



High Cost & Low Income Committee

Briefing Book

Monday, April 27, 2026

10:50 - 11:55 a.m. Eastern Time

Available for Public Use

Universal Service Administrative Company

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

Washington, D.C. 20005

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

<p>Monday, April 27, 2026 10:50 – 11:55 a.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>

HIGH COST OPEN SESSION Available for Public Use		<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each available for discussion upon request):</p> <ul style="list-style-type: none"> A. Approval of High Cost & Low Income Committee Meeting Minutes of January 26, 2026 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Consideration and Approval of One Routine Procurement (see aHCLI04cf) 	5
Vic	<p>a2. Approval of High Cost Support Mechanism 3rd Quarter 2026 Programmatic Budget and Demand Projection for the May 1, 2026 FCC Filing</p>	5
Vic	<p>i1. High Cost Business Update</p> <ul style="list-style-type: none"> • Q1 2026 Accomplishments • Q2 2026 Program Plans • Appendix A: Glossary of Terms 	20

<u>HIGH COST INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Vic	<p>i2. High Cost Business Update (<i>Continued</i>)</p> <ul style="list-style-type: none"> • Roadmap • Appendices: <ul style="list-style-type: none"> A. Disbursements and Deployments B. Verification of Deployments and Performance Measures Testing 	–

LOW INCOME OPEN SESSION Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	a3. Approval of Low Income Support Mechanism 3rd Quarter 2026 Programmatic Budget and Demand Projection for the May 1, 2026 FCC Filing	5
Tim	i3. Low Income (Lifeline) Business Update <ul style="list-style-type: none"> • Q1 2026 Accomplishments • Q2 2026 Program Plans • 2026 Notice of Proposed Rule Making (NPRM) • National Verifier Highlights • Lifeline Subscriber Trends • Glossary of Terms 	20

<u>LOW INCOME INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Tim	i4. Lifeline Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • 2026 Roadmap • Program Metrics • Service Type Trends • Subscribership Trends 	–
Teleshia	i5. Information on Two USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Reports	–

LOW INCOME EXECUTIVE SESSION <i>Executive Session Recommended</i> Confidential -Not for Public Disclosure		<i>Estimated Duration in Minutes</i>
Tim	i6. Low Income (Lifeline) Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • California Transition Status Update • OIG Advisory Update • Personal Identifiable Information Use and Protection Overview 	10
Chris	a4. Consideration of a Contract Modification for Third Party Identification and Verification Services	–

HIGH COST EXECUTIVE SESSION <i>Executive Session Recommended</i> Confidential -Not for Public Disclosure		<i>Estimated Duration in Minutes</i>
Vic	i7. High Cost Business Update (<i>Continued, if needed</i>)	–

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday, July 27, 2026
USAC Offices, Washington, D.C.**

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

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Committee meeting minutes of January 26, 2026 (*see Attachments A*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i6.** 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 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.

- (3) **i7.** 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.

C. Approval of One Routine Procurement.

- (1) Consideration of a Contract Modification for Third Party Identification and Verification Services. The resolution is provided in **aHCLI04cf**. 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 January 26, 2026; and (2) discussion in ***Executive Session*** of the items noted above; and (3) the approval of one routine procurement as presented in item **aHCLI04cf**.

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, January 26, 2026

(DRAFT) MINUTES¹

Due to inclement weather the USAC office was closed on Monday, January 26, 2026. The quarterly meeting of the High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) was conducted virtually. The USAC website was updated to allow the public to join the Open Session portion of the meeting virtually. Ms. Olivia Wein, Committee Chair, called the meeting to order at 2:05 p.m. Eastern Time, with a quorum of nine of the 10 Committee members present.

Chacko, Sheba
Garber, Michelle – Chief Executive Officer (Interim) and Assistant Treasurer
Green, Anisa
Minnock, Stephanie
Schram, Tim
Semmler, Kara
Seifer, Angela
Wade, Dr. Joan
Wein, Olivia – Chair

Members of the Committee not present:

Sanborn, Heather

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
Francisco, Dale – Chief Financial Officer (Interim)
Gaither, Victor – Vice President of High Cost
Hutchinson, Kyle – Vice President and Chief Information Office
Kettwich, Dan – 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.

Mason, Ken – Member of the Board
 Minard, Alexander – Member of the Board
 Minnock, Stephanie – Member of the Board
 O’Brien, Tim – Vice President of Lifeline
 Schell, Julie Tritt – Member of the Board
 Sweeney, Mark – Vice President of Rural Health Care
 Thompson, Mona – Member of the Board
 Wibberly, Dr. Kathy – Member of the Board
 Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Ayer, Catriona	USAC
Benham, Cathy	CSM Central
Broadax, Folasade	USAC
Brown, Daniel	Nelson Mullins
Case, Kevin	USAC
Claxton, Naomi	USAC
Corriher, Kim	SOHCN
Goode, Vernell	USAC
Green, Kevin	USAC
King, Ryan	USAC
Little, Chris	USAC
Lougheed, Matthew	USAC
Loveless, Nikole	Kellogg and Sovereign Consulting
Markarian, Lehna	CSM Consulting.
McCornac, Carolyn	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Sadirkhanova, Sabina	USAC
Schrader, Theresa	Broadband Legal Strategies, LLC
Smith, Chris	USAC
Staurulakis, Chresanthe	USAC
Terry, D’wana	FCC

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

October 27, 2025 and December 11, 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*. 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 of 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) **a6.** Consideration of a Contract Modification for Lifeline 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 2026 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, 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.

- (6) **a8.** Approval of High Cost Support Mechanism 2026 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 One Routine Procurements

- (1) Consideration of a Contract Modification for Lifeline Third Party Identification and Verification Services. The resolution is provided in **aHCLI06cf**. If discussion is needed, it will be conducted in *Executive Session*.

On a motion duly made and seconded, and after discussion, with Mr. Schram abstaining, 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 October 27, 2025 and December 11, 2025; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of one routine procurement as presented in items **aHCLI06cf**.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** At the request of Ms. Wien, Dr. Wibberly presented this item to the Committee.

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

RESOLVED, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors re-elect **Oliva Wein** as Chair and elect **Kara Semmler** as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position by the Board and ends at such time as the Chair or Vice Chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

- a3. Approval of High Cost Support Mechanism 2nd Quarter 2026 Programmatic Budget and Demand Projection for the January 30, 2026 FCC Filing.** Mr. Gaither presented this item for consideration. The presentation included a written

report on USAC management's recommendations for the High Cost support mechanism 2nd quarter 2026 programmatic budget and demand projection for the January 30, 2026 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 2nd Quarter 2026 High Cost Support Mechanism program budget of \$7.07 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$7.07 million for High Cost Support Mechanism administrative costs in the required January 30, 2026 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 26, 2026 the 2nd Quarter 2026 High Cost Support Mechanism demand estimate of \$1,011.56 million, hereby directs USAC staff to proceed with the required January 30, 2026 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:
- 2025 Year in Review
 - 2026 Program 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.
- Q4 2025 Accomplishments
 - Q1 2026 Program Plans
 - Roadmap
 - Appendices:
 - A: 2025 Disbursements and Deployments
 - B: 2025 Verification Deployments and Performance Measures Testing

- i3. **Information on 11 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

- a4. **Approval of Low Income Support Mechanism 2nd Quarter 2026 Programmatic Budget and Demand Projection for the January 30, 2026 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 2nd quarter 2026 programmatic budget and demand projection for the January 30, 2026 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 2nd Quarter 2026 Low Income Support Mechanism direct program budget of \$12.79 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$12.79 million for Low Income Support Mechanism administrative costs in the January 30, 2026 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 26, 2026 the 2nd Quarter 2026 Low Income Support Mechanism demand estimate of \$190.38 million, hereby directs USAC staff to proceed with the required January 30, 2026 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:
- 2025 Year in Review
 - 2026 Plans

- California Opt-Out-State Status
- National Verifier Highlights
- Lifeline Subscriber Trends

i5. Low Income (Lifeline) Business Update (Continued). This item was provided for *information purposes only*. No discussion was held. Ms. Wein noted that the Low Income materials listed below would be made public and posted to the USAC website.

- Q4 2025 Accomplishments
- Q1 2026 Program Plans
- 2026 Roadmap
- Program Metrics
- Service Type Trends
- Subscribership Trends
- Tribal Subscriber Trends
- Glossary of Terms

i6. Information on One USAC Audit and Assurance Division Low Income Support Mechanism Beneficiary Audit Report. This item was provided for *information purposes only*. No discussion was held. Ms. Wein noted that the High Cost & Low Income Audit Briefing Book would be made public and posted to the USAC website.

At 2:57 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 FCC and USAC staff were present.

EXECUTIVE SESSION

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

- Email Transition Update
- State and Federal Connections (Verbal)

a5. Consideration of Contract Award for Computer Matching Program Operations and Maintenance Services. Mr. Beyerhelm presented this item requesting authorization to award a three year sole source contract to the Centers for Medicare & Medicaid Services (CMS) for operations and maintenance services and IT security incident work in support of the application programming interface that provides automated computer matching for eligibility verifications for the Lifeline Program (Lifeline).

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a three (3) 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 \$1,944,360.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a6. Consideration of a Contract Modification for Lifeline Third Party Identification and Verification Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

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

RESOLVED, that the High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to increase the total not-to-exceed (NTE) amount of its contract for Third Party Identification and Verification (TPIV) services with Transunion Public Sector (Transunion) to support the Lifeline Program by adding \$200,000.00 (plus applicable taxes) to the current fourth option term to cover overages in verifications, and an additional \$240,000.00 (plus applicable taxes) to the fifth option term to account for anticipated volume increases in 2026, for a total not-to-exceed amount of \$440,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$5,067,675.00 (plus applicable taxes) to \$5,507,675.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a7. Approval of Low Income (Lifeline) Support Mechanism 2026 Annual Programmatic Budget.** Mr. O'Brien presented this item to the Committee.

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

RESOLVED, that the High Cost & Low Income Committee approves a 2026 annual programmatic budget for the Low Income Support Mechanism of \$46.71 million.

- i8. High Cost Business Update (Continued, if needed).** The Committee determined there was no additional discussion required in Executive Session.

a8. Approval of High Cost Support Mechanism 2026 Annual Programmatic Budget. Mr. Gaither presented this item to the Committee.

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

RESOLVED, that the High Cost & Low Income Committee approves a 2026 annual programmatic budget for the High Cost Support Mechanism of \$24.73 million.

OPEN SESSION

At 3:25 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 voted on items a5, a7, and a8 and discussed item i7.

On a motion duly made and seconded, the Committee adjourned at 3:25 p.m. Eastern Time.

/s/ Erin Williams
Assistant Secretary

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

ACTION ITEM

**Approval of High Cost Support Mechanism
3rd Quarter 2026 Programmatic Budget and
Demand Projection for the May 1, 2026 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2026 (Q3 2026) programmatic budget and demand projection for the High Cost Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 1, 2026 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 Q3 2026 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>	Q2 2026	Increase/ (Decrease)	Q3 2026	Notes
Steady State:				
Legacy Funds	\$463.65	\$32.22	\$495.87	Includes HCLS, CAF BLS, CAF ICC, Frozen Price Cap, and Competitive ETC support. Increase for CAF BLS.
Modernization Funds	669.80	(0.20)	669.60	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 additional RDOF defaults, support ending for six RBE SACs, and revised EACAM adjustment.
Amounts Paid from Reserve	(62.29)	(0.67)	(62.96)	Disbursements for RBE, Mobility Fund Phase I, and a portion E-ACAM per DA 23-1025-Footnote 4 and E-ACAM support revision (paid from cash).
Total Steady State	\$1,071.16	\$31.35	\$1,102.51	
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	\$1,071.16	\$31.35	\$1,102.51	

Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(\$62.57)	\$38.67	(\$23.90)	Adjustment includes program recoveries from prior quarter spread over four quarters to achieve a more stable/predictable contribution factor.
Billings	(4.16)	1.36	(2.80)	
Interest Income	(1.11)	0.27	(0.84)	
Bad Debt Expense	(9.70)	(4.54)	(14.24)	
Annual Admin True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(\$77.54)	\$35.76	(\$41.78)	

USAC Administrative Expenses	\$17.94	\$0.39	\$18.33	See Table B.
Total Funding Requirement	\$1,011.56	\$67.50	\$1,079.06	

Based on the projected burn rate, USAC estimates the following Q3 2026 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	Q2 2026	Increase/ (Decrease)	Q3 2026	Notes
Direct Program Costs				
Employee Expenses	\$1.75	\$0.08	\$1.83	
Professional Services	1.17	(0.47)	0.70	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$2.92	(\$0.39)	\$2.53	
Direct Assigned Costs				
Employee Expenses	\$0.69	\$0.00	\$0.69	
Professional Services	3.39	0.03	3.42	
General & Administrative	0.07	(0.01)	0.06	See Note 1.
Total Direct Assigned Costs	\$4.15	\$0.02	\$4.17	
Total Direct Program & Direct Assigned Costs	\$7.07	(\$0.37)	\$6.70	
Common Allocated Costs	\$10.87	\$0.76	\$11.63	
Total Programmatic Budget	\$17.94	\$0.39	\$18.33	

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

A comparison of actual expenditures to the budget for the three months ending March 31, 2026 is provided in **Attachment 2**.

Recommendation

USAC management recommends the Committee approve the Q3 2026 budget and projection of demand as proposed.

Recommended High Cost & Low Income Committee Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2026 High Cost Support Mechanism program budget of \$6.70 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.70 million for High Cost Support Mechanism administrative costs in the required May 1, 2026 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 27, 2026 the 3rd Quarter 2026 High Cost Support Mechanism demand estimate of \$1,079.06 million, hereby directs USAC staff to proceed with the required May 1, 2026 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>	Q2 2026	Increase/ (Decrease)	Q3 2026	Notes
Steady State – Legacy Funds:				
High Cost Loop Support (HCLS) ³	\$49.71	\$0.00	\$49.71	Provides legacy support to rural carriers in areas where the cost to provide service exceeds 115% of the national average cost per line.
Connect America Fund (CAF) Broadband Loop Support (BLS) ⁴	268.86	32.39	301.25	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	80.92	0.00	80.92	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	0.00	0.00	0.00	Frozen Price Cap carrier support for Uniendo PR and USVI.
Frozen Competitive ETC Support ⁷	64.16	(0.17)	63.99	Frozen support for competitive carriers.
Total Steady State Legacy Funds	\$463.65	\$32.22	\$495.87	

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>	Q2 2026	Increase/ (Decrease)	Q3 2026	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 24-116, ACS will continue to receive CAF Phase II frozen support until 2028.
CAF Phase II Auction	36.59	0.00	36.59	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	43.12	0.00	43.12	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>	Q2 2026	Increase/ (Decrease)	Q3 2026	Notes
A-CAM II ¹¹	54.76	0.00	54.76	Model support to Rate of Return carriers for voice and broadband infrastructure.
Rural Broadband Experiments (RBE) ¹²	0.00	0.01	0.01	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	144.62	(0.87)	143.75	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	325.15	0.66	325.81	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>	Q2 2026	Increase/ (Decrease)	Q3 2026	Notes
				areas served by legacy rate-of-return support recipients.
<i>Total Steady State Modernization Funds</i>	<i>\$669.80</i>	<i>(\$0.20)</i>	<i>\$669.60</i>	
<i>Amounts Paid from Reserve</i>	<i>(\$62.29)</i>	<i>(\$0.67)</i>	<i>(\$62.96)</i>	Per FCC direction, all disbursements for RBE, Mobility Fund Phase I, and a portion of disbursements for 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>\$1,071.16</i>	<i>\$31.35</i>	<i>\$1,102.51</i>	

ATTACHMENT 2

High Cost Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Three months ending March 31, 2026

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	46	43	(3)	\$1.88	\$1.85	(\$0.03)
Professional Services (Note 2)				0.21	0.17	(0.04)
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$2.09	\$2.02	(\$0.07)
Direct Assigned Costs						
Employee Expenses	14	14	0	\$0.68	\$0.68	\$0.00
Professional Services (Note 2)				1.39	1.84	0.45
General & Administrative				0.07	0.04	(0.03)
Total Direct Assigned Costs				\$2.14	\$2.56	\$0.42
Total Direct Program & Direct Assigned Costs	60	57	(3)	\$4.23	\$4.58	\$0.35
Common Allocated Costs (Note 3)				\$11.77	\$11.68	(\$0.09)
Total Programmatic Budget				\$16.00	\$16.26	\$0.26

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, contract labor, and IT professional services 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.



High Cost and Low Income Committee

High Cost Business Update

Open Session

April 27, 2026

Agenda

- Q1 2026 Accomplishments
- Q2 2026 Program Plans
- Appendix
 - A: Glossary of Terms

Q1 2026 Accomplishments

Operations

- Annual 2026 HUBB (54.316) and annual 2025 PMM certifications collected.
 - Conducted 1,000+ outreach calls.
- Successfully collected CAF BLS annual data (FCC Forms 507 and 508) via new Legacy Data Collection online tool.
- Implemented DA 25-1107, final eligible locations and support amounts for EACAM.
- Applied support reduction penalties to missing and late carriers for 2024 annual PMM certification.
 - Sent 30 days notice support adjustment notifications to all impacted carriers.
- Processed RDOF defaults and HUBB and PMM non-compliance support adjustment for impacted carriers.
- Processed approximately \$643 Million in High Cost support disbursements for 17 funds in a timely and accurate manner to ensure continuity in voice and broadband service to customers.

Q1 2026 Accomplishments (Continued)

Compliance

- Concluded milestone analysis after carriers completed HUBB deployment submissions. The team continues to support FCC decision-making for non-compliance assessments.
- Supported reducing/terminating Letters of Credit:
 - Performed CAF II Auction verifications of 29 carriers covering 2,600 locations.
 - Engaged in RDOF verifications of 18 carriers covering 2,200 locations.
- Completed special compliance reviews of Q4 2025 Performance Measures data to assess fraud risk:
 - Performed trend analysis of PMM data and identified 32 study areas covering 23 carriers for outreach and inquiry. Outreach led to corrective actions from 18 of the 32 study areas while the remaining study areas shared evidence in support of the analysis.
 - Reviewed subscriber replacement requests and identified five study areas for outreach and inquiry.

Q1 2026 Accomplishments (Continued)

Compliance

- Performed compliance analysis of Q4 2025 test results, which included 442 study area/speed tier combinations in pre-testing, 1,794 study area/speed tier combinations in testing, and 26 study area/speed tier combinations that still had not met their 2024 annual performance measures testing requirement at the time the review began.
 - Support totaling **\$628,501 was restored** for a total of 62 RDOF study area/speed tier combinations that previously did not meet pre-testing requirements.
 - Of this total, 31 study area/speed tier combinations came back into compliance with successful pre-testing.
 - Another 31 study area/speed tier combinations were unable to achieve compliance with pre-testing requirements, but funding was restored at the FCC's direction and in consideration of DA 25-361 which waives non-compliance withholding for the first two quarters of 2026 as carriers transition to the Fabric.
 - A total of three study area/speed tier combinations came into compliance with testing requirements and had **\$32,267 of support restored**.

Q1 2026 Accomplishments (Continued)

Stakeholder Engagement and Outreach

- Outreach to help carriers submit and certify 2025 CAF deployment data in HUBB by the March 2, 2026 deadline and prepare for subsequent verification reviews to confirm deployment to random sample of reported locations.
 - Includes outreach to help RDOF and PR/USVI carriers navigate transition to reporting deployment data in the HUBB using Fabric Location IDs moving forward (and resubmit data reported in the past using lat/long coordinates).
- Outreach to help carriers manage quarterly network speed and latency pre-testing/testing requirements, comply with quarterly reporting mandates and obtain quarterly and annual compliance reports.
 - Includes outreach to help Enhanced ACAM carriers obtain their first random subscriber location samples to begin pre-testing in 2026 and assist CAF II Auction, ACAM II and CAF BLS carriers obtain new random subscriber location samples for ongoing official testing in 2026.
- Outreach to prepare carriers for launch of new online legacy data collection portal that lets carriers submit key legacy filings through E-File.

Q2 2026 Program Plans

Operations

- Complete 2026 Special Compliance Review for Legacy Funds.
- Collect 1Q 2026 PMM certification.
 - Conduct outreach calls.
- Launch CAF ICC TRP (Tariff Review Plan) data collection online tool in preparation for receiving 2026 data, due June 16.
- Complete HCL annual Data Validation and Trend Analysis.

Q2 2026 Program Plans (Continued)

Compliance

- Finalize sampling plan adjustments for 2026 and initiate milestone and risk-based verification reviews.
- Continue to support timely performance of on-demand verifications to reduce/terminate Letters of Credit in CAF II Auction and RDOF. CAF II Auction will continue to be a primary focus for the team as the program concludes.
- Perform compliance analysis of Q1 2026 PMM test data and ensure support is restored for carriers who eliminated or improved their non-compliance level.
- Perform special compliance reviews of Q1 2026 PMM test data (subscriber replacements and trend analyses) to assess fraud risk.
- Facilitate FCC Corrective Action Plans (CAPs) in relation to the HUBB/PMM OIG Audit which concluded in the fall of 2025.

Q2 2026 Program Plans (Continued)

Stakeholder Engagement and Outreach

- Outreach to help carriers manage quarterly network speed and latency pre-testing/testing requirements, comply with quarterly reporting mandates, and obtain quarterly compliance reports.
 - Includes outreach to help RDOF and PR/USVI carriers resume quarterly network testing in the second half of 2026 following the transition to reporting deployment data in the HUBB using Fabric Location IDs.
- Outreach to assist carriers navigate the annual FCC Form 481 filing due July 1.
- Outreach to support ongoing verification reviews for Original and Revised ACAM, ACAM II, CAF II Auction, CAF BLS, RDOF and PR/USVI carriers.

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. 15 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.



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High Cost and Low Income Committee

High Cost Business Update

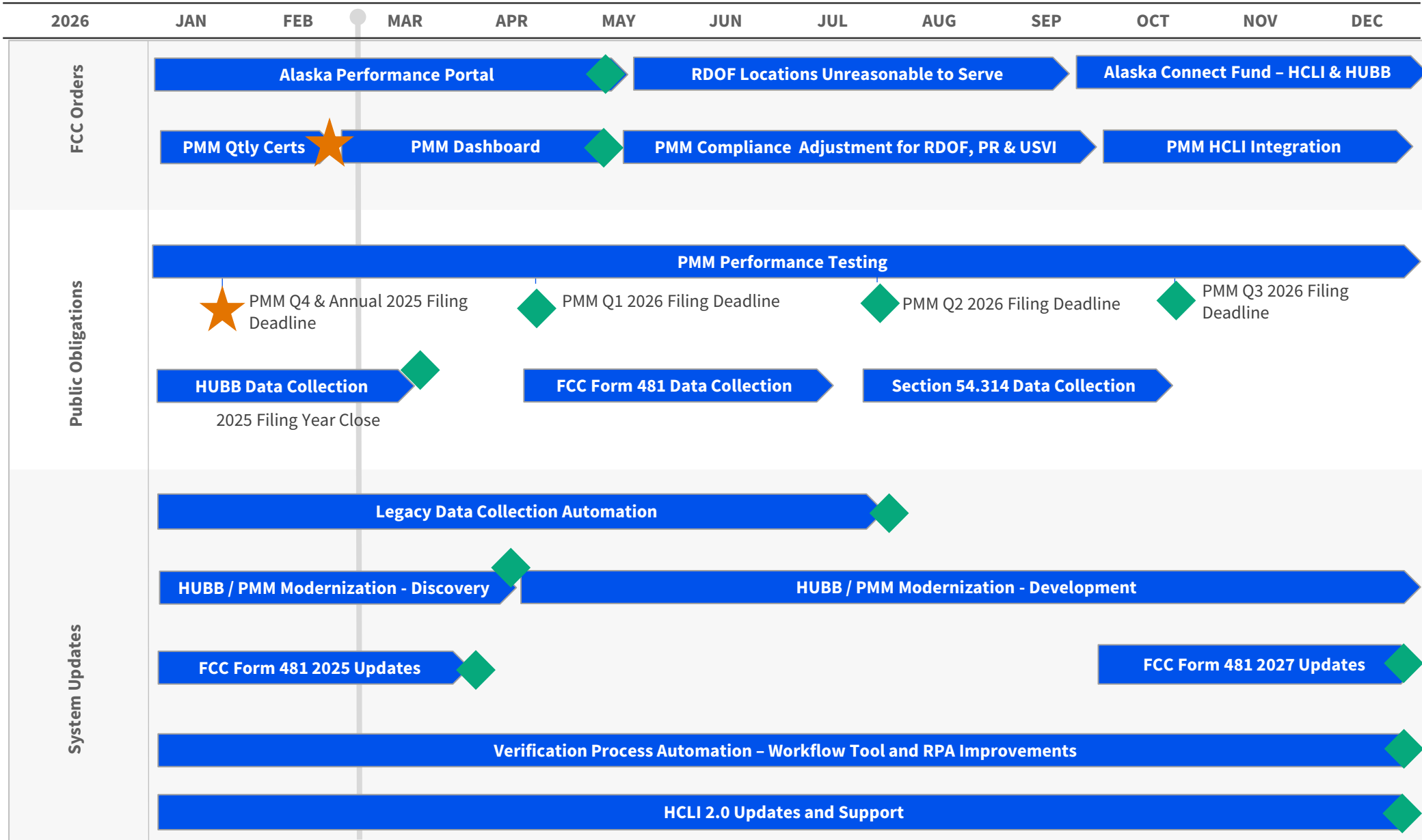
Open Session – Information Only

April 27, 2026

Agenda

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

2026 Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix A: Metrics

High Cost Disbursements (Through February 2026)

Fund Type	SAC Type	2026	2025	2024
Legacy	CETC	\$42,766,818	\$312,525,738	\$353,288,853
	ILEC	\$262,614,022	\$1,640,758,211	\$1,569,432,751
Modernized	CETC	\$117,621,898	\$722,059,015	\$740,065,638
	ILEC	\$219,586,200	\$1,865,405,635	\$1,863,683,814
Wireless		\$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, 2025)

Fund	2021	2022	2023	2024	2025
ACAM	505,235	561,627	607,271	620,281	620,938
ACAM II	342,878	367,485	390,968	398,295	398,566
AK Plan	55,271	57,922	62,428	67,145	67,175
CAF II	4,207,491	4,210,541	4,214,027	4,223,457	4,223,457
CAF II Auc	169,387	414,920	539,638	748,504	755,958
CAF-BLS	883,562	1,025,967	1,216,087	1,302,462	1,302,462
PR Fixed	-	224,950	1,032,618	1,101,258	1,101,258
RBE	27,606	27,957	28,294	28,423	28,423
RDOF	108,521	383,599	806,590	1,354,576	1,427,859
USVI Fixed	-	-	-	11,364	12,062

Appendix B: 2026 Verification – Deployment Snapshot

The below table highlights verification activity performed in 2026 (as of April 16, 2026). 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	90% (ACAM) 70% (RACAM)	875	0	0	0
ACAM II	70%	929	0	0	0
CAF II Auction – LoC (Completed)	On-Demand	1,269	1,269	1,091	178
CAF II Auction – LoC (In-Progress)	On-Demand	2,739*	0	0	0
RDOF – Required	40%/60%	58	0	0	0
RDOF – LoC (Completed)	On-Demand	1,107	1,107	1,044	63
RDOF – LoC (In-Progress)	On-Demand	2,087*	0	0	0
RBAP	Various	1,402	0	0	0
ACS	100%	60	0	0	0
Total		10,526	2,376	2,135	241

*Subject to on-demand verifications that are still in-progress

Appendix B: 2025 Verification - Performance Measures Testing

Summary of Results by Speed/SAC Combination for Q4 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	315	13	310	5	311	4	306	9
CAF II ACS	In testing	1	0	1	0	1	0	1	0
ACAM I & Revised ACAM I	In testing	245	23	231	14	237	8	232	13
RBE	In testing	24	5	24	0	19	5	24	0
AK Plan Wireline	In testing	20	0	20	0	20	0	20	0
CAF II Auction	In testing	190	15	177	13	187	3	187	3
ACAM II	In testing	128	6	126	2	127	1	123	5
PRVI	In testing	4	0	4	0	4	0	4	0
RDOF	Pre-testing	368	47*	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		1295	109	893	34	906	21	897	30

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.
- 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.

* Per DA 25-361, any carrier not in compliance with performance measures testing requirements for 2025 will have non-compliance withholding waived for the first two quarters of 2026.



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

ACTION ITEM

**Approval of Low Income Support Mechanism
3rd Quarter 2026 Programmatic Budget and
Demand Projection for the May 1, 2026 FCC Filing**

Action Requested

The High Cost & Low Income Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2026 (Q3 2026) programmatic budget and demand projection for the Low Income Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 1, 2026 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 Q3 2026 funding requirement for the Low Income 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. Program Funding Requirement

<i>(in millions)</i>	Q2 2026	Increase/ (Decrease)	Q3 2026	Notes
Steady State:				
Lifeline	\$278.52	(\$14.85)	\$263.67	See Note 1
Link Up	0.03	0.00	0.03	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Demand	\$278.55	(\$14.85)	\$263.70	
Prior Period Adjustments (difference between projections and actuals):				
Disbursements	(\$105.70)	\$15.70	(\$90.00)	See Note 2
Billings	(0.69)	0.25	(0.44)	
Bad Debt Expense	(2.00)	(1.19)	(3.19)	
Interest Income	(0.10)	0.05	(0.05)	
Annual Administrative Expense True-Up	0.00	0.00	0.00	
Total Prior Period Adjustments	(\$108.49)	\$14.81	(\$93.68)	
USAC Administrative Expenses	\$20.32	(\$0.04)	\$20.28	See Table B
Total Funding Requirement	\$190.38	(\$0.08)	\$190.30	

Note 1: Demand estimate based on approximately 7.6 million subscribers.

Note 2: Q2 and Q3 include an adjustment due to Q1 program recoveries (spread over four quarters to achieve a more stable/predictable contribution factor)

Based on the projected burn rate, USAC estimates the following Q3 2026 programmatic budget:

Table B. Quarterly Programmatic Budget

<i>(in millions)</i>	Q2 2026 Budget	Increase/ (Decrease)	Q3 2026 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.65	\$0.04	\$2.69	
Professional Services	7.14	(1.03)	6.11	
General & Administrative	0.38	0.07	0.45	See Note 3
Total Direct Program Costs	\$10.17	(\$0.92)	\$9.25	
Direct Assigned Costs				
Employee Expenses	\$0.56	\$0.06	\$0.62	
Professional Services	1.32	0.45	1.77	
General & Administrative	0.74	(0.14)	0.60	See Note 3
Total Direct Assigned Costs	\$2.62	\$0.37	\$2.99	
Total Direct Program & Direct Assigned Costs	\$12.79	(\$0.55)	\$12.24	
Common Allocated Costs	\$7.53	\$0.51	\$8.04	
Total Programmatic Budget	\$20.32	(\$0.04)	\$20.28	

Note 3: General & Administrative expenses include postage and software licensing.

A comparison of actual expenditures to the budget for the three months ending March 31, 2026 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the Q3 2026 budget and projection of demand as proposed.

Recommended High Cost & Low Income Committee Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2026 Low Income Support Mechanism direct program budget of \$12.24 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$12.24 million for Low Income Support Mechanism administrative costs in the May 1, 2026 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 27, 2026, the 3rd

Quarter 2026 Low Income Support Mechanism demand estimate of \$190.30 million, hereby directs USAC staff to proceed with the required May 1, 2026, filing to the Federal Communications Commission on behalf of the Committee. USAC staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

ATTACHMENT 1

Low Income Administrative Costs and Headcount

Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months ending March 31, 2026

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	71	76	5	\$2.53	\$2.65	\$0.12
Professional Services (Note 4)				3.42	4.32	0.90
General & Administrative (Note 5)				0.27	0.25	(0.02)
Total Direct Program Costs				\$6.22	\$7.22	\$1.00
Direct Assigned Costs						
Employee Expenses	12	12	0	\$0.63	\$0.64	\$0.01
Professional Services (Note 4)				1.99	1.40	(0.59)
General & Administrative (Note 5)				0.28	0.75	0.47
Total Direct Assigned Costs				\$2.90	\$2.79	(\$0.11)
Total Direct Program & Direct Assigned Costs	83	88	5	\$9.12	\$10.01	\$0.89
Common Allocated Costs (Note 6)				\$7.88	\$8.08	\$0.20
Total Programmatic Budget				\$17.00	\$18.09	\$1.09

Note 4: Direct Program Professional Services include Lifeline eligibility verifications, the Call Center, and third party identity verification. Direct Assigned Professional Services include National Verifier (NV) operations & maintenance, beneficiary & contributor program audits, and IT contract labor.

Note 5: General & Administrative expenses include postage and software licensing.

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.



High Cost and Low Income Committee

Lifeline Business Update

Open Session

April 27, 2026

Agenda

- Q1 2026 Accomplishments
- Q2 2026 Program Plans
- 2026 Notice of Proposed Rule Making (NPRM)
- National Verifier (NV) Highlights
- Lifeline Subscriber Trends
- Glossary of Terms

Q1 2026 Accomplishments

- Successfully transitioned the federal Lifeline program in California to the National Verifier, including the migration of ~1.8M subscribers into NLAD, while maintaining strong service level performance.
- Supported the February 2026 FCC OIG Advisory and de-enrolled all identified subscribers.
- Initiated the Fraud Detection Tool (FDT) project, which has included completing discovery, finalizing technical design requirements, and initiating the stand-up of a sandbox environment.
- Implemented the 2026 Federal Poverty Guidelines on all forms, systems, and webpages.
- Partnered with FCC IT to enhance consumer portal security and controls.

Q1 2026 Accomplishments (Continued)

- Implemented an automated payment recovery system that will enhance recovery reporting and result in process efficiencies.
- Successfully completed four CMA renewals and a CMS multi-year fee agreement.
- Launched the public-facing Tribal Mapping Tool.
- Completed seven Lifeline Program Integrity Assurance reviews (four quarterly, one agent lockout review, and two ad hoc).
- Kicked off 2026 Lifeline recertification.
- Resolved three Lifeline appeals, addressing more than \$89,000 in program funding.

Q2 2026 Program Plans

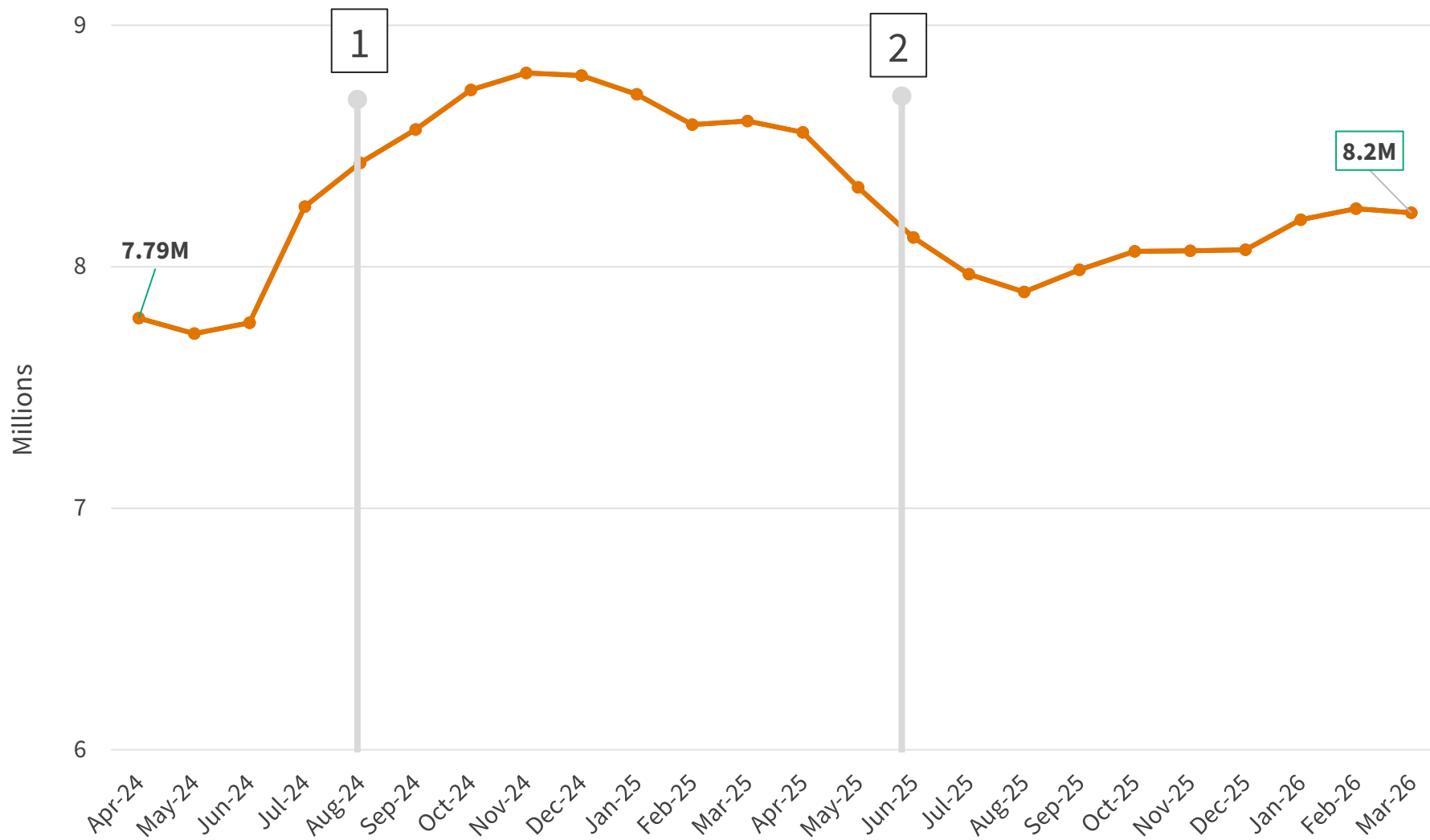
- Implementation of enhanced de-enrollment codes, which will provide increased visibility into de-enrollment drivers.
- Continued progression of the FDT project, including environment implementation, beginning FDT development, and initiating the security assessment.
- Support enhancements to the RAD process, including increased controls around account recovery and deactivation processes.
- Continue 2026 recertification, including starting the initial NV California recertification.
- Work with FCC in administrative support of its NPRM and potential order.
- Continued outreach and partnership with state agencies in support of establishing additional state connections with the NV.

2026 NPRM Summary

On February 23, the FCC released an NPRM with proposed rules for reforming the Lifeline program. Changes the FCC is considering and seeking comment on include:

- Identity and eligibility verification enhancement, including collecting full SSN, applying the Personal Responsibility and Work Opportunity Reconciliation Act, and working with DHS's Systematic Alien Verification for Entitlements (SAVE) and Treasury's Do Not Pay (DNP) programs
- Minimum service and voice phase-down changes
- Enhanced consent verification for enrollment and transfers
- One-per-household changes, possibly one-per-residence
- Reduced ETC burden through simplified or combined annual reporting
- Usage tracking and updated non-usage rules
- Opt-out state reforms, possibly end of opt-out option

Lifeline Subscriber Trends



1. Increase in subscribership post-ACP.
2. 2025 de-enrollments driven by non-usage (approx. 76% of de-enrollments during this period were due to no usage).

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

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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High Cost and Low Income Committee

Lifeline Business Update (Continued)

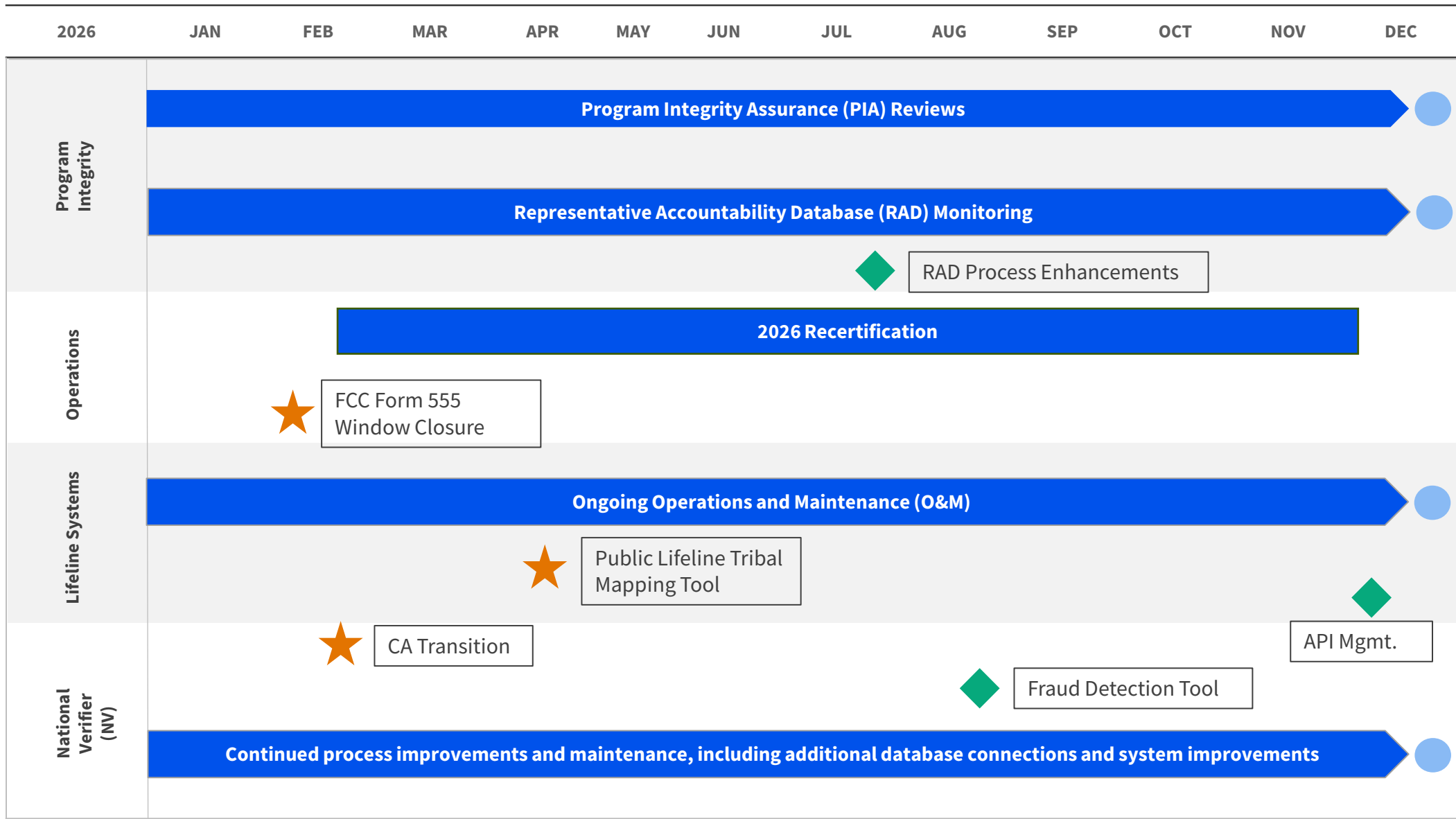
Open Session - Information Items

April 27, 2026

Agenda

- 2026 Roadmap
- Program Metrics
- Service Type Trends
- Subscribership Trends

2026 Roadmap



Milestone Legend

- At Risk
- On Track
- Completed
- Ongoing

Program Metrics

Lifeline Eligibility and New Enrollments

Year-to-Date Comparison	2026 (Jan. through Mar.)	2025 (Jan. through Mar.)
National Verifier Applications Created	10,110,959	4,178,302
Program Eligibility Auto Approved	2,579,609	2,061,631
Program Eligibility Auto Pass Rate	25.5%	49.3%
Enrollments (Excludes OR and TX)	2,898,861	858,834
De-Enrollments (Excludes OR and TX)	1,000,213	1,093,924
NLAD Subscribers (Excludes OR and TX) at Period-End	7,924,150	6,711,670
Opt-Out State Subscribers (OR and TX) at Period-End	299,220	1,891,554

***Note:** Subscriber counts include all subscribers in the National Lifeline Accountability Database (NLAD) snapshot. Subscriber counts from the NLAD opt-out states (OR and TX) are also included unless otherwise noted. CA transitioned into NV/NLAD on February 1, 2026. CA was excluded from Enrollment, De-enrollments, and NLAD Subscribers in 2025 (Opt-Out State status) and added for 2026 (due to transition).

Service Type Trends

Month	Broadband	Bundled Broadband	Bundled Voice and Broadband	Bundled Voice	Voice
March 2026	1.84%	0.50%	95.85%	0.24%	1.58%
February 2026	1.88%	0.56%	95.72%	0.26%	1.58%
January 2026	1.91%	0.67%	95.56%	0.27%	1.60%
December 2025	2.44%	0.90%	95.26%	0.28%	1.12%
November 2025	1.94%	2.34%	93.72%	0.28%	1.71%
October 2025	1.94%	2.30%	93.75%	0.27%	1.74%
September 2025	1.94%	1.95%	94.03%	0.29%	1.79%
August 2025	2.02%	2.05%	93.79%	0.30%	1.83%
July 2025	2.10%	2.18%	93.55%	0.31%	1.86%
June 2025	2.08%	2.33%	93.41%	0.32%	1.87%
May 2025	2.05%	2.40%	93.37%	0.32%	1.86%
April 2025	2.04%	2.51%	93.27%	0.33%	1.86%

- **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
March 2026	2.90%	2.15%	93.28%	0.06%	1.61%
February 2026	2.93%	2.33%	93.02%	0.06%	1.67%
January 2026	2.98%	2.54%	92.70%	0.06%	1.72%
December 2025	3.03%	2.79%	92.31%	0.06%	1.82%
November 2025	3.03%	3.02%	92.03%	0.06%	1.86%
October 2025	3.08%	3.29%	91.66%	0.06%	1.91%
September 2025	3.10%	3.66%	91.22%	0.06%	1.96%
August 2025	3.11%	4.16%	90.65%	0.06%	2.02%
July 2025	3.19%	5.20%	89.45%	0.06%	2.09%
June 2025	3.18%	6.36%	88.20%	0.06%	2.20%
May 2025	3.40%	7.73%	86.50%	0.06%	2.30%
April 2025	3.73%	9.66%	83.97%	0.07%	2.57%

- **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	Subscribers (incl. opt-out)	Tribal Subscribers	Rate of Change (subscribers month over month)	Disbursed
March 2026 (snapshot on Apr. 1)	8,223,370	302,300	-0.21 %	\$86,733,316
February 2026 (snapshot on Mar. 1)	8,241,018	297,034	0.57%	\$96,846,723
January 2026 (snapshot on Feb. 1)	8,194,245	290,100	1.53%	\$67,158,652
December 2025 (snapshot on Jan. 1)	8,070,767	280,984	0.06%	\$65,036,090
November 2025 (snapshot on Dec. 1)	8,066,296	278,102	0.03%	\$75,588,973
October 2025 (snapshot on Nov. 1)	8,063,700	272,402	0.96%	\$78,661,946
September 2025 (snapshot on Oct. 1)	7,986,875	265,643	1.15%	\$69,218,137
August 2025 (snapshot on Sept. 1)	7,895,856	259,556	-0.92%	\$75,703,392
July 2025 (snapshot on Aug. 1)	7,969,547	255,875	-1.87%	\$76,183,061
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

Tribal Subscribership Trends

Month	Total Tribal Subscribers	Rate of Change (Tribal Subscribers month over month)	Tribal Subscriber Variance
March 2026	302,300	1.77%	5,266
February 2026	297,034	2.39%	6,934
January 2026	290,100	3.24%	9,116
December 2025	280,984	1.04%	2,882
November 2025	278,102	2.09%	5,700
October 2025	272,402	2.54%	6,759
September 2025	265,643	2.35%	6,087
August 2025	259,556	1.44%	3,684
July 2025	255,872	-2.08%	-5,423
June 2025	261,295	-0.21%	-560
May 2025	261,855	1.96%	5,043
April 2025	256,812	0.87%	2,219



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