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SPECIAL BULLETIN

USF Budget Control Mechanism

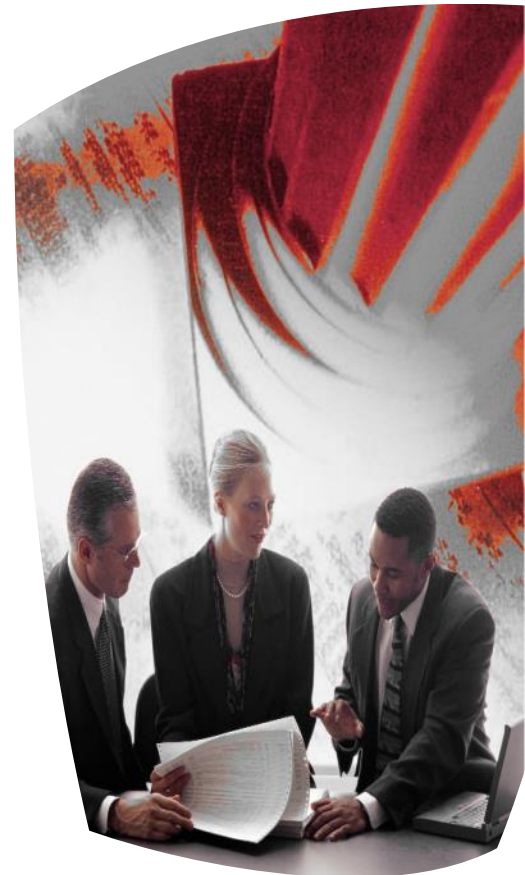
In the FCC's recent *Rate-of-Return Carrier USF Reform Order*, a control mechanism was adopted in order to maintain the overall \$2 billion budget for federal RoR support programs. In essence, the amount available for HCLS and ICLS (soon to be CAF BLS) is determined after considering the amount necessary to fund the CAF ICC requirements. If the amount available for HCLS and ICLS/CAF BLS exceeds projections, then there is to be a per-line and pro rata reduction for each carrier under each mechanism.

The FCC's Wireline Competition Bureau released a [Public Notice](#) yesterday announcing the implementation of the budget control mechanism. The WCB stated USAC is to implement the budget control mechanism for payments beginning in September 2016 relating to the budget for the second half 2016.

The calculations in total, and for each study area and each mechanism, is available at USAC's [website](#) and is attached to this Special Bulletin. Overall, the mechanism calls for a reduction in HCLS and ICLS (compared to that projected) of just under five percent. However, as mentioned above, the budget control mechanism calls for a per-line and a pro-rata reduction; for example, projected HCLS for each study area will be reduced by \$2.2039 per line and the amount less the per-line adjustment will be adjusted downward by an additional 3.55%.

Each company receiving HCLS (as well as SNA and SVS) and/or ICLS should review the "SAC by SAC Totals" tab to ascertain how much the reduction will be starting in September 2016 for July—December 2016.

If you have any questions, please let us know.



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Questions? Comments?

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