

## 498/499 Spotlight: First Quarter 2022

January 13, 2022

Topics included in this newsletter:

- February FCC Form 499-Q is due by February 1, 2022 for revenue projections more than \$9,652 of end user, interstate/international revenues. (If not, notify USAC.)
- 2022 FCC Form 499-A due April 1, 2022 for reporting total actual 2021 revenues.
- Report Non-Universal Service Appropriated Funds
- System Enhancement: E-File Allows Users to Find Forms Needing Action
- How to Avoid Common Audit Findings
- Quarterly Training Announcement
- First Quarter 2022 Contribution Factor: 25.2%

### Report Projected Revenues on FCC Form 499-Q by February 1, 2022

Each quarter, all telecommunications carriers and interconnected VoIP providers that are not *de minimis* are required to contribute directly to the Universal Service Fund and **must file** the [FCC Form 499-Q](#) (Telecommunications Reporting Worksheet) with USAC.

The FCC Form 499-Q is used to collect filer revenue information and to determine the filer's universal service contribution obligation for the upcoming quarter. Contributors are reminded that their projected quarterly revenues reported on the FCC Form 499-Q determine their monthly invoices from USAC.

When a filer's projected interstate and international end-user telecommunications revenue projections are less than \$9,652 in the upcoming quarter, the filer is *de minimis*, and not obligated to file the 499Q, nor pay universal service contributions directly to USAC. Likewise, for calendar year 2022 the *de minimis* threshold is \$38,610 for annual end user interstate and international telecommunication revenue. This threshold amount will remain constant for all of 2022. This decision to maintain a consistent threshold was recently issued from the FCC and will simplify the 499 filing process.

Service providers that expect to remain *de minimis* for the second quarter 2022 should notify USAC. Send the notification email to [Form499@usac.org](mailto:Form499@usac.org).

Revenue data is reported on the February FCC Form 499-Q as follows:

- Actual billed revenue from October 1 – December 31, 2021 on lines 115-118.
- Projected end-user revenue for April 1 – June 30, 2022 on lines 119 and 120.

- Line 119 is used to estimate the company's gross billed end-user interstate and international telecommunications revenues for the upcoming quarter.
- Line 120 is used to report how much of the revenue reported on Line 119 the company actually expects to collect.
- **Reminder:** This revenue represents only end-user telecommunications revenues. Do not estimate any wholesale/carrier's carrier revenues nor non-telecommunications revenues on these line numbers.

Confirm your email system allows messages from [Form499@usac.org](mailto:Form499@usac.org). Once you've submitted your FCC Form 499-Q, USAC will check it for substantial increases or decreases and notify you via email of the variation, giving you a chance to correct the form before the revision deadline of March 18, 2022.

## 2022 FCC Form 499-A Due April 1, 2022

The Federal Communications Commission (FCC) requires all telecommunications carriers and providers of telecommunications (including Voice-over-Internet-Protocol (VoIP) service providers) to annually report on the Telecommunications Reporting Worksheet (i.e., FCC Form 499-A) the revenues they receive from offering service during the prior calendar year.

To restate: All telecommunications carriers and providers are required to file the FCC Form 499-A (including *de minimis* filers). Please note: The FCC 2022 Form 499-A will be available in E-File on March 1, 2022.

## Report Non-Universal Service Appropriated Funds

The FCC 2022 Form 499-A instructions say that that revenue from certain appropriated funds is to be reported on line 308. Funds that are not universal service support will be reported in column (a) total, and federal universal service support funds are reported in column (d) interstate.

### From Page 29 of the 2022 Instructions:

*"Line 308 Universal Service and Similar Support Amounts Received from Federal or State Government Sources.*

- *Any amounts that filers receive as universal service support from either states or the federal government.*
  - *Filers may include the following as revenues on Line 308:*
    - *Lifeline and Link Up reimbursement from the Fund;*
    - *High Cost universal service support from the Fund;*
    - *Subsidy amounts for discounted services provided to schools, libraries, and rural healthcare providers. This includes (1) revenue received directly from the Fund and (2) revenue received from a school, library, or rural healthcare provider to the extent such revenue is attributable to universal service subsidy amounts paid to the school, library, or rural healthcare provider.*
  - *Include amounts received as cash as well as amounts received as credit against contribution obligations.*
- *Any non-universal service support amounts that filers receive as support from either the states or federal government.*
  - *Filers may include as revenues on Line 308 (in the total column):*
    - *Subsidy amounts from the Emergency Connectivity Fund, Emergency Broadband Benefit Program, and the COVID-19 Telehealth Program."*

Please refer to page 29 of the FCC Form 499-A Instructions found in Public Notice: [DA-21-1237A3](#).

## System Enhancement: E-File Allows Users to Find Forms Needing Action

In mid-December, USAC modified E-File so that Filers can determine which FCC Forms 499 need their attention and action. The yellow banner at the top of the 499 Forms page now shows a count of three different statuses of forms that need action by the E-File User.

If an FCC Form 499 has not been submitted by its applicable due date, USAC is required to bill the carrier based on whatever relevant data is available to USAC. The form is accruing Late Filing Fees and its status is "USAC Estimate."

If an FCC Form 499 has been filed by the Preparer, but it still requires an Officer to certify the form in order to be submitted to USAC, its status is "Pending Officer Approval." Until it is certified, the Form is not received by USAC systems, and it will be accruing Late Filing Fees if not certified on time.

If an FCC Form 499 has been filed and certified, but there are questions asked by USAC that require a response, its status is "Issue- Response Required." A form left without response may result in credit reversal or enforcement actions.

For all three FCC Form 499 statuses, the form is counted in the yellow Alert banner at the top of the 499 Forms page, is available for selection in "Forms Requiring Action" drop down, and the status is highlighted in the form line.

For Preparers or Officers with multiple Filer IDs, this allows faster awareness and selection of outstanding required actions.

## 499 Forms

 You have 13 filing(s) that require attention. To view filing(s), select More Forms, then Clear Selections, select from the Forms Requiring Action dropdown, click Show.

Hide Selections —

### Select Forms

Current Forms


Select Form

Forms Requiring Action (All Years)

1 selected





Show

Clear Selections

 Estimated Forms

Displaying 1 to 6 of 6 records

Bulk Certify

Account #	Company Name	Form	Status	View	Action
889990	USAC Test Tosi	499-Q - August 2021 Filing	USAC Estimate		Revise   Certify
889994	USAC Test Joseph	499-A - 2020 Filing	USAC Estimate		Revise   Certify
889990	USAC Test Tosi	499-A - 2018 Filing	USAC Estimate		Revise   Certify
889994	USAC Test Joseph	499-A - 2018 Filing	USAC Estimate		Revise   Certify

## Select Forms

### Current Forms

Select Form



or

### Forms Requiring Action (All Years)

1 selected



Show

Clear Selections

Pending Certifications

Displaying 1 to 4 of 4 records

Bulk Certify



Account #	Company Name	Form	Status	View	Action
889993	USAC Test Amy	499-Q - November 2020 Filing - Rev 3	Pending Officer Approval		Revise   Certify
889993	USAC Test Amy	499-A - 2020 Filing - Rev 2	Pending Officer Approval		Revise   Certify
889990	USAC Test Tosi	499-A - 2020 Filing - Rev 3	Pending Officer Approval		Revise   Certify
889990	USAC Test Tosi	499-A - 2019 Filing - Rev 2	Pending Officer Approval		Revise   Certify

Show 10 records

< 1 > of 1 page

## How to Avoid Common Audit Findings

In USAC's continuing efforts to ensure carriers are successful at following FCC rules, we have put together a list of some of the most common problem areas identified during audits. Please review [Common Audit Findings: Contributors](#).

## Appeals & Audits

Appeals

Beneficiary and Contributor Audit Program (BCAP) ^

Beneficiary and Contributor Audit Program (BCAP)

**Contributors**

High Cost Program

Lifeline Program

Rural Health Care Program

E-rate Program

PQA Program

# Common Audit Findings: Contributors

In USAC's continuing efforts to ensure carriers are successful at following FCC rules, we have put together a list of some of the most common problem areas identified during audits.

For more information about the audit process, review the [BCAP page](#) of our website, which includes a [checklist](#) of documentation contributors should maintain for audit purposes. Using all of this information will help to expedite the audit process and should reduce or eliminate audit findings in the future.

## Audit Findings

For specific areas of revenue reporting on the FCC Form 499-A, we have outlined a description of the revenue reported, some common audit findings, and ways to prevent a finding like this in the future.

Show All

[FINDING: Error in Categorizing Fixed Local/Long Distance Bundled Service Revenue on Lines 404.1 & 404.2](#) ▾

[FINDING: Failure to Report Itemized State and Federal USF Surcharges as Revenue](#) ▾

One of our most common audit findings is the failure to report itemized state and Federal USF surcharges as revenue.

Filers often fail to report itemized state and federal Universal Service Fund (USF) surcharges as revenue on Line 403 of FCC Form 499-A because they believe that by including it in the contribution base as revenues they are contributing on those revenues again. This is, however, incorrect. The circularity factor subtracts out the amount of USF that would be paid on the USF collected.

Be sure to report itemized state and federal USF surcharges as revenue on Line 403. State and Federal USF revenue are included in column (a) and only Federal USF revenue is reported in column (d). [How to address or prevent this audit finding](#).

## Training Announcements

The FCC Form 499 team hosts the following webinars each quarter. To access this training, visit the [Webinars page](#) or plan on attending live:

- New 499 Filer ID Basics Training – January 12, 2022 at 2 p.m. ET
- Office Hours: Filling out an FCC Form 499-Q – January 13, 2022 at 2 p.m. ET
- New Filer ID Basics – February 9, 2022 at 2 p.m. ET
- Office Hours: Changes in the 2022 FCC Form 499-A – February 10, 2022 at 2 p.m. ET
- 2022 FCC Form 499-A: Getting Started – February 16, 2022 at 2 p.m. ET
- 2022 FCC Form 499-A: Wireline and Wireless Providers – February 17, 2022 at 2 p.m. ET

- 2022 FCC Form 499-A: VoIP Providers and Resellers – February 18, 2022 at 2 p.m. ET

## Q12022 Contribution Factor Decreases to 25.2 Percent

The FCC released Public Notice: [DA 21-1550](#) that announces the universal service contribution factor (January – March) of 2022 will be .252 or 25.2 percent.

Need Help? Contact Us!

For questions about the Service Providers program call (888) 641-8722 or email [Form499@usac.org](mailto:Form499@usac.org).

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