

# GAO Highlights

Highlights of [GAO-24-106967](#), a report to the Ranking Member, Committee on Commerce, Science, and Transportation, U.S. Senate

## Why GAO Did This Study

Broadband is essential to Americans' lives. FCC designated USAC as the sole administrator of four universal service programs that support access to broadband and other telecommunications services at reasonable rates. USAC administers disbursements of about \$8 billion in subsidies each year through these four programs that aim to improve access in high-cost areas, and for low-income consumers, schools, and rural health-care facilities.

GAO was asked to review several aspects of USAC's governance. This report examines USAC's efforts to (1) establish and report on its goals in the last 6 years, (2) manage its operating budgets in accordance with selected FCC requirements, including recent trends in its expenditures, and (3) maintain an ethics policy consistent with FCC requirements.

GAO reviewed statutes, regulations, FCC orders, and the relevant agreements between FCC and USAC. GAO also reviewed documents from 2018 through 2023 related to USAC's goals, budget and expenditures, and ethics program. In addition, GAO assessed USAC's policies against applicable FCC requirements identified in a memorandum of understanding. GAO interviewed FCC officials, USAC executives, and three individuals serving currently or previously on USAC's Board. GAO selected these individuals to obtain diverse perspectives based on their experience, constituency, and role on USAC's Board.

View [GAO-24-106967](#). For more information, contact Andrew Von Ah at (202) 512-2834 or [vonaha@gao.gov](mailto:vonaha@gao.gov).

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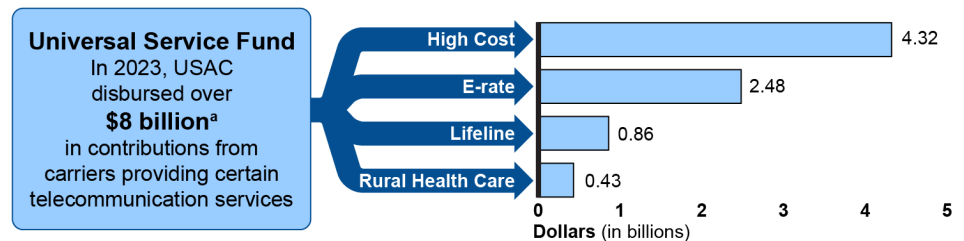
## TELECOMMUNICATIONS

### Administration of Universal Service Programs Is Consistent with Selected FCC Requirements

## What GAO Found

The Universal Service Administrative Company (USAC) is a not-for-profit, private corporation responsible for managing the multi-billion-dollar Universal Service Fund to promote access to broadband and other telecommunications services (see figure). In managing this fund, USAC is subject to requirements established by the Federal Communications Commission (FCC) through regulations, orders, and memorandums of understanding. USAC operates under the leadership of an executive team and oversight from both FCC and USAC's Board of Directors.

Funds Disbursed by USAC for Four Universal Service Programs in Calendar Year 2023



Source: GAO analysis of Universal Service Administrative Company (USAC) information on actual payments from the Universal Service Fund. | GAO-24-106967

<sup>a</sup>In 2023, USAC expended 3 percent of fund outlays on its operations.

In the last 6 years, USAC collaborated internally and with FCC to develop annual goals—such as goals related to modernizing Universal Service Fund processes—to meet FCC requirements. According to USAC executives, after FCC provided feedback, USAC finalized the goals and used them to establish performance targets. In addition, USAC developed plans with FCC input to help track its progress and modified these plans quarterly to respond to FCC feedback. Also, FCC required monthly reporting from USAC on programs it administers. USAC met the requirements through monthly reports and meetings with FCC's Office of the Managing Director.

GAO found that USAC's processes for managing its operating budget and expenditures align with selected FCC requirements, and that USAC's operating expenditures increased in recent years. A memorandum of understanding requires the Board to oversee USAC's operations. USAC established policies accordingly, such as requiring Board oversight of merit-based pay. Regarding trends in USAC's operating expenditures, GAO found the expenditures increased by 27.5 percent in calendar years 2018 through 2023. USAC attributed the increase to replacing obsolete legacy systems and strengthening program integrity. For example, USAC doubled the number of staff working on one program to better combat waste, fraud, and abuse.

USAC maintains a written ethics policy consistent with FCC requirements. Specifically, GAO found that USAC provided FCC a written copy of its most recent ethics policy and notified FCC of any updates made to the policy. In addition, USAC requires its Board and employees to annually disclose financial interests in entities with which USAC has a relationship, among other things.