



# Schools and Libraries Committee

## Briefing Book

Monday, January 28, 2019

10:00 a.m. - 12:00 p.m. Eastern Time

Universal Service Administrative Company Offices

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

Washington, D.C. 20005

**Universal Service Administrative Company  
Schools & Libraries Committee Quarterly Meeting  
Agenda**

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|---|
| <p><b>Monday January 28, 2018</b><br/> <b>10:00 a.m. – 12:00 p.m. Eastern Time</b><br/> <b>USAC Offices</b><br/> <b>700 12th Street, N.W., Suite 900</b><br/> <b>Washington, D.C. 20005</b></p> |
|---|

| <u><b>OPEN SESSION</b></u>           |   | <i>Estimated<br/>Duration<br/>in Minutes</i> |
|--------------------------------------|---|--|
| Chair                                | <p><b>a1.</b> Consent Items (each available for discussion upon request):</p> <p style="padding-left: 20px;">A. Approval of Schools and Libraries Committee Meeting Minutes of October 29, 2018 and December 10, 2018</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p> | 5  |
| Chair                                | <p><b>a2.</b> Recommendation for Election of Committee Chair and Vice Chair</p>   | 5  |
| Catriona                             | <p><b>a3.</b> Approval of Schools and Libraries Support Mechanism 2nd Quarter 2019 Programmatic Budget and Demand Projection for the January 31, 2019 FCC Filing</p>  | 10   |
| Chris Smith                          | <p><b>i1.</b> Information on 17 USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports</p>  | 5  |
| Catriona<br><br>Leslie/<br>Catherine | <p><b>i2.</b> Schools &amp; Libraries Support Mechanism Business Update</p> <ul style="list-style-type: none"> <li>• 2018 Accomplishments</li> <li>• 2019 Goals</li> <li>• BPO Transition</li> </ul>  | 30   |

| <u><b>EXECUTIVE SESSION</b></u><br><b>Confidential – Executive Session Recommended</b> |   | <i>Estimated<br/>Duration<br/>in Minutes</i> |
|--|---|--|
| Catriona   | <p><b>i2.</b> Schools &amp; Libraries Support Mechanism Business Update<br/><i>(Continued)</i></p>            | 30   |
| Craig  | <p><b>a4.</b> Consideration of a One Year Contract Option for Appian Cloud Services and Software Licenses</p> | 10   |
| Catriona   | <p><b>a5.</b> Approval of Schools and Libraries Support Mechanism 2019 Annual Programmatic Budget</p>         | 10   |

|              |  |    |
|--------------|--|----|
| <b>12:00</b> | <b>Lunch – Demonstration of Schools and Libraries On-line Training</b> | 60 |
|--------------|--|----|

**Next Scheduled USAC Schools & Libraries Committee Meeting**

|  |
|--|
| <p><b>Monday, April 29, 2019</b><br/> <b>10:00 a.m. – 12:00 p.m. Eastern Time</b><br/> <b>USAC Offices, Washington, D.C.</b></p> |
|--|

**Universal Service Administrative Company  
Schools & Libraries Committee Meeting**

**ACTION ITEM**

**Consent Items**

**Action Requested**

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

**Discussion**

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

- A. Approval of Committee meeting minutes of October 29, 2018 and December 10, 2018 (*see Attachments A-1 and A-2*).
  
- B. Approval for discussing in *Executive Session* agenda items:
  - (1) **i2** – Schools & Libraries Support Mechanism Business Update (*Continued*). USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC’s *internal rules and procedures* concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity. In addition, this matter relates to USAC’s *procurement strategy and contract administration*.
  - (2) **a4**. – Consideration of a One Year Contract Option for Appian Cloud Services and Software Licenses. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
  - (3) **a5**. – Approval of Schools and Libraries Support 2019 Annual Programmatic Mechanism Budget. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.

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

**Recommended USAC Schools & Libraries Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC Schools & Libraries Committee hereby approves: (1) the Committee meeting minutes of October 29, 2018 and December 10, 2018; and (2) discussion in *Executive Session* of the items noted above.

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

SCHOOLS & LIBRARIES COMMITTEE MEETING  
Monday, October 29, 2018

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

The quarterly meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, October 29, 2018. Dr. Dan Domenech, Committee Chair, called the meeting to order at 10:08 a.m. Eastern Time, with all nine Committee members present:

|                           |  |
|---------------------------|--|
| Bocher, Bob               | Hernandez, Dr. Mike                    |
| Buzacott, Alan            | Mason, Ken – Vice Chair                |
| Choroser, Beth            | Sekar, Radha – Chief Executive Officer |
| Domenech, Dr. Dan – Chair | Wade, Dr. Joan                         |
| Fontana, Brent            |  |

Other Board members and officers of the corporation present:

Davis, Craig – Vice President of Procurement and Sourcing Strategy  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Delmar, Teleshia – Vice President of Audit and Assurance  
Feiss, Geoff – Member of the Board  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Lifeline  
Gillan, Joe – Member of the Board  
Holstein, Bob – Vice President and Chief Information Officer  
Kinser, Cynthia – Member of the Board – *by telephone*  
Lubin, Joel – Member of the Board  
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and  
Assistant Treasurer  
Sweeney, Mark – Vice President of Rural Health Care  
Wibberly, Dr. Kathy – Member of the Board

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee 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                       |
| Beaver, Tracey         | USAC                       |
| Bethel, Tameca         | USAC                       |
| Bonuccelli, Marge      | Maximus                    |
| Butler, Stephen        | USAC                       |
| Carpenter, Nikki-Blair | USAC                       |
| Daniels, Joel          | USAC                       |
| Frelow, Leslie         | USAC                       |
| Holloway, Chanelle     | USAC                       |
| Howard, Mackenzie      | USAC                       |
| Hudson, Bo             | USAC                       |
| Hughet, Pamela         | USAC                       |
| Hutchinson, Kyle       | USAC                       |
| Imbt, Claude           | Deliotte                   |
| Jaruboon, Jetshada     | Maximus                    |
| King, Lauren           | USAC                       |
| Kriete, Debra          | SD Department of Education |
| Lee, Brandon           | USAC                       |
| LeNard, David          | E-rate Elite               |
| Little, Chris          | USAC                       |
| Nuzzo, Patsy           | USAC                       |
| Richardson, Rashonda   | USAC                       |
| Rovetto, Ed            | USAC                       |
| Schell, Julie          | PA Department of Education |
| Simab, Habib           | USAC                       |
| Slaughter, Lisa        | Maximus                    |
| Smith Chris            | USAC                       |
| Stankus, Paul          | CSM                        |
| Tiwari Tanya           | USAC                       |
| Tomlin, Nicole         | USAC                       |
| Voth, Cara             | FCC                        |
| Willis, Catherine      | USAC                       |

### OPEN SESSION

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

**a1. Consent Items.** Dr. Dan Domenech presented these items for consideration.

A. **Approval** of Schools and Libraries Committee Minutes of July 23, 2018, August 16, 2018, and August 27, 2018.

B. Approval for Moving all *Executive Session* Items to *Executive Session*:

i3 – Business Update (*Continued*) - Information on Transition Update. USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *internal rules and procedures* concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity. In addition, this matter relates to USAC's *procurement strategy and contract administration*.

i4. – Information on the Preliminary 2019 Annual Schools and Library Support Mechanism Budget. USAC management recommended that discussion of this item be conducted 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 Committee adopted the following resolutions:

**RESOLVED**, that the USAC Schools & Libraries Committee hereby approves: (1) the Committee meeting minutes of July 23, 2018, August 16, 2018, and August 27, 2018; and (2) discussion in *Executive Session* of the items noted above.

a2. **Approval of Schools and Libraries Support Mechanism 1st Quarter 2019 Programmatic Budget and Demand Projection for the November 2, 2018 FCC Filing.** Ms. Ayer presented this item for consideration.

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

**RESOLVED**, that the USAC Schools and Libraries Committee approve a 1st Quarter 2019 Schools and Libraries Mechanism direct program budget of \$13.33 million; and

**RESOLVED FURTHER**, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$13.33 million for Schools and Libraries Mechanism administrative costs in the required November 2, 2018 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC Schools and Libraries Committee, having reviewed at its meeting on October 29, 2018 a summary of the 1st Quarter 2019 Schools and Libraries Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2018 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Schools and Libraries Mechanism is equal to or less than \$10 million, or may seek approval from the Schools and Libraries Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

- a3. Consideration of Funding Year 2019 Filing Window Dates.** Ms. Ayer presented this item to the Committee for consideration.

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

**RESOLVED**, that the USAC Schools & Libraries Committee accepts the recommendation of USAC management to open the Funding Year 2019 filing window no earlier than January 10, 2019 and to close the Funding Year 2019 filing window on or after March 20, 2019, subject to the requirements of 47 C.F.R. § 54.502 of the Commission's rules; and

**RESOLVED FURTHER**, that upon consultation with the Committee Chair, USAC management is authorized to adjust the Funding Year 2019 filing window opening and closing dates, as circumstances may warrant.

- i1. Information on 13 USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** This report was provided for informational purposes; no discussion was held on this item.
- i2. Schools & Libraries Support Mechanism Business Update.** Ms. Ayer presented the following:
1. E-rate Program at a Glance
  2. Accomplishments
  3. Current Topics
    - a. Program Participant Training Update
    - b. Update on Fiber Applications
    - c. Schools and Libraries 18-Month Plan
    - d. Newest Dataset on Open Data
  4. Operational Performance Metrics Overview
  5. Upcoming Milestones
  6. FY2020 Forms Readiness Plan

At 11:23 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above.

## **EXECUTIVE SESSION**

**i3. Schools & Libraries Support Mechanism Business Update. (Continued).** Ms. Ayer continued this discussion with the Committee, providing an update on the BPO transition.

**i4. Information on the Preliminary 2019 Annual Schools and Libraries Support Mechanism Budget.** Ms. Ayer presented this item for discussion, noting that the final 2019 annual budget would be presented at the January Committee meetings.

At 12:12 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Domenech reported that in *Executive Session*, the Committee discussed items i3 and i4. On a motion duly made and seconded, the Committee adjourned at 12:12 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

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

**SCHOOLS & LIBRARIES COMMITTEE MEETING**  
Monday December 10, 2018

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

A meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was held at USAC’s offices in Washington, D.C. on Monday, December 10, 2018. Dr. Dan Domenech, Committee Chair, called the meeting to order at 3:43 p.m. Eastern Time, with a quorum of seven of the nine Committee members present:

- |   |   |
|---|---|
| Bocher, Bob – <i>by telephone</i>               | Fontana, Brent – <i>by telephone</i>          |
| Buzacott, Alan – <i>by telephone</i>            | Mason, Ken – Vice Chair – <i>by telephone</i> |
| Choroser, Beth – <i>by telephone</i>            | Sekar, Radha – Chief Executive Officer        |
| Domenech, Dr. Dan – Chair – <i>by telephone</i> |   |

Members of the Committee not present:

- Hernandez, Dr. Mike – Vice Chair
- Wade, Dr. Joan

Officers of the corporation present:

- Beckford, Ernesto – Vice President, General Counsel and Assistant Treasurer
- Davis, Craig – Vice President of Procurement and Sourcing Strategy – *by telephone*

Others present:

| <u>NAME</u>    | <u>COMPANY</u> |
|----------------|----------------|
| Hughet, Pam    | USAC           |
| Mihalsky, Anna | USAC           |
| Nuzzo, Patsy   | USAC           |
| Tomlin, Nicole | USAC           |

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee 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.

## OPEN SESSION

- a1. **Consideration of Contract Amendment for Schools and Libraries Business Process Outsourcing Services.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee adopted the following resolution:

**RESOLVED**, that the USAC Board of Directors determines that the discussion of this item be conducted in *Executive Session*.

At 4:04 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above.

## EXECUTIVE SESSION

- a1. **Consideration of Contract Amendment for Schools and Libraries Business Process Outsourcing Services.** Mr. Davis provided the Committee with an overview for consideration.

On a motion duly made and seconded, the Committee adopted the following resolution:

**RESOLVED**, that the USAC Schools & Libraries Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC to amend the contract with Maximus Federal Services, Inc. for business processing outsourcing (BPO) services for the E-rate Program by increasing the base period not-to-exceed amount by \$1,934,030 from \$24,638,000 (plus applicable taxes) to \$26,572,030 (plus applicable taxes).

At 4:06 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Domenech reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 4:06 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

**Universal Service Administrative Company  
Schools & Libraries Committee Meeting**

**ACTION ITEM**

**Recommendation for Election of  
Committee Chair and Vice Chair**

**Action Requested**

The USAC Schools & Libraries Committee (Committee) is taking action to bring its Chair and Vice Chair nominations for consideration by the full Board of Directors (Board) at the Board meeting to be held on January 29, 2019.

**Discussion**

The pertinent resolution related to the election of committee chair and vice chair positions was adopted by the Board on January 25, 2000 and reads as follows:

**RESOLVED**, that the USAC Board of Directors accepts the recommendations of the USAC Nominating Committee that: (1) in addition to the annual election of officers, all Committee chairs and vice chairs shall also be elected annually; (2) the first election for Committee chairs and vice chairs shall occur at the election of officers at the January 2001 Board of Directors meeting; (3) there shall be no term limits imposed on officer and Committee chair and vice-chair positions; and (4) there shall be no automatic succession of positions....<sup>1</sup>

On January 30, 2018, the Board elected Dr. Dan Domenech as Chair and Ken Mason as Vice Chair of the Schools & Libraries Committee.

At their January 28, 2019 quarterly meetings, each committee of the Board (including the Audit Committee and each of the programmatic committees) will nominate Board members to serve as chair and vice chair of their respective committees. Those recommendations will be submitted to the Board at the Board meeting to be held on January 29, 2019.

**Recommended USAC Schools & Libraries Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

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<sup>1</sup> USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), available at <http://usac.org/about/about/leadership/board-minutes/bod.aspx>.

**RESOLVED**, that the USAC Schools & Libraries Committee recommends that the USAC Board of Directors elect \_\_\_\_\_ as Chair and \_\_\_\_\_ as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position 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).

## Universal Service Administrative Company Schools and Libraries Committee Meeting

### ACTION ITEM

#### Approval of Schools and Libraries Support Mechanism 2nd Quarter 2019 Programmatic Budget and Demand Projection for the January 31, 2019 FCC Filing

#### Action Requested:

The Schools and Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2019 (2Q2019) programmatic budget and demand projection for the Schools and Libraries Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2019 quarterly filing.

#### Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget<sup>1</sup> and projected demand for the upcoming quarter.<sup>2</sup>

#### Funding Requirement

Based on current program demand, USAC estimates the 2Q2019 funding requirement for the Schools and Libraries Support Mechanism as follows:

Table A. Program Funding Requirement

| <i>(in millions)</i>                       | <b>1Q2019</b>   | <b>Increase/<br/>(Decrease)</b> | <b>2Q2019</b>   |
|--|-----------------|---------------------------------|-----------------|
| Steady State:                              |                 |                                 |                 |
| Funding Year 2018 (see Note 1)             | \$378.85        | \$0.00                          | \$378.85        |
| New Requirements:                          |                 |                                 |                 |
| N/A  | 0.00            | 0.00                            | 0.00            |
| <b>Total Program Demand</b>                | <b>\$378.85</b> | <b>\$0.00</b>                   | <b>\$378.85</b> |
| Prior Period Adjustments (see Note 2)      | 6.48            | (15.87)                         | (9.39)          |
| USAC Administrative Expenses (see Table B) | 24.44           | 1.63                            | 26.07           |
| Interest Income                            | (3.36)          | 1.40                            | (1.96)          |
| <b>Total Funding Requirement</b>           | <b>\$406.41</b> | <b>(\$12.84)</b>                | <b>\$393.57</b> |

**Note 1:** Demand represents one quarter of the total demand for Funding Year 2018.

<sup>1</sup> 47 C.F.R. § 54.715(c).

<sup>2</sup> 47 C.F.R. § 54.709(a)(3).

**Note 2:** Prior period adjustments reconcile projections to actual results and include adjustments for billings, interest income, and bad debt.

The 2019 annual Schools and Libraries Support Mechanism programmatic budget totals \$101.54 million. See aSL05cf 012819 for details regarding the 2019 annual Schools and Libraries Support Mechanism programmatic budget.

The 2Q2019 portion of the 2019 annual Schools and Libraries Support Mechanism programmatic budget is \$26.07 million and is included in the projected 2Q2019 funding requirement above.

Table B. 2Q2019 Quarterly Programmatic Budget

| <i>(in millions)</i>                  | <b>2Q2019<br/>Direct<br/>Program<br/>Budget</b> | <b>2Q2019<br/>Allocated<br/>Common<br/>Budget</b><br>(see Note 3) | <b>2Q2019<br/>Total<br/>Budget</b> |
|---------------------------------------|---|---|------------------------------------|
| <b>Schools &amp; Libraries Budget</b> | \$14.72   | \$11.35   | \$26.07                            |

**Note 3:** The common budget is allocated to the programs based on the Cost Allocation Methodology on file with the FCC, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year.

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2018 is provided in **Attachment A**.

**Recommendation:**

USAC management recommends that the Committee approve the 2Q2019 budget and projection of demand as proposed.

**Recommended Schools and Libraries Committee Actions:**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

**RESOLVED**, that the USAC Schools and Libraries Committee approves a 2nd Quarter 2019 Schools and Libraries Support Mechanism direct program budget of \$14.72 million; and

**RESOLVED FURTHER**, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$14.72 million for Schools and Libraries Support Mechanism administrative costs in the required January 31, 2019 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC Schools and Libraries Committee, having reviewed at its meeting on January 28, 2019 a summary of the 2nd Quarter 2019 Schools and Libraries Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 31, 2019 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Schools and Libraries Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

**ATTACHMENT A**

**Schools and Libraries Administrative Costs**  
 Comparison of Actual Expenditures to the Budget for the  
 Twelve Months Ending December 31, 2018

| <i>(\$ in millions)</i>                        | <b>2018 YTD<br/>FTE<br/>Actual<br/>(Average)</b> | <b>2018 YTD<br/>FTE<br/>Budget<br/>(Average)</b> | <b>FTE<br/>Variance</b> | <b>YTD<br/>Actual</b> | <b>YTD<br/>Budget</b> | <b>Variance</b> |
|--|--|--|-------------------------|-----------------------|-----------------------|-----------------|
| <b>Direct Program Costs</b>                    |  |  |                         |                       |                       |                 |
| Employee Expenses                              | 43   | 51   | 8                       | \$6.72                | \$8.17                | \$1.45          |
| Professional Services                          |  |  |                         | 56.90                 | 56.83                 | (0.07)          |
| General & Administrative                       |  |  |                         | 1.92                  | 2.48                  | 0.56            |
| <b>Total Direct Program Costs (see Note 4)</b> |  |  |                         | <b>\$65.54</b>        | <b>\$67.48</b>        | <b>\$1.94</b>   |
| <b>Common Allocated Costs (see Note 5)</b>     |  |  |                         | <b>\$38.45</b>        | <b>\$43.60</b>        | <b>\$5.15</b>   |
| <b>Total Program Budget</b>                    |  |  |                         | <b>\$103.99</b>       | <b>\$111.08</b>       | <b>\$7.09</b>   |

**Note 4:** Actual direct program costs were lower than the budget due to vacant positions (average of 43 actual FTEs vs. 51 budgeted), and fewer Beneficiary and Contributor Audit Program (BCAP) audits.

**Note 5:** Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year.

# Schools and Libraries Business Update

Schools and Libraries Committee Meeting

January 28, 2019



Universal Service  
Administrative Co.

# Agenda: Schools and Libraries

| Topic                                  | Description  | Purpose       | Presenter            | Length |
|--|--|---------------|----------------------|--------|
| Recap                                  | Review of open items from last Committee meeting                             | Informational | Catriona             | 5 min  |
| 2018 Accomplishments                   | Overview of significant program quantitative and qualitative accomplishments | Informational | Catriona             | 5 min  |
| 2018 Operational Performance Metrics   | Operational Performance Metrics Overview for 2018                            | Informational | Catriona             | 5 min  |
| 2019 Goals and Objectives              | Overview of E-rate focus in 2019   | Informational | Catriona             | 5 min  |
| 2019 Look Ahead                        | Review of major goals & objectives of the E-rate Program                     | Informational | Catriona             | 5 min  |
| Discussion Topics                      | Business Process Outsourcing<br>- Operations<br>- Transition Activities      | Informational | Leslie and Catherine | 45 min |
| Schools and Libraries View At-a-Glance | Overview of SLD activities for next 12 months                                | Informational | Catriona             | 10 min |
| Appendix A                             | Glossary of Acronyms and Terms   | Informational | Catriona             | - min  |
| Appendix B                             | 2019 Program Goals & Objectives  | Informational | Catriona             | - min  |
| Appendix C                             | 2018 FCC Docket Summary  | Informational | Catriona             | - min  |

# October Board Recap

Action items and updates from previous Schools and Libraries Committee meetings

| Activity   | Status   | Due Date    | Owner      |
|--|--|-------------|------------|
| <p><u>Expiration of State Match for fiber builds:</u> Which states have state match programs that expire soon?</p>   | <p>The following states have state match programs that expire in 2019: Arizona, Maryland, Nevada, and Texas. Complete information about <a href="#">approved state match program</a> can be found on the USAC website.</p>   | <p>1/28</p> | <p>SLD</p> |
| <p><u>Pricing Confidentiality:</u> How many applications does USAC receive that request pricing confidentiality?</p> | <p>Over the past three funding years, the number of applications requesting pricing confidentiality has declined steadily. In FY 2016, we received 191 such applications, in FY 2017 there were 116 such applications, and in FY 2018 there were 46 such applications. This represents less than 0.5% of all applications received in that funding year.</p> | <p>1/28</p> | <p>SLD</p> |

# 2018 Accomplishments

## People

- Reorganized staff to align with the work ahead.
- Hired 15 new staff members to deepen bench strength in all groups and to reduce reliance on outside vendors.
- Promoted three staff members in recognition of their achievements and skills.
- Stood up a new incubator team to review applications to strengthen in-house processing expertise.
- Improved staff knowledge of the review process through the PIA Application Challenge.
- Launched Individual Development Plans for staff, and provided Division-wide training on change management and civil treatment.

# 2018 Accomplishments

## Process

- Redeveloped PIA Procedures in an online tool, simplifying the language and streamlining the guidance without losing content.
- Began to implement a risk management process by hiring a Project Management Office vendor.
- Took ownership for processing applications and requests in-house, including 900 fiber reviews completed in conjunction with Maximus and Solix.
- Delivered first set of post-commitment reviews conducted entirely by USAC through the Incubator team.
- Successfully transitioned call center operations to Sutherland on June 1, 2018.
- Deployed knowledge base tool for Customer Service Representatives to ensure consistent, high quality responses for stakeholder inquiries.
- Began work to migrate static reports to dashboards for increased visibility and access to real-time metrics in support of data-based decision making.

# 2018 Accomplishments

## Technology

- Deployed three major releases for EPC to stabilize the system and improve performance.
- Added missing functionality in EPC to address improper payments and support multiple Hurricane relief Orders.
- Developed strategy to address large and unwieldy backlog of system bugs by conducting end-to-end system testing of EPC and the SL legacy system, which resulted in fewer than 50 critical and high-priority system defects.
- Resolved high-priority system issues according to remediation plan by Dec. 31, 2018 with remaining to be resolved by 1Q2019.
- Launched user-friendly Invoice Deadline Extension request tool in EPC.
- Launched updated FY 2019 FCC Form 470 on July 1, 2018.

# 2018 Accomplishments

## Outcomes

- Issued first FY 2018 commitments within 30 days of window close for \$503 million (18% of the funds requested), representing over 15,000 (or 43%) applications. This is the largest initial wave since 2014. By June, USAC committed over \$1B, and over 95% of applications were committed by September.
- Delivered enhanced stakeholder training in six cities. Training included multiple tracks and half-day beginner sessions. This was the cheapest training ever, and 98.4% of evaluation respondents stated that they found the content helpful – a significant change from last year.
- Deployed modernized, online applicant training on Dec. 21, 2018, covering materials from in-person training. So far, 98.7% of evaluation respondents indicated that they found content helpful.
- Issued payments for FY 2018 starting July 1. As of Dec. 31, disbursed \$378 million for FY 2018, which is the most dollars disbursed in the first six months of the year since 2008.
- Selected Maximus Federal as the new BPO provider with significant cost savings.

# 2018 Operational Performance Synopsis

| Metric |                                     | Target  | Q1      | Q2      | Q3      | Q4      | Variance |   | Description/mitigation  |
|--------|-------------------------------------|---------|---------|---------|---------|---------|----------|---|---|
| 1A     | FY 2017 Funding Commitments (\$M)   | \$3,239 | \$2,989 | \$3,057 | \$3,079 | \$3,090 | \$11     | ✓ | Cumulative \$ requested   |
| 1B     | FY 2017 Funding Commitments vol.    | 40,616  | 40,142  | 40,181  | 40,205  | 40,389  | 184      | ✓ | Cumulative  |
| 1C     | FY 2017 Funding Disbursements (\$M) | \$2,243 | \$619   | \$1,012 | \$1,394 | \$1,637 | \$243    | ✓ | Cumulative  |
| 2A     | FY 2018 Funding Commitments (\$M)   | \$2,854 | N/A     | \$1,446 | \$2,091 | \$2,369 | \$278    | ✓ | Cumulative \$ requested   |
| 2B     | FY 2018 Funding Commitments vol.    | 35,773  | 0       | 30,598  | 34,176  | 35,090  | 914      | ✓ | Cumulative  |
| 2C     | FY 2018 Funding Disbursements (\$M) | \$700   | N/A     | \$ -    | \$135   | \$381   | \$246    | ✓ | Cumulative  |
| 3      | Call Center Abandon Rate            | 3.0%    | 3.8%    | 3.1%    | 1.2%    | 2.4%    | 1.2%     | ✓ | Average for quarter   |
| 4      | Appeals Processing (Avg Days Open)  | 90      | 113     | 82      | 66      | 86      | 20       | ✓ | Average days open trended downward during first 3 quarters but rose slightly in Q4. |

## Key Takeaways:

- Appeals continue to be processed within SLA.
- Uptick in customer service abandon rate due to higher call volume.

### Legend

- ✓ On track
- 🚩 Action Required

## 2019 Goals & Objectives

The primary programmatic goals and objectives of the Schools and Libraries Division are to successfully transition the Business Process Outsourcing (BPO) activities to our new vendor and to strengthen our internal program knowledge for continuity of operations.

SLD will continue to focus on the 2018 goals and objectives related to participant experience, program integrity, and employee engagement.

## People

- Deepen program and processing knowledge for all SLD staff.
- Complete hiring to deepen bench strength in key areas including Operations and reporting.
- Conduct additional review challenges in post-commitment functions.
- Execute Individual Development Plans to drive continuous improvement, build skills, and improve engagement

## Process

- Execute successful application window and meet processing SLAs for all review functions.
- Expand new streamlined procedures format to post-commitment processes.
- Complete hiring to deepen bench strength in key areas including Operations and Reporting.
- Deliver process improvements to speed reviews while ensuring program integrity.

## Technology

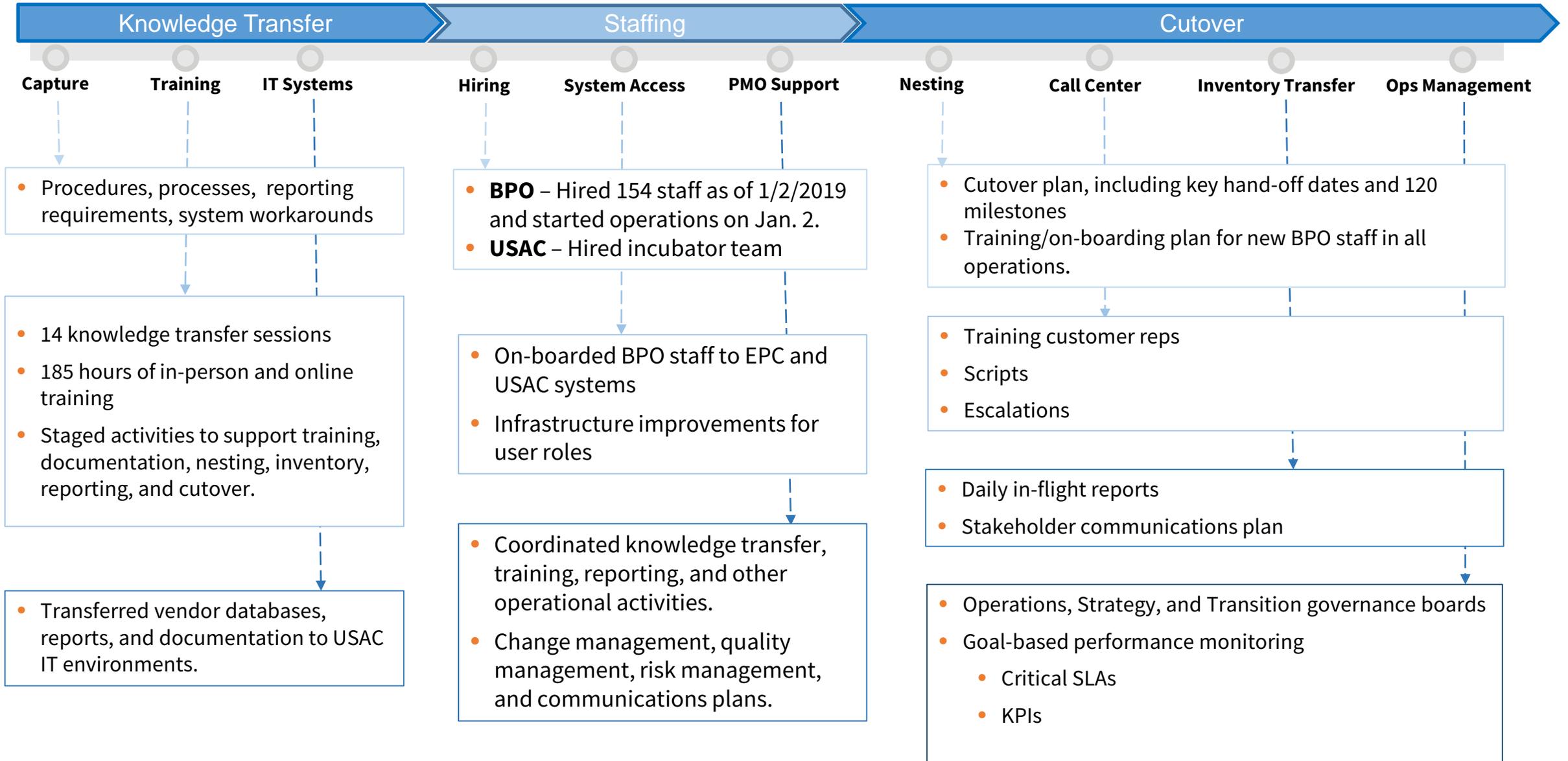
- Deploy additional functionality to improve experience for internal and external reviewers.
- Support IT assessments in advance of enterprise-wide IT initiatives.
- Deliver updated forms based on PRA approval process and to support any new potential FCC rule changes, such as Category Two budgets.
- Implement dashboards to deliver executive and detailed reporting available on demand.

## Outcomes

- Successfully transition all BPO functions to new vendor and implement all CSLAs and KPIs.
- Deliver cost-effective, high quality in-person training to applicants, service providers and tribal participants.
- Deliver modernized, online training for service providers, and add new needed modules for applicants and service providers.
- Implement Knowledge Management activities to improve documentation of SL processes and procedures.
- Leverage Incubator Team activities to acquire operational knowledge and make procedural improvements.

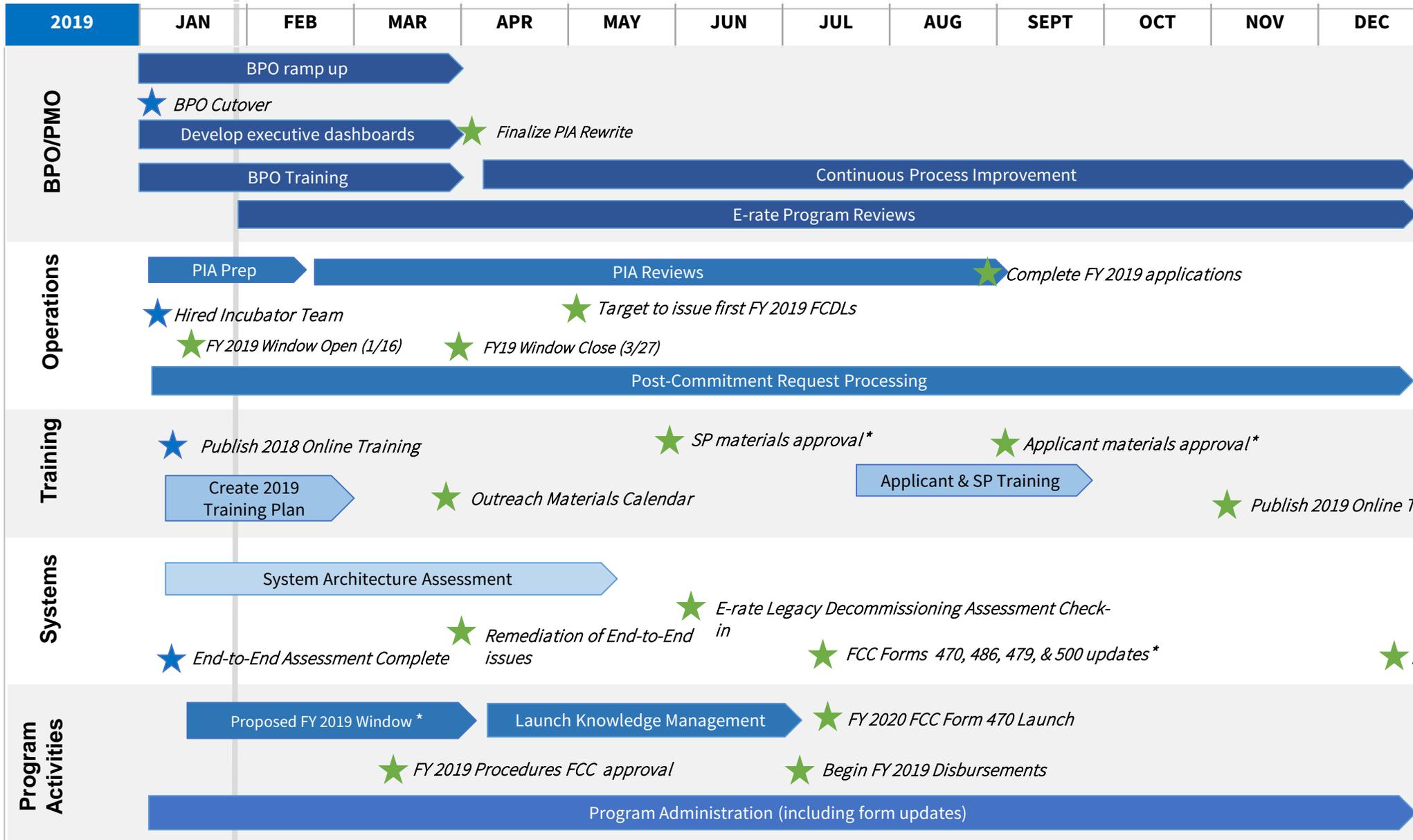
# Discussion Topic: BPO Transition Activities

Briefing book includes all materials discussed in Executive Session.



# E-rate Program at a Glance

Briefing book excludes all materials discussed in Executive Session.



**Milestone Legend**

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

- \* Subject to FCC Approval
- All milestone are on track
- Completed Milestones
- BPO Cutover
  - Hire Incubator Team
  - Publish 2018 Online Training
  - End-to-End Assessment

Briefing book excludes all materials discussed in Executive Session.

# Appendix

# Appendix A: Glossary of Acronyms

| Acronym          | Term  | Definition  |
|------------------|---|---|
| <b>BEAR</b>      | FCC FORM 472                                | The Billed Entity Applicant Reimbursement Form is an FCC form that schools and libraries submit to USAC after paying for services in full, to request reimbursement for the discount on those services.   |
| <b>BEN</b>       | BILLED ENTITY NUMBER                        | A unique number assigned by USAC to each billed entity (school, library, or consortium) that pays for services.   |
| <b>BMIC</b>      | BASIC MAINTENANCE OF INTERNAL CONNECTIONS   | A Category Two service type on the Eligible Services List. Basic Maintenance of Internal Connections services cover the repair and upkeep of eligible products.   |
| <b>BPO</b>       | BUSINESS PROCESS OUTSOURCING                | Contracting of the operations and responsibilities of a specific business process to a third-party service provider.  |
| <b>C2 Budget</b> | CATEGORY TWO BUDGET                         | Starting with FY2015, applicants applying for Category Two services will be limited to a five year pre-discount budget for those services.  |
| <b>COMAD</b>     | COMMITMENT ADJUSTMENT                       | The process by which a funding commitment is reduced because of program rule violations.  |
| <b>CSB</b>       | CLIENT SERVICE BUREAU                       | A helpline available to assist applicants and service providers. You can call CSB toll free at (888) 203-8100.  |
| <b>EPC</b>       | E-RATE PRODUCTIVITY CENTER                  | EPC is the account and application management portal for the Schools and Libraries (E-rate) Program. Applicants, consultants, and service providers participating in the E-rate Program use this tool to manage program processes and to submit questions.  |
| <b>FCDL</b>      | FUNDING COMMITMENT DECISION LETTER          | A letter that contains USAC's funding decisions on an applicant's funding requests.   |
| <b>FISMA</b>     | FEDERAL INFORMATION SECURITY MANAGEMENT ACT | The Federal Information Security Management Act (FISMA) is United States legislation that defines a comprehensive framework to protect government information, operations and assets against natural or man-made threats. FISMA was signed into law part of the Electronic Government Act of 2002.                                    |
| <b>FRN</b>       | FUNDING REQUEST NUMBER                      | A unique number that USAC assigns to each funding request in an FCC Form 471.   |
| <b>FY</b>        | FUNDING YEAR                                | Time during which program support is being provided. The FY begins July 1 and ends June 30 of the following calendar year.  |
| <b>IC</b>        | INTERNAL CONNECTIONS                        | A Category Two service type on the Eligible Services List. Internal Connections services are eligible products, such as routers, switches, hubs, and wiring. Eligible products are located at the applicant site and must be considered a necessity to transport information to classrooms or publicly accessible areas of a library. |

# Appendix A: Glossary of Acronyms

| Acronym      | Term                                       | Definition  |
|--------------|--|---|
| <b>KPI</b>   | KEY PERFORMANCE INDICATOR                  | A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets.   |
| <b>MIBS</b>  | MANAGED INTERNAL BROADBAND SERVICES        | A category of service on the Eligible Services List. Services provided by a third party for the operation, management, and monitoring of internal connections components. E-rate support is limited to eligible expenses or portions of expenses that directly support and are necessary for the broadband connectivity within schools and libraries. |
| <b>NIF</b>   | NON-INSTRUCTIONAL FACILITY                 | A school building without classrooms or a library building without public areas. Examples of school NIFs include administrative buildings, bus barns, and cafeteria facilities. Examples of library NIFs include administrative buildings, bookmobile garages, and interlibrary loan facilities.  |
| <b>NSLP</b>  | NATIONAL SCHOOL LUNCH PROGRAM              | This federal program provides school lunches to eligible students at a free or reduced rate.  |
| <b>PIA</b>   | PROGRAM INTEGRITY ASSURANCE                | The compliance review process of FCC Forms 471 that must be completed before funding commitments are made by USAC.  |
| <b>PRA</b>   | PAPERWORK REDUCTION ACT                    | Federal law designed to reduce the total amount of paperwork burden the federal government imposes on private businesses and citizens. The Act imposes procedural requirements on agencies that wish to collect information from the public.  |
| <b>RFCDL</b> | REVISED FUNDING COMMITMENT DECISION LETTER | A letter issued by USAC to applicants and service providers when post- commitment changes occur to a funding commitment.  |
| <b>RIDF</b>  | RECOVERY OF IMPROPERLY DISBURSED FUNDS     | An RIDF is required when there has been a COMAD but funds have already been disbursed in excess of the revised commitment amount.   |
| <b>SLA</b>   | SERVICE LEVEL AGREEMENT                    | Contract between a service provider and the end user (customer) that defines the level of service expected from the service provider.   |
| <b>SPIN</b>  | SERVICE PROVIDER IDENTIFICATION NUMBER     | A unique number that USAC assigns to each service provider once that service provider has submitted the FCC Form 498 to USAC.   |
| <b>SPI</b>   | FCC FORM 474                               | The Service Provider Invoice Form is an FCC form that service providers submit to request reimbursement for discounted eligible services already provided to the schools or libraries on their customer bills.  |

# Appendix B: 2019 Schools and Libraries Goals & Objectives

Briefing book excludes all materials discussed in Executive Session.

| Goals   | Objectives / Program Outcomes  | How Schools and Libraries will meet the goal   |
|---|--|--|
| <b>Execute Program Goals</b>                            | Execute program operations to ensure the fast, simple, efficient, and accurate delivery of Schools & Libraries (SL) funds to those who are eligible.   | Ongoing disbursements of funds based on approved funding requests with approved invoices validated by supporting documentation and SL records. Meet FCC's goal of issuing all workable applications by September 1. Meet or exceed CSLAs for appeals, invoicing, post-commitment requests and COMADs.  |
| <b>Implement New FCC Orders and Mandates</b>            | Implement FCC Orders, Policy Clarifications/ Changes and Mandates in a timely manner.  | Fully support FCC direction on program guidance such as amortization and Category Two budgets. Fully implement the 2014 E-rate Orders and support approval process for program forms.  |
| <b>Improve Operational Efficiency and Effectiveness</b> | Increase SL Business Productivity through increased efficiency and effectiveness of both SL and USAC Operational Processes.  | Complete transition to new BPO provider and improve effectiveness/efficiency at Customer Service Bureau (CSB). Support Maximus continuous improvement initiatives. Ensure that staff are fully trained and engaged in all operational processes. Continue to improve processes and procedures.   |
| <b>Improve Program Participant/FCC Experience</b>       | Streamline and simplify the program participant experience to enable successful participation. Provide the FCC with timely awareness of program administration issues, be responsive to FCC information requests, and flag issues in need of FCC guidance. | Meet or exceed metrics associated with customer service, turnaround times, and system performance. Continue to cultivate positive relationships with stakeholder groups and program participants. Collaborate with FCC across all SL activities to identify goals and strategies, align on expectations, and track against desired outcomes. |
| <b>Enhance Program Integrity</b>                        | Monitor, report, and implement enhanced controls to assess program effectiveness and program business value.   | Review SL data to identify trends that require attention, and monitor new issues and develop appropriate solutions. At or below OMB improper payment targets <2%.  |
| <b>Employee Engagement</b>                              | Enhance individuals through career development and fostering a positive work environment.  | Develop and implement action plans based on the employee pulse survey feedback. Build on 2018 through monitoring of individual development plans and continuing monthly division-wide meetings to exchange information and celebrate successes.  |

# Appendix C: FCC Docket Monitoring

Briefing book excludes all materials discussed in Executive Session.

Items in the E-rate docket in 2018 – Only those with administrative impact are shown below.

| FCC Order/ Mandate | Release Date  | Description   | Impact to Schools and Libraries  |
|--------------------|---------------|---|--|
| DA 18-72           | Jan. 31, 2018 | Public Notice - Streamlined Resolution of Requests Related to Actions by USAC (Houston Area Library Automated Network)      | Grants the appeal and finds that an applicant may correct a mischaracterization of the discounted price as the pre-discounted price. The Commission waived its rules regarding delivery of non-recurring services by September 30 and invoicing deadlines, and directed USAC to complete its review within 90 calendar days of the release date of the PN.   |
| DA 18-163          | Feb. 20, 2018 | Public Notice – Wireline Competition Bureau Announces E-rate Inflation-Based Cap for Funding Year 2018                      | The funding cap for FY 2018 is \$4,062,030,726 which represents a 1.8 percent inflation-adjusted increase in the \$3,990,207,000 cap from FY 2017.   |
| DA 18-188          | Feb. 26, 2018 | Waiver of Invoicing Deadline Rule Order   | Provides affected program participants a 120-day extension from the date of their revised funding commitment decision letter (RFCDL) approving their post-commitment request to invoice USAC for their FY 2016 recurring services provided that such program participants submitted a timely invoice deadline extension request on or before October 30, 2017. The Commission found that a waiver was appropriate as the parties had not received a timely decision for their FY 2016 post-commitment request due to USAC system issues and were not able to invoice by February 27, 2018, the extended invoicing deadline for FY 2016 recurring services. |
| DA 18-175          | Feb. 28, 2018 | Public Notice - Streamlined Resolution of Requests Related to Actions by USAC (Jim Hogg County Independent School District) | Upholds USAC's decision to recover funding as being timely. The Commission reiterated that the five-year administrative deadline to complete investigations is a policy preference and not a bar to recovery of funds.   |
| DA 18-491          | May 17, 2018  | Public Notice - Streamlined Resolution of Requests Related to Actions by USAC   | Remands approximately 174 out-of-window, late-filed FCC Form 471 applications and directs USAC to complete reviews and issue decisions.  |
| DA 18-561          | May 31, 2018  | Public Notice - Streamlined Resolution of Requests Related to Actions by USAC   | Grants appeals and provides additional time for applicants to respond to USAC's Requests for Information based on prior precedent.   |
| DA 18-1055         | Oct. 16, 2018 | Order on Reconsideration  | Dismisses and denies Detroit Public School District's petition for reconsideration of WCB's decision denying a request for waiver of the E-Rate competitive bidding rules.   |
| DA 18-1060         | Oct. 17, 2018 | Order   | Grants Jemez Pueblo Tribal Consortium's and the Grant/Cibola County School District's petitions for waiver of FCC rules governing deadlines for service implementation of special construction, and remanding the funding requests to USAC.  |
| DA 18-1173         | Nov. 16, 2018 | Order   | Adopts the eligible services list for funding year 2019. USAC may open the annual filing window no earlier January 15, 2019.   |
| DA 18-1209         | Nov. 30, 2018 | Public Notice – Streamlined Resolution of Requests Related to Actions by USAC   | Dismisses 9 requests, grants 37 requests, and denies 17 appeals on various grounds under the streamlined process for resolving requests for review, waiver, or reconsideration of USAC decisions related to E-Rate and Contributions matters.  |
| DA 18-1270         | Dec. 28, 2018 | Public Notice – Streamlined Resolution of Requests Related to Actions by USAC   | Dismisses 4 requests, grants 26 requests, and denies 33 appeals on various grounds under the streamlined process for resolving requests for review, waiver, or reconsideration of USAC decisions related to E-Rate and Contributions matters.  |