI carriers for integration of Fabric IDs into next annual HUBB filing (including flash-cut away from lat/long reporting).

Appendix A: 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 A: 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 A: 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: FCC 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 A: 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.





High Cost and Low Income Committee

High Cost Business Update

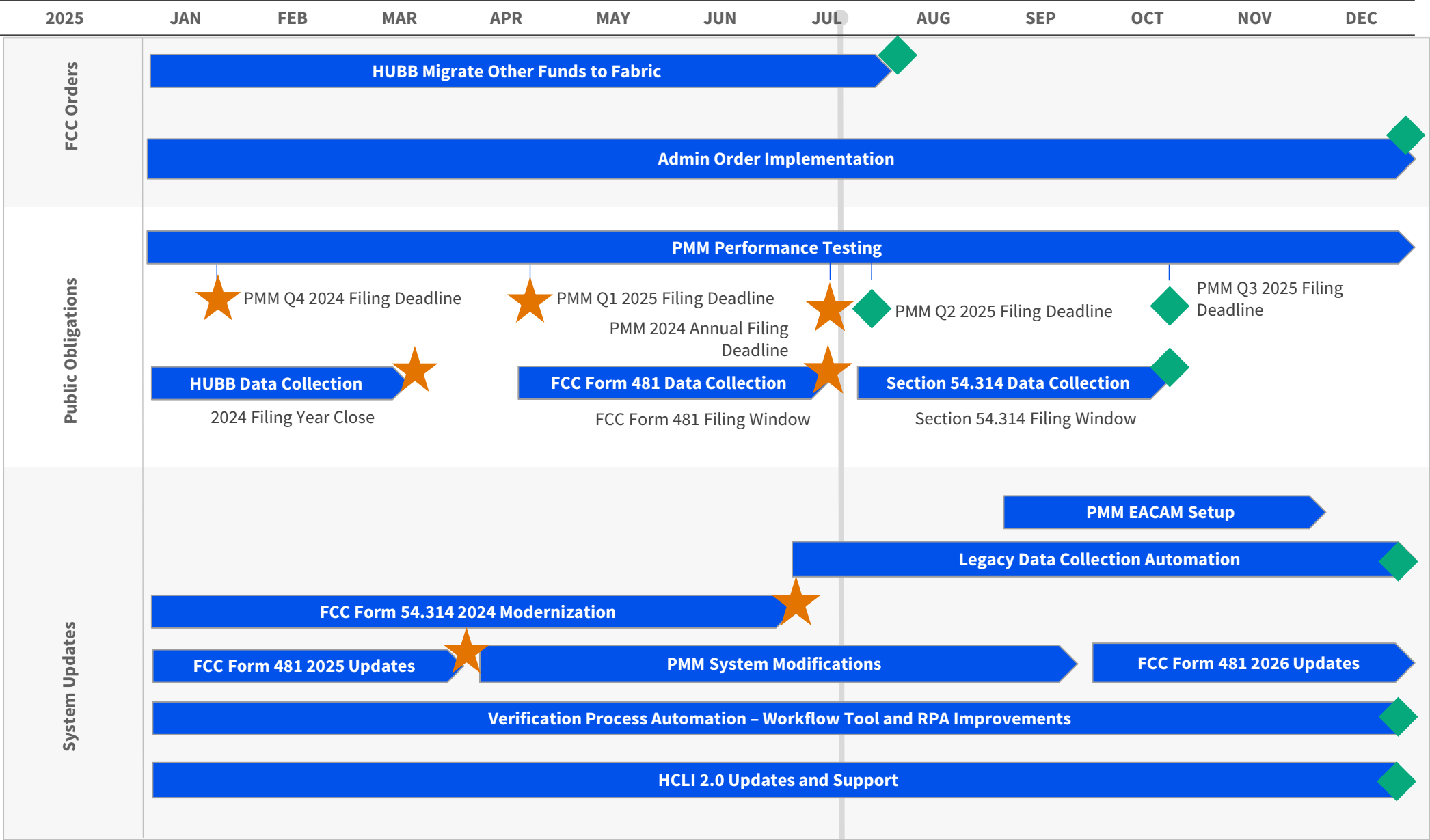
Open Session – Information Only

July 28, 2025

Agenda

- Roadmap
- Appendices
 - A: Disbursements and Deployments
 - B: Verification of Deployments and Performance Measures Testing

2025 Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix A: Metrics

High Cost Disbursements (Through April 2025)

Disbursements				
Fund Type	SAC Type	2025	2024	2023
Legacy	CETC	\$146,854,842	\$353,288,853	\$363,104,008
	ILEC	\$646,675,148	\$1,569,432,751	\$1,864,389,661
Modernized	CETC	\$298,636,845	\$740,065,638	\$762,269,180
	ILEC	\$772,408,851	\$1,863,683,814	\$1,338,603,612
Wireless	CETC		\$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	454,108	506,195	562,904	608,581	621,241
ACAM II	306,986	345,113	369,753	393,324	400,626
AK Plan	36,739	55,086	57,737	62,243	66,955
CAF II	3,097,118	4,209,321	4,212,377	4,215,903	4,225,333
CAF II AUC	76,186	169,625	415,719	540,438	748,574
CAF-BLS	738,092	891,999	1,034,792	1,224,554	1,307,996
EACAM	1,615	2,109	2,396	18,614	157,300
PR Fixed			224,950	1,032,618	1,101,258
RBE	25,497	27,630	27,981	28,318	28,447
RDOF	49,072	107,056	381,691	803,666	1,350,672
USVI Fixed					11,364

Appendix B: 2025 Verification – Deployment Snapshot

The below table highlights verification activity performed in 2025 (as of May 30, 2025). 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	Milestone %	Locations Sampled	Locations Tested		
			Tested	Pass	Fail
ACAM / RACAM	80% (ACAM) 60% (RACAM)	2,812	TBD	TBD	TBD
ACAM II	60%	3,151	TBD	TBD	TBD
CAF-BLS	100% (Cure Period)	1,052	TBD	TBD	TBD
CAF II Auction – LoC (Completed)	On-Demand	882	882	774	108
CAF II Auction – LoC (In-Progress)	On-Demand	950	TBD	TBD	TBD
CAF II Auction - Required	80%	312	TBD	TBD	TBD
RDOF - LoC (Completed)	On-Demand	5,911	5,911	5,503	408
RDOF - LoC (In-Progress)	On-Demand	5,139	TBD	TBD	TBD
RBAP (In-Progress)	Various	3,726	TBD	TBD	TBD
Total		23,935	6,793	6,277	516

Appendix B: 2025 Verification - Performance Measures Testing

Summary of Results by Speed/SAC Combination for Q1 2025

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	In testing	286	13	277	9	278	8	274	12
CAF II ACS	In testing	1	0	1	0	1	0	1	0
ACAM I & Revised ACAM I	In testing	250	28	230	20	232	18	230	20
RBE	In testing	35	11	30	5	31	4	25	10
AK Plan Wireline	In testing	23	5	20	3	21	2	18	5
CAF II Auction	In testing	178	25	157	21	168	10	168	10
ACAM II	In testing	129	4	128	1	127	2	126	3
PRVI	In testing	4	1	3	1	4	0	4	0
RDOF	Pre-testing	358	94	N/A	N/A	N/A	N/A	N/A	N/A
Enhanced ACAM	Upcoming (Pre-testing starts 2026)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total		1264	181	846	60	862	44	846	60

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.
- RDOF is in pre-testing for 2025. Therefore, results are not shown for individual test types.
- Carriers transitioning to the EACAM program that were compliant as of 2023 are not required to submit test data under their previous funds.



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

ACTION ITEM

**Approval of Low Income Support Mechanism
4th Quarter 2025 Programmatic Budget and
Demand Projection for the August 1, 2025 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 4th Quarter 2025 (Q4 2025) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's August 1, 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 Q4 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>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Steady State:				
Lifeline	\$292.49	(\$22.12)	\$270.37	See Note 1
Link Up	0.05	(0.01)	0.04	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Demand	\$292.54	(\$22.13)	\$270.41	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(66.09)	15.52	(50.57)	
Billings	(1.36)	3.71	2.35	
Bad Debt Expense	(3.37)	1.30	(2.07)	
Interest Income	(0.86)	0.78	(0.08)	
Annual Administrative Expense True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(71.68)	21.31	(50.37)	
USAC Administrative Expenses	\$24.07	(\$0.44)	\$23.63	See Table B
Total Funding Requirement	\$244.93	(\$1.26)	\$243.67	

Note 1: Demand estimate based on approximately 8.1 million subscribers.

Based on the projected burn rate, USAC estimates the following Q4 2025 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	Q3 2025 Budget	Increase/ (Decrease)	Q4 2025 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.76	\$0.33	\$3.09	
Professional Services	7.39	(0.69)	6.70	
General & Administrative	0.54	(0.19)	0.35	See Note 2
Total Direct Program Costs	\$10.69	(\$0.55)	\$10.14	
Direct Assigned Costs				
Employee Expenses	\$0.64	\$0.02	\$0.66	
Professional Services	2.41	(0.55)	1.86	
General & Administrative	0.29	(0.04)	0.25	See Note 2
Total Direct Assigned Costs	\$3.34	(\$0.57)	\$2.77	
Total Direct Program & Direct Assigned Costs	\$14.03	(\$1.12)	\$12.91	
Common Allocated Costs	\$10.04	\$0.68	\$10.72	
Total Programmatic Budget	\$24.07	(\$0.44)	\$23.63	

Note 2: General & Administrative expenses include postage.

A comparison of actual expenditures to the budget for the six months ending June 30, 2025 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the Q4 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 4th Quarter 2025 Low Income Support Mechanism direct program budget of \$12.91 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$12.91 million for Low Income Support Mechanism administrative costs in the required August 1, 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 July 28, 2025 the 4th Quarter 2025

Low Income Support Mechanism demand estimate of \$243.67 million, hereby directs USAC staff to proceed with the required August 1, 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
Six Months ending June 30, 2025

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	79	84	5	\$5.26	\$5.42	\$0.16
Professional Services (Note 3)				9.16	13.40	4.24
General & Administrative (Note 4)				0.49	0.82	0.33
Total Direct Program Costs				\$14.91	\$19.64	\$4.73
Direct Assigned Costs						
Employee Expenses	14	13	(1)	\$1.30	\$1.26	(\$0.04)
Professional Services (Note 3)				3.14	4.33	1.19
General & Administrative (Note 4)				1.57	0.70	(0.87)
Total Direct Assigned Costs				\$6.01	\$6.29	\$0.28
Total Direct Program & Direct Assigned Costs	93	97	4	\$20.92	\$25.93	\$5.01
Common Allocated Costs (Note 5)				\$17.60	\$19.36	\$1.76
Total Programmatic Budget				\$38.52	\$45.29	\$6.77

Note 3: Direct Program Professional Services include Lifeline eligibility verifications. Direct Assigned Professional Services include National Verifier (NV) operations & maintenance, beneficiary & contributor audit program audits, and IT contract labor.

Note 4: General & Administrative expenses include postage.

Note 5: Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



High Cost and Low Income Committee

Lifeline Business Update

Open Session

July 28, 2025

Agenda

- Q2 2025 Accomplishments
- Q3 2025 Plans
- National Verifier (NV) Highlights
- Lifeline Subscriber Trends

Q2 2025 Accomplishments

- Fully transitioned to Guidehouse as our new manual review Business Processing Outsourcer (BPO) in May 2025.
 - Achieving targets for handle time; on track to achieve targets for quality.
 - Making an immediate impact on suspicious document identification.
- Implemented enhanced CAPTCHA and proactive system reporting to mitigate suspicious behavior on the NV Consumer Portal.
- Enhanced NV to send notice to consumers when an application was closed due to suspicious activity, per FCC Office of the Inspector General recommendation.

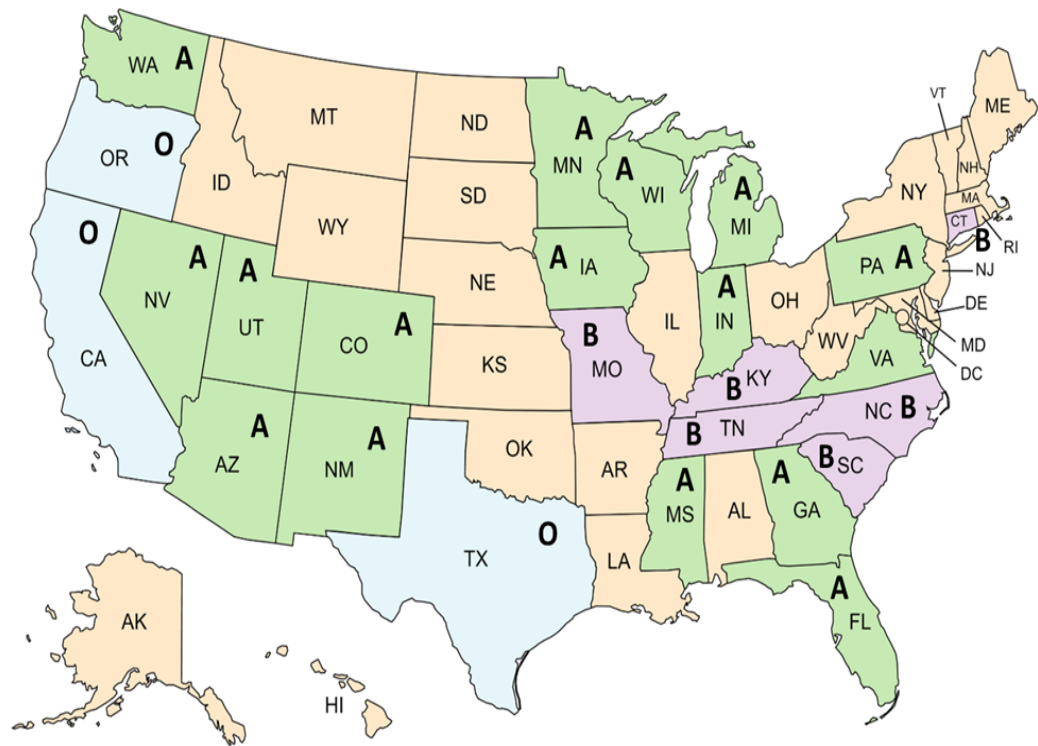
Q2 2025 Accomplishments (Continued)

- Piloted a successful new Service Area Designation Boundary for Program Integrity Assurance (PIA), which has now become a standard quarterly PIA.
- Bolstered the use of data analytics in our PIA process, including the review of several key reports showing outliers in high-risk areas.
- Increased Tribal engagement by attending NTTA Tribal Broadband Summit in Phoenix and participating in a National Digital Inclusion Alliance (NDIA) working group session.

Q3 2025 Plans

- Finalize closure of the Affordable Connectivity Program (ACP), including decommissioning and archiving NV ACP application data and disabling access to ACP systems.
- Monitor Guidehouse Manual Review Quality Assurance (QA) performance and identify problem areas and training needs, in preparation for Guidehouse's first semi-annual refresher training in Q4.
- Improve and automate certain payment hold processes to reduce manual work and improper payments that need to be recovered for routine processes, such as our deceased check and continued eligibility checks coming out of PIAs.
- Release public Lifeline Tribal Mapping Tool, formerly only available in National Lifeline Accountability Database (NLAD).

National Verifier Highlights



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



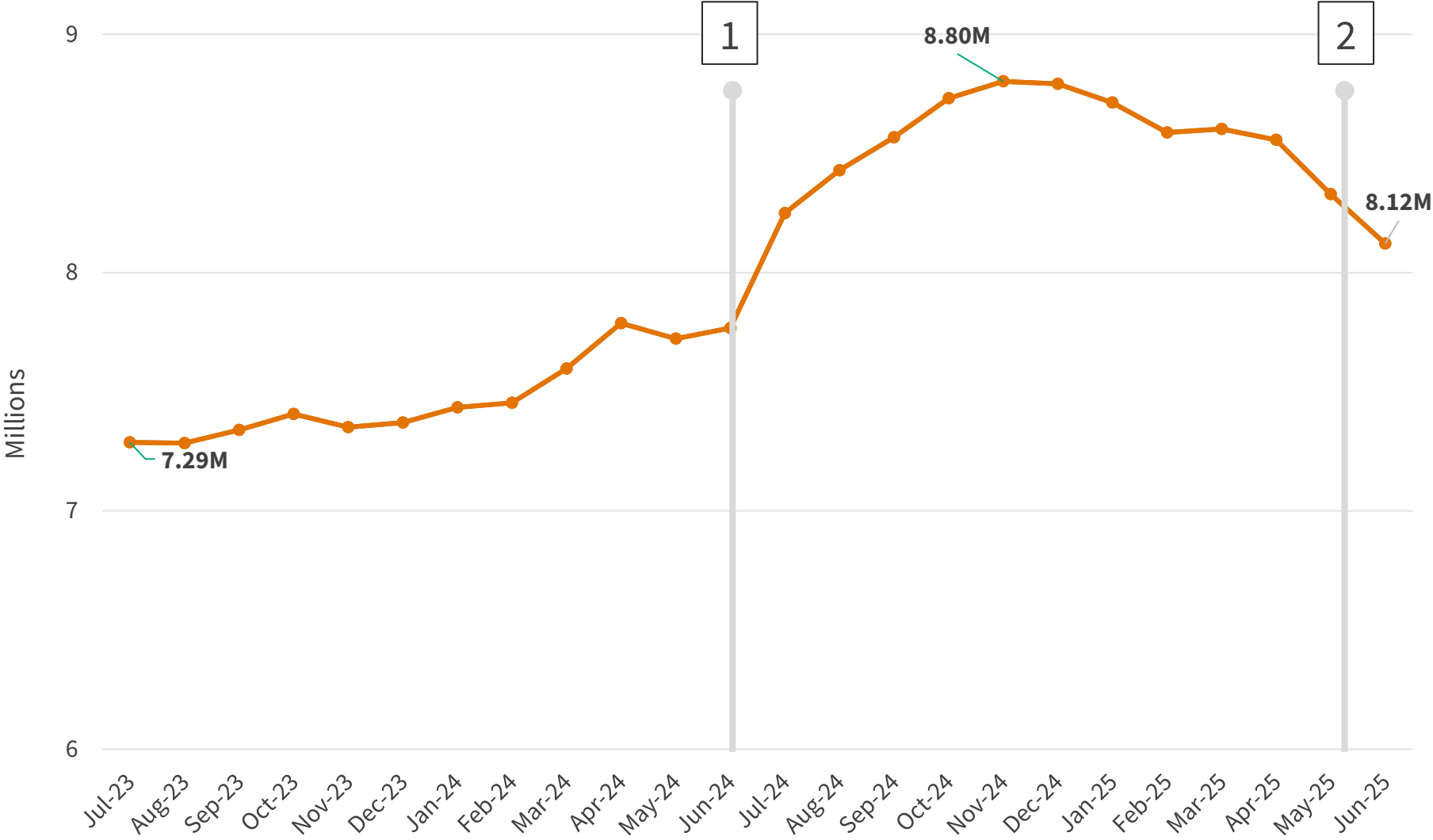
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29 Total NV Connections Available

- 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	59.0%	2.9%	61.9%	49.2%	3,705,567
Federal Only	50.2%	5.9%	59.2%	42.9%	2,431,815
Overall	55.0%	4.2%	59.2%	46.5%	6,137,382

Lifeline Subscriber Trends



- 1. Increase in subscribership post ACP.
- 2. 2025 decrease driven by non-usage de-enrollments.

***Note:** Subscriber counts include all subscribers on monthly snapshots, including in NLAD opt-out states (CA, OR, and TX). Actual claimed subscribers vary but are capped at snapshot levels (i.e., service providers cannot claim subscribers that aren't on a snapshot).



**Universal Service
Administrative Co.**



High Cost and Low Income Committee

Lifeline Business Update (Continued)

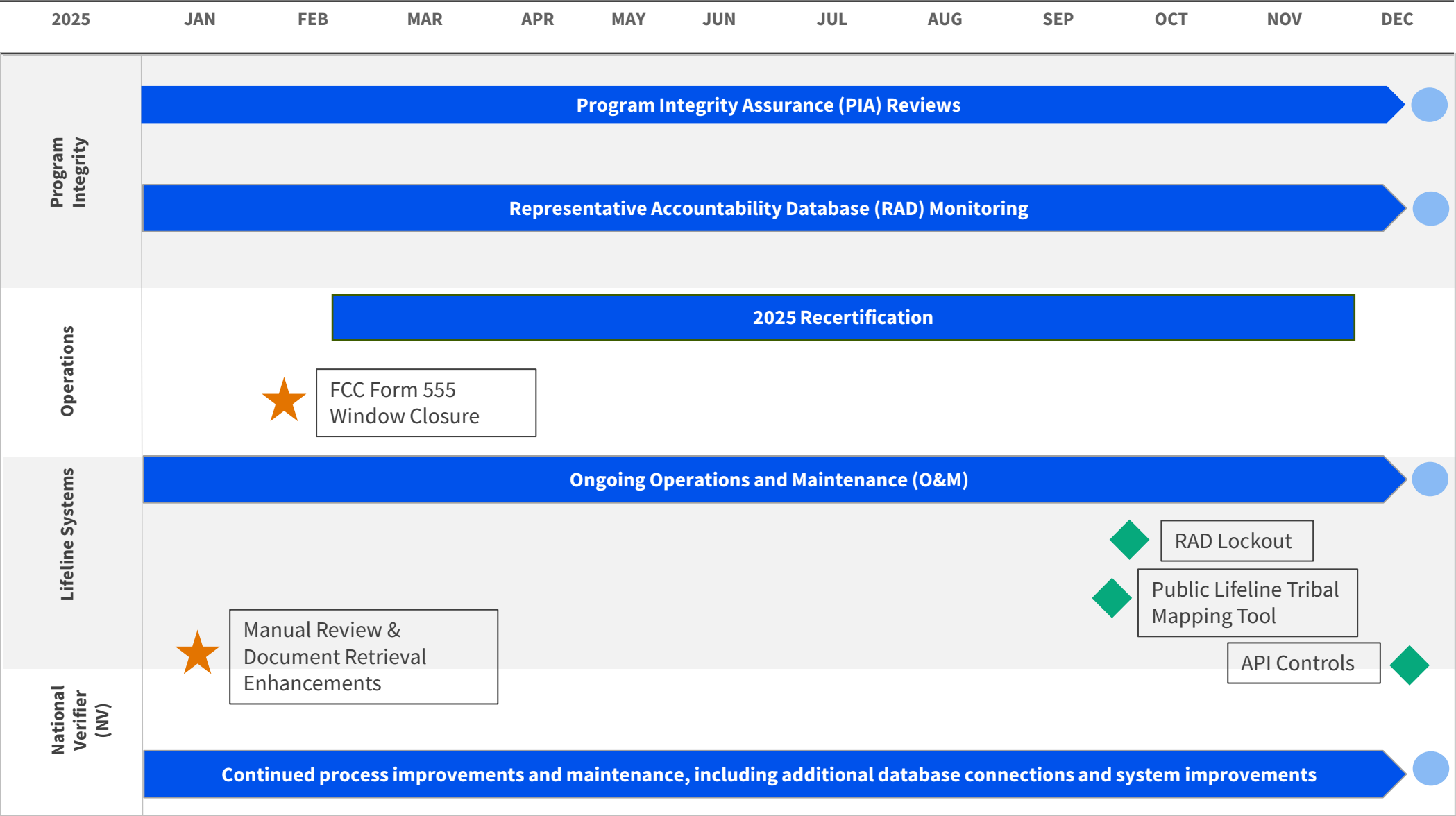
Open Session - Information Only

July 28, 2025


Agenda


- 2025 Roadmap
- Program Metrics
- Service Type Trends
- Subscribership Trends
- Glossary of Terms


2025 Roadmap




Milestone Legend

 At Risk

 On Track

 Completed

 Ongoing

Program Metrics

Lifeline Eligibility and New Enrollments

Year-to-Date Comparison	2025 (January through June)	2024 (January through June)
National Verifier Applications Created	7,279,078	13,406,886
Program Eligibility Auto Approved	3,772,314	7,959,934
Program Eligibility Auto Pass Rate	51.8%	59.4%
Enrollments (Excludes CA, OR, and TX)	1,698,960	3,095,636
De-Enrollments (Excludes CA, OR, and TX)	2,506,825	2,942,093
NLAD Subscribers (Excludes CA, OR, and TX) at Period-End	6,137,382	6,153,356
Opt-Out State Subscribers (CA, OR, and TX) at Period-End	1,984,337	1,614,566

***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
June 2025	2.08%	2.33%	93.38%	0.31%	1.90%
May 2025	2.05%	2.40%	93.37%	0.32%	1.86%
April 2025	2.04%	2.51%	93.27%	0.33%	1.86%
March 2025	2.02%	2.65%	93.12%	0.33%	1.88%
February 2025	2.02%	2.81%	92.91%	0.34%	1.92%
January 2025	1.99%	2.94%	92.80%	0.34%	1.93%
December 2024	1.96%	3.06%	92.66%	0.35%	1.97%
November 2024	1.97%	3.19%	92.45%	0.36%	2.03%
October 2024	1.59%	3.36%	92.57%	0.38%	2.11%
September 2024	1.06%	3.73%	92.60%	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%

- **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.

Tribal Service Type Trends

Month	Broadband	Bundled Broadband	Bundled Voice and Broadband	Bundled Voice	Voice
June 2025	3.16%	6.36%	88.20%	0.07%	2.21%
May 2025	3.40%	7.73%	86.50%	0.06%	2.30%
April 2025	3.73%	9.66%	83.97%	0.07%	2.57%
March 2025	3.77%	11.48%	82.02%	0.08%	2.65%
February 2025	3.72%	13.69%	79.80%	0.08%	2.71%
January 2025	3.71%	16.68%	76.80%	0.08%	2.73%
December 2024	3.72%	17.31%	76.04%	0.10%	2.83%
November 2024	3.69%	17.30%	76.02%	0.10%	2.88%
October 2024	3.60%	17.27%	76.00%	0.15%	2.98%
September 2024	3.51%	16.31%	76.75%	0.19%	3.25%
August 2024	3.40%	16.54 %	76.47%	0.19%	3.40%
July 2024	3.40%	17.03%	75.67%	0.22%	3.67%

- **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.

Subscribership Trends

Data Month	Subscriber (incl. opt-out)	Tribal Subscribers	Rate of Change (subscribers month over month)	Disbursed
June 2025 (snapshot on Jul. 1)	8,121,719	261,295	-2.49%	\$82,319,309
May 2025 (snapshot on Jun. 1)	8,329,255	261,855	-2.66%	\$77,833,742
April 2025 (snapshot on May 1)	8,556,935	256,812	-0.54%	\$76,954,892
March 2025 (snapshot on Apr. 1)	8,603,224	254,593	0.18%	\$78,802,608
February 2025 (snapshot on Mar. 1)	8,587,974	253,700	-1.44%	\$82,440,030
January 2025 (snapshot on Feb. 1)	8,713,729	253,713	-0.89%	\$85,136,634
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

Tribal Subscriberhip Trends

Month	Total Tribal Subscribers	Total Tribal Enrollments	Rate of Change (Tribal Subscribers month over month)	Total Tribal De-Enrollments
June 2025	261,295	18,693	-0.21%	19,954
May 2025	261,855	21,384	1.96%	19,558
April 2025	256,812	14,733	0.87%	14,539
March 2025	254,593	11,909	0.35%	12,836
February 2025	253,700	10,190	-0.01%	10,492
January 2025	253,713	13,805	0.51%	13,038
December 2024	252,431	12,592	0.18%	12,811
November 2024	251,983	13,943	0.99%	11,928
October 2024	249,512	18,402	2.50%	12,958
September 2024	243,431	14,775	1.29%	12,472
August 2024	240,332	20,530	4.74%	13,318
July 2024	229,461	22,204	5.39%	11,892

Glossary of Terms

Term	Definition
API	Application Program Interface: 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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