



# Board of Directors

## Briefing Book

Tuesday, July 24, 2018

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

Universal Service Administrative Company Offices

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

**Universal Service Administrative Company  
Board of Directors Quarterly Meeting  
Agenda**

**Tuesday, July 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**

<b>OPEN SESSION</b>	<b>Presenter</b>	<i><b>Estimated Duration in Minutes</b></i>
<b>1. Board Approvals</b>		
A. Consent Items <ol style="list-style-type: none"> <li>1. Board of Directors Meeting Minutes of April 24, 2018.</li> <li>2. Approval of Moving all Executive Session Items to Executive Session</li> </ol> B. Approval of USAC Common and Consolidated 4th Quarter 2018 Budgets for the August 2, 2018 FCC Filing	Chair  Ernesto  Charlie	10
2. Reports from the Committee Chairs Audit Committee; Executive Committee; Executive Compensation Committee; High Cost & Low Income Committee; Rural Health Care Committee; Schools & Libraries Committee	Geoff, Joel, Joe, Kathy, Dan	15
<b>3. Enterprise Business Update</b>		
A. CEO Business Update <ul style="list-style-type: none"> <li>• Action Items from January</li> <li>• Reorganization</li> <li>• 2018 USAC Deliverables – USAC at a Glance</li> <li>• CEO Roundtable Update</li> </ul>	Radha	20
B. Enterprise Portfolio Management Office (EPMO) Business Update	Chris	35
C. Shared Service Call Center Business Update	Stephen	15
D. Information Technology Business Update <ol style="list-style-type: none"> <li>1. IT Business Update</li> </ol>	Bob	20
E. Finance Reports <ol style="list-style-type: none"> <li>1. Information Cash to Treasury and Treasury Offset Program</li> </ol>	Charlie	10
<b><i>Estimated Break Time: 10:30–10:45 p.m. Eastern Time</i></b>		<b><i>15</i></b>

<b>EXECUTIVE SESSION</b> <i>Confidential – Executive Session Recommended</i>	<b>Presenter</b>	<i>Estimated Duration in Minutes</i>
3. Enterprise Business Update ( <i>Continued</i> )		
F. Information Technology Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• FISMA Roadmap</li> <li>• IT Budget and Actuals by Program/Division</li> </ul>	Bob	10
G. EMPO – Human Resources Business Update	Chris/Melody	10
H. Finance Reports ( <i>Continued</i> ) <ol style="list-style-type: none"> <li>1. Information on Contribution Factor</li> <li>2. Budget Execution Status</li> </ol>	Charlie	25
I. Internal Audit Reports <ol style="list-style-type: none"> <li>1. Acceptance of USAC’s 2017 Annual Financial Audit and Agreed-Upon Procedures Review.</li> <li>2. Information on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports</li> </ol>	Wayne Scott Jen Crowe	20 10
<b>Lunch</b>		60
J. Procurement Reports <ol style="list-style-type: none"> <li>1. Procurement Business Update</li> <li>2. USAC’s Second Quarter 2018 Procurement Report</li> <li>3. Information on Schools &amp; Libraries Division Business Process Outsourcing (BPO) Procurement</li> </ol>	Craig	20
<b>4. Board Approvals</b>		
A. Procurements <ol style="list-style-type: none"> <li>1. Consideration of Contract Increase for Iron Bow Technologies Cisco WebEx Conferencing Services Agreement</li> <li>2. Consideration of Contract Award for E-Gov / Digital Government Standards IT Assessment</li> </ol>	Craig	15
B. Approval of Revised Executive Compensation Committee Charter.	Ernesto	15
5 Discussion of FCC-USAC Executive Committee Quarterly Meeting (Post Lunch) <ol style="list-style-type: none"> <li>A. USAC Ethics Program</li> <li>B. Discussion of FCC-USAC Memorandum of Understanding</li> <li>C. Data Act</li> </ol>	Larry Radha Radha	25

### **Next USAC Board of Directors Meeting**

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

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

**BOARD OF DIRECTORS MEETING**  
**Tuesday, April 23, 2018**

**(DRAFT) MINUTES<sup>1</sup>**

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, April 23, 2018. Mr. Joel Lubin, 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	Kinser, Cynthia
Buzacott, Alan	Lubin, Joel –Chair
Choroser, Beth	Mason, Ken – Treasurer
Domenech, Dr. Dan	Sekar, Radha – Chief Executive Officer
Feiss, Geoff	Tinic, Atilla
Gerst, Matthew	Wade, Dr. Joan
Gillan, Joe – Vice Chair	Wein, Olivia
Hernandez, Dr. Mike - – <i>by telephone</i>	Wibberly, Dr. Kathy
Jacobs, Ellis - Secretary	

Members of the Board not present:

Fontana, Brent  
Freeman, Sarah

Officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel and Assistant Secretary  
Beyerhelm Chris – Vice President of Enterprise Portfolio Management  
Davis, Craig – Vice President of Procurement and Sourcing Strategy  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Lifeline  
Holstein, Bob – Vice President and Chief Information Officer  
Salvator, Charles – Vice President of Finance, Chief Financial Officer and  
Assistant Treasurer  
Scott, Wayne – Vice President of Internal Audit  
Sweeney, Mark – Chief Administrative Officer

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<sup>1</sup> 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:

<u>NAME</u>	<u>COMPANY</u>
Ayer, Catriona	USAC
Benton, Brittany	USAC
Brisé, Ronald	Gunster
Buenger, Tony	USAC
Butler, Stephen	USAC
Carpenter, Nikki-Blair	USAC
Chu, Josey	USAC
Crowe, Jennifer	USAC
Daniels, Joel	USAC
Delmar, Teleshia	USAC
Fischer, Dennis	USAC
Francisco, Dale	USAC
Goode, Vernell	USAC
Gustafson, Jaymie	USAC
Haus, Allen	Avitecture
Hughet, Pamela	USAC
King, Lauren	USAC
Little, Chris	USAC
Lutz, Kevin	USAC
Marjani, Regina	USAC
Mitchell, Tamika	USAC
Nuzzo, Patsy	USAC
Parmentier, Peter	USAC
Royal, Felicia	USAC
Schrieber, Johnnay	USAC
Sequin, Eric	Solix, Inc.
Subramanian, Nathan	USAC
Talbott, Dr. Brian	Dimensional Learning Solutions
Terry, Jaia	USAC
Theobald, Fred	USAC
Tomlin, Nicole	USAC

## OPEN SESSION

All materials from Open Session can be found on the [USAC website](#).

### 1. Board Approvals

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

**A1.** Approval of Board meeting minutes of January 5, 2018, January 30, 2018, March 12, 2018, and March 20, 2018.

**A2. Approval of Moving all Executive Session Items to Executive Session.****(1) 4. Enterprise Business Update (Continued).****4A. Finance Report.**

- **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*.
- **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*.
- **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*.
- **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*.

**4B.** Human Resources Report. USAC management recommends that this report be discussed in *Executive Session* because it involves *internal personnel matters*.

**4C. Information Technology Report.**

- **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*.
- **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*.

**4D.** Procurement Report. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.

**4E.** 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.

5A. Procurements.

- 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.*
- 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.*
- 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.*
- 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.*

5B. 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. – USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters.*

A3. 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.

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 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.

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

**2. 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 January 2018 quarterly meetings. Mr. Feiss reported for the Audit Committee; Dr. Wibberly reported for the Rural Health Care Committee; Dr. Domenech reported for the Schools and Libraries Committee; Mr. Gillan reported for the High Cost & Low Income Committee; and Mr. Lubin reported for the Executive Committee.

**3. Enterprise Business Update.**

**3A. CEO Report.** Ms. Radha Sekar presented the following to the Board:

1. Action Items from January
2. Reorganization
3. 2018 USAC Deliverables – USAC at a Glance

**3B. Enterprise Portfolio Management Office Report.** Mr. Beyerhelm provided the Board with an update on the following topics:

1. EMPO Business Update
2. Establishing Enterprise Governance at USAC

**3C. Chief Administrative Officer Report.** Mr. Sweeney and Mr. Butler provided an update on the following topics:

1. CAO Business Update
2. Update on Knowledge Management Program
3. Update on Call Center Transition

At 10:10 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. The Board then recessed and reconvened at 10:21 a.m. Eastern Time.

**EXECUTIVE SESSION**

**4. Enterprise Business Update (Continued).**

**4A. Finance Report.** Mr. Salvator presented the following topics to the Board for discussion.

1. Information on Transfer of Cash to Treasury
2. Information USAC Common Budget Methodology
3. Information on Contribution Factor
4. Information on Cash Balances

**4B. Human Resources Update Report.** Ms. Mitchell presented this item to the Board, providing updates on Human Resource projects scheduled through 2018, and update on the Engagement Survey and associated action plans.

Items 4D and 5A 1-4 were presented next, while items 4C and 4E were presented when the Board returned from lunch.

**4C. Information Technology (IT) Report.**

1. **IT Business Update.** Mr. Daniels provided an update that included an overview IT's goals and objectives, budget, roadmaps and deliverable for 2018, accomplishments, and challenges, risks and mitigation.
2. **USAC Information Security Update.** Mr. Buenger provided the Board with an update on nine action items in support of USAC working towards FISMA accreditations.

**4D. Procurement Report.** Mr. Davis provided an update on the goals and objectives for the Procurement team. He provided an 18 month overview of projects, outlined accomplishments, discussed risk mitigation and the focus for next quarter. Mr. Davis also outline status on major contracts by Program, and provided an update on current status.

- 1. Procurement Business Update.**
- 2. First Quarter 2018 Procurement Report in Appendices.**

**4E. Internal Audit Reports.**

- 1. Information on Three USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports** Ms. Crow responded to questions from the Board.

**5. Board Approvals.**

**5A. Procurements.** Mr. Davis presented these items to the Board for consideration and responded to questions.

- 1. Consideration of Contract Award for Enterprise Database Licensing.**

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 SHI for a three-year EnterpriseDB Enterprise License Agreement (ELA) that covers software licenses, maintenance, and support, for a firm fixed price of \$1,809,046 (plus applicable taxes).

- 2. Consideration of Contract Award for A Red Hat for Linux Enterprise License Agreement.**

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 VCloudTech for a three-year Red Hat Enterprise License Agreement (ELA) that covers software licenses and support for a firm fixed price of \$1,105,808 (plus applicable taxes).

- 3. Consideration of Contract Award for Dell/EMC Transformational License Agreement.**

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 Dell/EMC Transformational License Agreement (TLA) that covers software licenses and software support for USAC's data storage devices for a firm fixed price of \$1,624,674 (plus applicable taxes).

**4. Consideration of Contract Award for Microsoft Enterprise Agreement.**

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 Microsoft for a three-year Microsoft Enterprise Agreement (EA) for software licenses and support for a total price of \$1,624,783 (plus applicable taxes).

At 11:50 a.m. Eastern Time, the Board recessed for lunch and reconvened in Executive Session at 1:20 p.m. Eastern Time.

**5B. Approval of Procedure for Handling Appeals Concerning Contribution and Data Collection.** Mr. Beckford presented this item for consideration by the Board.

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 procedures proposed by USAC management for the adjudication of appeals of USAC decisions relating to contributions and data collection.

At 2:09 p.m., the meeting continued in Executive Session with only members of the Board present.

**7. Personnel Matter and Discussion of FCC-USAC Executive Committee Quarterly Meeting (Post Lunch).** Ms. Sekar presented the following items for discussion:

- CEO Roundtable
- Staffing
- Compensation

**OPEN SESSION**

At 2:53 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 5A1 – 5A4 and 5B and discussed items 4A – 4E and item 7.

On a motion duly made and seconded, the Board adjourned at 2:53 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

## 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 April 24, 2018 (*see Attachment A*).
- B. Approval for discussing in *Executive Session* agenda items:
  - (1) **3** – Enterprise Business Update Continued.
    - **F.** Information Technology Report. USAC management recommends that this report be discussed in *Executive Session* because it relates to *specific internal controls* and USAC's *procurement strategy and contract administration*.
    - **G.** EPMO – Human Resources Report. USAC management recommends that this report be discussed in *Executive Session* because it involves *internal personnel matters*.
    - **H.** Finance Report.
      - 1. Information on Contribution Factor. USAC management recommends that this matter 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.*
      - 2. Budget Execution Status. USAC management recommends that this report be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
    - **I.** Internal Audit Reports.
      - 1. Information on USAC's 2017 Annual Financial Audit and Agreed-Upon Procedures Review. USAC management recommends that this matter be discussed in *Executive Session* because this report includes *confidential company data. 47 C.F.R. § 54.711(b)*

*requires USAC to keep all data obtained from contributors confidential.*

- 2. Information on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends this item be discussed in *Executive Session* because the reports 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.*
- J. Procurement Report.
  - 1. Procurement Business Update. USAC management recommends that discussion of this item includes personnel matters and therefore should occur in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*
  - 2. Second Quarter 2018 Procurement Report. USAC management recommends that discussion of this item includes personnel matters and therefore should occur in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*
  - 3. Update on Schools & Libraries BPO Acquisition. USAC management recommends that discussion of this item includes personnel matters and therefore should occur in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*
- (2) 4 – Board Approvals.
  - A. Procurements.
    - 1. Consideration of a Contract Award for WebEx Services. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration.*
    - 2. Consideration of a Contract Award for E-Gov/Digital Government Standards. USAC management recommends this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration.*
  - B. Approval of Revised Executive Compensation Committee Charter. USAC management recommends this item be discussed in *Executive Session* because it because it involves *internal personnel matters.* In addition, as set forth in Section D of the Committee Charter, Committee business shall be conducted in *Executive Session.*

- (3) **5.** 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 and may also involve matters relating to USAC’s procurement strategy and contract administration, and matters subject to the attorney-client privilege.*

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 RESOLUTION:

**RESOLVED**, that the USAC Board of Directors hereby approves:  
(1) the Board meeting minutes of April 24, 2018; and (2) discussion in *Executive Session* of the items noted above.

## Universal Service Administrative Company Board of Directors Meeting

<b>ACTION ITEM</b>
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### Approval of USAC Common and Consolidated 4th Quarter 2018 Budgets for the August 2, 2018 FCC Filing

#### **Action Requested:**

The USAC Board of Directors (Board) is requested to approve the 4th Quarter 2018 (4Q2018) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's August 2, 2018 quarterly filing.

#### **Discussion:**

The 4Q2018 USAC common budget totals \$24.23 million. Details are provided in the table below.

<i>(in millions)</i>	<b>YTD Actuals as of 6/30/18</b>	<b>3Q2018 Budget</b>	<b>4Q2018 Budget</b>
<b>Common Costs</b>			
Employee Expenses (see Note 1)	\$25.21	\$13.76	\$14.16
Professional Services (see Note 2)	7.60	4.65	4.89
Overhead (see Note 3)	11.16	5.92	5.02
Capital Costs (see Note 4)	0.66	1.42	0.16
<b>Total Common Costs</b>	<b>\$44.63</b>	<b>\$25.75</b>	<b>\$24.23</b>

**Note 1:** Employee expenses for 320 FTEs as of 6/30/2018 versus 355 FTEs budgeted.

**Note 2:** Professional Services includes contract labor, external audits, IT security, IT consulting and system/software support, and outside counsel.

**Note 3:** Overhead costs include computer support maintenance agreements, printing, postage, meetings, and conferences.

**Note 4:** 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 4Q2018 USAC consolidated budget totals \$52.77 million, which includes \$28.54 million of direct program costs and \$24.23 million in common indirect costs.

<i>(in millions)</i>	<b>4Q2018 Direct Program Budget</b> (see Note 5)	<b>4Q2018 Common Budget</b> (see Note 6)	<b>4Q2018 Consolidated Budget</b> (see Note 7)
High Cost	\$3.09	\$8.26	\$11.35
Lifeline	7.81	4.50	12.31
Rural Health Care	1.67	1.23	2.90
Schools & Libraries	15.97	10.24	26.21
<b>Total</b>	<b>\$28.54</b>	<b>\$24.23</b>	<b>\$52.77</b>

**Note 5:** Total direct program budgets totaling \$28.54 million were approved by the USAC Programmatic Committees in the Programmatic Committee meetings on July 23, 2018.

**Note 6:** Common budget of \$24.23 million to be approved by the Board.

**Note 7:** Consolidated budget of \$52.77 million to be approved by the Board.

**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 4th Quarter 2018 common budget of \$24.23 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$24.23 million for common costs in the required August 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 4th Quarter 2018 consolidated budget of \$52.77 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$52.77 million for consolidated costs in the required August 2, 2018 filing to the FCC on behalf of the USAC Board of Directors.



# CEO Business Update

## USAC Board of Directors Meeting

### July 24, 2018



Universal Service  
Administrative Co.

# Agenda

Topic	Description	Purpose	Presenter	Length
Action Items	Action Items From April quarterly Board and Committee meetings	Informational	Radha	5 min
Goals and Objectives	Review of major corporate goals & objectives	Informational	-	-
Reorganization	Review of the organization of USAC and intended impact	Informational	Radha	2 min
2018 USAC Deliverables	USAC at a glance	Informational	Radha	5 min
CEO Roundtable	Status update	Informational	Radha	8 min

# Action Items from April 2018 Meetings

Action items and updates from the previous Board and Committee meetings

Item	Purpose	Status
<b>Specific Content Requested</b>		
Send audit reports in advance	Allow Board additional time to read lengthily reports.	Audit reports are now being distributed monthly as the reports are final. Audit reports where the beneficiary/filer disagreed with a finding were added to briefing books in BoardEffect for the Board/Committee meetings.
Additional discussion on the audit survey results	Better understand beneficiaries responses to the audits	See Audit Business Update.
Audit chart showing frequency of findings should also show the percentage of findings	Increase clarity of the report	See Audit Business Update.
Requested number of schools that do not apply for E-rate and the number of fiber requests for urban vs rural schools	Better understanding of applicant requests and participation in program	See Schools and Libraries Update. Provided Urban/Rural Breakdown and Special Contraction vs Self-Provisioned Funding Requests and Charter vs Private School Fiber Participation.
Requested root cause of fiber denials and the percentage that were special constructions vs self provisioning	Understand the common thread of fiber application denials/cancellations	See Schools and Libraries Update.
Should USAC have told RHC applicants that the level of scrutiny changed ?	Clarity for stakeholders	Documents to be discussed in Rural Health Care Update.

# Action Items from April 2018 Meetings

Action items and updates from the previous Board and Committee meetings

Item	Purpose	Status
<b>Changes/Modifications Requested</b>		
Lifeline National Verifier (NV) – How many days do carriers have before NV goes live?	Clarity for states and service providers	Soft launch went live on June 18. Although USAC was unable to notify service providers or states, a part of the soft launch timeframe allows them to test and prepare prior to the hard launch, when it will be required that service providers us NV as it is available.
Cash to Treasury	Provide Board with update and materials that they can share with stakeholders	Emails were distributed on April 30 and May 2 that provided updated content and dates that the materials could be shared. Also see Cash to Treasury Update.
Implementation of Data Strategy	Provide an update on Data Governance and Open Data	See EPMO Update.
Planning the annual report earlier	Allow time for input from Board on the annual report	Project plan to will be shared with the Board at the October quarterly meetings.
Updating contact information in USAC systems	Create an access database and work with key stakeholders to identify both the primary and business points of contact	Under review.
Call Center launch, reporting and tracking	Ensure a smooth transition for stakeholders and identify a way to measure satisfaction rates as well as number of calls escalated above Tier 1 or 2	See Shared Service Call Center Update.

# Action Items from April 2018 Meetings

Action items and updates from the previous Board and Committee meetings

Item	Purpose	Status
<b>Changes/Modifications Requested</b>		
Role of Board / Participation at Board and Committee meetings	<ul style="list-style-type: none"> <li>• Have sections of the Board meetings where we have a dialogue about issues</li> <li>• Incorporate stakeholder feedback for major system modifications and testing</li> </ul>	<ul style="list-style-type: none"> <li>• Beth and Joel provided input on the summary review to assist in transparency of procurements. Implemented at the May 30, 2018 High Cost and Low Income non-quarterly meeting.</li> <li>• For the FCC Form 470 drop down window – conducted focus groups to collect feedback from stakeholders – participants included members of CenturyLink, University System of Georgia, E-rate ProfitWerks, and CSM Consulting.</li> </ul>
USAC Applications	Identify USAC applications, costs and problem areas	Will provide update in October.

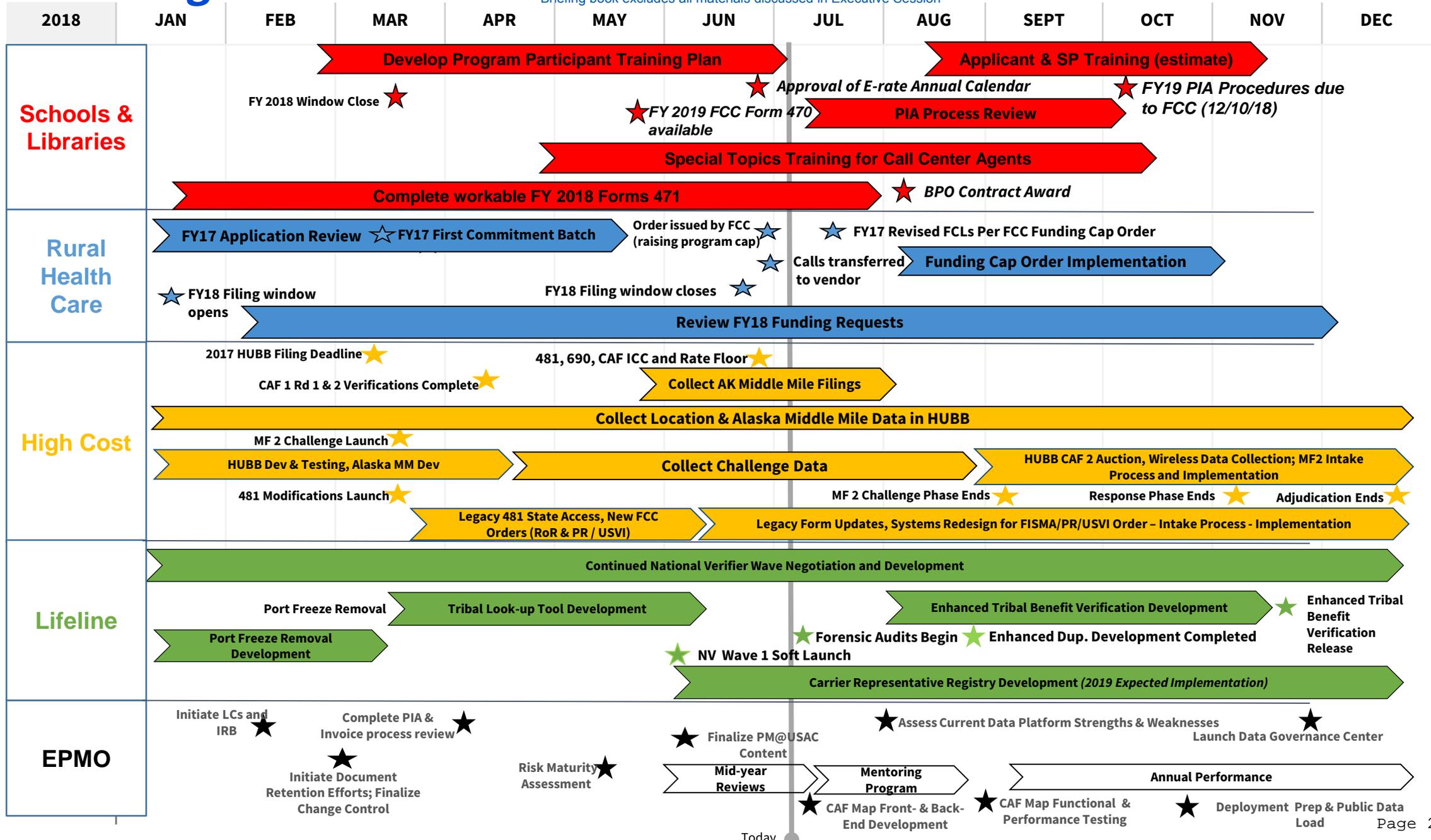
# Goals & Objectives

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
<b>Operational Efficiency</b>	To continuously improve the efficiency and effectiveness of business processes.	<ul style="list-style-type: none"> <li>• Roll out a USAC wide knowledge management framework.</li> <li>• Through governance, establish processes that are simple, fast and efficient.</li> </ul>
<b>Customer Experience</b>	To strengthen the experience of everyone who participates in our programs.	<ul style="list-style-type: none"> <li>• Timely and quality resolution of customer issues and concerns to their satisfaction.</li> <li>• Resolve and respond to high level highly visible inquiries.</li> </ul>
<b>Program Integrity</b>	To monitor, implement controls and proactively detect opportunity to prevent fraud, waste and abuse.	<ul style="list-style-type: none"> <li>• Increase the trust of FCC, Public, and Congress in our programs.</li> </ul>
<b>Mission Critical Performance –Focused Culture</b>	Create an environment where FCC direction and USAC goals are designed and implemented in the best and most timely fashion.	<p><b>Programs:</b> HC-MF2 Challenger Launch/CAF 2 Verification / <b>LL</b> –NV Hard Launch / <b>SLD</b> – Successful completion of E-Rate program improvements &amp; funding commitment / <b>RHC</b>- Funding decisions for 2017 &amp; 2018.</p> <p><b>Enterprise:</b> <b>OGC</b>- Enter into new MOU with the FCC / <b>Finance</b>-Cash to Treasury and annual audit / <b>IT</b>- 2018-19 Road Map, FISMA / <b>IAD</b>- Forensic Audit &amp; new A123 Enterprise Internal Audit / <b>EPM</b>- CAFMAP / <b>Procurement</b>- BPO for SLD, 2018-19 Acquisition Plan / <b>HR</b>- College / Entry level recruiting plan / <b>Shared Services</b>- Implement Call Center.</p>
<b>Employee Engagement – (People Manager)</b>	To ensure USAC employees feel a greater commitment to the organization. Ensuring that USAC becomes an employer of choice.	<ul style="list-style-type: none"> <li>• Improve communication with employees to create a culture of feedback and transparency.</li> <li>• Create alignment on enterprise wide performance to ensure performance is rewarded and all staff are held accountable and supported.</li> </ul>

# USAC Programs at a Glance

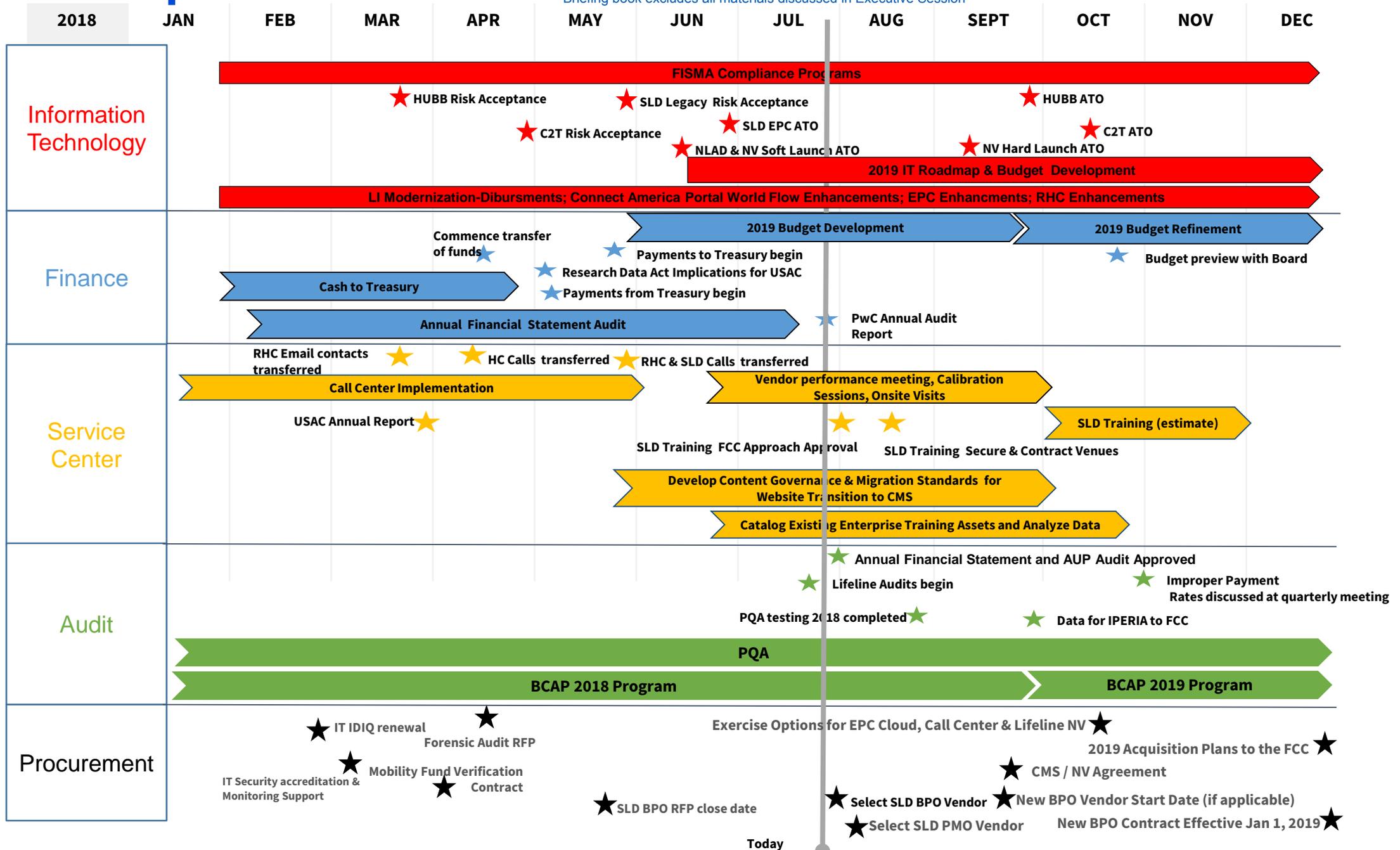
Briefing book excludes all materials discussed in Executive Session



Today

# USAC Operations at a Glance

Briefing book excludes all materials discussed in Executive Session



# CEO Roundtable Update

Briefing book excludes all materials discussed in Executive Session

- AASA – The School Superintendents Association
- AT&T
- Comcast
- CTIA – The Wireless Association
- NCTA
- Schools
- Libraries
- SECA
- USTelcom

### Technology

- EPC has been a challenge in the past but it has been better this year – Rural Health Care is manual.
- Turbo Tax for EPC - That helps you clarify questions and answers to better explain fields.
- Include set of stakeholders / service providers in confirming requirements and beta testing.
- Discuss IT changes in advance to allow companies time to prepare interfaces.
- IT Roadmap would help so we can discuss how to partner to together.

### Communications/Outreach/Training

- Structured, consistent outreach and communications to/from USAC - Quarterly communications.
- A communication loop for stakeholders to give USAC feedback before any roll outs.
- Service provider and applicant training/outreach that fits the needs of new and advanced users.
- FCC Form 498 contacts are invoicing people – need a 2<sup>nd</sup> point of contact that is copied on all communications to make sure information gets to the proper person.
- Critical technology announcements should be included in newsletters or alerts.
- Website needs better search mechanisms for participants.
- A miniscule item on red light could prevent a provider from bidding on an auction.

### Data

- USAC doesn't see service providers as customers.
- Streamlining audit and reporting process.
- Want more open data available.

# Enterprise Portfolio Management Office Business Update

USAC Board of Directors Meeting  
July 24, 2018

# Agenda: Enterprise Portfolio Management Office

Topic	Description	Purpose	Presenter	Length
Strategic Initiatives & Objectives	Review of major goals & objectives of the EPMO	Informational	Chris	5 min
Recap from 2018 Q1Board	Recap: Enterprise Portfolio Management Office	Informational	Chris	5 min
Business View				
12 Month Roadmap	Overview of EPMO	Informational	Chris	10 min
Key EPMO Projects Overview	Overview of significant program roadmaps, accomplishments and milestones	Informational	Chris	15 min
Question & Answer		Informational	Chris	5 min

# Strategic Initiatives & Objectives

Strategic Initiatives	Objectives / Program Outcomes	How EPMO will meet the goal
<b>Execute Mission Critical Performance Goals</b>	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.
<b>Establish USAC’s Approach for New Initiatives</b>	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.
<b>Lead Standardization Efforts to Improve Operational Efficiency &amp; Effectiveness</b>	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.
<b>Improve Program Participant/FCC Experience</b>	Facilitate efforts to streamline and simplify the program participant experience, foster program success and maximize participate experience and to strengthen the FCC relationship.	Enhance collaboration with FCC and program participants through the Integrated Project Team (IPT) concept.
<b>Implement USAC’s Program Integrity Framework</b>	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.
<b>Improve Employee Engagement</b>	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.

## Recap: Enterprise Portfolio Management Office

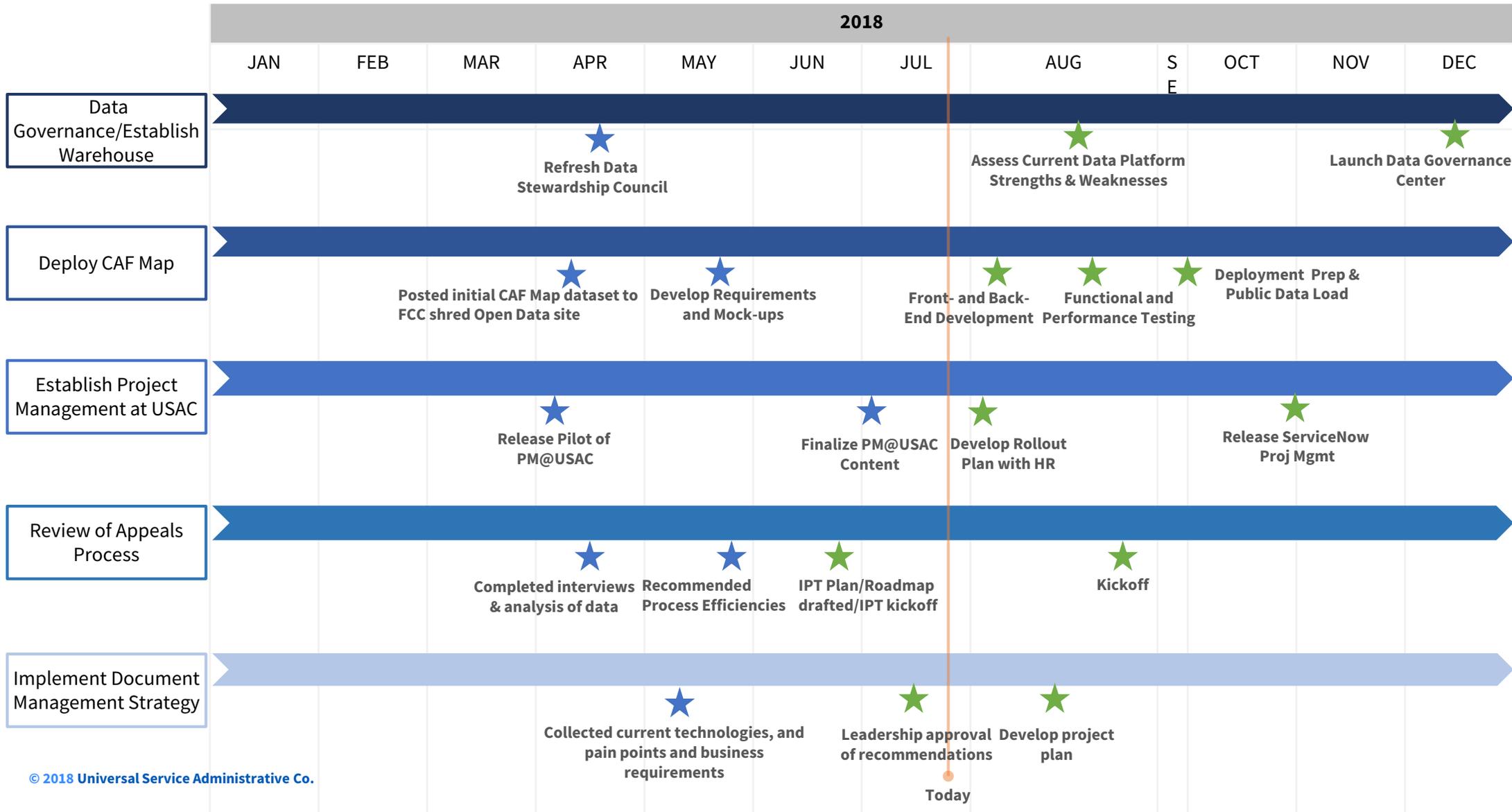
During last quarter's update, the Board requested greater visibility into USAC data and potential use for decision making :

- Since April the EPMO team has worked to develop a more mature Data Governance which includes a more defined path forward for Data Visibility, Business Intelligence, and Dash Boarding options.
- These options will be discussed in greater detail in the following slides.

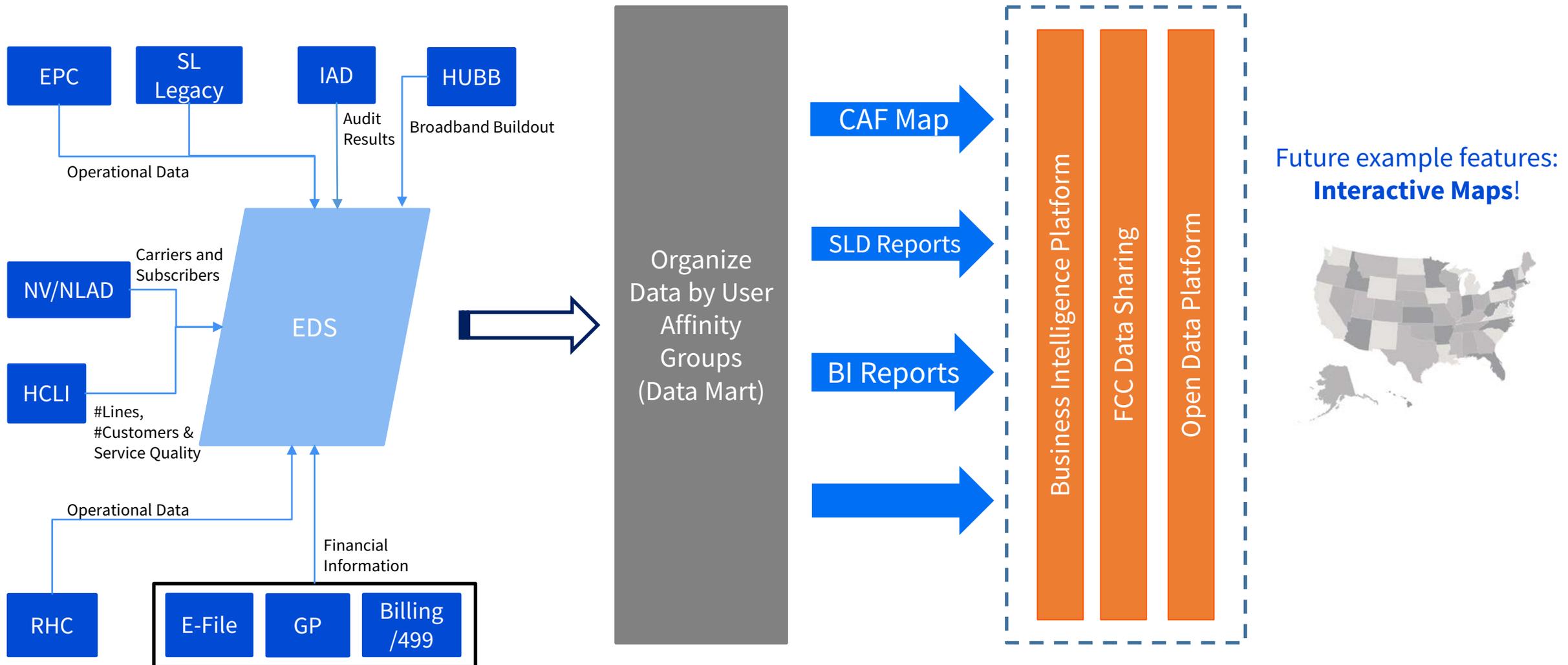
**Milestone Legend**

- ★ Completed
- ★ On Track
- ★ At-Risk
- ★ Delayed
- ★ On Hold/TBD

# EPMO 12 Month Roadmap

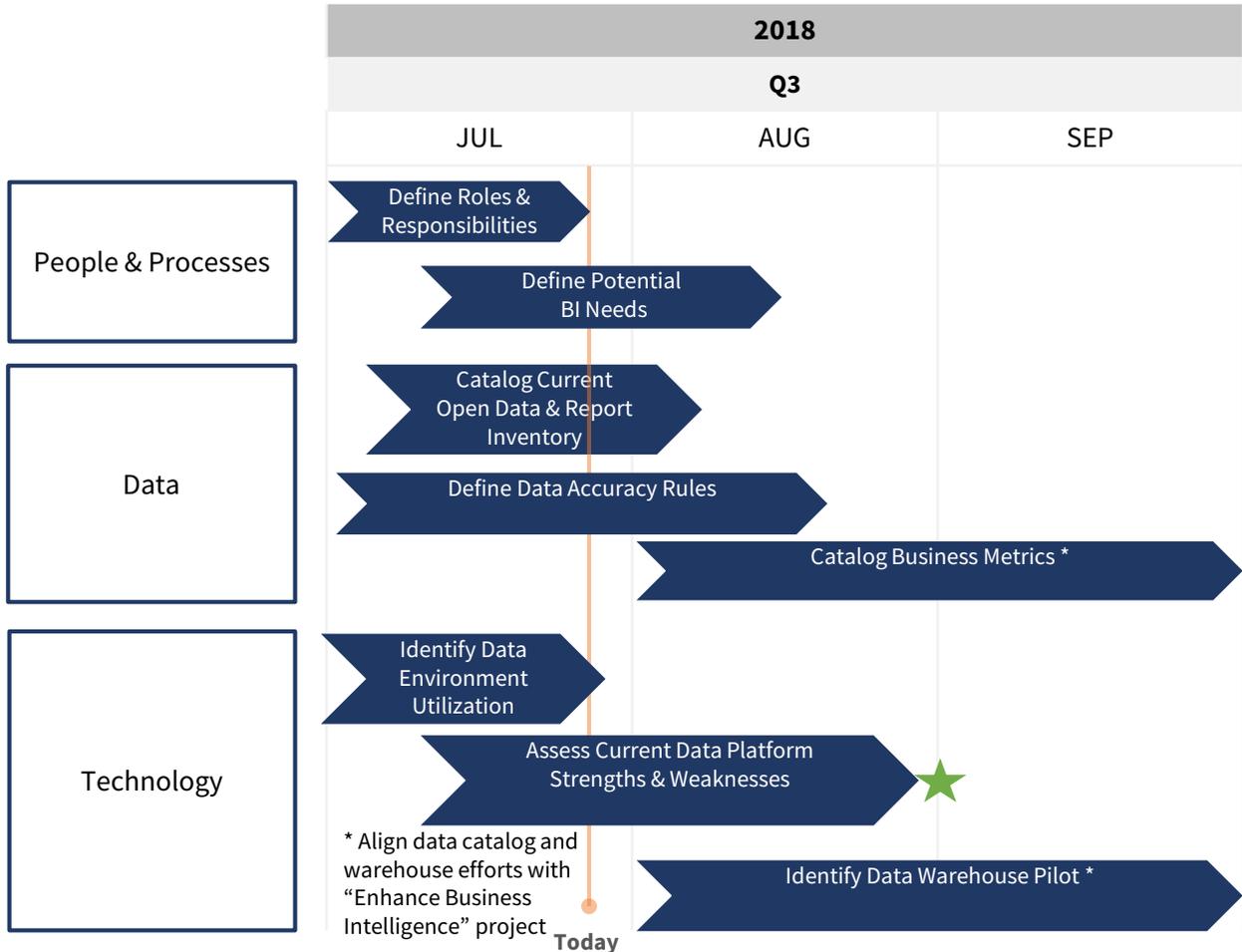


# Ideal USAC Data Governance Framework



Milestone Legend	
★ Completed	★ Delayed
★ On Track	★ On Hold/TBD
★ At-Risk	

# Roadmap: Data Governance/Establish Warehouse



## Project Objectives

- Establish trust in and accelerate access to data used for decision making.
- Certified reports and executive dashboards based on gradually maturing data governance processes and initial cross-program data warehouse.
- Align data catalog and warehouse with "Enhance Business Intelligence."

## Accomplishments (through 2nd Qtr.)

- Data Stewardship Council launched with clear roles and responsibilities.
- Open Data Governance Procedures operationalized.

## Upcoming Activities (for 3rd Qtr.)

- Catalog Open Data and Report Inventory.
- Catalog data sources supporting "Enhance Business Intelligence."
- Identify Data Warehousing Pilot.\*

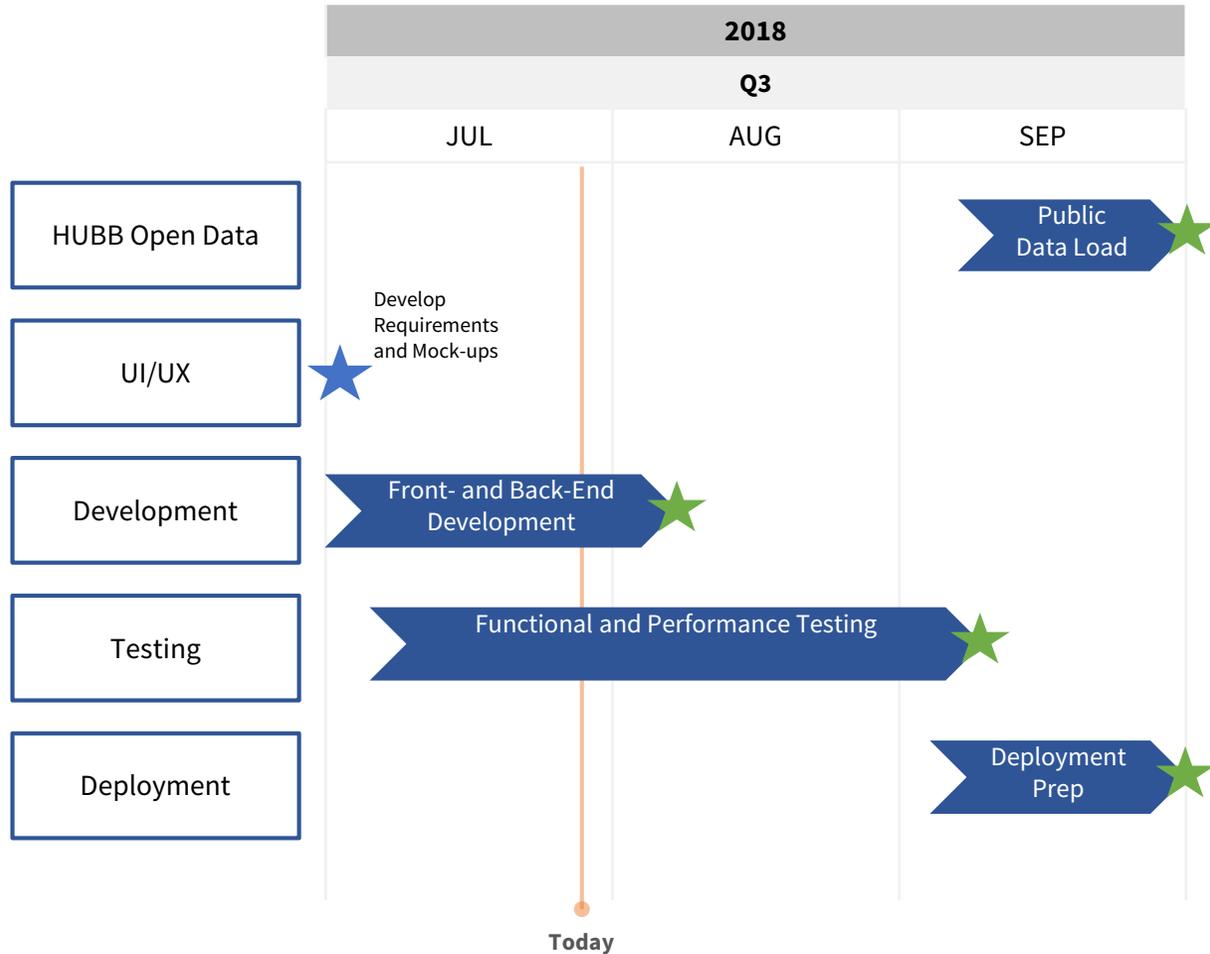
## Observations/Lessons Learned

- Include reporting data impact within scope of IT PMO template.
- All assessment efforts feed into the design of the Q4 Data Warehouse pilot.

**Bottom Line:** USAC is on track to deliver key business intelligence reports by September 2018

Milestone Legend	
★ Completed	★ Delayed
★ On Track	★ On Hold/TBD
★ At-Risk	

# Roadmap: Deploy CAF Map



## Project Objectives

- “Enable the public to visualize service availability as it expands over time” – FCC Order.
- Make available source data on the Open Data platform.
- Display where the High Cost Program is helping close the digital divide.

## Accomplishments (through 2nd Qtr.)

- Successfully established an Integrated Project Team, internally and with FCC, driving consensus on needs and requirements.
- Posted initial CAF Map dataset to FCC shared Open Data site.
- Significant progress on CAF Map development, including hi-res mock-ups.

## Upcoming Activities (for 3rd Qtr.)

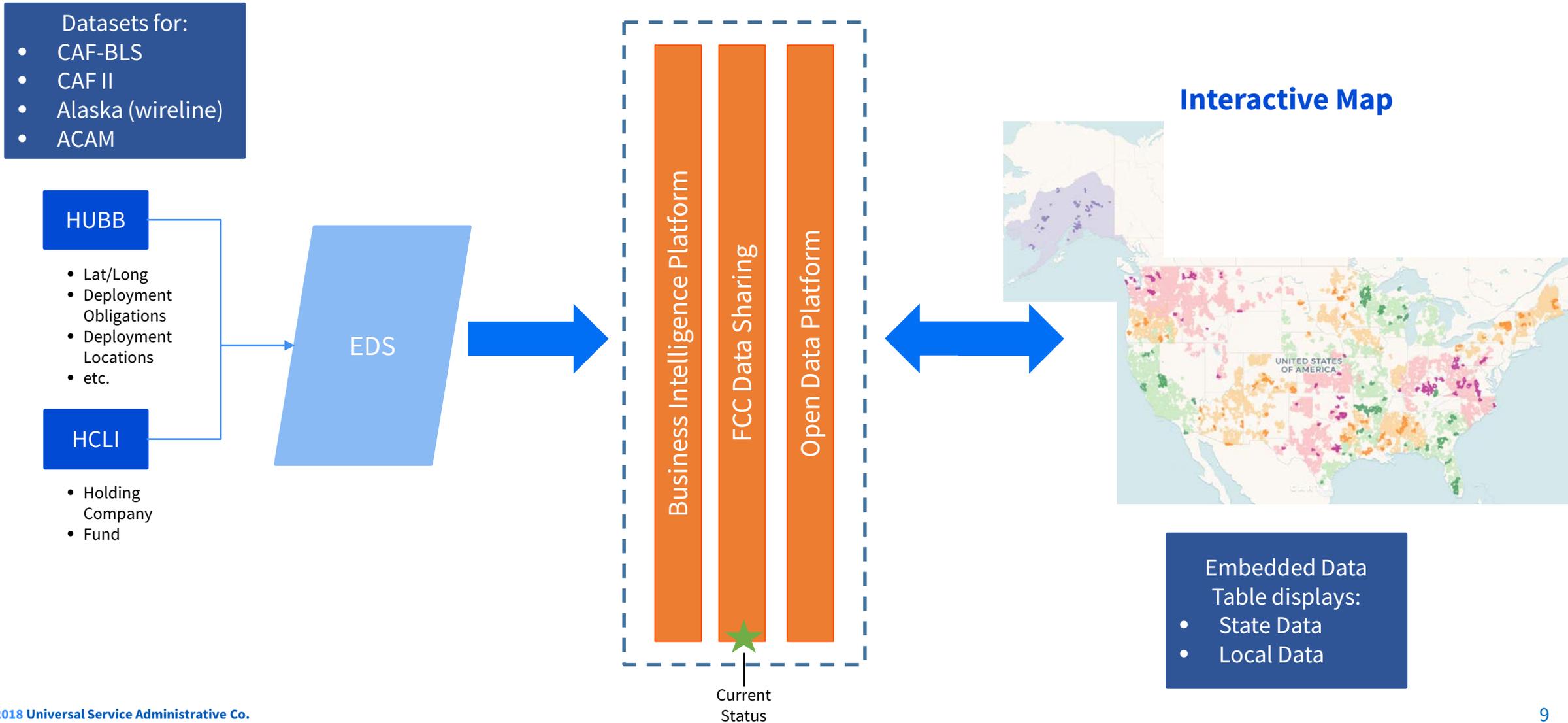
- Perform development and quality control testing.
- Engage with FCC and others to complete user and performance testing.

## Observations/Lessons Learned

- Integrated Project Team has been critical to staying on scope and on time.

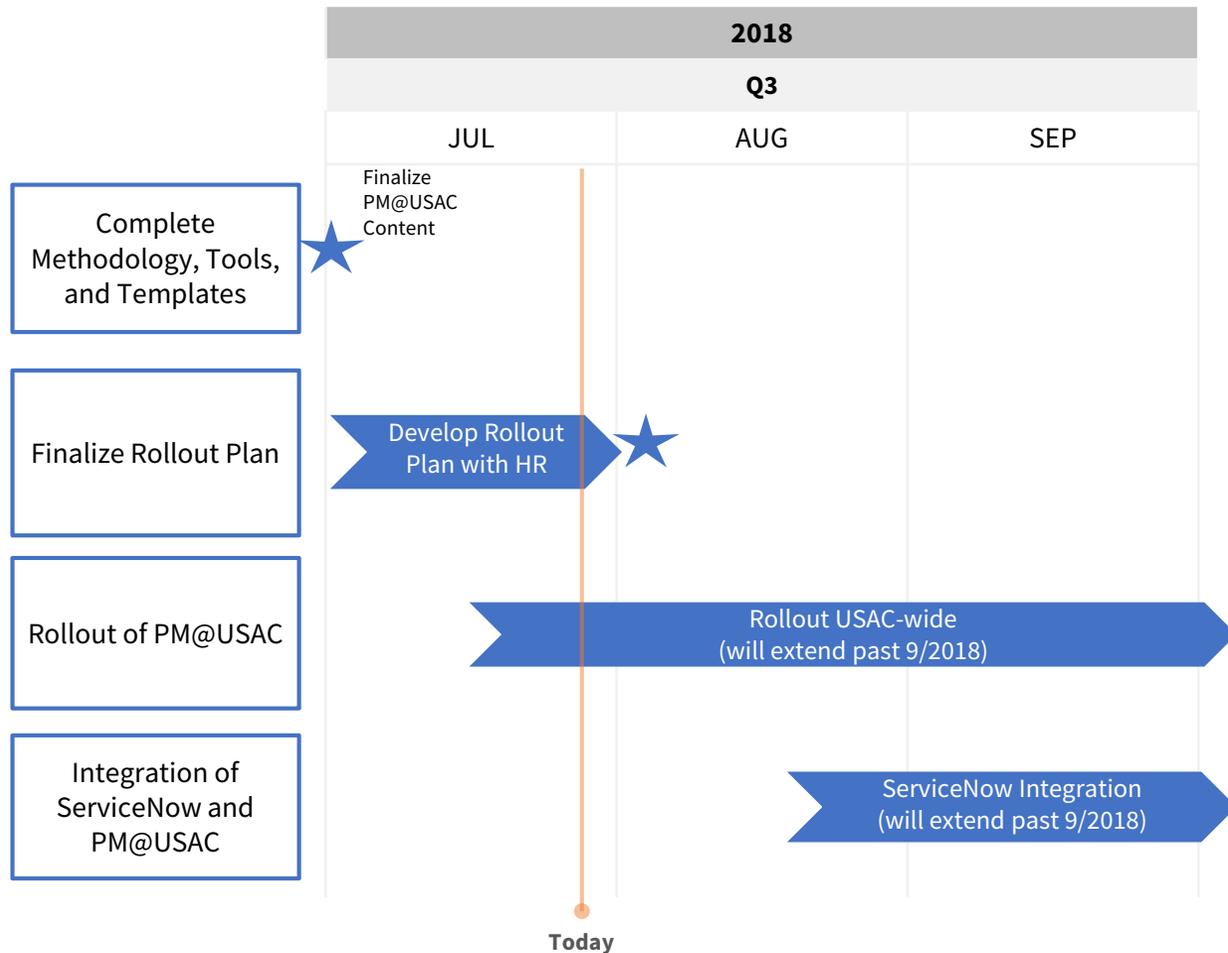
**Bottom Line:** Deployment of both the CAF Map and its source data on the Open Data platform are on track for September 28, 2018

# CAF Map Data Governance Framework



Milestone Legend	
★ Completed	★ Delayed
★ On Track	★ On Hold/TBD
★ At-Risk	

# Roadmap: Establish Project Management at USAC



## Project Objectives

- Develop a project management methodology and process across the enterprise.
- Baseline the understanding of requirements at each project phase.
- Develop a foundational standard that is applicable to all USAC projects.

## Accomplishments (through 2nd Qtr.)

- Completed the development of the PM@USAC methodology, tools, and templates.
- Reviewed materials with Project Management Community of Practice members.
- Developed initial rollout plan and schedule with support from HR.

## Upcoming Activities (for 3rd Qtr.)

- Finalize rollout plan and schedule.
- Rollout PM@USAC to Programs and Divisions via communications, training, coaching, and direct support.
- Onboard vendor to support integration of PM@USAC into ServiceNow PPM tool.

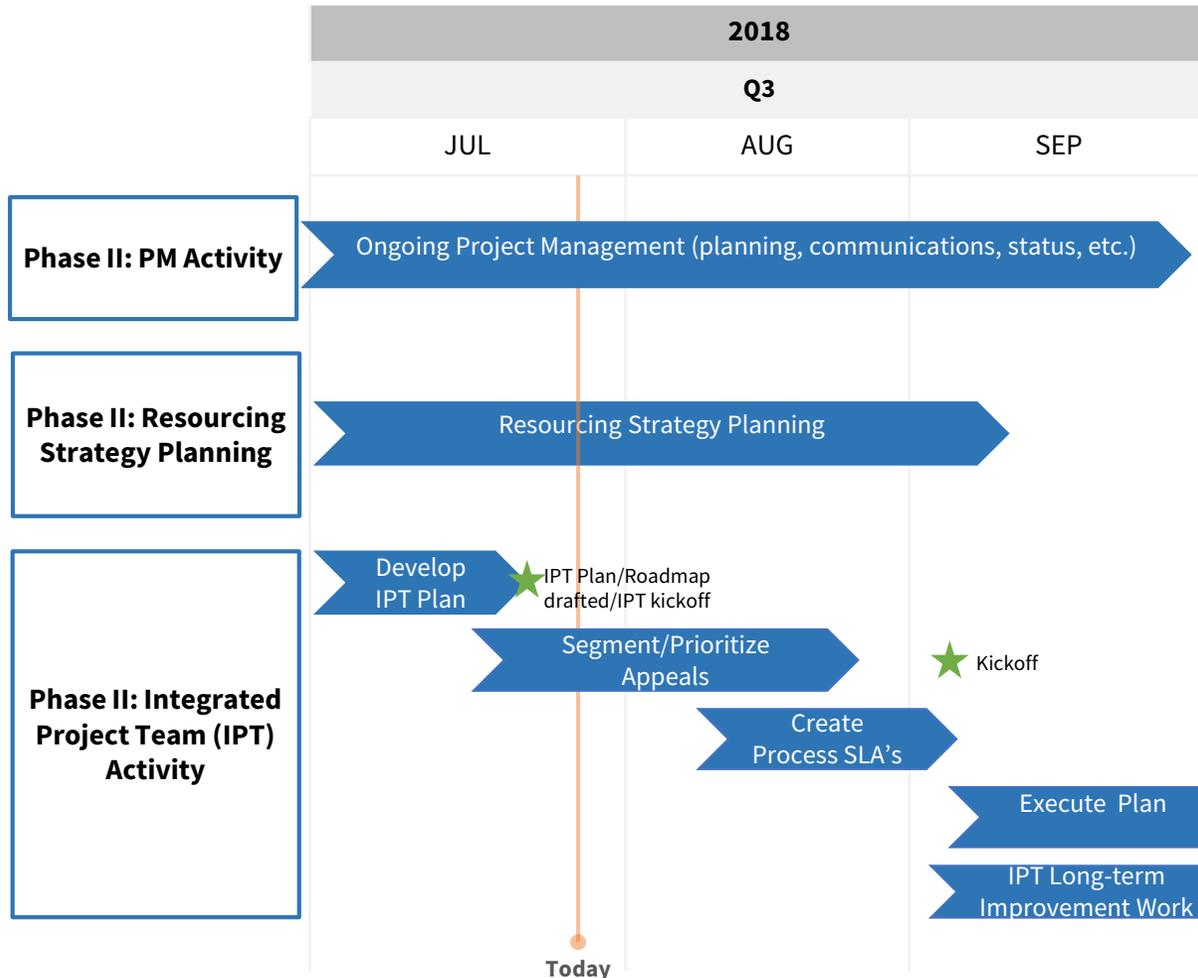
## Observations/Lessons Learned

- The wide variety in PM practices at USAC made gathering feedback and input slow.
- A concerted effort will be needed to instill PM@USAC throughout USAC.

**Bottom Line:** PM@USAC establishes the foundational standards for all projects across the enterprise, and is being actively supported and enhanced by EPMO

Milestone Legend	
★ Completed	★ Delayed
★ On Track	★ On Hold/TBD
★ At-Risk	

# Roadmap: Appeals Process Improvement



## Project Objectives

- Conduct an assessment of appeals across USAC, informing short and long term process efficiencies for workable appeals and improve the process in the long term.
- Implement short term solutions to improve the appeals process and, for long term solutions, create standardized process across the organization.

## Accomplishments (through 2nd Qtr.)

- Completed interviews with key Leadership and appeals SMEs across the programs to better understand current appeals processes at USAC.
- Collected and analyzed 2015 – 2017 appeals data to inform assessment of appeals.
- Provided short and long term process efficiencies (e.g., deploying additional resources, creating IPT, segmenting appeals; long term – common definitions, standardized resolution process).

## Upcoming Activities (for 3rd Qtr.)

- Develop roadmap and resourcing strategy for addressing appeals.
- Create and kickoff Integrated Project Team (IPT) focused on implementing appeals efficiencies and other solutions to the efficiency in processing appeals.

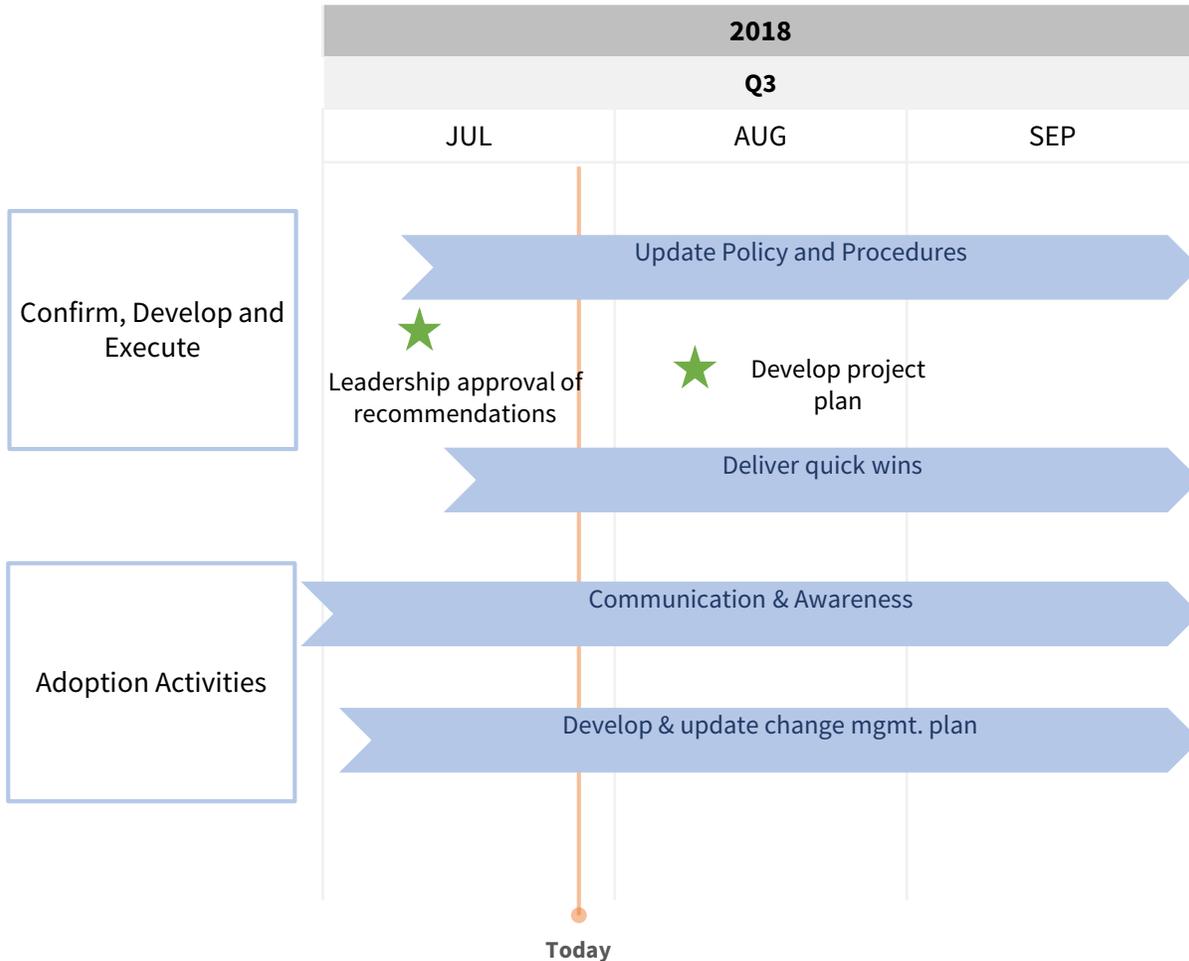
## Observations/Lessons Learned

- USAC can increase the efficiency of processing appeals across some programs.
- No standardized USAC process for managing or resolving appeals across the programs.
- Turnaround times at times can be lengthy with considerable resources spent managing appeals.

**Bottom Line:** USAC is on track with implementing short-term process efficiencies within the next 6 months

Milestone Legend	
★ Completed	★ Delayed
★ On Track	★ On Hold/TBD
★ At-Risk	

# Roadmap: Implement Document Management Strategy



## Project Objectives

- Optimize the number of document management systems.
- Formalize the information subject to retention needs and review/communicate the associated document retention guidelines, standards, policies & procedures.

## Accomplishments (through 2nd Qtr.)

- Collected current technologies, and pain points and business requirements.
- Drafted recommendations to meet short and long term issues.
- In process of decommissioning 2 of the 4 file transferring systems.

## Upcoming Activities (for 3rd Qtr.)

- Finalize recommendations and develop detailed project plan.
- Develop change management plan to address culture/behaviors changes

## Observations/Lessons Learned

- Provide additional guidance (which docs to store where and for how long).
- Changing habit and behaviors will take time.

**Bottom Line:** USAC is on track to significantly reduce the number of systems to create and store documents by end of 2018

# Question & Answer



# Shared Services

USAC Board of Directors Meeting

July 23, 2018



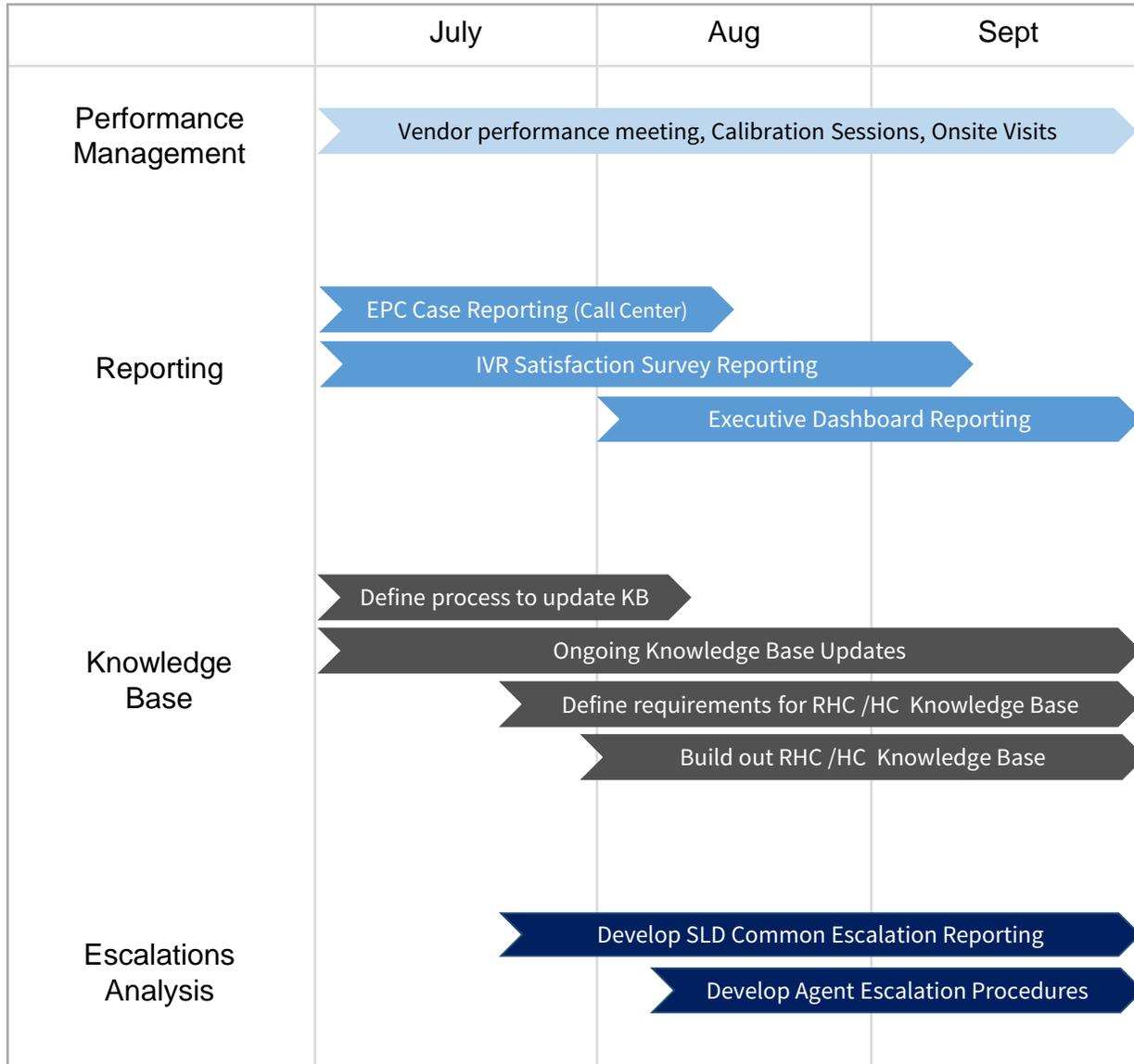
Universal Service  
Administrative Co.

# Agenda: Shared Services

Topic	Description	Purpose	Presenter	Length
Objectives	Overview	Informational	Stephen	2 Min
Call Center Transition Update	Project Update	Informational	Stephen	5 Min
Q2 Call Center Accomplishments & Results	Overview of significant Call Center accomplishments and milestones.	Informational	Stephen	5 Min
Training & Communication Accomplishments & Results	Overview of significant training & communication accomplishments and milestones.	Informational	Stephen	5 Min

# Call Center Transition at a Glance

Briefing book includes all materials discussed in Executive Session



## Objective

- Successfully transition call center services to new vendor.
- Standardize performance management across all program call center programs including reporting, call monitoring, and vendor interactions.

## Recent Accomplishments

- The call centers have been successfully migrated to Sutherland:
  - RHC - 2/15, HC - 4/1, SLD - 6/1
- SLD currently has 14 full time agent. RHC and HC has 4 dedicated agents.
- The SLD Knowledge Base (Right Answers) has been successfully migrated over from Solix/GDIT and agents using the tool as planned.
- Implement extended hours to support the RHC window close on 6/29 and transitioned of remaining RHC calls to Sutherland on 7/1.

## Upcoming Activities

- Upcoming Call Center Training:
  - SLD Invoice Handling
  - SLD/Contributors role/responsibilities
- Develop call center reporting dashboards that shares data from all programs.

## Lessons Learned / Observations

- The call center agents are exhibiting good understanding of the programs and tools while using soft skills such as empathy. Opportunity is to continue to improve the overall program knowledge through coaching and training.

# Call Center Performance Scorecard

Briefing Book excludes all materials discussed in Executive Session

Q2 - 2018	Target	Actual	Status
<b>Lifeline</b>			
Calls Handled	N/A	64,755	✓
ASA	< 0:30	0:25	✓
Abandon Rate	< 3%	1.9%	✓
<b>E-Rate</b>			
Calls Handled	N/A	7,896	✓
ASA	< 0:30	0:29	✓
Abandon Rate	< 3%	3.4%	⚠
<b>RHC</b>			
Calls Handled	N/A	1,099	✓
ASA	< 0:30	0:10	✓
Abandon Rate	< 3%	5.2%	⚠
<b>High Cost</b>			
Calls Handled	N/A	164	✓
ASA	< 0:30	0:10	✓
Abandon Rate	< 3%	1.8%	✓
<b>Contributors</b>			
Calls Handled	N/A	4,607	✓
ASA	< 0:30	0:16	✓
Abandon Rate	< 3%	2.4%	✓

## Overview

- Overall call center performance was strong in Q2 considering the call center transitions.
- Lifeline volume increased 11.5% over the first quarter due to an increase in providers transitioning out of the program, port freeze removal, and failed re-certification.
  - June abandon rate increased to 3.1% due to agents being trained for the National Verifier launch.
- Schools and Libraries call volume dropped 54.3% over the first quarter due to the window close.
  - Abandon rate increased to 8.9% in June due to the ramp up of the new vendor. Performance improved in the second half of the month; going from 12.4% to 3.2% abandon rate.
- RHC reduced abandon rate from 9.2% in the first quarter to 5.2%. Abandon rate for the new RHC call center vendor was 0.5%.
- High Cost volume decreased from 333 calls to 167 in the second quarter with an abandon rate of 1.8%.
- Contributors volume decreased by 33.6% over the first quarter due to the 499 window close and Cash to Treasury calls are lower than expected.

# Shared Services Training and Communications at a Glance

Bringing you all materials discussed in Executive Session

	July	Aug	Sept
Enterprise Training Strategic Plan	CY 18/19 Objective and Strategy Development		
SLD Applicant & Provider Training	FCC Approach Approval	Securing and Contracting of Venues	
Enterprise Training Cataloging & Historical Evaluation	Catalog Existing Enterprise Training Assets		Analyze Existing Training Assessment Data
Program Outreach Support	Manage Program Outreach Communication Plans		Lifeline National Verifier Launch
Website Transition to CMS	Develop Content Governance and Content Migration standards		

### Objective

- Training: Establish enterprise strategy, analytics, and SOPs for training of participants across all programs.
- Communications: Implement outreach strategies, best practices and stakeholder-focused communications practices that support program success and compliance.

### Recent Accomplishments

- Deployed well-received Cash to Treasury training and outreach strategy.
- Successfully implemented initial phases of SLD's Training Strategic Plan.
- Completed planning and kick-off meeting for USAC website transition to a Content Management System (CMS).
- Delivered Enhancing Tribal outreach and training recommendations to the FCC.

### Upcoming Activities

- Oversee SLD's 2018 applicant and service provider training campaign.
- Developing content migration and content governance strategies for USAC.org and LifelineSupport.com migration to a CMS.

### Lessons Learned / Observations

- Shared Services must engage early and directly with appropriate FCC personnel to avoid unexpected or unforeseen direction resulting in last-minute changes.

# Questions

# Information Technology Business Update

## Board of Directors Meeting

### July 24, 2018



Universal Service  
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# Agenda

Topic	Description	Purpose	Presenter	Length
<b>IT Updates:</b>				
Goals & Objectives	Review of major goals & objectives of the IT division	Informational	Bob	1 min
2018 and Preliminary 2019 Roadmaps	Identified significant IT activities over the next 18 months (slides 4 and 5)	Informational	Bob	10 min
Quarter 3 (Q3) Updates	Review of significant accomplishments since last meeting and major upcoming Modernization and non-Program milestones for Q3	Informational	Bob	10 min
<b>Executive Session</b>				
FISMA	Roadmap at a glance through Q3	Informational	Bob	5 min
IT Budget & Actuals by Program/Division	Development and modernization Maintenance and production support	Informational	Bob	5 min

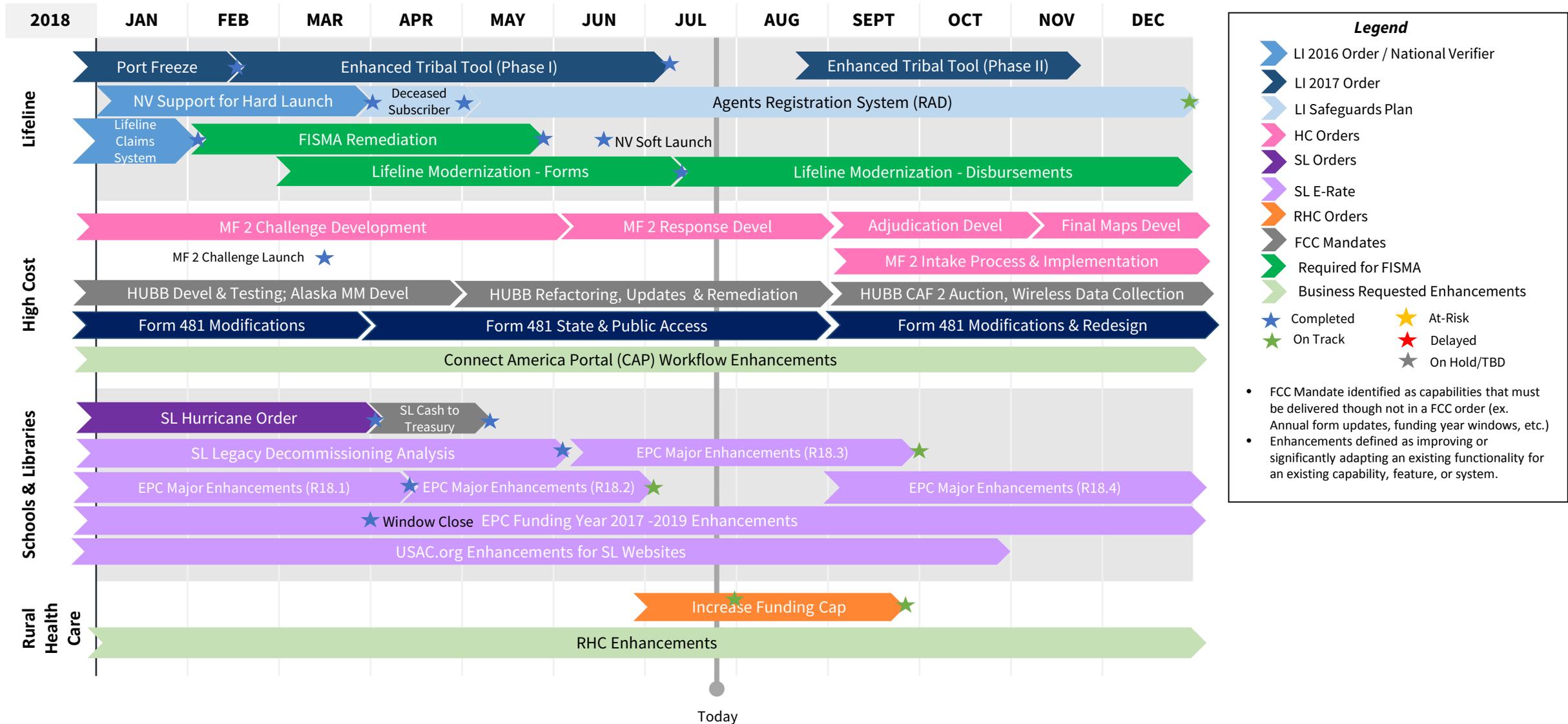
# Goals & Objectives

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

Goals	Objectives / Program Outcomes	How IT will meet the goal
<b>Execute Program Goals</b>	Execute IT operations to ensure the timely and accurate delivery of IT system modernizations.	Execute IT best practices and optimize alignment of the staff to the division's workload.
<b>Implement New FCC Orders and Mandates</b>	Implement FCC Orders, policy clarifications/ changes and mandates in a timely manner.	Timely and accurate implementation of FCC Orders and mandates <b>such as HUBB Enhancements, MF II Challenge, National Verifier, Port Freeze, Tribal Enhancements, Cash to Treasury, etc.</b>
<b>Improve Operational Efficiency and Effectiveness</b>	Sustain scope within budget and meet milestones.	Execute USAC governance initiatives and improve IT software delivery processes. Collaborate with key stakeholders to ensure alignment with changing FCC priorities and USAC business needs, etc.
<b>Improve Program Participant / FCC Experience</b>	Continue to cultivate positive relationship with FCC. Collaborate closely with FCC to achieve FISMA accreditation.	Collaborate with FCC on goals and strategies, align on expectations, and track against desired outcomes. Execute Integrated Project Teams with FCC for key project (i.e. CAF Map, FISMA). Provide the FCC with timely awareness of IT administration issues, be responsive to FCC information requests, and flag issues in need of FCC guidance.
<b>Enhance IT System Security and Integrity</b>	Monitor, report, and implement enhanced security controls (NIST Cyber Security Framework).	Achieve FISMA accreditation goals and continuously monitor IT systems to ensure IT security and integrity. Respond quickly to findings in audits.
<b>Employee Engagement</b>	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.

# 2018 IT Roadmap at a Glance

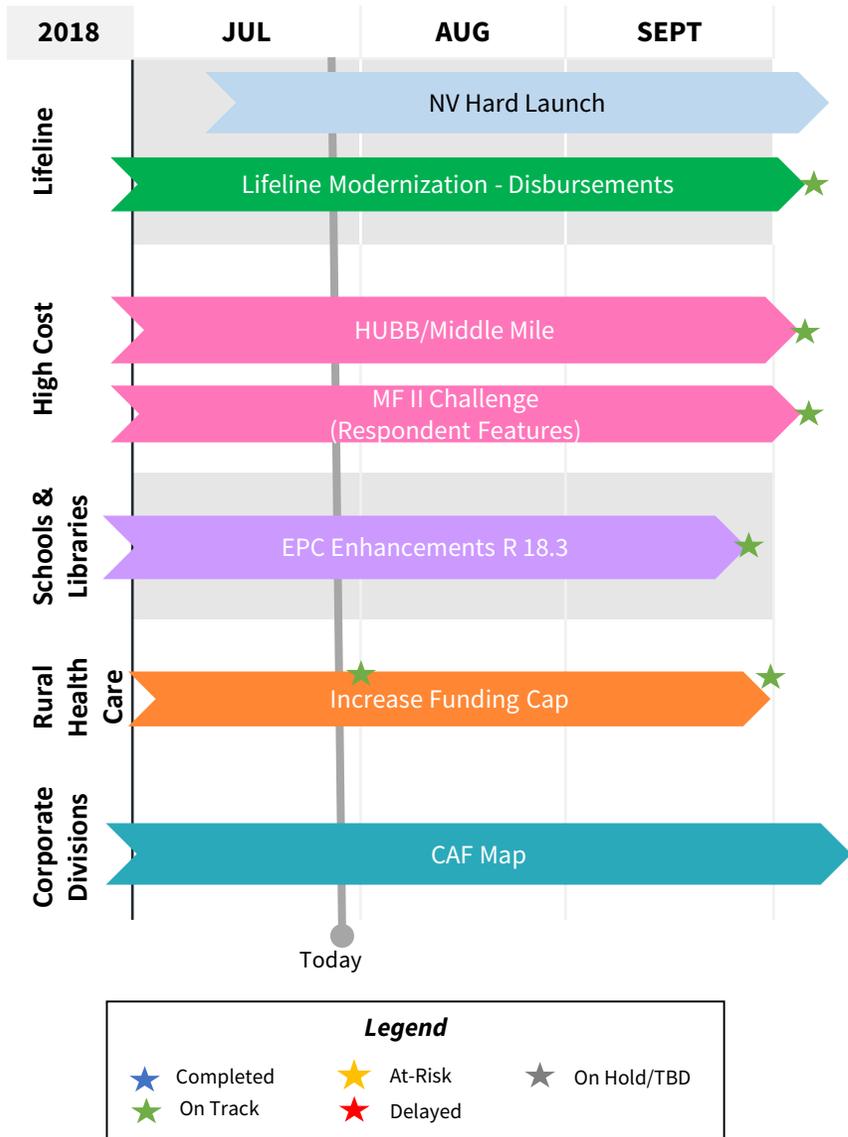
financial book excludes all materials discussed in Executive Session



- **Lifeline:** Continue legacy system modernization work into first half of 2019 and finish development of the Representative Accountability database (RAD), which validates service provider representatives.
- **Schools and Libraries:** Support programmatic updates to Forms, operations and maintenance activities, and system stabilization/enhancements for EPC and Legacy applications.
- **High Cost:** Conduct system modernization activities of existing systems, reducing manual work and transitioning off of aging technology; expand existing MFII application which supports challenges to eligible areas.
- **Rural Health Care:** Respond to the fund cap increase and assess RHC systems for enhancement opportunities.
- **All Programs:** Continue to focus on system enhancements to increase operational efficiency, prevent fraud, waste, and abuse and continue stabilizing performance. Collaborate within IT on 2019 roadmap candidates focusing on aging infrastructure. Conduct strategic IT Conversations with Programs.
- Complete FISMA accreditation activities and move into continuous monitoring.

# Major System Enhancement Highlights through Q3

Briefing Book Excerpt: All materials discussed in Executive Session



## Accomplishments - 2<sup>nd</sup> Quarter:

### Lifeline:

- National Verifier Soft Launch: 6/18 – Deployed portal enabling Service providers to confirm consumer eligibility prior to enrollment.
- Potential enhancements to reduce waste, fraud and abuse.

### Schools & Libraries:

- Delivered E-Rate Legacy Decommissioning Analysis: 5/31.
- Released EPC major release 18.2 which provided changes to Form 470 for FY2019 and made data available publicly: 6/29.

### High Cost:

- Alaska Middle Mile: 5/8 (initial release) – Service providers that receive funding for middle-mile infrastructure in remote Alaska must submit their data online in the High Cost broadband portal.
- MF II Challenge Enhancements: 6/7– MF II Challenge map now identifies water-only areas and considers time zones.

### Corporate Division Accomplishments:

- Developed complex interfaces to Treasury’s Payment Automation Management System (PAM) - USAC is the first entity to use this method; Enabled contributors and service providers to view account balances and make payments online using Pay.Gov.

### Planned Activities and Milestones - 3<sup>rd</sup> Quarter:

- Lifeline: Deploy Enhanced Tribal Tool – July and Lifeline: National Verifier Hard Launch – TBD.
- High Cost: MFII Challenge Response Phase – October.
- CAF Map – September.
- Rural Health Care: Funding Cap Order – Tentative End of Sept.

# Non-Program IT Initiative Highlights through Q3

## Objective:

- IT strategic planning towards 2019 and beyond

## Planned Activities and Milestones - 3<sup>rd</sup> Quarter:

- Develop the 2019 IT Roadmap and initial Budget Planning – In Progress.
- Conduct review of software inventory and reduce cost by eliminating duplicative software licenses – In Progress.
- Develop a strategy for the management of USAC data within the Enterprise Data Systems (EDS) organization.
- Award and initiate the E-Gov Assessment of IT: July.
- Develop and deploy the Program Systems Production Support Concept.

## Information Technology Infrastructure Accomplishments

- Reduced costs and increased security posture by upgrading USAC's network architecture: April.
- Enhanced software version control and increased security compliance by upgrading USACs automation configuration management tool: June.
- Increased ability to react proactively to security events by replacing USAC's security logging tool: May.
- Enabled network access to call center BPO vendor: May.

# Information on Cash to Treasury and Treasury Offset Program

USAC Board of Directors Meeting  
July 24, 2018



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# Progress to Date (through June 30, 2018)

Briefing book excludes all material discussed in Executive Session

- Successfully transferred \$3.8 billion to the U.S. Treasury from investments.
- Successfully transferred \$1.1 billion to the U.S. Treasury from collections.
- Successfully received \$423.9 million in contributions through the new system (Treasury).
- Successfully disbursed \$1.3 billion to service providers and applicants through the new system (Treasury).

# Treasury Offset Program (TOP)

Branding book excludes all materials discussed in Executive Session

- USF disbursements through Treasury are subjected to TOP where monies owed to the government are deducted from the disbursement.
  - TOP Rules
    - ◇ Debts (at least 90 days delinquent) are submitted to Treasury for collection.
    - ◇ Recipients are provided 60-days notice by Treasury of intent to offset.
    - ◇ Recipients are notified by Treasury when the disbursement is offset.
  - USAC's Role
    - ◇ USAC is not informed of Treasury's intent to offset.
    - ◇ USAC cannot determine which government agency is receiving the offset funds.
  - Additional information can be found at <https://www.fiscal.treasury.gov/top>.
- Impact
  - USAC has limited visibility into TOP offsets.
  - USAC manually researched the top 42 Lifeline recipients, which received \$94M. Only 7 were offset for a total of \$159K, or 0.2%.

- Continue to work with approximately 10 large companies with 177 filer IDs still working through the ACH payment process. All contributors must be on the new collections system by August 1, 2018.
- Review and sign a new custodial agreement with Bank of America to manage transfer of cash from remaining securities through August 2019 (\$2.7 billion to be transferred through August 2019).