

## **NANP FUND BUDGET AND CONTRIBUTION FACTOR FOR OCTOBER 2023 TO SEPTEMBER 2024**

**To: North American Numbering Council**

### **Budget and Contribution Factor**

The budget has been prepared to determine the funding requirements and the contribution factor for the upcoming funding period. The budget covers a 12-month period running from October 2023 to September 2024. We have determined that the total projected cost before the provision for contingency allowance and offset of the current year projected surplus is \$7,500,403. The Numbering Administration Oversight Working Group (NAOWG) determined that a \$1,000,000 contingency allowance be allowed for in the budget resulting in a total cost of \$8,500,403. The projected surplus of \$234,498 as per the April 2023 NANP report to the NAOWG will be used to offset the total funding requirement. This offset results in a total cost to be borne by US carriers of \$8,265,905. Rationale for this level of expenditure is included under the heading 'Basis for Projected Disbursements'.

Based on the funding requirement discussed above and the projected revenue base of \$79 billion, the resulting contribution factor is 0.0001047.

### **Revenue Contribution Base**

The revenue base used for billing purposes and the determination of the contribution factor continues to decline. There was a 6% decrease in the revenue base over last year. The preliminary revenue figure of \$79 billion used for determining the contribution factor is drawn from the 2023 Form 499A reports received to date by USAC. For those carriers who have not yet submitted their 2023 Form 499A, the revenue figure used is that reported in 2022.

### **Basis for Projected Disbursements**

The functions of the North American Numbering Plan Administrator (NANPA) and Pooling Administrator (PA) were combined into one contract that was awarded to SomosGov. The contract is a 5-year contract that covers the period from December 1, 2020 to November 30, 2025. The cost provided in the budget is as per the contract. The International Participants (non-U.S. member countries) will contribute \$179,641 towards numbering administration costs. Since the NANPA and PA are no longer separate contracts, SomosGov determined that 43% of the total cost relates to NANPA functions. The International Participants' contribution towards the NANPA costs is based on a historical basis whereby 69% of the total numbering administration cost relates to North American Numbering Plan (NANP) administration and 31% relates to U.S. central office (CO) code administration. The International Participants contribute only towards NANP administration, as they perform their own CO code administration. Each International Participant's contribution is based on its proportionate percentage of the total average estimated population of all member countries, for the years 2023 and 2024. Their contribution is further discounted for NANPA work done by each respective country (Canada – 25%, other non-U.S. countries – 66%).

The cost for the carrier audits has been provided for as directed by the FCC and as required under 47 C.F.R. §52.15(k) and FCC Order FCC 00-42.

The Billing & Collection Agent contract expires April 30, 2024. The cost provided for in the budget for the period October 2023 to April 2024 is per the contract, as recently amended, to extend the contract by one year to its current expiration date, and to include the special refunds project. For the period beyond expiration of the current contract, the period May 2024 to September 2024, the budgeted cost is estimated at the monthly cost of the final year of the contract.

The cost for the Data Collection Agent is established based on an estimate provided by USAC. If additional work is required due to new FCC initiatives, the cost could be higher.

The cost for the annual operations audit for the Fund has been provided for at an estimate based on the prior years' billing history by Ernst & Young LLP.

Bank fees are an estimate based on prior years.

Bad debts are an estimate of uncollectible accounts. This amount is based on prior years' history.

An estimate of the interest income earned from the bank is based on prior years' history and current interest rates and cash balances.

Carriers are charged a \$100 fee when they do not file their Form 499A by the due date of April 30<sup>th</sup>. This fee is over and above the amount they are required to pay NANP to cover the costs of numbering administration. An estimate has been provided for based on results from previous funding years.

The anticipated current year surplus based on the April 30, 2023 report to the NAOWG is estimated to be \$234,498. A portion of the \$1,000,000 contingency allowance provided for in the 2022-23 budget was used for the special refunds and B&C agent costs associated with the special refunds.

The contingency allowance is to provide for unknown additional costs at the time of the preparation of the budget. The following list includes some examples of costs that would be covered by the contingency fund.

- Change orders.
- Costs related to a change in scope of work of the contractors as mandated by the FCC.
- Additional costs as a result of the Billing & Collection Agent contract being awarded at an amount greater than provided for in the budget.
- Any other costs not provided for in the budget.

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**October 2023 to September 2024**

	<u>2023/24</u>	<u>2022/23</u>
<b>NANPA and Pooling Administration</b>	6,980,336	6,980,336
<b>Less NANPA Administration costs funded by International Participants</b>		
Canada	150,285	150,192
Caribbean countries	29,356	29,358
<b>Total Contributions by International Participants</b>	<u>179,641</u>	<u>179,550</u>
<b>Net total NANPA Administration and Pooling Costs</b>	6,800,695	6,800,786
<b>Carrier Audits</b>	200,000	200,000
<b>Billing &amp; Collections Agent</b>	400,500	340,800
<b>Data Collection Agent</b>	83,208	80,400
<b>Annual Operations Audit</b>	56,000	53,000
<b>Bank charges</b>	40,000	40,000
<b>Bad debts</b>	30,000	40,000
<b>Interest income</b>	(70,000)	(12,000)
<b>Fees for filing Form 499A late</b>	<u>(40,000)</u>	<u>(80,000)</u>
<b>Total projected disbursements for October 2022 to September 2023 before contingency allowance</b>	7,500,403	7,462,986
<b>Contingency allowance</b>	<u>1,000,000</u>	<u>1,000,000</u>
	8,500,403	8,462,986
<b>Anticipated surplus at September 30, 2023</b> <i>(per April 2022 NAOWG report)</i>	<u>(234,498)</u>	<u>(1,295,761)</u>
<b>Net US Carrier Contribution</b>	<u>\$ 8,265,905</u>	<u>\$ 7,167,225.00</u>
<b>Projected revenue base</b>	<u>\$ 78,970,677,000</u>	<u>\$ 84,039,180</u>
<b>Contribution Factor</b>	<u>0.0001047</u>	<u>0.0000853</u>