

Goal: Getting Payments Right

Program or Activity
Universal Service Funds - Lifeline

Reporting Period
Q3 2020

Change from Previous FY (\$M)

-\$118M

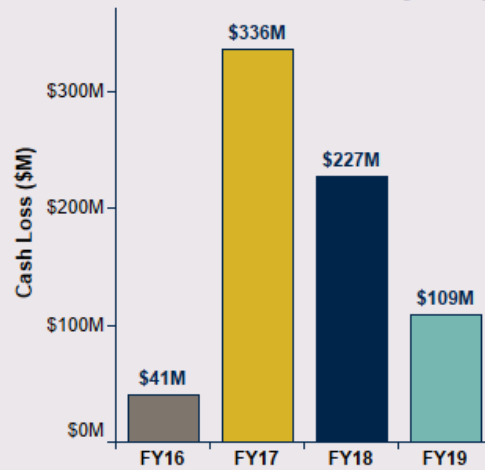


Universal Service Funds - Lifeline

Brief Program Description:

Lifeline is a federal program that lowers the monthly cost of phone and internet. Eligible customers will get at least \$7.25 toward their bill; residents of federally-recognized Tribal lands may receive an additional \$25 per month.

Cash Loss by FY (\$M)



| Key Milestones | | Status | ECD |
|----------------|---|-----------|--------|
| 1 | Develop mitigation strategies to get the payment right the first time | Completed | Oct-19 |
| 2 | Evaluate the ROI of the mitigation strategy | Completed | Oct-19 |
| 3 | Determine which strategies have the best ROI to prevent cash loss | Completed | Oct-19 |
| 4 | Implement new mitigation strategies to prevent cash loss | Completed | Oct-19 |
| 5 | Analyze results of implementing new strategies | Completed | Oct-19 |

| Quarterly Progress Goals | | | Status | Notes | ECD |
|--------------------------|---------|---|-----------|--|--------|
| 1 | Q3 2020 | Begin sampling and reviewing state eligibility verifications for new enrollees in all three NLAD opt-out states. | On-Track | USAC has begun these reviews in OR and TX and expects to begin reviews of CA enrollees in August 2020. | Aug-19 |
| 2 | Q3 2020 | Establish a data connection with three additional states/territories to automate eligibility checking for the National Verifier, for a total of two federal connections and 18 automated state/territory connections. | Completed | Three new state connections deployed in July 2020. | Jul-20 |

| Recent Accomplishments | | Date |
|------------------------|--|--------|
| 1 | Implemented the Representative Accountability Database, allowing us to monitor agent activity and lock agents with suspicious activity out of the system. | May-20 |
| 2 | Hard launched the last of the 53 NLAD states and territories into the National Verifier. New eligibility decisions in all states (except the three NLAD opt-out states) now go through the National Verifier eligibility review process. | Jun-20 |
| 3 | Implemented additional state and territory connections, bringing the automated program eligibility connections in the National Verifier up to two federal and 18 state/territory connections. | Jul-20 |

| Amt(\$) | Root Cause | Root Cause Description | Mitigation Strategy | Anticipated Impact of Mitigation |
|---------|--------------|--|---|--|
| \$109M | Other reason | Missing Certifications - Carrier omitted or failed to collect an enrollment certification. | Missing Certifications - Universal Forms went into effect on 7/1/18. All Eligible Telecom Carriers (ETCs) are required to use the Universal Forms, regardless of whether the ETC is in a state that has transitioned to the National Verifier. | Missing Certifications - Resolving improper forms that the ETCs are using through the Universal Forms will resolve the vast majority of the issue. Full launch of all states in the National Verifier in 20.. |
| | | Inadequate Certifications - Carrier provided an inadequate enrollment certification. | Inadequate Certifications - Universal Forms went into effect on 7/1/18. All Eligible Telecom Carriers (ETCs) are required to use the Universal Forms, regardless of whether the ETC is in a state that has transitioned to the National Verifier. | Ineligible Certifications - Resolving improper forms that the ETCs are using through the Universal Forms will resolve the vast majority of the issue. Full launch of all states in the National Verifier in 20.. |
| | | Inadequate Independent Economic Household (IEH) Forms - Carrier failed to collect or retain a proper IEH form. | Inadequate Independent Economic Household (IEH) Forms - USAC independently collects, reviews, and retains IEH forms for subscribers entering the National Verifier. | Inadequate Independent Economic Household (IEH) Forms - Full launch of all states in the National Verifier in 2020 resolves the issue. |

Cash Loss - Cash loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.