



USAC

FCC Form 499 Spotlight: Third Quarter 2022

July 14, 2022

Topics included in this newsletter:

- August FCC Form 499-Q due Monday, August 1, 2022
- 2022 FCC Form 499-A was due April 1, 2022
- How to Avoid Common Audit Findings
- Quarterly Training Announcement
- Third Quarter 2022 Contribution Factor: 33.0%
- Newsletter Update: Confirm FCC Form 498 Contacts

Report Projected Revenues on FCC Form 499-Q by August 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 FCC Form 499-Q, 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 third quarter 2022 should notify USAC. Send the notification email to Form499@usac.org.

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

- Actual billed revenue from April 1 – June 30, 2022 on lines 115-118.
- Projected end-user revenue for October 1 – December 31, 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. 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: September 15, 2022.

FCC Form 499-A Report Actual 2021 Revenue was Due April 1, 2022

So you've successfully navigated the annual FCC Form 499-A filing requirement—what happens next?

Shortly after the April 1 deadline, automated programs run through the submitted forms and do standard checks to ensure that FCC Forms 499-A are filled out according to the FCC instructions. If the form is flagged, a USAC analyst will review the form and may contact the filer if there are additional questions that require a further conversation.

As a USAC 499 Filer, have you ever wondered about all of the different form status that show up on the 'Forms 499' page in E-File? Over the course of an FCC Form lifecycle, various status names will be assigned to the form. Some status require action by the Filer, others do not.

Please visit our [webpage](#) for a table outlining each of the statuses a FCC Form 499 can have along with a description of each.

Filers are allowed to revise their FCC Form 499-A form at any time during the year, up until March 31 the following calendar year. Of course, changing the annual revenues reported in the contribution base would change the amount of Universal Service Fund (USF) support you are responsible for contributing. A revised [annual true-up](#) will be run, and a credit or adjustment would be reflected in your invoice.

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 the [Common Audit Findings: Contributors](#) webpage.

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

Improper Assessment of USF on End-User Bill

Contributors that choose to collect federal Universal Service Fund (USF) fees from their customers collect in an amount that exceeds their contribution obligation for that customer. This occurs when a contributor assesses the universal service fee to an exempt reseller, on intrastate revenues, on a non-telecommunication product, or has not accurately calculated the interstate portion of the customer's bill. In some instances, a filer has failed to update the universal service contribution factor in its billing system which caused the customer to be incorrectly billed for the period.

Contributors that choose to collect universal service fund fees from their customers cannot collect an amount that exceeds their contribution obligation for that customer. In most cases, this is the interstate and international portions of the customer's invoice times the corresponding contribution factor.

Training Announcements

The FCC Form 499 team hosts the following webinars each quarter. To register for this training, visit the [Webinars page](#):

- New Filer ID Basics – July 7, 2022 at 2 p.m. ET
- Office Hours: Help with the FCC Form 499-Q – July 8, 2022 at 2 p.m. ET
- New Filer ID Basics – August 9, 2022 at 2 p.m. ET
- Office Hours: FCC Form 499 Database – August 10, 2022 at 2 p.m. ET
- New Filer ID Basics – September 8, 2022 at 2 p.m. ET

- Office Hours: Who USAC Sends 499-A Data To – September 9, 2022 at 2 p.m. ET

Third Quarter 2022 Contribution Factor Increases to 33.0 Percent

The FCC released Public Notice: [DA-22-263](#) that announces the universal service contribution factor from July to September 2022 will be .238 or 23.8 percent.

Newsletter Update: Confirm FCC Form 498 Contacts

You may have noticed a small name change last quarter. As of April 2022, this quarterly newsletter rebranded to the FCC Form 499 Spotlight and targets FCC Form 499 filers.

If you have a 498 ID, please [subscribe](#) to the programs in which you participate to receive newsletters and emails regarding those programs. Also, confirm your contact information is up to date on your FCC Form 498 as USAC will outreach to the 498 contacts listed if needed.

Need Help? Contact Us!

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

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