Board of Directors

Briefing Book

April 24, 2018

8:30 a.m. - 2:30 p.m. Eastern Time

Universal Service Administrative Company Offices

700 12th Street NW, Suite 900

Washington, DC, 20005

Universal Service Administrative Company
Board of Directors Quarterly Meeting
Agenda

Tuesday, April 24, 2018 **8:30 a.m. – 2:30 p.m. Eastern Time** **USAC Offices** **700 12th Street, N.W., Suite 900** **Washington, D.C. 20005**

OPEN SESSION	**Presenter**	*Estimated Duration in Minutes*
1. Board Approvals		

A. Consent Items
        1. Board of Directors Meeting Minutes of January 5, 2018, January 30, 2018, March 12, 2018 and March 20, 2018
        2. Approval of Moving all Executive Session Items to Executive Session
        3. Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended
    B. Approval of USAC Common and Consolidated 3rd Quarter 2018 Budgets for the May 2, 2018 FCC Filing
	Chair
	
	Ernesto
	
	Chair
	
	Charlie
		25

2. Reports from the Committee Chairs Audit Committee; Executive Committee; High Cost & Low Income Committee; Rural Health Care Committee; Schools & Libraries Committee	Geoff, Joel, Joe, Kathy, Dan	10
3. Enterprise Business Update		

A. CEO Report
        1. Action Items from January
        2. Reorganization
        3. 2018 USAC Deliverables – USAC at a Glance
	Radha	15

B. Enterprise Portfolio Management Office Report
        1. EMPO Business Update
        2. Establishing Enterprise Governance at USAC
	Chris	20

C. Chief Administrative Officer Report
        1. CAO Business Update
        2. Update on Knowledge Management Program
        3. Update on Call Center Transition
	Mark/ Stephen Butler	30

1 of 2

EXECUTIVE SESSION *Confidential – Executive Session Recommended*	Presenter	*Estimated Duration in Minutes*
4. Enterprise Business Update *(Continued)*		

A. Finance Report
        1. Information on Transfer of Cash to Treasury
        2. Information USAC Common Budget Methodology
        3. Information on Contribution Factor
        4. Information on Cash Balances
	Charlie	25

B. Human Resources Report 1. Human Resource Business Update	Tamika	15

C. Information Technology Report
        1. IT Business Update
        2. USAC Information Security Update
	Joel Daniels
	Tony Buenger
		55

D. Procurement Report
        1. Procurement Business Update
        2. First Quarter 2018 Procurement Report in Appendices
	Craig	20

E. Internal Audit Reports 1. Information on Three USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports	Jen Crowe	10
5. Board Approvals		
A. Procurements	Craig	20
1. Consideration of Contract Award for Enterprise Database Licensing		
2. Consideration of Contract Award for A Red Hat for Linux Enterprise License Agreement		
3. Consideration of Contract Award for Dell/EMC Transformational License Agreement		
4. Consideration of Contract Award for Microsoft Enterprise Agreement		
B. Approval of Procedure for Handling Appeals Concerning Contribution and Data Collection	Ernesto	15
6. Lunch		60

7. Personnel Matter and Discussion of FCC-USAC Executive Committee Quarterly Meeting (Post Lunch)
    • CEO Roundtable
    • Staffing
    • Compensation
	Chair	30

Next USAC Board of Directors Meeting

Tuesday, July 24, 2018
8:30 a.m. – 2:30 p.m. Eastern Time
USAC Offices, Washington, D.C.

Universal Service Administrative Company
Board of Directors Meeting

ACTION ITEM

Consent Items

Action Requested

The USAC Board of Directors (Board) is requested to approve the consent items listed below.

Discussion

The Board is requested to approve the following items using the consent resolutions below:

A. Board meeting minutes of January 5, 2018, January 30, 2018, March 12, 2018 and March 20, 2018 (*see* **Attachments A** through D).

B. Approval for discussing in *Executive Session* agenda items:
   (1) **4** – Business Update Continued.
   - **A**. Finance Report.
     o 1. Information on Transfer of Cash to Treasury. USAC management recommends that this report be discussed in *Executive Session* because it relates to *specific internal controls, and/or confidential company data*
     o 2. – Information on USAC Annual Common Budget. USAC management recommends that these matters be discussed in *Executive Session* because it relates to *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. Item i3 also relates to USAC's *procurement strategy and contract administration*.
     o 3. – Information on Contribution Factor. USAC management recommends that these matters be discussed in *Executive Session* because it relates to *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
     o 4. Information on Cash Balances. USAC management recommends that this report be discussed in *Executive Session* because it relates to *specific internal controls, and/or confidential company data*.

- **B**. Human Resources Report. USAC management recommends that this report be discussed in *Executive Session* because it involves *internal personnel matters.*
- **C**. Information Technology Report.
  - o 1. IT Business Update. USAC management recommends that this report be discussed in *Executive Session* because it relates to *specific internal controls, and/or confidential company data*.
  - o 2. USAC IT Oversight Action Plan. USAC management recommends that this report be discussed in *Executive Session* because it relates to *specific internal controls, and/or confidential company data*.
- **D**. Procurement Report. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- **E**. Internal Audit Reports. Information on Three USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends these reports be discussed in *Executive Session* because they relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

(2) **5** – Board Approvals.
- **A**. Procurements.
  - o 1. Consideration of a Contract Award for Enterprise Database Licensing. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
  - o 2. Consideration of a Contract Award for A Red Hat for Linux Enterprise License Agreement. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
  - o 3. Consideration of a Contract Award Dell/EMC Transformational License Agreement. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
  - o 4. Consideration of Contract Award for Microsoft Enterprise Agreement. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- **B.** Approval of Procedure for Handling Appeals Concerning Contribution and Data Collection. USAC management

recommends this item be discussed in *Executive Session* because it relates to USAC's *internal controls*.

(3) **7.** Personnel Matter and Discussion of FCC-USAC Executive Committee Quarterly Meeting (Post Lunch) – USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

C. Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended.

The Board would like to recognize and honor Mr. Ronald A. Brisé whose term has recently concluded. Mr. Brisé served as a Board member for nearly six years, from June 2012 through March 2018, during which time he provided invaluable leadership and guidance in USAC's administration of the federal universal service fund. The USAC Board and USAC management are extremely appreciative of Ron's dedication to universal service.

Upon request of a Board member, any one or more of the above items are available for discussion by the Board.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of January 5, 2018, January 30, 2018, March 12, 2018 and March 20, 2018; and (2) discussion in *Executive Session* of the items noted above.

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Mr. Ronald A. Brisé for his dedicated service on the Board of Directors of the Universal Service Administrative Company and wish him the best in his future endeavors.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Friday, January 5, 2018

(DRAFT) MINUTES

In a Public Notice dated December 20, 2018,[1] FCC Chairman Pai appointed the following six persons to the Universal Service Administrative Company's Board of Directors (Board):
- Dr. Joan H Wade, Executive Director, Association of Educational Service Agencies;
- Ellis Jacobs, Senior Attorney, Advocates for Basic Legal Equality, Inc.;
- Joseph Gillan, Consultant, Gillan Associates;
- Katharine Hsu Wibberly, Ph.D., Executive Director, Mid-Atlantic Telehealth Resource Center;
- Geoffrey A. Feiss, General Manager, Montana Telecommunications Association; and
- Atilla Tinic, Senior Vice President, Enterprise Business Support Systems and International IT, CenturyLink.

On December 27, 2017, the Board was requested to vote by written unanimous consent to elect these members to the Board and appoint them by virtue of the constituency they represent, or in filling vacant positions, to a committee.

a1. **Election of Members to the USAC Board of Directors and Appointment of Members to Programmatic Committees**. On January 5, 2018, on a motion duly made and approved by written unanimous consent, the Board adopted the following resolutions:

> **RESOLVED**, that the USAC Board of Directors, having received the selections from the Chairman of the FCC pursuant to 47 C.F.R. § 54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws, hereby elects to the USAC Board of Directors effective January 1, 2018:[2]
> - Joan H. Wade, for a term expiring on December 31, 2020;
> - Ellis Jacobs, for a term expiring on December 31, 2020;
> - Joseph Gillan, for a term expiring on December 31, 2020;
> - Dr. Katharine Hsu Wibberly, for a term expiring on December 31, 2020;
> - Geoffrey A. Feiss, for a term expiring on December 31, 2020;
> - Atilla Tinic, for a term expiring on December 31, 2020;

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[1] *Chairman Pai Names Six Members to the Board of Directors of the Universal Service Administrative Company*, CC Docket Nos. 96-45, 97-21, Public Notice, 2017 WL 6540487 (2017).
[2] 47 C.F.R. § 54.703(d).

   RESOLVED FURTHER, that each of the aforementioned directors shall remain a director until such director's: (i) written resignation, (ii) removal pursuant to Article II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) election of a successor pursuant to Article II, § 4 of the USAC By-laws or (iv) action by the stockholder of the corporation pursuant to the Article I of the USAC By-laws; and

   RESOLVED FURTHER, that consistent with 47 C.F.R. § 54.705 and the USAC By-laws, Article II, and by virtue of the constituency they represent:

- Joan H. Wade is hereby appointed to the Schools & Libraries Committee;
- Ellis Jacobs, Joseph Gillan, Geoffrey A. Feiss, and Atilla Tinic are hereby appointed to the High Cost & Low Income Committee; and
- Dr. Katharine Hsu Wibberly is hereby appointed to the Rural Health Care Committee.

/s/ Ellis Jacobs
Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, January 30, 2018

(DRAFT) MINUTES[1]

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, January 30, 2018. Mr. Joel Lubin, Vice Chair and Acting Board Chair, called the meeting to order at 8:30 a.m. Eastern Time, with a quorum of 17 of the 19 Board members present:

Bocher, Robert	Hernandez, Dr. Mike
Brisé, Ronald	Kinser, Cynthia
Buzacott, Alan	Lubin, Joel – Vice Chair and Acting Chair
Choroser, Beth	Mason, Ken
Domenech, Dr. Dan	Sekar, Radha – Chief Executive Officer
Feiss, Geoff	Tinic, Atilla
Fontana, Brent – *by telephone*	Wade, Joan
Gerst, Matthew	Wibberly, Dr. Kathy
Gillan, Joe	

Mr. Ellis Jacobs join by telephone at 8:35 a.m. Eastern Time and Ms. Olivia Wein joined the meeting at 8:36 a.m. Eastern Time. They did not participate in the discussion of, or vote on item a1.

Mr. Jacobs left the meeting at 10:23 a.m. Eastern Time. He did not participate in the discussion of or vote on items a9 (C–D), a10, a11, i1 (C–E), i3, i4, i5, i6, and i7.

Officers of the corporation present:

Davis, Craig – Vice President of Procurement and Sourcing Strategy
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Lifeline
Lee, Karen – Vice President of Rural Health Care
Salvator, Charles – Vice President of Finance, Chief Financial Officer and
    Assistant Treasurer
Scott, Wayne – Vice President of Internal Audit
Sweeney, Mark – Chief Operating Officer

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[1] Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language where necessary or to correct grammatical or spelling errors.

Others present:

NAME	COMPANY
Ayer, Catriona	USAC
Beckford, Ernesto	USAC
Carpenter, Nikki-Blair	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Ejaz, EJ	USAC
Fischer, Dennis	USAC
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Hughet, Pamela	USAC
Hutchinson, Kyle	USAC
Johnson, William	USAC
Marjani, Regina	USAC
Miller, Jack	Solix, Inc.
Mitchell, Tamika	USAC
Nuzzo, Patsy	USAC
Schecker, Laurence	USAC
Schrieber, Johnnay	USAC
Sequin, Eric	Solix, Inc.
Theobald, Fred	USAC
Talbott, Dr. Brian	Dimensional Learning Solutions, LLC

OPEN SESSION

a1. **Consent Items.** Mr. Lubin presented these items to the Board.

A. Approval of Board meeting minutes of Approval of Board of Directors Meeting Minutes of October 24, 2017, November 13, 2017, November 16, 2017, November 17, 2017, November 28, 2017, December 21, 2017, and January 5, 2018.

B. Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended.

C. Approval for discussing in *Executive Session* agenda items:
   (1) **i1** – Business Update Continued.
   - **C**. Engagement Survey Update. USAC management recommends that this report be discussed in *Executive Session* because it involves *personnel matters*.
   - **E**. OGC Update. USAC management recommends that this report be discussed in *Executive Session* because it

involves *internal personnel matters and attorney/client privileged communications*.

(2) **i2** – Information on USAC 2017 Annual Report to the FCC and Congress. USAC management recommends that this item be discussed in *Executive Session* because it involves *specific internal controls, and/or confidential company data*.

(3) **a7** – Information Technology Working Group. USAC management recommends that discussion of this item occur in *Executive Session* because it involves *specific internal controls, and/or confidential company data*.

(4) **a8** – Approval of 2018 Annual USAC Common and Consolidated Budgets. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.

(5) **a9** – Procurements. USAC management recommends that the following items be discussed in *Executive Session* because they relate to USAC's *procurement strategy and contract administration*.

- **A**. Consideration of Contract Award for Oracle Licenses.
- **B**. Consideration of 2017 True-up Payment for Dell/EMC Avamar Licenses.
- **C**. Consideration of Contract Award for Benefits Broker.

(6) **i3** – General Procurement Updates. USAC management recommends that these report be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.

(7) **i4** – Contributors Business Update. USAC management recommends that this report be discussed in *Executive Session* because it relates to *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

(8) **i5** – Information on Four USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends these reports be discussed in *Executive Session* because they relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

(9) **i6** – Executive Session (Lunch) with Board Only. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

(10) **a10** – Personnel Matter – Consideration of 2018 Merit-Based Salary and Incentive Awards Program for USAC Employees and

Consideration of a USAC Compensation Policy. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

(11) **a11** – Personnel Matter – USAC Transit Benefits. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

(12) **i7** – Discussion of FCC-USAC Executive Committee Quarterly Meeting. USAC management recommends that this item be discussed in *Executive Session* because it may include *confidential company data, and pre-decisional matters pending before the FCC*.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of October 24, 2017, November 13, 2017, November 16, 2017, November 17, 2017, November 28, 2017, December 21, 2017, and January 5, 2018, and (2) discussion in *Executive Session* of the items noted above.

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Dr. Brian Talbott for his dedicated service on the Board of Directors of the Universal Service Administrative Company and wish him the best in his future endeavors.

a2.   **Reports from Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the October 2017 quarterly meetings. Mr. Gillan reported for the Audit Committee; Mr. Lubin reported for the Executive Committee, Executive Compensation Committee and the High Cost & Low Income Committee; Dr. Wibberly reported for the Rural Health Care Committee; and Dr. Domenech reported for the Schools and Libraries Committee.

a3.   **Election of Committee At-Large Seats, Chairs and Vice Chairs and Election and Appointment of Corporate Officers.** Mr. Mason, Chair of the Nominating Committee, provided the Nominating Committee's recommendations for at-large seats, chairs and vice chairs and election and appointment of corporate officers.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following

directors to serve in at-large seats on the **Schools & Libraries Committee**: **Ken Mason** (representing service providers), **Alan Buzacott** (at-large member), **Beth Choroser** (at-large member), and **Brent Fontana** (at-large member); and

        RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **High Cost & Low Income Committee**: **Olivia Wein** (at-large member), and **Ken Mason** (at-large member); and

        RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Rural Health Care Committee**: **Atilla Tinic** (representing service providers), **Dr. Mike Hernandez** (at-large member), and **Olivia Wein** (at-large member); and

        RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Audit Committee**: **Joe Gillan** (representing the HCLI committee), **Dr. Kathy Wibberly** (representing the RHC committee), Beth Choroser (representing the SL committee), and **Geoff Feiss** (at-large member) and **Atilla Tinic** (at-large member); and

        RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Executive Compensation Committee**: **Cynthia Kinser** (at-large member), **Dr. Dan Domenech** (at-large member), **Dr. Mike Hernandez** (at-large member), **Joe Gillan** (at-large member) and **Olivia Wein** (at-large member).

Election of Committee Chairs and Vice Chairs

        RESOLVED, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects **Dr. Dan Domenech** as Chair and **Ken Mason** as Vice Chair of the **Schools & Libraries Committee**; and

        RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the High Cost & Low Income Committee and elects **Joe Gillan** as Chair and **Olivia Wein** as Vice Chair of the **High Cost & Low Income Committee**; and

        RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Rural Health Care Committee and elects **Dr. Kathy Wibberly** as Chair and **Dr. Mike Hernandez** as Vice Chair of the **Rural Health Care Committee**; and

     RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects **Geoff Feiss** as Chair and **Atilla Tinic** as Vice Chair of the **Audit Committee**; and

     RESOLVED FURTHER, that each of the aforementioned directors shall serve for a term that begins immediately upon the adoption of this resolution by the Board and ends at such time as the chair or vice chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

Election of Board Chair, Vice Chair, Secretary and Treasurer

     RESOLVED, that the USAC Board of Directors elects **Joel Lubin** as Chair of the Board and **Joe Gillan** as Vice Chair of the Board, **Ellis Jacobs** as Secretary of the corporation, and **Ken Mason** as Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such member's successor has been elected, when such member resigns such position, is removed by resolution of the Board, or is no longer a member of the Board.

Appointment of USAC Staff Members as Assistant Secretary and Assistant Treasurer

     RESOLVED, that the USAC Board of Directors accepts the recommendation of the USAC Nominating Committee and appoints **Ernesto Beckford** as Assistant Secretary of the corporation and **Charles Salvator** as Assistant Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such person's successor has been appointed, such person resigns from such position, his employment with USAC terminates for whatever reason, or such person is removed by the CEO or by resolution of the Board.

a4. **Approval of 2018 Audit Committee Charter.** Mr. Scott presented this item for consideration, noting that changes to the charter are consistent with the way in which the Committee has been operating. The changes included additions to the Committee's responsibilities (incorporating risk management and receiving whistleblower complaints) and alignment of the Committee's responsibilities around financial internal control reporting with the Chief Financial Officer

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the current Audit Committee Charter and the proposed changes presented by the USAC Internal Audit Division, recommends that the USAC Board of Directors approve the revised Audit Committee Charter.

a5. **Approval of 2st Quarter 2018 USAC Common and Consolidated Budgets and Quarterly Budget and Demand Projections.** Mr. Salvator presented this item for consideration.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors approves a 2nd Quarter 2018 common operating budget of $24.71 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2018 common capital budget of $0.42 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2018 consolidated operating budget of $53.57 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2018 consolidated capital budget of $1.63 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of $25.13 million common costs in the required January 31, 2018 filing to the FCC on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of $55.20 million for consolidated costs in the required January 31, 2018 filing to the FCC on behalf of the USAC Board of Directors.

a6. **Approval of April 2019 – January 2020 Board of Directors Quarterly Meeting Schedule.** Ms. Sekar presented this item for consideration, noting the recommended dates at follows:

Executive Committee	Programmatic Committees & Board of Directors
April 25, 2019	April 29-30, 2019 (Passover April 20 – 27, 2019)
July 25, 2019	July 29-30, 2019
October 24, 2019	October 28-29, 2019
January 23, 2020	January 27-28, 2020 (Monday, January 20, 2020 is the Martin Luther King holiday.)

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED,** that the USAC Board of Directors adopts the Board of Directors and committee quarterly meetings schedule for April 2019 – January 2020.

i1.   Business Update.
   A. Investment Committee Update. This report was provided for informational purposes only. No discussion was held.

   B. Finance Update with Exhibits. These reports were provided for informational purposes only. No discussion was held.

At 9:07 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

i2.   Information on USAC 2017 Annual Report to the FCC and Congress. Mr. Sweeney presented this item for discussion, noting the Annual Financial Report would be included as a link allowing for a reduction in the size of the report from 80 pages to less than 20 pages.

a7.   Information Technology Working Group. Ms. Sekar noted that Mr. Fontana and Mr. Tinic participated in the interviews for the Chief Information Officer (CIO) position. Mr. Kyle Hutchinson, Acting CIO, provided an update on the status of the status of the Director of Information Security position and USAC's FISMA accreditation.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED,** that the USAC Board of Directors hereby approves an information technology (IT) working group comprised of the following Board members: **Brent Fontana**, and **Atilla Tinic**. The IT working group will provide IT oversight to USAC and will meet with relevant members of the USAC leadership team and staff, including but not limited to the CEO, CIO,

CISO, and Director of Compliance and Risk (each as needed), to obtain updates on USAC IT matters. The Board requests that the IT working group and USAC management report back to the Board on significant IT oversight issues.

a8. **Approval of the 2018 Annual USAC Common and Consolidated Budgets.**
Mr. Salvator presented this item for consideration, noting that the annual budget presented is $15 million less than the estimated budget presented in October. He thanked Dr. Brian Talbott, Joel Lubin and Joe Gillan for their support in meeting with the Vice Presidents to cut or delay spending, noting that that there may be an ad hoc meeting required to adjust for USAC procurements.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

> **RESOLVED**, that the USAC Board of Directors approves a 2018 annual common operating budget of $98.54 million; and

> **RESOLVED FURTHER**, that the USAC Board of Directors approves a 2018 annual common capital budget of $4.56 million; and

> **RESOLVED FURTHER**, that the USAC Board of Directors approves a 2018 annual consolidated operating budget of $210.69 million; and

> **RESOLVED FURTHER**, that the USAC Board of Directors approves a 2018 annual consolidated capital budget of $10.54 million.

a9. **Procurements.** Mr. Davis presented these items for consideration.

A. Consideration of Contract Award for Oracle Licenses.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED**, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a one-year technical support contract for Oracle licenses for the total price of $1,101,827.88 (plus applicable taxes).

B. Consideration of 2017 True-up Payment for Dell/EMC Avamar Licenses.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to make a true-up payment in the amount of $498,455 (plus applicable taxes) to Dell/EMC for its use of 92TB of additional Avamar licenses for data domain storage.

C. Consideration of Contract Award for Benefits Broker.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to purchase employee benefits brokerage and consulting services, from Gallagher Benefit Services, Inc. for a one-year base period for a firm fixed price of $90,850 (plus applicable taxes), with the ability to exercise three additional one-year terms, subject to required Board of Directors approvals, for a four year total firm fixed price of $391,575 (plus applicable taxes).

The Board recessed at 10:40 a.m. Eastern Time and reconvened at 10:52 a.m. Eastern Time, continuing in Executive Session.

i3. **General Procurement Reports.** Mr. Davis provided an update on the Annual Procurement Report and Competition Advocate Report.

i4. **Contributors and Providers Business Update.** Mr. Theobald, Director of Financial Operations, provided a quarterly contribution factor comparison, an overview of the contribution factor trends and a rule of thumb that identified what change in the Universal Service Fund demand or contribution base would cause a 0.1 percent change in the contribution factor.

i5. **Information on Four USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Ms. Carpenter, Director of Internal Audit, a presented this item to the Board for discussion.

At 12:00 p.m. Eastern Time, the meeting continued in *Executive Session* with only the Board and the Leadership team present.

i1. **Business Update Continued.**

    C. Engagement Survey Update. Ms. Mitchell, Acting Chief Human Resources Officer, presented this item for discussion. Ms. Choroser requested an update be provided in April outlining the actions USAC has taken.

    D. Lifeline Improper Payment Rate. Mr. Scott presented this item for

discussion.

At 1:16 p.m. Eastern Time, the meeting continued in *Executive Session* with only the Board and Ernesto Beckford, Acting General Counsel present.

      E. OGC Update. Mr. Ernesto Beckford, Acting General Counsel, presented this item to the Board.

a10. **Personnel Matter - Consideration of 2018 Merit-Based Salary and Incentive Awards Program for USAC Employees and Consideration of a USAC Compensation Policy.** Ms. Mitchell presented these items to the Board for consideration.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

      RESOLVED, that the USAC Board of Directors, having reviewed the USAC management proposed 2018 merit-based salary increase and incentive awards program for USAC employees, hereby approves the proposed program.

      RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the USAC Compensation Policy recommended by the Executive Compensation Committee, hereby adopts the USAC Compensation Policy.

a11. **USAC Transit Benefits.** Ms. Mitchell presented these items to the Board for consideration.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

      RESOLVED, that the USAC Board approves the proposed employee transit benefit increase under the terms indicated above.

i7. **Discussion of FCC-USAC Executive Committee Quarterly Meeting.** Ms. Sekar provided talking points to the Executive Committee.

OPEN SESSION

At 2:00 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Board took action on items a7, a8, a9 and a11 and discussed items i1 (C –E), i2, i3, i4, i5, i6 and i7.

On a motion duly made and seconded, the Board adjourned at 2:00 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, March 12, 2018

(DRAFT) MINUTES[1]

A meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, March 12, 2018. Mr. Joel Lubin, Board Chair, called the meeting to order at 1:03 p.m. Eastern Time, with a quorum of 14 of the 19 Board members present:

Bocher, Robert – *by telephone*	Jacobs, Ellis – *by telephone*
Brisé, Ronald – *by telephone*	Kinser, Cynthia – *by telephone*
Buzacott, Alan – *by telephone*	Lubin, Joel – Chair – *by telephone*
Choroser, Beth – *by telephone*	Mason, Ken – *by telephone*
Feiss, Geoff – *by telephone*	Sekar, Radha – Chief Executive Officer
Gerst, Matthew – *by telephone*	Wade, Joan – *by telephone*
Gillan, Joe – Vice Chair – *by telephone*	Wein, Olivia – *by telephone*

Dr. Kathy Wibberly joined the call cat 1:08 p.m. Eastern Time. She participated in the discussion and voted on all four items.

Board members not present:

Domenech, Dr. Dan
Fontana, Brent
Hernandez, Dr. Mike
Tinic, Atilla

Officers of the corporation present:

Salvator, Charles – Vice President of Finance, Chief Financial Officer and
    Assistant Treasurer
Beckford, Ernesto – Vice President, General Counsel and Assistant Secretary
Davis, Craig – Vice President of Procurement and Strategic Sourcing
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management, Strategy
    and Change Management
Sweeney, Mark – Chief Operation Officer

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[1] Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language where necessary or to correct grammatical or spelling errors.

Others present:

NAME	COMPANY
Ayer, Catriona	USAC
Hutchinson, Kyle	USAC
King, Lauren	USAC
Nuzzo, Patsy	USAC

OPEN SESSION

a1.   **Consideration of Contract Award to Okta, Inc. for Support, Services, and Licensing.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

a2.   **Consideration of Contract Award to Dell, Inc. for Hardware and Professional Services.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

i1.   **Update on Cash to Treasury.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to *internal controls and may also include pre-decisional matters pending before the USAC*

i2.   **Update on Chief Information Officer (CIO) Search.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter involves a *personnel matter.*

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors determines that discussion of these items shall be conducted in *Executive Session*.

At 1:04 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

a1.   **Consideration of Contract Award to Okta, Inc. for Support, Services, and Licensing.** Mr. Davis presented this item to the Board for consideration. Mr. Gillan requested that a checklist be added to all future procurement briefing papers to indicate to the Board or committee the required procurement steps for that particular procurement and confirmation that those steps have been completed.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a three year support, services and licensing contract with Okta, Inc. for the total price of $907,567 (plus applicable taxes).

a2.   **Consideration of Contract Award to Dell, Inc. for Hardware and Professional Services.** Mr. Davis presented this item to the Board for consideration.

After discussion, the resolutions was amended and on a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to purchase hardware and professional services from Dell, Inc. for one year for a firm fixed price of $404,810 (plus applicable taxes).

i1.   **Update on Cash to Treasury.** Mr. Salvator presented this item to the Board for discussion.

i2.   **Update on CIO Search.** Ms. Sekar presented this item for discussion.

At 1:39 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Board took action on items a1, a2 and discussed items i1 and i2.

On a motion duly made and seconded, the Board adjourned at 1:40 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, March 20, 2018

(DRAFT) MINUTES[1]

A meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, March 20, 2018. Mr. Joel Lubin, Board Chair, called the meeting to order at 2:03 p.m. Eastern Time, with a quorum of 15 of the 18 Board members present (there is one vacancy):

Bocher, Robert – *by telephone*	Jacobs, Ellis – *by telephone*
Choroser, Beth – *by telephone*	Hernandez, Dr. Mike – *by telephone*
Domenech, Dr. Dan – *by telephone*	Lubin, Joel – Chair
Feiss, Geoff – *by telephone*	Mason, Ken – *by telephone*
Fontana, Brent – *by telephone*	Sekar, Radha – Chief Executive Officer
Gerst, Matthew – *by telephone*	Tinic, Atilla – *by telephone*
Gillan, Joe – Vice Chair – *by telephone*	Wade, Joan – *by telephone*
	Wein, Olivia – *by telephone*

Board members not present:

Buzacott, Alan
Kinser, Cynthia
Wibberly, Dr. Kathy

Officers of the corporation present:

Salvator, Charles – Vice President of Finance, Chief Financial Officer and
    Assistant Treasurer
Beckford, Ernesto – Vice President, General Counsel and Assistant Secretary

Others present:

NAME	COMPANY
Hamm, Aaron	USAC
Hutchinson, Kyle	USAC
King, Lauren	USAC

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[1] Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language where necessary or to correct grammatical or spelling errors.

NAME	COMPANY
Nuzzo, Patsy	USAC
Wray, Becca	USAC

OPEN SESSION

a1. **Consideration of Contract Award for Independent Verification and Validation.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

a2. **Consideration of Contract Increase for Microsoft Enterprise Agreement.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

a3. **Consideration of True-up Payment for 2017 Dell/EMC Avamar Data Domain Storage License Support.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

a4. **Consideration of Contract Award to Clearpath Solutions Group for VMware Enterprise License Agreement.** Mr. Beckford recommended this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED**, that the USAC Board of Directors determines that discussion of these items shall be conducted in *Executive Session*.

At 2:05 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

a1. **Consideration of Contract Award for Independent Verification and Validation.** Mr. Hutchinson presented this item to the Board. Mr. Hutchinson explained that the contracts presented for approval were solicited by USAC pursuant to a limited competition procurement. Requests for proposals were sent to directly to eight vendors. Mr. Hutchinson explained that two IDIQ contract awards would be made, and that specific task orders would be issued under the two contracts. The contracts to be awarded are for IT system verification and validation services. Mr. Aaron Hamm, Manager of Procurement, and Mr.

Salvator answered specific questions from Board members regarding the timing and dollar amounts associated with this procurement process.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED,** that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to FCC approval, to award IDIQ contracts for Independent Validation and Verification services to: (1) Oasys International Corporation, and (2) Zolon Tech, Inc.; each contract for a term of one year; for a combined, not-to-exceed total price under both contracts of $2,310,000 plus applicable taxes.

a2. **Consideration of Contract Increase for Microsoft Enterprise Agreement.** Mr. Hutchinson presented this item to the Board for consideration, noting that this action is an increase to the three year 2015 Enterprise Agreement with Microsoft, based on 18 additional licenses added to the contract. Mr. Hamm responded to questions from the Board regarding the term of the contract. Mr. Hamm explained that a new three year contract award will be presented to the Board at the April 2018 quarterly meeting for approval.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED**, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to FCC approval, to increase the contract value of the 2015 Microsoft Enterprise Agreement in the amount of $97,932 plus applicable taxes, for a total contract value of $1,668,028 plus applicable taxes.

a3. **Consideration of True-up Payment for 2017 Dell/EMC Avamar Data Domain Storage License Support.** Mr. Hutchinson presented this item to the Board for consideration. Mr. Hutchinson and Mr. Salvator answered questions from Board members to clarify the context of this true-up payment. After discussion, modifications to the resolution presented to the Board were made to clarify the term of the license period covered by this true-up payment. The revised language to the resolution is shown in italics below.

After discussion, the resolution was amended and on a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED,** that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to make a true-up payment to Dell/EMC for support associated with the Avamar data domain storage licenses in the amount of $192,452 (plus applicable taxes) for a total true-up payment to Dell/EMC in the amount of $690,907 plus applicable

taxes, subject to FCC approval. *The license period and support period for these licenses is for a 32 month term, beginning Feb. 1, 2018.*

a4.   **Consideration of Contract Award to Clearpath Solutions Group for VMware Enterprise License Agreement.** Mr. Hutchinson presented this item to the Board for consideration. Mr. Hutchinson explained that the contract presented for approval was posted by USAC for competitive award pursuant to an RFP.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

> **RESOLVED,** that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to FCC approval, to award a contract to Clearpath Solutions Group for a three-year Enterprise License Agreement (ELA) that covers hardware and software licenses, maintenance, and support, for a firm fixed price of $3,229,002 (plus applicable taxes).

At 2:54 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Board took action on items a1, a2, a3, and a4.

On a motion duly made and seconded, the Board adjourned at 2:56 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, March 20, 2018

(DRAFT) MINUTES

In a Public Notice dated March 13, 2018,[1] FCC Chairman Pai appointed Sarah Freeman, Commissioner, Indiana Utility Regulatory Commission to the Universal Service Administrative Company's Board of Directors (Board) filling the vacancy left by the Honorable Ronald A. Brisé, former Commissioner, Florida Public Service Commission.

On March 16, 2018, the Board was requested to vote by written unanimous consent to elect Sarah Freeman to the Board and appoint her, by virtue of the constituency she represents, or in filling vacant positions, to the High Cost and Low Income (HCLI) Committee and the Rural Health Care (RHC) Committee.

a1.   **Election of Members to the USAC Board of Directors and Appointment of Members to Programmatic Committees**. On March 20, 2018, on a motion duly made and approved by written unanimous consent, the Board adopted the following resolutions:

> **RESOLVED**, that the USAC Board of Directors, having received the appointment of Sarah Freeman from the Chairman of the FCC pursuant to 47 C.F.R. § 54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws, hereby elects Sarah Freeman to the USAC Board of Directors effective March 20, 2018, for a term expiring on December 31, 2018.[2]

> **RESOLVED FURTHER**, that the aforementioned director shall remain a director until such director's: (i) written resignation, (ii) removal pursuant to Article II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) election of a successor pursuant to Article II, § 4 of the USAC By-laws or (iv) action by the stockholder of the corporation pursuant to the Article I of the USAC By-laws; and

> **RESOLVED FURTHER**, that, consistent with 47 C.F.R. § 54.705 and Article II of the USAC By-laws, and by virtue of the constituency she represents, Sarah Freeman is hereby appointed to the High Cost and Low Income Committee and the Rural Health Care Committee.

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[1] *Chairman Pai Names a Replacement Member to the Board of Directors of the Universal Service Administrative Company*, CC Docket Nos. 96-45, 97-21, Public Notice, 2018 WL 1313214 (2018).
[2] 47 C.F.R. § 54.703(d).

/s/ Ernesto Beckford
Assistant Secretary

Universal Service Administrative Company
Board of Directors Meeting

ACTION ITEM

Approval of USAC Common and Consolidated
3rd Quarter 2018 Budgets for the May 2, 2018 FCC Filing

Action Requested:

The USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2018 (3Q2018) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's May 2, 2018 quarterly filing.

Discussion:

The 3Q2018 USAC common budget totals $25.75 million. Details are provided in the table below.

(in millions)	**3Q2018**
Common Costs	
Employee Expenses	$13.76
Professional Services	4.65
Overhead (see Note 1)	5.92
Capital Costs (see Note 2)	1.42
Total Common Costs	**$25.75**

Note 1: Overhead costs include computer support maintenance agreements, printing, postage, meetings, and conferences.

Note 2: Common capital costs include capital costs not directly attributable to a program. This includes hardware and equipment refresh, corporate software development, and shared IT testing and project management resources.

The 3Q2018 USAC consolidated budget totals $52.39 million, which includes $26.64 million of direct program costs and $25.75 million in common indirect costs.

(in millions)	**3Q2018 Direct Program Budget** (see Note 3)	**3Q2018 Common Budget** (see Note 4)	**3Q2018 Consolidated Budget** (see Note 5)
High Cost	$2.77	$8.79	$11.56
Lifeline	6.48	4.77	11.25
Rural Health Care	1.76	1.30	3.06
Schools & Libraries	15.63	10.89	26.52
Total	**$26.64**	**$25.75**	**$52.39**

Note 3: Total direct program budgets totaling $26.64 million were approved by the USAC Programmatic Committees in the Programmatic Committee meetings on April 23, 2018.

Note 4: Common budget of $25.75 million to be approved by the Board.

Note 5: Consolidated budget of $52.39 million to be approved by the Board.

Attachment A provides a comparison of actual expenditures to the budget for 1Q2018.

Recommendation:

USAC management recommends the Board approve the budgets as proposed.

Recommended USAC Board of Directors Action:

APPROVAL OF THE FOLLOWING RESOLUTIONS:

       RESOLVED, that the USAC Board of Directors approves a 3rd Quarter 2018 common budget of $25.75 million; and

       RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of $25.75 million for common costs in the required May 2, 2018 filing to the FCC on behalf of the USAC Board of Directors; and

       RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2018 consolidated budget of $52.39 million; and

       RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of $52.39 million for consolidated costs in the required May 2, 2018 filing to the FCC on behalf of the USAC Board of Directors.

Consolidated and Common Administrative Costs
Comparison of actual expenditures to the budget for 1Q2018

(in millions)	1Q2018 Actual	1Q2018 Budget	Variance	1Q2018 Actual to Budget Variance Explanations	2Q2018 Budget	2018 Annual Budget
Direct Program Costs						
High Cost	$2.62	$3.28	$0.66	Lower spending due to timing related to data verification reviews and vacant positions	$3.23	$12.09
Lifeline	5.76	9.81	4.05	Lower spending due to timing of National Verifier software development	7.34	31.36
Rural Health Care	1.48	1.84	0.36	No spending for process/forms redesign (timing variance) and vacant positions	1.84	7.20
Schools & Libraries	16.31	17.67	1.36	Lower spending for IT security (timing variance)	17.66	67.48
Total Direct Program Costs	**$26.17**	**$32.60**	**$6.43**		**$30.07**	**$118.13**
Common (Indirect) Costs						
Employee Expenses	$12.43	$13.48	$1.05	Vacant positions	$13.72	$55.09
Professional Services	3.50	5.75	2.25	Lower spending for IT security and IT consulting (timing variance)	5.11	19.77
Overhead (see Note 1)	5.39	6.19	0.80	Lower software licensing costs and lower spending for non-capitalized hardware	5.88	23.68
Capital Costs (see Note 2)	0.23	1.97	1.74	Delayed spending for hardware and equipment	0.42	4.56
Total Common Costs	**$21.55**	**$27.39**	**$5.84**		**$25.13**	**$103.10**
Total Consolidated Budget	**$47.72**	**$59.99**	**$12.27**		**$55.20**	**$221.23**

Note 1: Overhead costs include computer support maintenance agreements, printing, postage, meetings, and conferences.

Note 2: Common capital costs include capital costs not directly attributable to a program. This includes hardware and equipment refresh, corporate software development, and shared IT testing and project management resources.

CEO Business Update

USAC Board of Directors Meeting

April 24, 2018

Universal Service
Administrative Co.

Agenda

Topic	Description	Purpose	Presenter	Length
Action Items	Action Items From January Quarterly Board and Committee Meetings	Informational	Radha	5 min
Reorganization	Review of the Organization of USAC and Intended Impact	Informational	Radha	10 min
Summary	Overview of April Quarterly Board and Committee Meetings	Review	Patsy	5

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Action Items From January Quarterly Meetings

Item	Purpose	Status
Specific Content Requested		
USAC's 2018 Internal Audit Plan	Review and approve plan	See the Audit Committee item aAC02cf Approval of the 2018 Internal Audit Plan
Additional Information on the Schools & Libraries Fiber Review	Gain a better understanding of how USAC is handling these issues	See the Schools and Libraries item 1SL Business Update item and 1SLA Update on the Funding Year 2018 Fiber Application Reviews. Specific questions raised by Board members will also be addressed.
National Verifier Update	An in depth over view of the current state of the project.	See the High Cost and Low Income item 6HCLIAcf Update on Implementation of National Verifier
New Budget and Contributions Approach	Proposal for common budget approval process and the demystification of the contribution rate calculation	See the Executive Committee item iEC03cf Finance Reports See the Board item 4BODAcf Finance Report
Information Technology Working Group Guiding Principles and Process	Assist the Board in understanding the groups purpose and receive updated information regarding IT	See Board items 4BODCcf Information Technology Report
Organization Chart	Allow Board to understand the recent restructure	See Executive Committee item iEC02cf Report See Board item 3BODAcf CEO Report
Employee Engagement Survey	Details on Action Plans	See Board item 4BODcf Information on Engagement Survey Action Plans

Action Items From January Quarterly Meetings

Item	Purpose	Status
Changes/Modifications Requested		
Send Audit Reports in Advance	Allow Board additional time to read lengthily reports	For audits where the beneficiary disagreed with a finding, there will be two briefing books in BoardEffect for the Board or Committee meeting. Audit reports were distributed on April 11. Next quarter, they will be distributed earlier.
Some Charts are Confusing	Clarify/simplify information presented to Board	A consistent presentation format to see an overall view of quarterly activities. Enterprise Divisions' presentations will follow a similar format during the Board meeting
Too Much Information in Executive Session	Be as transparent as possible, limiting Executive Session items as much as possible	USAC has reviewed materials to limit Executive Session items where possible. We will continue to work with the Board and the FCC to make as much material publicly available as possible while staying within the guidelines required for Executive Session.
Procurements Approvals	Seek approval from the Board/Committee to exercise option years	USAC will comply and include all past spends for the contract.
Contributions	Briefing is data rich and difficult to understand the variables that impact the USAC contribution rate projection.	USAC Finance team has developed a simplified way to understand the contribution rate projection. Primarily the rate is derived based on (a) program demand; (b) projected 499 collection; and (c) unliquidated obligation (i.e.: unused commitments that are left in the book for various reasons including for appeals). This will be presented at the Executive Committee and Board meetings.

4

Reorganization

USAC Programs at a Glance

2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC

Schools & Libraries

Complete FY 2018 Forms 471

FY 2018 Window Close

Call Center Cutover

Spring training tentative dates

FY 2018 invoicing starts

FISMA work complete

Goal: Complete FY 2018 workable FCC Forms 471

Fall training tentative dates

FY 2019 FCC Form 470 available (incl. Fiber changes)

BPO RFP close date

BPO Contract Award

Rural Healthcare

Telecom: Cure notice sent to 324 FRNs

Telecom: Info request sent to additional 489 FRNs

USAC recommended decision to FCC on 324 & 489 Telecom FRNs (target: end of May/June)

Resolve appeals submitted prior to 8/1/17 and high risk appeals

Review FY18 funding requests (target completion date TBD)

High Cost

2017 HUBB Filing Deadline

CAF 1 Rd 1 & 2 Verifications Complete

CAF 1 Verifications

CAF 2 Verifications

MF 2 Challenge Launch

HUBB Dev & Testing, Alaska MM Dev

HUBB Development CAF 2 Auction, MF 2

481 Modifications Launch

MF 2 Challenge Phase Ends

Response Phase Ends

Adjudication Ends

Legacy 481 State Access, New FCC Orders (RoR & PR / USVI)

Legacy Form Updates, Systems Redesign for FISMA

Lifeline

Continued National Verifier Wave Negotiation and Development

Port Freeze Removal

Tribal Check Tool Released

Enhanced Tribal Benefit Verification Release

Port Freeze Removal Development

Tribal Look-up Tool Development

Enhanced Tribal Benefit Verification Development

Carrier Representative Registry Development *(2019 Expected Implementation)*

EPMO

Initiate LCs and IRB

Complete PIA & Invoice process review

Develop Document Retention Roadmap; and Procurement Roadmap

ERM Framework Assessment

Initiate Document Retention Efforts; Finalize Change Control

Risk Maturity Assessment

Today

6

USAC Operations at a Glance

Briefing book excludes all materials discussed in Executive Session

| 2018 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEPT | OCT | NOV | DEC |

Information Technology

FISMA compliance programs

- HUBB Risk Acceptance
- SLD Legacy Risk Acceptance
- HUBB ATO
- C2T Risk Acceptance
- SLD EPC ATO
- C2T ATO
- NLAD & NV Soft Launch ATO
- NV Hard Launch ATO

209 IT Roadmap & budget development

Finance

2019 Budget development

2019 Budget Refinement

- Commence transfer of funds
- Payments to Treasury begin
- Budget preview with BoD

Cash to Treasury

- Payments from Treasury begin

Annual Financial Statement Audit

- PwC Annual Audit Report

CAO

- RHC Email contacts transferred
- HC Calls transferred
- RHC & SLD Calls transferred

Call Center Implementation

- SLD Spring Training
- SLD Fall Training
- USAC Annual Report

Training strategy development

Knowledge Management Development

Annual Performance

- Mid-year Reviews

Annual Performance

Graduate Recruitment Program

- Pulse Survey
- Engagement Survey

Audit

- Lifeline forensic Audits begin
- Improper Payment Rates released
- PQA testing 2018 completed
- Datacell for IPERIA to FCC

PQA

BCAP 2018 program

BCAP 2019 program

Procurement

- IT IDIQ renewal
- Forensic Audit RFP
- Complete implementation of Procurement 2019 Roadmap
- IT Security accreditation & Monitoring Support
- Mobility fund Verification Contract
- SLD BPO RFP close date
- SLD BPO Award

Today

7

Goals & Objectives

Helping households obtain the voice and broadband connectivity services they need to participate and function in today's digital world.

Goals	Objectives / Outcomes	How USAC will meet the goal
Operational Efficiency	To continuously improve the efficiency and effectiveness of business processes.	• Roll out a USAC wide knowledge management framework • Through governance, establish processes that are simple, fast and efficient
Customer Experience	To strengthen the experience of everyone who participates in our programs.	• Timely and quality resolution of customer issues and concerns to their satisfaction • Resolve and respond to high level highly visible inquires
Program Integrity	To monitor, implement controls and proactively detect opportunity to prevent fraud, waste and abuse.	• Increase the trust of FCC, Public, and Congress in our programs
Mission Critical Performance –Focused Culture	Create an environment where FCC direction and USAC goals are designed and implemented in the best and most timely fashion.	**Programs:** **HC**-MF2 Challenger Launch/CAF 2 Verification / **LL** –NV Hard Launch / **SLD** –Successful completion of E-Rate program improvements & funding commitment / **RHC**- Funding decisions for 2017 & 18 **Enterprise: OGC**- Successful renegotiation of the MOU / **Finance**-Cash to Treasury and annual audit / **IT-** 2018-19 Road Map, FISMA / **IAD**- Forensic Audit & new A123 Enterprise Internal Audit / **EPM-** CAFMAP / **Procurement-** BPO for SLD, 2018-19 Acquisition Plan / **HR**- College / Entry level recruiting plan / **Shared Services-** Implement Call Center
Employee Engagement – (People Manager)	To ensure USAC employees feel a greater commitment to the organization. Ensuring that USAC becomes an employer of choice.	• Improve communication with employees to create a culture of feedback and transparency • Create alignment on enterprise wide performance to ensure performance is rewarded and all staff are held accountable and supported

1

Enterprise Portfolio Management Office Business Update

USAC Board of Directors Meeting
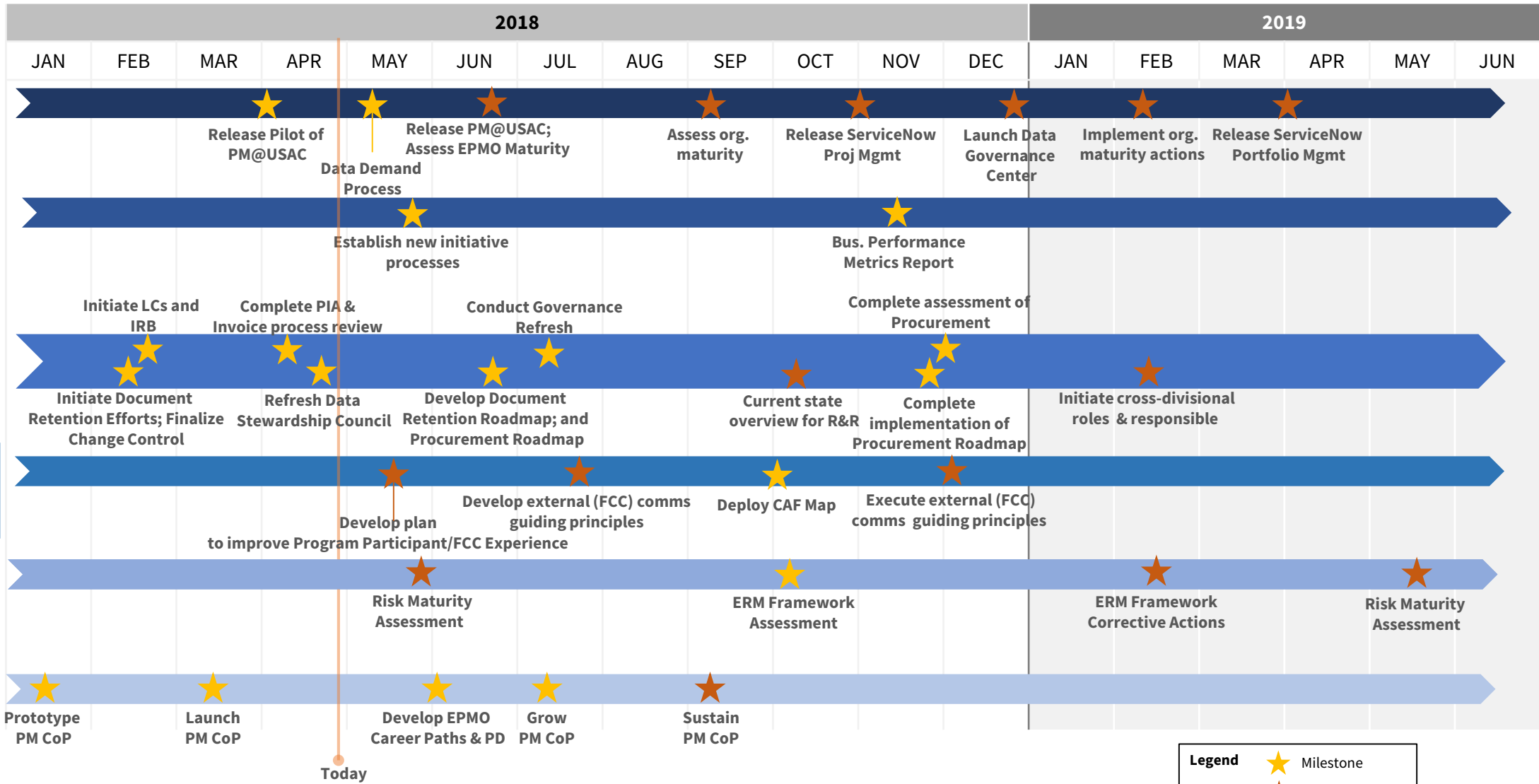
April 24, 2018

Universal Service
Administrative Co.

Agenda: Enterprise Portfolio Management Office (EPMO)

Topic	Description	Purpose	Presenter	Length
Strategic Initiatives & Objectives	Review of major goals & objectives of the EPMO	Informational	Chris	5 min
Business View				
18 Month Roadmap	Overview of EPMO	Informational	Chris	15 min
Accomplishments, Upcoming Milestones	Overview of significant program accomplishments and milestones.	Informational	Chris	5 min

2

Strategic Initiatives & Objectives

Strategic Initiatives	Objectives / Program Outcomes	How EPMO will meet the goal
Execute Mission Critical Performance Goals	Support the Programs and Divisions to instill project, data, risk and change management disciplines to meet USAC's goals.	Lead efforts to improve USAC's organizational maturity, as well as identify and design division projects.
Establish USAC's Approach for New Initiatives	Standardize the process by which we evaluate USAC-wide impact resulting from new initiatives.	Develop consistent management processes and standardized tools to support USAC's timely evaluation and implementation of new orders and initiatives.
Lead Standardization Efforts to Improve Operational Efficiency & Effectiveness	Enhance USAC's business productivity through increased efficiency and effectiveness of both Program and USAC enterprise operational processes.	Establish an integrated governance approach, as well as optimization of systems & processes.
Improve Program Participant/FCC Experience	Facilitate efforts to streamline and simplify the program participant experience, foster Program success, maximize participant experience and to strengthen the FCC relationship.	Enhance collaboration with FCC and Program participants through the Integrated Project Team (IPT) concept.
Implement USAC's Program Integrity Framework	Monitor, report, and implement enhanced controls to assess USAC's effectiveness and Program business value.	Continuously review USAC's enterprise risks to promote a single risk management framework and employ data driven detection to identify fraud, waste & abuse.
Improve Employee Engagement	Enhance individuals through career development and fostering a positive work environment.	Implement action plans, including confirming goals and expectations, delivering regular feedback, and conducting routine individual and team level meetings to exchange information and celebrate successes.

3

EPMO 18 Month Roadmap

A roadmap timeline chart spanning 2018 (JAN–DEC) and 2019 (JAN–JUN) with six swim lanes:

Execute Mission Critical Performance Goals
- Release Pilot of PM@USAC
- Data Demand Process
- Release PM@USAC; Assess EPMO Maturity
- Assess org. maturity
- Release ServiceNow Proj Mgmt
- Launch Data Governance Center
- Implement org. maturity actions
- Release ServiceNow Portfolio Mgmt

Establish USAC's Approach for new Initiatives
- Establish new initiative processes
- Bus. Performance Metrics Report

Lead Standardization Efforts to Improve Operational Efficiency & Effectiveness
- Initiate LCs and IRB
- Complete PIA & Invoice process review
- Conduct Governance Refresh
- Complete assessment of Procurement
- Initiate Document Retention Efforts; Finalize Change Control
- Refresh Data Stewardship Council
- Develop Document Retention Roadmap; and Procurement Roadmap
- Current state overview for R&R
- Complete implementation of Procurement Roadmap
- Initiate cross-divisional roles & responsible

Improve Program Participant/FCC Experience
- Develop plan to improve Program Participant/FCC Experience
- Develop external (FCC) comms guiding principles
- Deploy CAF Map
- Execute external (FCC) comms guiding principles

Implement USAC's Program Integrity Framework
- Risk Maturity Assessment
- ERM Framework Assessment
- ERM Framework Corrective Actions
- Risk Maturity Assessment

Improve Employee Engagement
- Prototype PM CoP
- Launch PM CoP
- Develop EPMO Career Paths & PD
- Grow PM CoP
- Sustain PM CoP

Today (marker at April 2018)

Legend: Milestone (yellow star), Planned (orange/red star)

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EPMO Summary - Accomplishments

During the past quarter, the EPMO Division has made significant process in executing to the plan

Recent Accomplishments

• **Execute Mission Critical Performance Goals**
   • Developed Project Management doctrine (PM @ USAC) and piloting testing efforts, resulting in standard method and tools for managing all USAC projects (3/30).
• **Establish USAC's Approach for New Initiatives**
   • Collaborated with Leadership to develop initial process for the intake of new initiatives (April).
• **Lead Standardization Efforts to Improve Operational Efficiency and Effectiveness**
   • Created and established Leadership Councils (LCs) and Investment Review Board (IRB) – resulting in USAC-wide oversight and decision-making on key projects, investments, and priorities (Feb).
   • Interviewed select Program and Divisional staff to understand their requests for a document management repository, as USAC looks to improve the current document retention technology and process (Feb).
   • Assisting Procurement division to streamline their activities, with the goal to support the 2017 audit findings and improve their internal customer service (Feb).
   • Assisted RHC by forecasting their remaining FY2017 & FY2018 resource demand and SLD by forecasting the processing of FY2018 funding requests (March).
   • Established an enterprise Data Stewards Council (April).
• **Improve Program Participant/FCC Experience**
   • Established Integrated Project Team (IPT) to coordinate USAC and FCC efforts related to CAF Map – resulting in better communication and collaboration (March).
• **Improve Employee Engagement**
   • Reviewed Employee Engagement results for EPMO team and developed action plans (Feb).
   • Prototyped and launched the Project Management Community of Practice (PM CoP) – resulting in a forum for PMs to discuss lessons learned and share best practices (Q1).

EPMO Summary - Upcoming Milestones

During the next quarter, the EPMO Division will plan to execute and move forward with the roadmap

Upcoming Milestones
Execute Mission Critical Performance Goals   - Assess EPMO maturity (June).   - Complete pilot testing of PM @ USAC and begin roll-out of methodology USAC-wide (Q2).   - Streamline the enterprise-wide data request process (Q2).   **Lead Standardization Efforts to Improve Operational Efficiency and Effectiveness**   - Collaborate with Leadership on reviewing the list of document repository applications and develop roadmap (April).   - Develop implementation approach for addressing procurement-related findings from both audit and internal feedback (May).   - Lead development of the supplemental Divisional governance meetings (e.g., Finance, Procurement, EPMO, HR..) (Q2).   **Improve Program Participant/FCC Experience**   - Establish process for Integrated Project Team (IPT) to enable closer working relationship with the (Q2).   **Implement USAC's Program Integrity Framework**   - Conduct an assessment of current USAC risk registers and develop a corporate risk assessment framework May).   **Improve Employee Engagement**   - Continue to build out and establish the PM CoP as value-added community (Q2).   - Partner with HR to review and update EPMO's Career Path and position descriptions – (Q2).

Universal Service Administrative Company
Board of Directors Meeting

INFORMATION ITEM – *Open Session*

Update on USAC's Enterprise Governance

Information Presented:

As USAC grows, further additions to USAC enterprise-wide governance are needed to change the way we currently operate and approve key initiatives and investments, including Program oversight (e.g., E-rate, National Verifier), Federal Information Security M anagement Act (FISMA) oversight, IT investment management, compliance on data architecture, etc. Establishing a formal enterprise governance strategy and structure, and instituting collaborative processes for decision-making, allows USAC to successfully identify, prioritize, and execute work, ensuring successful outcomes are aligned with USAC's mission.

Issue:

The current governance model needs to be enhanced to properly manage the various projects, demands, and challenges, while exercising fiscal responsibility in the disbursements of the Universal Service Fund (USF).

Background:

FCC regulatory directives, day to day operations, and unexpected business needs have increased the need to identify and prioritize existing enterprise-wide initiatives and simplify processes to bring about operational efficiency. USAC will increase its governance capabilities and strengthen controls by providing support, enhanced technology, standardization of processes, and leveraging lessons learned from previous projects.

Accomplishments to Date:

To meet the objectives, the Enterprise Portfolio Management Office (EPMO) worked with Program and Division leaders to collect feedback on how governance operates today and performed external research for best-in-class insights to find methods that could work for USAC. Following this step, a governance roadmap and specific implementation activities were developed, resulting in a number of quick wins:

1. In early Q1 2018, the EPMO led the stand-up of the Leadership Council (LC) and the Investment Review Board (IRB) as the key governance meetings, eliminating the existing Program steering committees, and providing standardization to the topics, participants, decision making, and dissemination of information.
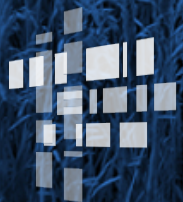
- **Leadership Council (LC)**, owned by the CEO, will serve as the overarching executive body responsible for decision-making and strategic oversight of USAC's priorities, initiatives, and operational performance.
  - The expected outputs of the LC include, but are not limited to:
    - Updated prioritization of Program/USAC initiatives and demands or any resulting resource adjustments required;
    - Action items for Leadership to address, such as barriers or delays to projects/initiatives;
    - Mitigation plans for program and/or project/initiative risks;
    - Approve/reject key non-technology investments;
    - Approve/reject change control requests on projects/initiatives; and
    - Establishment and monitoring of enterprise approach to operations at USAC.
- **Investment Review Board (IRB)**, owned by the CIO, will be the overarching IT executive body responsible for ensuring integrity, accountability, transparency, effectiveness, and sustainability across USAC IT investments in alignment with Program and Division goals.
  - The expected outputs of the IRB include, but are not limited to:
    - Reviewing the status of IT initiatives and contracts;
    - Determining and validating IT priorities;
    - Making executive decisions on high level IT issues/risks and approving mitigation plans; and
    - Approving key technology investments.

2. During 2018 and, going forward, USAC will implement a policy of utilizing Integrated Project Teams (IPT) when projects cross functional lines at USAC and the FCC. The IPT concept will help in meeting project objectives by coordinating the project planning, internal and external communications, and raise awareness of obstacles to Leadership. Members of the IPT would include key staff from USAC, as well as representation from the FCC. All questions, briefings, and updates will go through one point of contact (POC) at USAC and one POC at FCC.
   - The expected outputs of implementing an IPT include, but are not limited to:
     - Improve communications amongst the USAC project team members, and between USAC and the FCC;
     - Speed decision-making to keep the project team on task with minimal delays;
     - Identify project risks and mitigation approaches in a timely manner.

The EPMO team will continue to support improvement of the USAC governance process by reviewing the USAC governance roadmap based on direction and feedback from Leadership, and employing effective change management and adoption activities (e.g., benefits, examples, and communication).

Chief Administrative Office Business Update

USAC Board of Directors Meeting

April 24, 2018

Universal Service
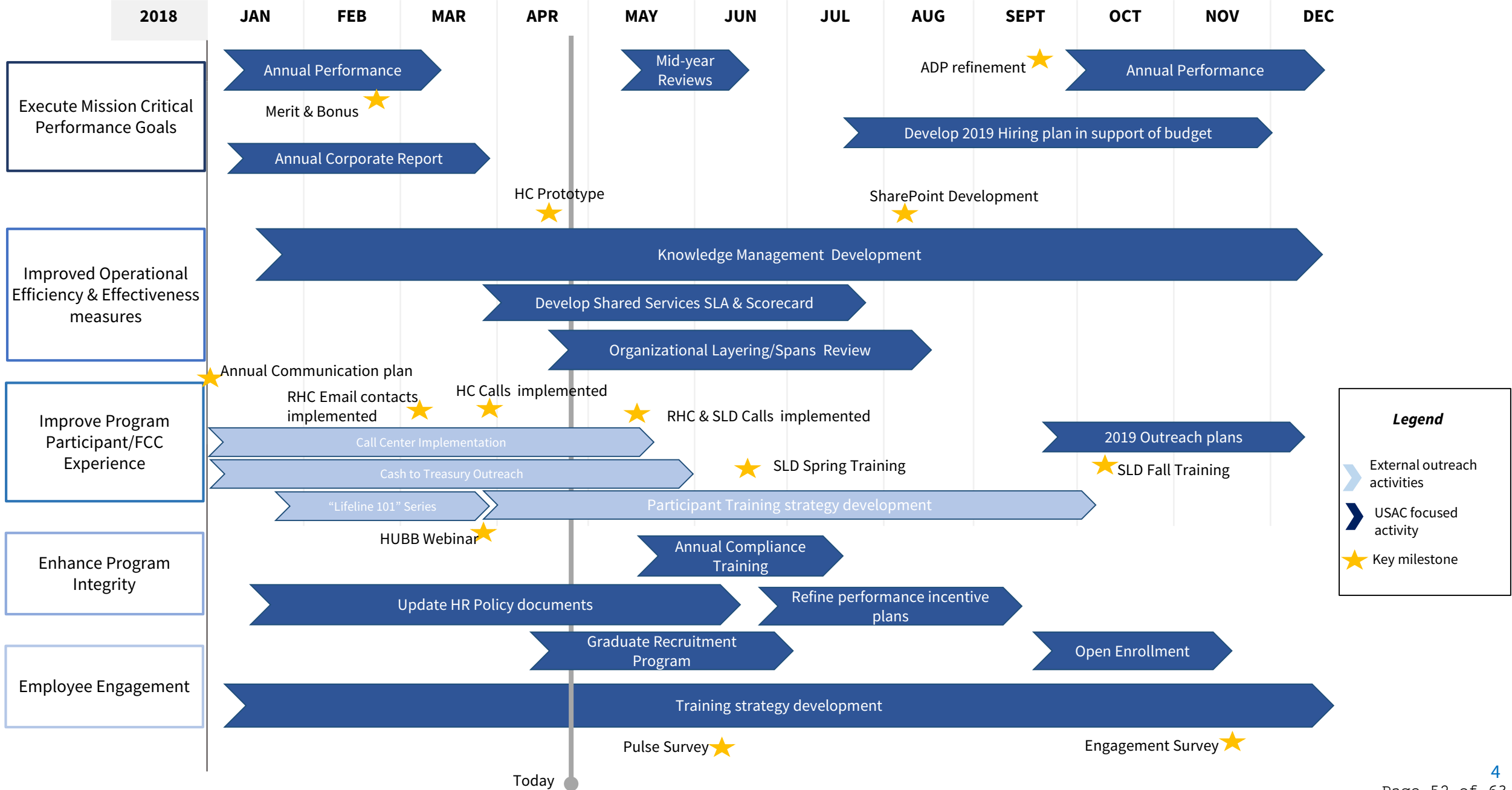Administrative Co.

Agenda: Chief Administrative Office

Topic	Description	Purpose	Presenter	Length
Objectives	Overview	Informational	Mark	5min
Roadmap	Overview	Informational	Mark	10 min
Knowledge Management	Overview of Project	Informational	Mark	5 Min
Call Center Migration	Project Update	Informational	Stephen	5 Min
Q1 Accomplishments & Results	Overview of significant accomplishments and milestones.	Informational	Stephen	5 Min
Training Strategy	Overview	Informational	Stephen	2 min
Next Steps Q2	Focus for the next quarter	Review	Mark	3 min

2

Strategic Initiatives & Objectives

| Strategic Initiatives	Objectives / Program Outcomes	How CAO will meet the goal
Execute Mission Critical Performance Goals	Support USAC to develop a framework and performance management culture through the use of data.	Lead efforts to improve USAC's performance culture through performance review cycle as well as own shared service performance.
Improved Operational Efficiency & Effectiveness measures	Enhance USAC's business productivity through increased efficiency and effectiveness of both Program and USAC enterprise operational processes.	Develop and document all roles & responsibilities, within a redefined strategic level organization structure as part of a documented and standardized Knowledge Management structure.
Improve Program Participant/FCC Experience	Streamline and simplify the stakeholder experience to enable successful participation.	Drive participant training strategy and implementation. Implement standards around outreach and communication through web, webinars, publications and training. Implement and improve USAC's call center strategy and service.
Enhance Program Integrity	Monitor, document, and implement enhanced controls to assess USAC's effectiveness and program business value.	Document, improve and deliver training to USAC and program participants to ensure a full adoption of policies, procedures and rules of engagement as defined within the Knowledge Management structure.
Employee Engagement	Enhance individuals career development and foster a positive work environment.	Implement action plans, within a framework across USAC, conduct focus groups, pulse surveys and ultimately the annual Engagement Survey to measure and drive continuous improvement. Lead USAC's Engagement program.

3

CAO Projects at a Glance

Briefing book excludes all materials discussed in Executive Session

2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC

Execute Mission Critical Performance Goals

- Annual Performance
- Merit & Bonus ★
- Mid-year Reviews
- ADP refinement ★
- Annual Performance
- Develop 2019 Hiring plan in support of budget
- Annual Corporate Report

Improved Operational Efficiency & Effectiveness measures

- HC Prototype ★
- SharePoint Development ★
- Knowledge Management Development
- Develop Shared Services SLA & Scorecard
- Organizational Layering/Spans Review

Improve Program Participant/FCC Experience

- ★ Annual Communication plan
- RHC Email contacts implemented ★
- HC Calls implemented ★
- ★ RHC & SLD Calls implemented
- Call Center Implementation
- 2019 Outreach plans
- Cash to Treasury Outreach
- ★ SLD Spring Training
- ★ SLD Fall Training
- "Lifeline 101" Series
- Participant Training strategy development
- HUBB Webinar ★

Enhance Program Integrity

- Annual Compliance Training
- Update HR Policy documents
- Refine performance incentive plans

Employee Engagement

- Graduate Recruitment Program
- Open Enrollment
- Training strategy development
- Pulse Survey ★
- Engagement Survey ★

Today

Legend
- External outreach activities
- USAC focused activity
- ★ Key milestone

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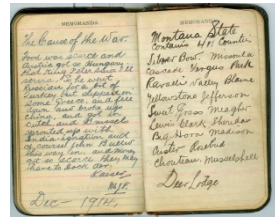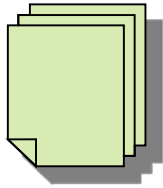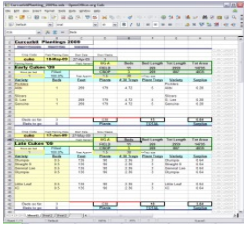
Knowledge Management

Standardize and manage process artifacts using the following taxonomy/hierarchical relationships

1. Program Description (goals, objectives, narrative)
2. Program lifecycle views
3. Program specific policies/sub policies
4. Program specific procedures
5. Compliance controls chart
6. Application systems view
7. Financial compliance
8. Process flows
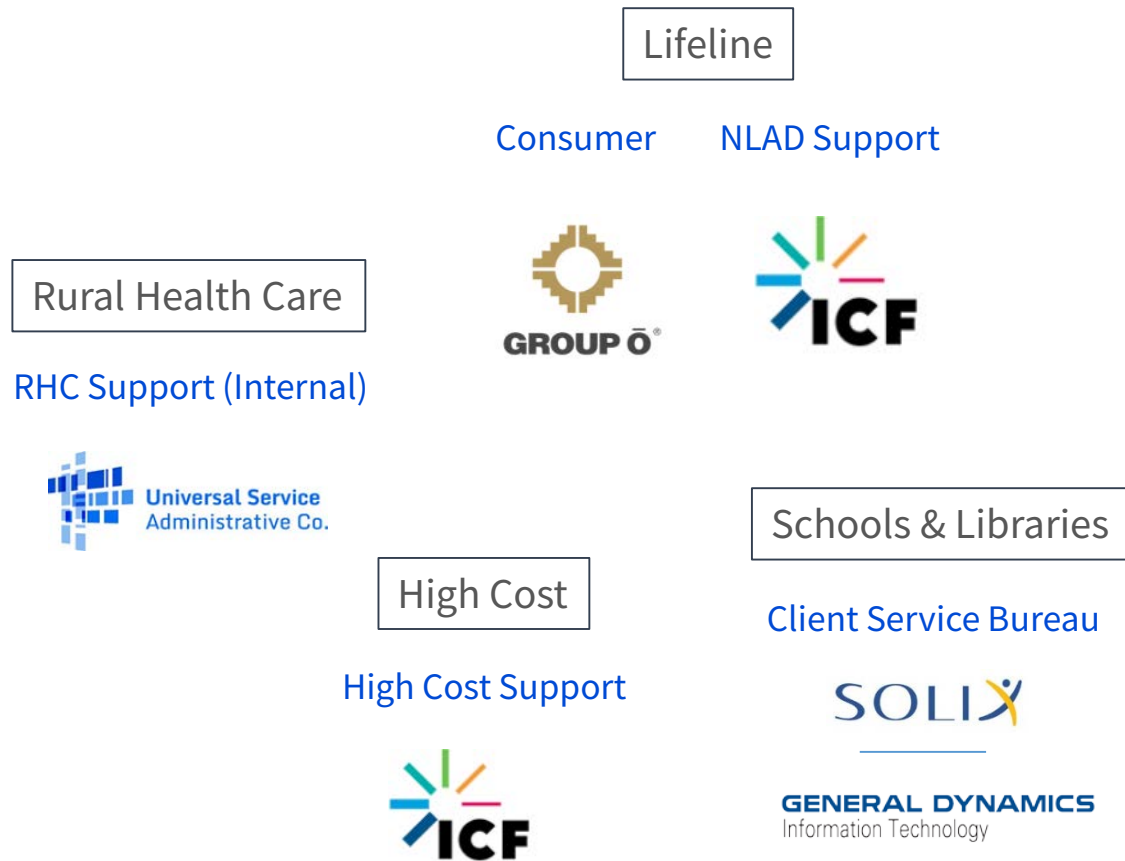9. Program risk register
10. Program roles

Utilize existing SharePoint tools and automation capabilities for more robust use and management

Knowledge Management Project

- Organize collective knowledge and hierarchical relationships

  - Satisfy internal and external stakeholder requirements for training, audit, search, analysis, etc.

  - Enhance governance & integrity of process artifacts (change control, authorization, management)

  - Improve operational efficiencies by making available timely/<u>quality</u> knowledge assets using a central repository

  - Promote wider understanding of connected elements (e.g. workflow and controls mapping)

  - Catalog, manage and monitor the upkeep of knowledge assets with regular reviews

- Phased implementation approach:

  - High Cost is initial prototype; rinse and repeat the process for other USAC Programs – Phase 1

  - Operational units (Audit, Legal, Finance, IT) – Phase 2

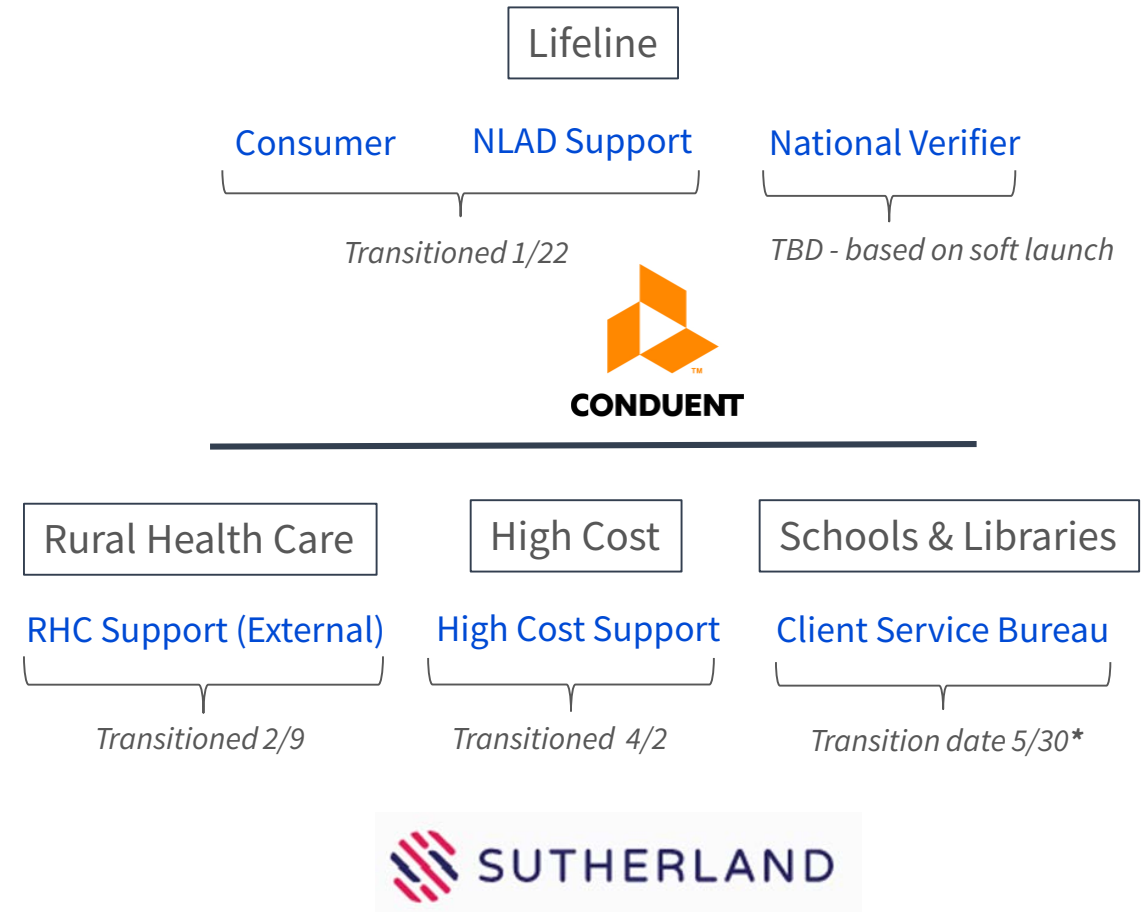 - Business Functions (Procurement, HR, Shared Services) – Phase 3

Call Center Transition

Prior 2017 State

Lifeline

Consumer   NLAD Support

Rural Health Care

RHC Support (Internal)

High Cost

High Cost Support

Schools & Libraries

Client Service Bureau

Note: *Contributors Call Center will remain* internal at USAC.

Planned 2018 State

Lifeline

Consumer   NLAD Support   National Verifier

Transitioned 1/22   *TBD - based on soft launch*

Rural Health Care   High Cost   Schools & Libraries

RHC Support (External)   High Cost Support   Client Service Bureau

Transitioned 2/9   *Transitioned 4/2*   *Transition date 5/30**

* Launch was delayed to complete information technology (IT) security and privacy controls.

Shared Services Scorecard

Briefing book excludes all materials discussed in Executive Session

Q 1- 2018

Call Center Metrics	Target	Lifeline Actual	Lifeline Status	E-rate Actual	E-rate Status	RHC Actual	RHC Status	High Cost Actual	High Cost Status	Finance Actual	Finance Status
Calls Offered	N/A	59,190	✔	17,903	✔	1,716	✔	333	✔	7,110	✔
Calls Handled	N/A	57,383	✔	17,223	✔	1,054	✔	333	✔	6,733	✔
ASA	< 0:30	0:10	✔	0:26	✔	0:12	✔	0:30	✔	0:18	✔
Service Level	85%	75.8%	🚩	81%	🚩	n/a	n/a	80.0%	🚩	n/a	n/a
Abandon Rate	< 3%	3.1%	🚩	3.9%	🚩	9.2%	🚩	0.0%	✔	3.4%	🚩
Average Talk Time	n/a	5:55	n/a	9:15	n/a	3:56	n/a	3:55	n/a	4:33	n/a
Training/Webinars		3		0		3		1		5	
Conference Calls		6		16		3		0		0	
Newsletters/Emails		37		15		3		15		4	
Web updates		318		74		203		56		157	

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Shared Services Communications Update

Q1 - Key Accomplishments

Enterprise

- Completed & delivered 2017 annual report.
- Delivered Cash to Treasury (C2T) communication plan to include new Schools and Library disbursement schedule.
- Completed C2T Video tutorials.

Outreach Initiatives

- Revisited National Verifier communication strategy due to soft launch delays.
- Completed HUBB filling outreach with carriers to ensure milestone compliance(100% of the CAF II Carriers filed and 98% of all carriers filed).
- Delivered MF II Challenge Process communications including, launch email and direct communication to key wireless industry trade groups.
- Reinforced RHC FY 2017 Funding Commitment Letter (FCL) distribution through targeted communications and online updates that provided explanation of FCL.
- Completed multiple outreaches to applicants through Schools and Libraries FY2018 filing window application process, including tips for completing FCC Forms 470 and 471.

Webinars

- Conducted Lifeline Service Provider 101 series webinars in February & March - 839 total attendees (84% of participants reported feeling more prepared to participate).
- Delivered HUBB Filing and MF II Challenge launch webinars.
- Conducted RHC FY 2017 FCL webinars.

Training
- Submitted 2018 SLD Training Plan to FCC for review and approval.
- Scheduled the June 2018 SLD Service Provider onsite training working with event planning firm Perfection Events.

Shared Service Program Participant Training Strategy

Approach in 2018 and Beyond

The Shared Services Training Team focusses on an enterprise-level approach to moving toward a standardized (i.e., ONE USAC), feedback-based, cost effective, and high impact enterprise training program. The overarching mission of team's efforts focuses on a set of **four core capabilities**:

Business Alignment

- Training objectives across all programs will be aligned uniformly to the demonstrable needs of program participants and the needs of the business. (reducing filing errors)

Quantifiable Feedback

- Insights provided directly by program participants on USAC training through quantifiable feedback will be the principle driver in measuring success.

Competency and Curriculum Management

- USAC will ensure program participants are provided with the most effective learning paths based on levels of expertise, learning objectives, and optimal delivery methods.

Measurable Progress

- USAC will continuously track and monitor trainee feedback, gleaning insights into training efficacy trends and targeting areas where further development or corrective action is warranted; again, homogenized input across programs will allow for an aggregate comparative view of the enterprise.

Operationally, beyond strategy the training team will continue to:

- **Manage vendors:** ensure best in class training vendors and services are rendered, costs are managed effectively, and delivery schedules remain in compliance.
- **Perform continual assessment of utilized technology:** repeatedly evaluate enterprise training tools (e.g., webinar platforms) and make changes as needed.
- **Maintain effective stewardship of Universal Service Funds:** ensure every dollar used for USAC's training is spent sensibly, maximizing value to service ratios.

CAO Upcoming Events

Q2 - Next Steps

Internal
- Complete mid year review process.
- Complete HR Policy Reviews.
- Complete Job Description inventories & begin Org structure review.
- Resource the Knowledge Management Program and begin SharePoint workflow development.
- Complete annual internal compliance training.
- Conduct Pulse employee survey.
- Rollout graduate and intern recruitment programs.

Outreach
- Preparing for National Verifier launch with outreach and training for first wave service providers and state partners.
- Developing outreach campaign including web resources, webinar content and targeted emails around Lifeline launch of Universal Forms.
- Continue supporting Mobility Fund II Challenge process through conducting webinars and targeted emails.
- Conduct outreach for CAF verification process by developing online resource pages and targeted contact with service providers.
- Conduct RHC 101 webinars and update web content to help new applicants navigate the application process.
- Complete Cash to Treasury communication plan .

Call Centers
- Migrate the remainder of RHC call center activities.
- Rollout the SLD Call Center.
- Finalize shared Service SLA's and Performance Metrics.

Training
- Deliver the Service Provider training and continue working with Perfection Events to scheduled the full year's worth of instructor led trainings for applicants.

Universal Service Administrative Company
Board of Directors Meeting

INFORMATION ITEM

Update on Knowledge Management Program

Information Presented:

USAC management is providing an update to the USAC Board of Directors (Board) on its activities related to the Knowledge Management (KM) program with emphasis on organizing USAC collective knowledge as well as aligning the knowledge, content, and training with USAC internal organizations and external entities.

Background:

Although USAC consists of different functional specialties organized into vertically structured departments, it is also important to note the horizontal processes interconnecting these functions. All staff at USAC participate in improving processes, products, services, and the culture in which they work with a focus on process thinking. A well-integrated KM program helps everyone understand the vision and mission, as well as the policies, value chains, application systems view, risk register, process flows, and program roles.

The intent the KM program is to increase operational efficiencies within USAC by enabling knowledge transfer in an intuitive fashion within and across USAC. USAC's KM is a central program, process, team and application environment that will align the knowledge, content, and training required by the USAC Programs (High Cost, Lifeline, Rural Health Care, Schools and Libraries), Operational Units (Audit, Office of General Counsel, Finance, IT), and Business Functions (Procurement, Human Resources, Shared Services).

Discussion:

USAC's KM program priorities are aligned with enterprise goals, KM problems and issues impacting those goals, and the solutions to solve them. This includes content management strategy, knowledge base development, knowledge audits, governance, taxonomy development, SharePoint optimization and standardization, governance planning, usage reports, templates, best practices and KM associated training.

As we progress along the maturity curve, further refinement of the processes are needed to change the way we currently operate. Establishing a formal KM program and structure and instituting intuitive and collaborative processes for making decisions will help empower staff and help make them accountable.

With the increase of complexity and focus on reducing errors, there is a heightened need to enhance the governance and integrity of process artifacts and to improve operational efficiencies by making available timely, quality, and intuitive knowledge assets using a central repository. USAC is in the process of prototyping the KM project and developing taxonomies that will enable us to get a complete pulse of standardized process artifact repository to support FCC initiatives (intake to launch), operations & maintenance (including compliance monitoring) and to reduce fraud waste and abuse activities. This provides USAC management with the leverage to improve operational oversight, decision making, onboarding & reassignment, artifact visibility, identification and resolution of process gaps, and enforcement of process standards, metadata, discovery, and retrieval of knowledge artifacts.

Knowledge Management Typical Program (Table of Contents)

Standardize and manage process artifacts using the following taxonomy/hierarchical relationships:

1. Program description (goals, objectives, narrative)
2. Program specific policies/sub policies
3. Program lifecycle views (aka value chains)
4. Application systems view
5. Program risk register
6. Process flows
    a. Compliance controls chart
    b. Program specific procedures and job aids
    c. Financial compliance
7. Program roles

In support of this effort, USAC embarked on a proof of concept, performing content inventory and audit, identifying opportunities for standardizing, and finalizing taxonomy along with workflow notifications and training requirements. The program is designed to improve USAC's user experience by establishing consistent lines of communication using unique taxonomy and naming structures. The capability to visibly organize collective knowledge and demonstrate governance and integrity is central in the development of the KM program.

Universal Service Administrative Company
USAC Board Meeting

INFORMATION ITEM

Update on Call Center Transition

Information Presented:

USAC management is providing an update to the USAC Board of Directors (Board) on activities related to the transition of call center services for Rural Health Care, High Cost and Schools and Libraries to the new call center vendor, Sutherland Global Solutions (Sutherland).

In past years, USAC's call center model has been to set up separate call centers for the Schools and Libraries, High Cost and Rural Health Care programs, requiring USAC to manage separate vendors and contracts for the different programs. The resulting differences in cost structures, processes, analytical capabilities, and management limit USAC's ability to draw on resources during call center volume spikes (e.g., during the E-rate application filing window period) and to provide uniform, high-quality customer support services across the enterprise.

To leverage the economies of scale, balance workload, improve performance and take advantage of price declines, USAC issued a request for proposals (RFP) for call center services in the summer of 2017 to consolidate its call center services for these three programs. The RFP process culminated with the selection and approval of Sutherland by the Board on October 24, 2017. A contract was finalized with Sutherland on December 14, 2017. It is anticipated that the contract will deliver more sophisticated capabilities and reduce costs by approximately 60% (from >$4 million to <$2 million overall annual spend).

In 2018, USAC has been working to consolidate its call center support services to improve program efficacy, cost-effectiveness, and ultimately the user experience for program participants. This change will allow for the introduction of a transaction-based model, streamline operations, enhance USAC's customer support offerings, and increase flexibility.

Discussion:

During the kick-off meeting in December 2017 between the Sutherland management team and USAC representatives, participants reviewed and finalized the transition plan, confirmed the timeline to complete in early April 2018, and established a governance structure, lines of communication and defined points of contact. The joint project team currently meets at least weekly to assess progress and review open action items and any associated risks.

USAC and Sutherland's technology team have been working closely together to refine requirements, validate processes, test systems, and ensure a stable environment for the transition of call center services to Sutherland. The team has been responsible for all activities related to technology implementation, including the transition of the agent knowledge base, building and testing an Interactive Voice Response (IVR) system, creating a call flow, and building out Sutherland's customer relationship management (CRM) system to include proper documentation.

Additionally, the team has been working to ensure Sutherland has the proper information technology (IT) security and privacy controls in place to support their systems and USAC/FCC data. To ensure this, working closely with Sutherland, a plan was put in place to satisfy Federal Information Security Management Act (FISMA)/National Institute of Standards and Technology (NIST) requirements by May 28, 2018.

As part of the transition plan, Program-specific key performance indictors (KPIs), reporting and quality assurance standards and processes are being developed for all aspects of the call center operation, including agent performance and call monitoring. USAC has been working with Sutherland to develop and implement proper contact monitoring guidelines for phone, email and web inquiries. USAC will conduct daily calibration sessions at the launch of each program to ensure proper quality assurance. When USAC deems appropriate, frequency for the call/web inquiries calibration sessions will be changed to a weekly basis.

The team is also working on developing the training documents started in December with Sutherland using USAC as the subject matter expert for each program. New hire training has been a combination of classroom training, call monitoring, role plays, hands-on instructions of all systems, and soft skills training. All Sutherland personnel will be required to pass knowledge and skills evaluations before graduating from new hire training.

Transition timelines have been implemented based on hand-offs from existing vendors/contracts, key program activities such as filing windows, and time spent ensuring IT security standards are met. USAC transitioned the Rural Health Care help desk to Sutherland in February of 2018, and launched the High Cost calls and help desk in April of 2018. Work continues on transitioning the Schools and Libraries call center, which is scheduled to start training at the beginning of May and fully convert to Sutherland by the end of May.