



FCC Form 499 Spotlight: Second Quarter 2022

April 25, 2022

Topics included in this newsletter:

- May FCC Form 499-Q due by Monday, May 2, 2022 for revenue projections greater than \$9,652 of end-user, interstate/international revenues (if not, notify USAC)
- 2022 FCC Form 499-A was due April 1, 2022
- How to Avoid Common Audit Findings
- Quarterly Training Announcement
- Second Quarter 2022 Contribution Factor: 23.8%

Report Projected Revenues on FCC Form 499-Q by May 2, 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 second quarter 2022 should notify USAC. Send the notification email to Form499@usac.org.

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

- Actual billed revenue from January 1 – March 31, 2022 on lines 115-118.
- Projected end-user revenue for July 1 – September 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.

USAC has created a new [FCC Form 499-Q e-learning module](#) to help filers understand how to complete an FCC Form 499-Q.

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 of June 16, 2022.

2022 FCC Form 499-A 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 July invoice.

System Enhancement: E-File Temporary Access Increases from 5 to 90 Days

We have changed from 5 days to 90 days for temporary activation. More specifically here are the changes:

1. When a company is deactivated, its users will have E-File access for 90 days. Previously, access was revoked upon deactivation.
2. When an Officer requests temporary access to E-File, for a company previously deactivated, they will now have access for 90 days. Previously, they only had access for five days.

In both cases this allows the users to save any historical data needed for that time period and make payments beginning in E-File.

Companies are directed to make payments through E-file and having access for 90 days allows them to do this.

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 Reporting of Non-Contributor Reseller Revenue (Line #511)

Revenues from resellers that do not contribute to universal service support mechanisms that are included as end-user telecommunication revenues in Block 4 may be excluded from a filer's contribution base for the following funds: telecommunications relay services (TRS), local number portability (LNP), the North American Numbering Plan (NANPA), and FCC interstate telephone service provider regulatory fee. To have these amounts excluded, the filer has the option of identifying such revenues on Line 511.

Line 420 may contain revenues from some FCC Form 499 filers that are exempt from contributing directly to universal service support mechanisms. For example, these would include filers that meet the universal service *de minimis* exception or that provide "international only" service. Since these universal service exempt entities generally do contribute directly to the TRS, LNP, and NANPA mechanisms, revenues from these entities need not be included in the underlying service provider contribution bases for those mechanisms.

Filers choosing to report revenues on Line 511 must have the 499 Filer ID for each customer whose revenues are so reported.

Training Announcements

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

- New 499 Filer ID Basics Training – May 4, 2022 at 2 p.m. ET
- Office Hours: What to Expect After Filling an FCC Form 499 – May 5, 2022 at 2 p.m. ET
- New Filer ID Basics – June 1, 2022 at 2 p.m. ET

- Office Hours: Annual True-Up – June 2, 2022 at 2 p.m. ET

Second Quarter 2022 Contribution Factor Decreases to 23.8 Percent

The FCC released Public Notice: [DA-22-268](#) that announces the universal service contribution factor (April – June) of 2022 will be .238 or 23.8 percent.

Need Help? Contact Us!

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

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