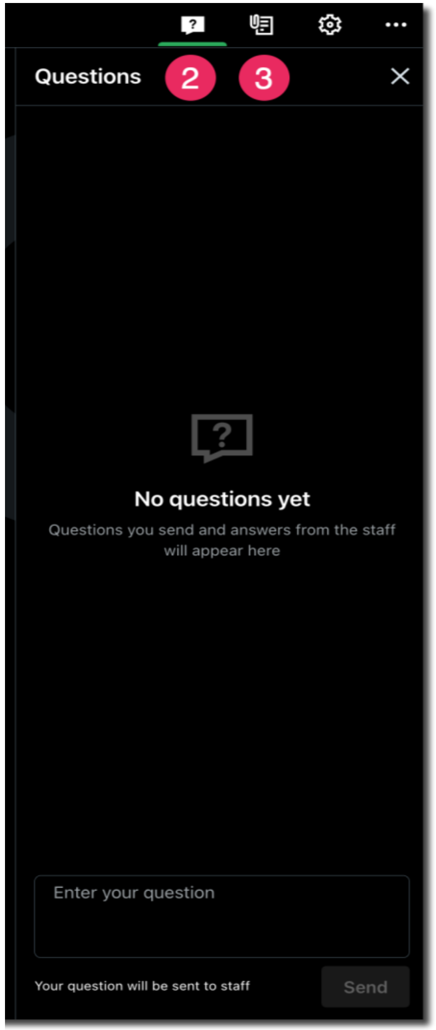
Office Hours: USF Collection & DM Status

September 17, 2026

Universal Service Administrative Co.

Housekeeping

- The audience will remain on mute.
- If your audio or slides freeze, restart the webinar.
- A copy of today's presentation is available in the materials section of the GoToWebinar control panel.
- **Enter questions at any time using the "Questions" box.**
- Audio is available through your computer's speakers.
- Toggle Closed Captioning on or off using the GoToWebinar control panel.



Webinar Recordings

Please be aware that this webinar is being recorded.

A copy of the recorded webinar, along with a copy of the presentation will be available on the Service Provider's '**Webinars**' webpage.

Future webinars are also posted on the webpage as well as their registration links. At the beginning of each quarter, all webinars scheduled for that quarter will be posted.

Meet Our Presenter

Al Cipparone

Senior Telecom Industry Analyst | Contributor Operations

Mr Cipparone is a member of the 499 team that analyzes revenue reported on the FCC Form 499-A. He has worked at USAC since 2022.

Email: **Form499usac.org**

Agenda

- Webinar Format
- Federal and State Universal Service Fund (USF) Fee Collection and Reporting
- De Minimis (DM) Status and Notification to USAC
- Questions
- Additional Contact Resources

“Office Hours” Webinar Format

- Office Hours are held monthly.
- Brief presentation of a common topic at the beginning.
- Open the floor to questions from attendees:
  - Attendees type their question in the ‘Questions’ box in the GoToWebinar panel.
  - USAC staff will repeat the question so everyone can hear.
  - USAC staff will answer the question, keeping the identify of the asker private.
  - If the question contains specific company information, please send a message to us in E-File.

Federal and State Universal Service Fund Fee Collection and Reporting

Contributor Recovery of Federal USF Costs From End Users

- Per 47 CFR section 54.172(a): "Federal universal service contribution costs may be recovered through interstate telecommunications-related charges to end users. If a contributor chooses to recover its federal universal service contribution costs through a line item on a customer's bill the amount of the federal universal service line-item charge may not exceed the interstate telecommunications portion of that customer's bill times the relevant contribution factor."
- The FCC released a Public Notice DA 26-546 announcing that the universal service contribution factor for the third quarter of 2026 (July-September) will be 0.388 or 38.8 percent.

Where to Report Federal and State USF Cost Recovery From End Users

- Federal and State USF fees charged to end users must be reported on FCC Form 499-A due annually on April 1.
- Per the 2026 FCC Form 499-A Instructions (page 33): “Itemized charges levied by the filer in order to recover contributions to state and federal universal service support mechanisms should be classified as end-user billed revenues and should be reported on Line 403.”
- State USF charges must be reported in Total Revenues but they do not have to be listed in the Interstate or International revenues columns:

403 Surcharges or other amounts on bills identified as recovering state or federal USF contributions

Total Revenues	Interstate %	International %	Interstate Revenues	International Revenues
$ 1,884.79	53.06 %	0.00 %	$ 1,000.00	$ 0.00

Common Audit Findings in Regard to USF Collection

- Service providers must list USF fees collected on their invoices sent to their customers (e.g., “Federal Universal Service Fund”).
- Service providers may not collect amounts that exceed their actual contribution obligation. A way to check overcollection using lines from FCC Form 499-A is:

  Line 420 (column D + column E) - Line 403 (column D + column E) = X

  Line 403 (column D + column E) / X = N * 100 = Collected USF Percentage

  Column D is INTERSTATE

  Column E is INTERNATIONAL

Additional Information on USF Collection

- The allowable federal USF collection percentage cannot exceed the average of the contribution factors for a given year. The average for calendar year 2025 was 36.75%.
- For service providers that collect state USF fees from end users, we may ask you to provide example invoices that you sent to your customers that show the state USF collected.
- If you overcollect USF, you will be required to refund the overcollection to your customers and revise your 499-A accordingly. This must be accomplished by the revision deadline for the applicable 499-A (e.g., by March 31, 2027 for the 2026 499-A).

The Circularity Factor

- The circularity factor is the percentage which lowers a 499-A filer's contribution base to prevent the assessment of universal service fees on the pass-through Universal Service Fund charges that filers bill to their customers and are reported as revenue on the FCC Form 499.
- After the contribution factor is applied to the quarterly contribution base, the circularity factor is then applied to reduce the contribution base resulting in a lower Universal Service Fund billing charge. Like the contribution factor, the circularity factor is established by the FCC and changes every quarter.
- The circularity factor for the third quarter of 2026 is 27.7913%.

Questions?

De Minimis Status and Notification to USAC

Definition of *de minimis*

Definition of *de minimis*

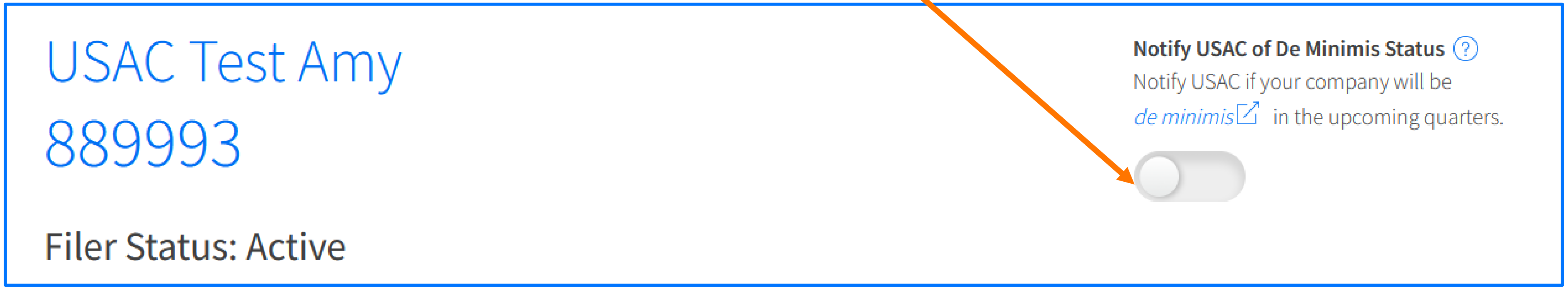
A filer qualifies for *de minimis* status for a given calendar year when the revenue reported on its corresponding FCC Form 499-A is such that the calculated annual contribution to the federal Universal Service Fund is less than $10,000.

Annual Revenue Threshold

For calendar year 2026, filers that bill less than **$37,175** of combined **end user** interstate and international telecommunication revenues will be considered *de minimis* for 2026. For calendar year 2025, filers that billed less than **$39,062** of combined **end user** interstate and international telecommunication revenues will be considered *de minimis* for 2025.

de minimis Company Requirement

1. Every <u>non</u> *de minimis* telecommunications company <u>must</u> file the quarterly FCC Form 499-Q. **If the company does not file, a late filing fee will be applied.**
2. *De minimis* filers are not required to file the 499-Q, but they must notify USAC of their status by selecting the *de minimis* button on the E-File main screen.



Notifications of DM status to USAC must be done annually. Service providers can begin to select the *de minimis* button for calendar year 2027 revenues in October, 2026.

de minimis Notification

- If you notify USAC of your *de minimis* status by clicking the button, you will be sent an email instructing your company that it is not required to file quarterly forms covering the applicable calendar year.
- If the company has determined that your *de minimis* status has changed, you should 'unclick' the de minimis button and file the applicable FCC Form 499-Q.
- Regardless of a company's *de minimis* status, there will always be an entry in E-File listing the FCC Form 499-Q.

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FCC Form(s) 499-Q De Minimis Status Notification

Dear ,

You have successfully notified USAC that qualifies for *de minimis* status for calendar year 2026 and will not be filing the following FCC Form(s) 499-Q:

- May 2026 FCC Form 499-Q
- August 2026 FCC Form 499-Q

USAC will generate *de minimis* estimates for the FCC Form(s) 499-Q listed above.

If you need to notify USAC of a *de minimis* status for a quarter not shown above, please see the *De Minimis* page.

Notifying USAC of your company's FCC Form(s) 499-Q *de minimis* status does not exclude you from filing the FCC Form(s) 499-Q within the 45-day filing window.

You may turn off the *de minimis* notifications at any time and file your future FCC Form(s) 499-Q.

Thank you,
USAC

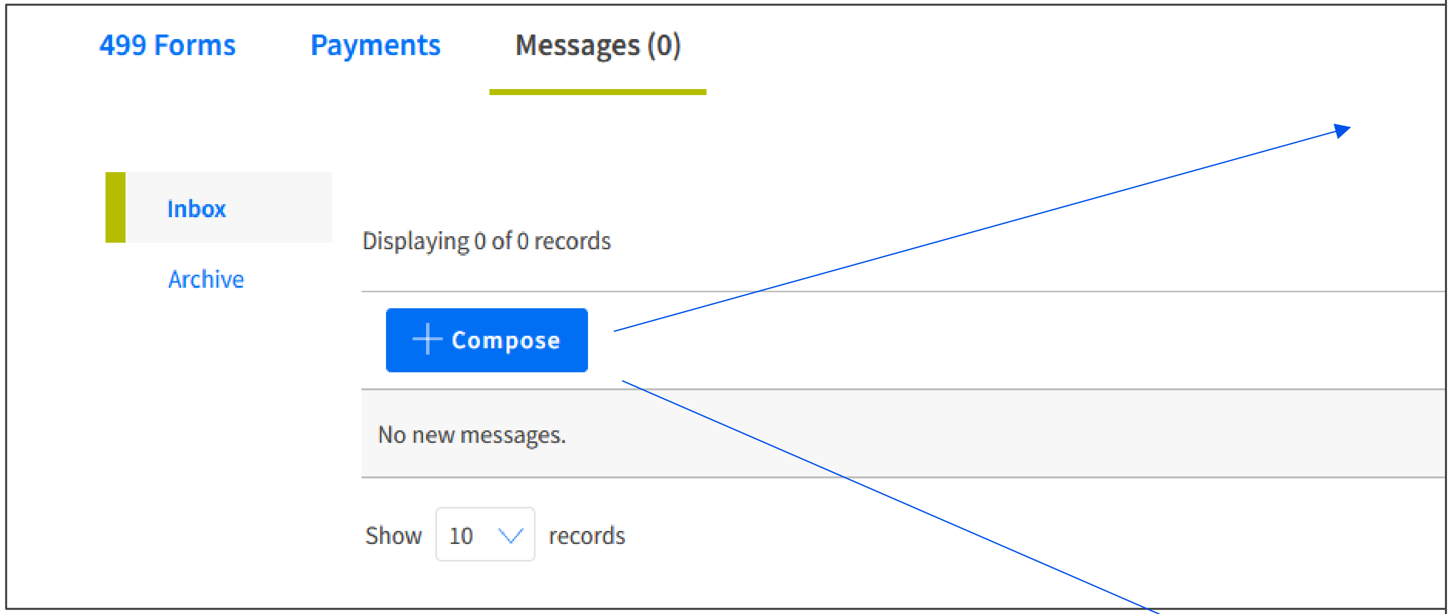
Additional *de minimis* Information

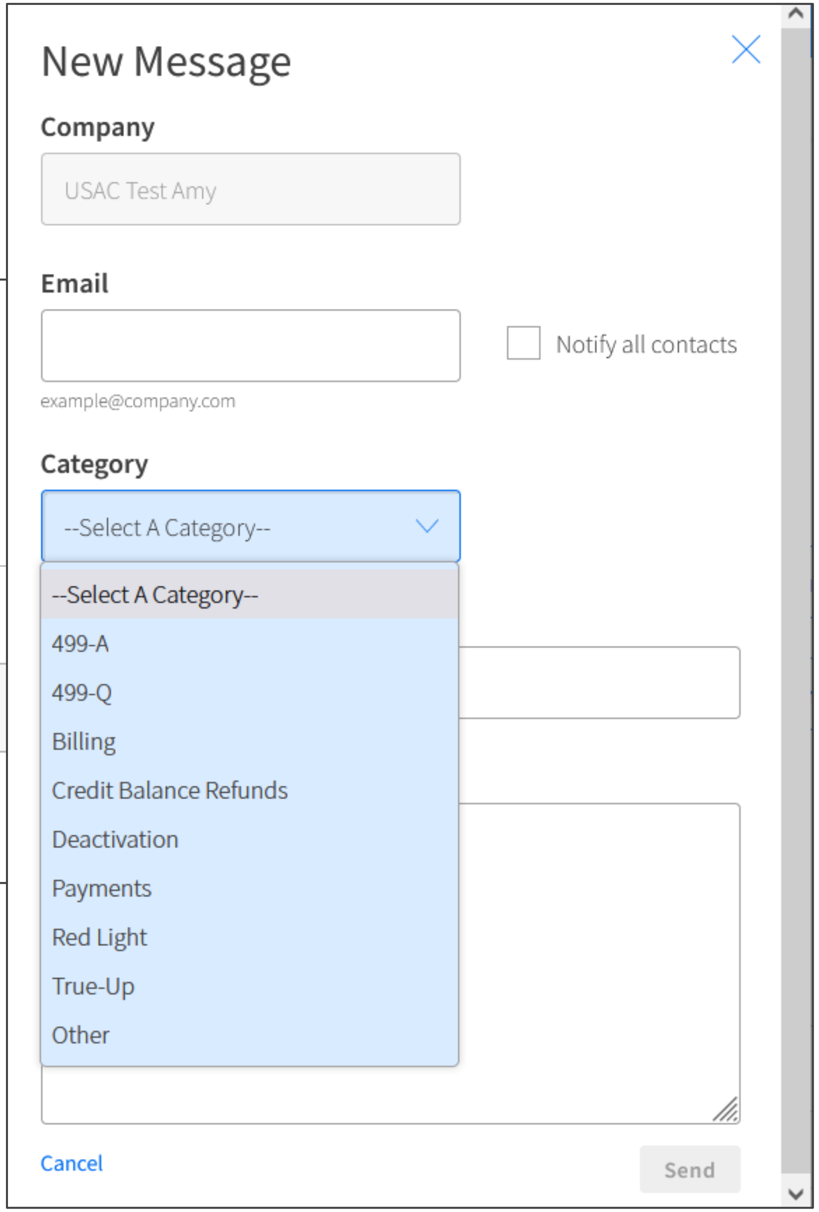
- *De minimis* service providers are exempt from directly contributing to the federal Universal Service Fund for a given calendar year, but they may indirectly contribute through an underlying provider.
- The *de minimis* status is applicable only to the federal Universal Service Fund and thus does not necessarily affect a company's contribution obligation for Telecommunications Relay Services (TRS), Local Number Portability (LNP), the North American Numbering Plan (NANP), and Interstate Telecommunications Service Provider (ITSP) regulatory fees.
- Annually, a service provider should notify its underlying provider of its *de minimis* status for the calendar year. For a *de minimis* service provider, this means that the underlying provider will consider the service provider an end-user and may pass through Universal Service Fund charges the underlying provider is required to pay on the services it provides to the service provider.

Questions?

Contacting USAC

E-File Message Portal





Send a message to the Service Provider team directly through the Message Portal in E-File.

Contributors/Service Providers Customer Service Center (CSC)

Call us at (888) 641-8722

Monday – Friday 9 a.m. to 5 p.m. ET

Email: CustomerSupport@usac.org

- Include in your email
  - 498 ID/Service Provider ID Number (SPIN)
  - 499 Filer ID

Contact the CSC for issues relating to login, error messages, and other technical problems.

Thank You!

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