



# Schools and Libraries Committee

## Briefing Book

Monday, April 29, 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**

<p><b>Monday April 29, 2018</b>  <b>10:00 a.m. – 12:00 p.m. Eastern Time</b>  <b>USAC Offices</b>  <b>700 12th Street, N.W., Suite 900</b>  <b>Washington, D.C. 20005</b></p>
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<u><b>OPEN SESSION</b></u>		<i>Estimated Duration in Minutes</i>
Chair	<b>a1.</b> Consent Items (each available for discussion upon request): A. Approval of Schools and Libraries Committee Meeting Minutes of January 28, 2019 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Catriona	<b>a2.</b> Approval of Schools and Libraries Support Mechanism 3 <sup>rd</sup> Quarter 2019 Programmatic Budget and Demand Projection for the May 2, 2019 FCC Filing	15
Chris Smith	<b>i1.</b> Information on Six USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports	5
Catriona	<b>i2.</b> Schools & Libraries Support Mechanism Business Update <ul style="list-style-type: none"> <li>• At a Glance</li> <li>• Fund Year 2019 Window Update</li> </ul>	15

<u><b>EXECUTIVE SESSION</b></u> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
Catriona	<b>i2.</b> Schools & Libraries Support Mechanism Business Update ( <i>continued</i> ) <ul style="list-style-type: none"> <li>• Stakeholder Requested Enhancements</li> <li>• 2019 IT Roadmap &amp; Enhancements</li> <li>• BPO Update</li> </ul>	30
Craig	<b>a3.</b> Consideration of Increased Contract Value for Consulting Services to Support Schools and Libraries Project Management Office	15
Craig	<b>a4.</b> Consideration of a One Year Contract Option for E-rate Productivity Center Systems Integrator Services	15

<b>12:00</b>	<b><i>Executive Session</i></b> – Board of Directors Discussion (Lunch)	60
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**Next Scheduled USAC Schools & Libraries Committee Meeting**

**Monday, July 29, 2019**

**10:00 a.m. – 12:00 p.m. Eastern Time**

**USAC Offices, Washington, D.C.**

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 resolution below:

- A. Approval of Committee meeting minutes of January 28, 2019 (*see Attachment A-1*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
  - (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) **a3** – Consideration of Increased Contract Value for Consulting Services to Support Schools and Libraries Project Management Office. 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) **a4** – Consideration of One Year Contract Option for E-rate Productivity Center Systems Integrator Services. 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 RESOLUTIONS:

**RESOLVED**, that the USAC Schools & Libraries Committee hereby approves: (1) the Committee meeting minutes of January 28, 2019; and (2) discussion in *Executive Session* of the items noted above.

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

**SCHOOLS & LIBRARIES COMMITTEE MEETING**  
**Monday, January 28, 2019**

**(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, January 28, 2019. Dr. Dan Domenech, Committee Chair, called the meeting to order at 10:04 a.m. Eastern Time, with all nine Committee members present:

Bocher, Bob	Mason, Ken – Vice Chair
Buzacott, Alan	Schell, Julie Tritt
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  
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management  
Delmar, Teleshia – Vice President of Audit and Assurance  
Feiss, Geoff – Member of the Board  
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  
Wein, Olivia – Member of the Board  
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
Faunce, Donna	USAC
Frelow, Leslie	USAC
Holloway, Chanelle	USAC
Hudson, Bo	USAC
Hughet, Pamela	USAC
Hutchinson, Kyle	USAC
Jaruboon, Jetshada	Maximus
Kaplan, Peter	Funds for Learning
Lee, Brandon	USAC
LeNard, David	E-rate Elite
Little, Chris	USAC
Nuzzo, Patsy	USAC
Rovetto, Ed	USAC
Smith Chris	USAC
Stankus, Paul	CSM
Tawes, Pauline	USAC
Tiwari Tanya	USAC
Tomlin, Nicole	USAC
Willis, Catherine	USAC

### OPEN SESSION

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

- a1. Consent Items.** Dr. Domenech presented these items for consideration.
- A.** Approval of Schools and Libraries Committee Minutes of October 29, 2018 and December 10, 2018.
  - B.** Approval of Moving all *Executive Session* Items into *Executive Session*:
    - (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*.

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 October 29, 2018 and December 10, 2018; and (2) discussion in *Executive Session* of the items noted above.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Dr. Domenech introduced this item and Mr. Mason, Chair of the Nominating Committee, shared the Nominating Committee recommendations for the leadership positions.

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

**RESOLVED**, that the USAC Schools & Libraries Committee recommends that the USAC Board of Directors elect **Dr. Dan Domenech** as Chair and **Julie Tritt Schell** 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).

- a3. Approval of Schools and Libraries Support Mechanism 2nd Quarter 2019 Programmatic Budget and Demand Projection for the January 31, 2019 FCC**



**Filing.** Ms. Ayer presented this item for consideration. The presentation included a written report on USAC management's recommendations for the Schools and Libraries Support Mechanism 2nd Quarter 2019 programmatic budget and demand projection for the January 31, 2019 FCC filing.

On a motion duly made and seconded, and after discussion, the Committee adopted 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.

- i1. Information on 17 USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** The Committee received a report with information on 17 USAC Audit and Assurance Division Schools and Libraries Support Mechanism beneficiary audit reports. The reports were provided for informational purposes; no discussion was held on this item.
- i2. Schools & Libraries Support Mechanism Business Update.** Ms. Ayer, Ms. Frelow and Ms. Willis presented PowerPoint slides covering the following:
1. Review of open items from the October 2018 Committee meeting
  2. 2018 Accomplishments
  3. 2018 Operational Performance Metrics
  4. 2019 Goals and Objectives
  5. 2019 Look Ahead
  6. Discussion Topic: Business Process Outsourcing:
    - a. Operations
    - b. Transition Activities
  7. Schools and Libraries View At-a-Glance

At 11:32 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**

i2. **Schools & Libraries Support Mechanism Business Update. (Continued).**  
Continuation of this item was not needed and no discussion was held in Executive Session.

a4. **Consideration of a One Year Contract Option for Appian Cloud Services and Software Licenses.** Mr. Davis presented this item to the Committee for consideration. The presentation included a summary slide and written report with information on USAC's proposed contract option for cloud services and software licenses.

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

**RESOLVED**, that the USAC Schools & Libraries Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to FCC approval, to renew the Appian Cloud services and software licenses in an amount not to exceed \$1,854,817 for continued use of the EPC system.

a5. **Approval of Schools and Libraries Support Mechanism 2019 Annual Programmatic Budget.** Ms. Ayer presented this item to the Committee for consideration. The presentation included a written summary and report detailing USAC management's recommendations for the Schools and Libraries Support Mechanism 2019 programmatic budget.

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

**RESOLVED**, that the Schools and Libraries Committee approves a 2019 annual programmatic budget for the Schools and Libraries Support Mechanism of \$55.1 million.

At 12:05 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 items a4 and a5.

On a motion duly made and seconded, the Committee adjourned at 12:05 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

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

**ACTION ITEM**

**Approval of Schools and Libraries Support Mechanism  
3rd Quarter 2019 Programmatic Budget and  
Demand Projection for the May 2, 2019 FCC Filing**

**Action Requested:**

The Schools and Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2019 (3Q2019) programmatic budget and demand projection for the Schools and Libraries Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 2, 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**

USAC estimates the 3Q2019 funding requirement for the Schools and Libraries Support Mechanism as follows:

Table A. Program Funding Requirement

<i>(in millions)</i>	<b>2Q2019</b>	<b>Increase/ (Decrease)</b>	<b>3Q2019</b>
Steady State:			
Program Funding Requirement (see Note 1)	\$378.85	\$20.30	\$399.15
New Requirements:			
N/A	0.00	0.00	0.00
<b>Total Program Funding Requirement</b>	<b>\$378.85</b>	<b>\$20.30</b>	<b>\$399.15</b>
Prior Period Adjustments (see Note 2)	(9.39)	5.31	(4.08)
USAC Administrative Expenses (see Table B)	26.07	0.01	26.08
Interest Income	(1.96)	1.60	(0.36)
<b>Total Funding Requirement</b>	<b>\$393.57</b>	<b>\$27.22</b>	<b>\$420.79</b>

<sup>1</sup> 47 C.F.R. § 54.715(c).

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

**Note 1:** The Program Funding Requirement for 2Q2019 represents the remaining collection requirement for Fund Year 2018. The Program Funding Requirement for 3Q2019 represents one quarter of the total collection requirement for Fund Year 2019 of \$1,596.61 million, as shown in **Attachment A**.

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

The 3Q2019 Schools and Libraries Support Mechanism programmatic budget of \$26.08 million represents approximately 26% of the 2019 annual Schools and Libraries Support Mechanism programmatic budget of \$101.54 million.

Table B. 3Q2019 Quarterly Programmatic Budget

<i>(in millions)</i>	<b>3Q2019 Budget</b>
<b>Direct Program Costs</b>	
Employee Expenses	\$1.81
Professional Services	6.39
General & Administrative (Note 3)	0.01
<b>Total Direct Program Costs</b>	<b>\$8.21</b>
<b>Direct Assigned Costs</b>	
Employee Expenses	\$1.05
Professional Services	3.80
General & Administrative (Note 3)	0.61
<b>Total Direct Assigned Costs</b>	<b>\$5.46</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$13.67</b>
<b>Common Allocated Costs</b>	<b>\$12.41</b>
<b>Total Programmatic Budget</b>	<b>\$26.08</b>

**Note 3:** General & Administrative expenses include computer support & maintenance and meetings & conferences.

A comparison of actual expenditures to the budget for the three months ending March 31, 2019 is provided in **Attachment B**.

**Recommendation:**

USAC management recommends that the Committee approve the 3Q2019 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 3rd Quarter 2019 Schools and Libraries Support Mechanism direct program budget of \$13.67 million; and

**RESOLVED FURTHER**, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$13.67 million for Schools and Libraries Support Mechanism administrative costs in the required May 2, 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 April 29, 2019 a summary of the 3rd Quarter 2019 Schools and Libraries Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 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

Table C. Schools and Libraries Program Funding Requirement

<i>(in millions)</i>	<b>Fund Year 2018</b>	<b>Increase/ (Decrease)</b>	<b>Fund Year 2019</b>
Base Demand (In-Window Applications Before Review)	\$2,770.34	\$125.64	\$2,895.98
Reduction for Denials and Cancellations (see Note 4)	(64.89)	(320.56)	(385.45)
Increase for Out of Window Applications and Review Adjustments (see Note 5)	9.95	76.13	86.08
<b>Total Estimated Demand</b>	<b>\$2,715.40</b>	<b>(\$118.79)</b>	<b>\$2,596.61</b>
<b>Less Roll Forward</b>			
Available Funds from Prior Fund Year	\$3,264.52	(\$434.47)	\$2,830.05
Disbursements	(2,762.05)	649.81	(2,112.24)
Reserved Funds, Net Change			
a. Pending Applications to Process	479.98	(583.97)	(103.99)
b. Unliquidated Obligations (ULOs)	306.04	215.24	521.28
c. Appeals Reserve - USAC Appeals	113.54	(133.49)	(19.95)
d. Appeals Reserve - FCC Appeals	(154.32)	132.40	(21.92)
e. Unpaid Invoices	(47.71)	(45.52)	(93.23)
<b>Total Roll Forward (see Note 6)</b>	<b>\$1,200.00</b>	<b>(\$200.00)</b>	<b>\$1,000.00</b>
<b>Total Collection Requirement</b>	<b>\$1,515.40</b>	<b>\$81.21</b>	<b>\$1,596.61</b>
<b>Quarterly Collection Requirement</b>	<b>\$378.85</b>	<b>\$20.30</b>	<b>\$399.15</b>

**Note 4:** The Fund Year 2019 funding requirement estimate is adjusted for both denials and cancellations. Prior years did not adjust for cancellations. See calculation in Table D below.

**Note 5:** The Fund Year 2019 out of window application estimate is based on a five year average. See calculation in Table D below.

**Note 6:** The roll forward is based on projected unliquidated obligations and pending applications. Awaiting guidance from the FCC.

Table D. Adjustment Calculation for  
Schools and Libraries Program Funding Requirement

<i>(in millions)</i>	Actuals as of 3/31/2019					Estimate
	2014	2015	2016	2017	2018	2019
Base Demand (In-Window Applications Before Review)	\$4,824.73	\$3,919.85	\$3,659.00	\$2,988.67	\$2,770.34	\$2,895.98
Out of Window Applications/Review Adjustments (Note 7)	\$126.27	\$19.15	(\$51.00)	\$250.33	\$85.66	\$86.08
<b>Total Schools Demand</b>	<b>\$4,951.00</b>	<b>\$3,939.00</b>	<b>\$3,608.00</b>	<b>\$3,239.00</b>	<b>\$2,856.00</b>	<b>\$2,982.06</b>
Denials and Cancellations (Note 8)	\$2,488.00	\$367.00	\$538.00	\$561.00	\$290.00	\$385.45
Denial/Cancellation Rate	50.3%	9.3%	14.9%	17.3%	10.2%	12.9%
Schools Demand						\$2,982.06
Less Denials and Cancellations						385.45
<b>Total Estimated Demand</b>						<b>\$2,596.61</b>

**Note 7:** Estimated out of window applications/review adjustments is based on a five year average.

**Note 8:** Estimated denial/cancellation rate is the average rate for a four year period. Fund Year 2014 is excluded from the calculation because the funding cap of \$2.4 billion was significantly lower than future fund years.



**ATTACHMENT B**

**Schools and Libraries Administrative Costs and Headcount**  
Comparison of Actual Expenditures and Headcount to the Budget for the  
Three Months Ending March 31, 2019

<i>(\$ in millions)</i>	<b>FTE Actual</b>	<b>FTE Budget</b>	<b>FTE Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>Direct Program Costs</b>						
Employee Expenses	43	48	5	\$1.60	\$1.75	\$0.15
Professional Services (Note 9)				4.82	6.39	1.57
General & Administrative (Note 10)				0.00	0.00	0.00
<b>Total Direct Program Costs</b>				<b>\$6.42</b>	<b>\$8.14</b>	<b>\$1.72</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	20	25	5	\$0.83	\$1.04	\$0.21
Professional Services (Note 9)				2.76	4.22	1.46
General & Administrative (Note 10)				0.49	0.53	0.04
<b>Total Direct Assigned Costs</b>				<b>\$4.08</b>	<b>\$5.79</b>	<b>\$1.71</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>63</b>	<b>73</b>	<b>10</b>	<b>\$10.50</b>	<b>\$13.93</b>	<b>\$3.43</b>
<b>Common Allocated Costs (Note 11)</b>				<b>\$9.20</b>	<b>\$11.51</b>	<b>\$2.31</b>
<b>Total Programmatic Budget</b>				<b>\$19.70</b>	<b>\$25.44</b>	<b>\$5.74</b>

**Note 9:** Direct Program Professional Services include Business Process Outsourcing (BPO) and Project Management Office (PMO) contracts. Direct Assigned Professional Services include E-Rate Productivity Center (EPC) operations & maintenance, beneficiary & contributor audit program audits, and IT contract labor.

**Note 10:** General & Administrative expenses include computer support & maintenance, rent, printing & postage, and meetings & conferences.

**Note 11:** 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

April 29, 2019

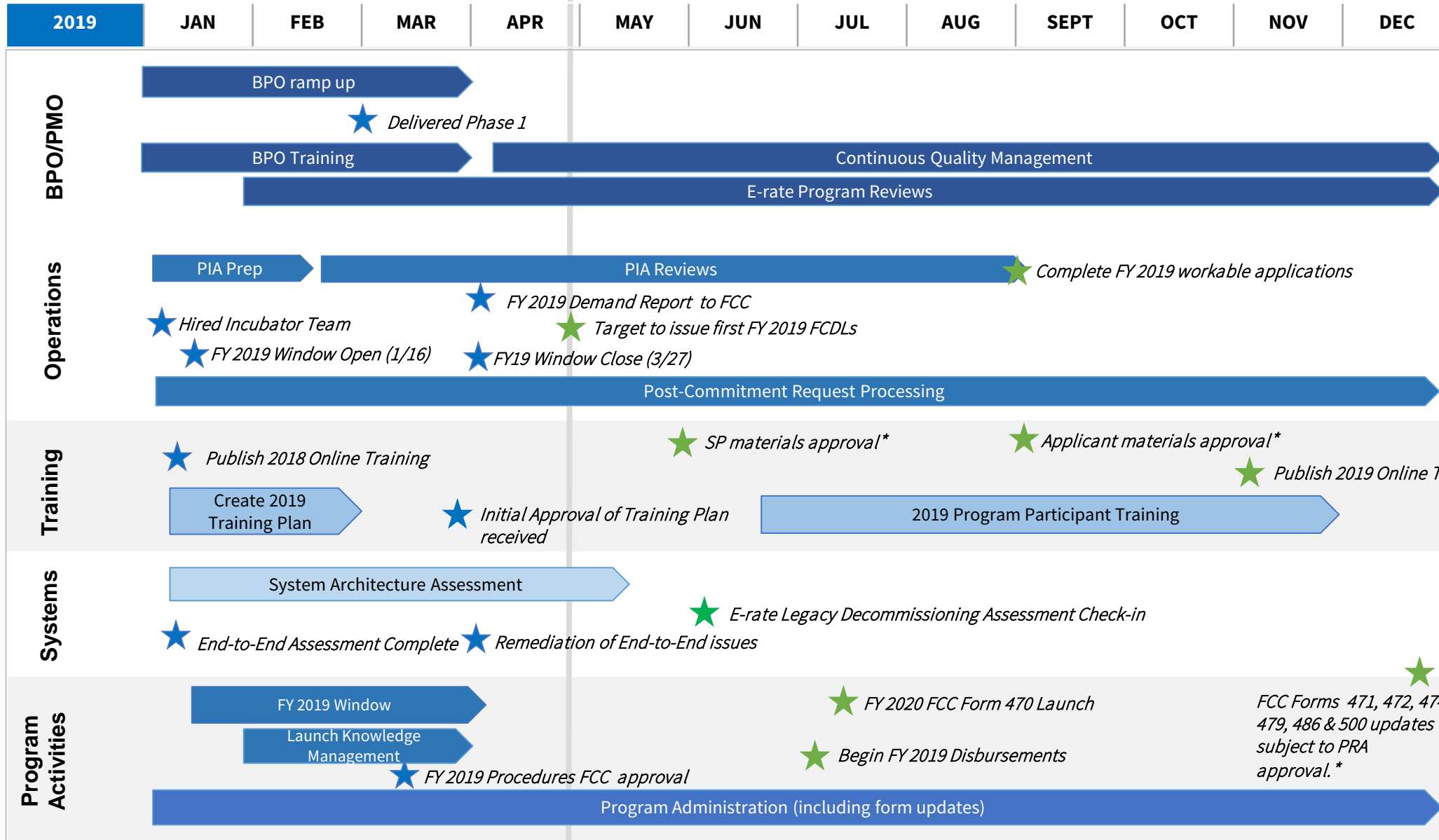


Universal Service  
Administrative Co.

# Agenda: Schools and Libraries

Topic	Description	Purpose	Presenter	Length
Schools and Libraries Program at a Glance	Overview of SLD activities for next 12 months	Informational	Catriona	5 min.
Discussion Topic	FY 2019 Window Update	Informational	Catriona	10 min.
Appendix A	Glossary of Acronyms and Terms	Informational	-	-
Appendix B	1Q2019 FCC Docket Summary	Informational	-	-
Appendix C	2019 First Quarter accomplishments, planned activities, and metrics	Informational	-	-

# E-rate Program at a Glance



**Milestone Legend**

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

\* Subject to FCC Approval

- All milestone are on track.  
Completed Milestones
- BPO Cutover
  - PIA Prep
  - Create 2019 Training Plan
  - FY 2019 Procedures FCC approval

Note: Refer to Appendix C in the Appendix for 1<sup>st</sup> Quarter Accomplishments, planned activities, and metrics.



# Discussion Topic: FY 2019 Window Overview

## FY 2019 Key Data:

- The number of applications and Billed Entities remained flat from FY2018, but Recipients of Service increased by 13%.
- Demand for Internal Connections in FY2019 rose 31% over FY 2018, despite having fallen 17% the previous year.
- Data Transmission and/or Internet Access demand fell by 8%, roughly consistent with last year's decline (5%).

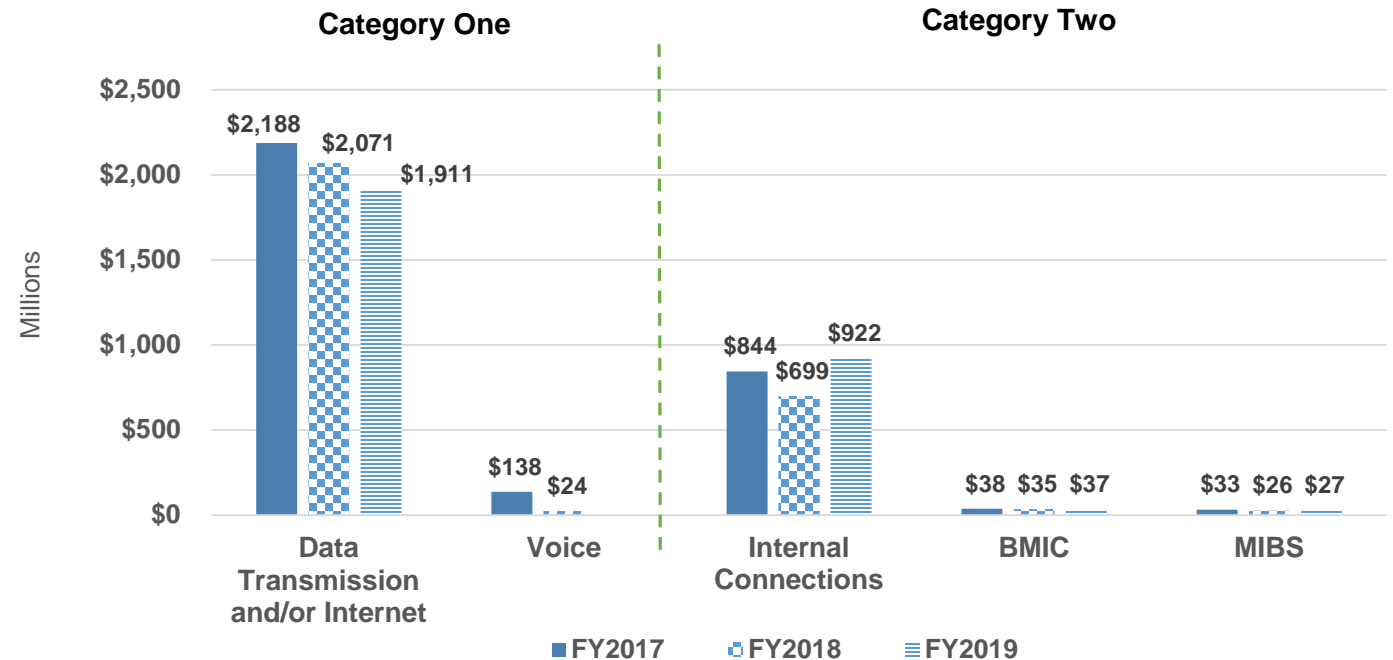
## Other Data:

- Category One requests fell by 19% and demand dropped by 9%.
- Voice services are no longer eligible as of FY 2019.
- Category Two requests rose by 17% and demand increased by 29%.
- The first Five Year Category Two budget cycle ended this year for many entities.

	FY 2018	FY 2019	Percent Change
Post-Discount Requested Dollars (billions)	\$ 2.770	\$ 2.896	4.5%
FCC Form 471 Applications	35,208	35,930	2%
Recipients of Service	114,192	129,459	13%
Billed Entities	21,008	21,282	1%

All figures are as of window close

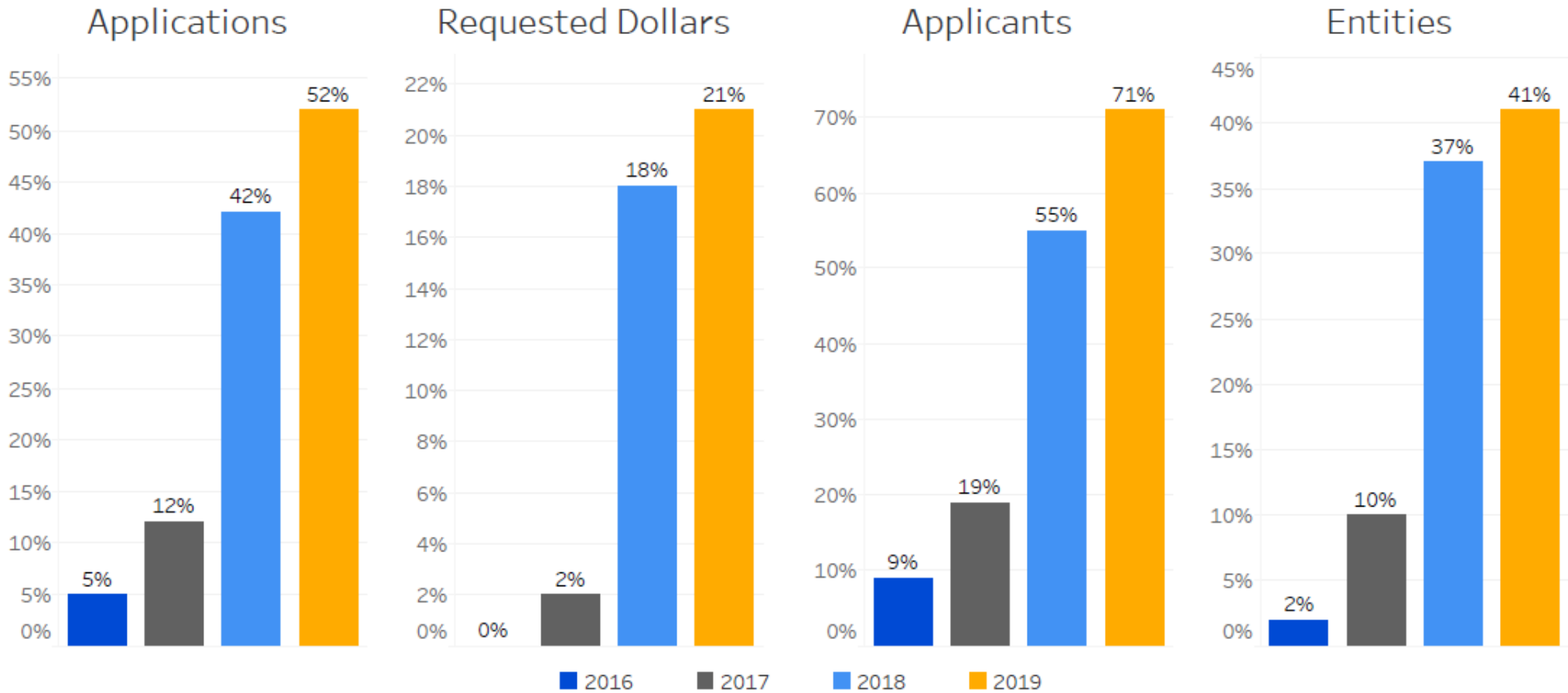
**Demand by Service Type FY 2017-2019**  
(in millions)



# Discussion Topic: FY 2019 Wave 1

## Fund Year 2019 Wave 1 Results

Wave Date	Applications	Requested	Committed	Applicants	Entities	States/Terr.
4/27/2019	18,515	\$597 million	\$530 million	15,199	53,146	55



# 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>CCT</b>	CUSTOMER CONTACT TEMPLATE	
<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>FRD</b>	FUNCTIONAL REQUIREMENTS DOCUMENT	
<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.

# Appendix A: Glossary of Acronyms

Acronym	Term	Definition
IC	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.
KPI	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.
MIBS	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.
NIF	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.
NSLP	NATIONAL SCHOOL LUNCH PROGRAM	This federal program provides school lunches to eligible students at a free or reduced rate.
PIA	PROGRAM INTEGRITY ASSURANCE	The compliance review process of FCC Forms 471 that must be completed before funding commitments are made by USAC.
PRA	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.
RFCDL	REVISED FUNDING COMMITMENT DECISION LETTER	A letter issued by USAC to applicants and service providers when post- commitment changes occur to a funding commitment.
RIDF	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.
SLA	SERVICE LEVEL AGREEMENT	Contract between a service provider and the end user (customer) that defines the level of service expected from the service provider.
SPIN	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.
SPI	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: FCC Docket Monitoring

Items in the E-rate docket in 1Q2019 – Only those with administrative impact are shown below.

FCC Order/ Mandate	Release Date	Description	Impact to Schools and Libraries
DA 19-30	January 31, 2019	Public Notice - Streamlined Resolution of Requests Related to Actions by USAC The WCB make decisions on various requests and appeals.	Notice of Proposed Rulemaking and Order-The WCB granted 12 requests, denied 3 appeals, granted in part/denied in part 1 request on various grounds under the streamlined process for resolving requests for review, waiver, or reconsideration of USAC decisions related to E-Rate and Contribution matters.
FCC 19-5	January 31, 2019	Notice of Proposed Rulemaking and Order	Eliminates the E-Rate amortization requirement for non-recurring, Category One funding requests over \$500,000. The order also extends the suspension of the amortization requirement until completion of the rulemaking, effective January 31, 2019. The FCC previously suspended the amortization requirement from funding year 2015 - funding year 2018, in the 2014 Second E-Rate Order.
DA 19-71	February 11, 2019	Wireline Competition Bureau analysis on the five-year budgets for internal connections, also referred to as “category two budgets” and recommendation that the Commission retain the category two budget approach and avoid a return to the prior so-called “two-in-five rules” approach.	None - no change in rules.
DA 19-128	February 27, 2019	Order to remedy the issuance of an incorrect service implementation deadline as a result of an EPC system error to certain FY2016 and FY2017 special construction E-rate applicants	USAC will extend the special construction service implementation deadline for each of the Affected Applicants to the deadline listed on the applicant’s FCDL or RFCDL. USAC will also adjust the invoicing deadline for the impacted applicants listed in the Order.
DA 19-116	February 28, 2019	Public Notice for streamlined resolution of requests related to actions by USAC	Notice of Proposed Rulemaking and Order-The WCB granted 10 requests, denied 12, dismissed 13 on various grounds under the streamlined process for resolving requests for review, waiver, or reconsideration of USAC decisions related to E-Rate and Contribution matters.
DA 19-170	March 8, 2019	Announcing the E-Rate and Rural Health Care programs' inflation-based funding caps for funding year 2019.	USAC will update EPC to include the inflation percentage when calculating applicants’ Category Two budget.
DA 19-218	March 27, 2019	WCB notified USAC that it approved the Schools and Libraries Funding Year 2019 Program Integrity Assurance FCC Form 471 Review Procedures.	Allows USAC to review FCC Form 471 applications using FCC approved procedures and issue fund year 2019 funding commitments after receiving the appropriate approvals.

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

**INFORMATION ITEM**

**APPENDIX C**

**Schools & Libraries Business Update**

**Q1 2019 Update on Schools and Libraries Program Administration**

**SL 1Q2019 Updates & Accomplishments:**

**Funding Requests and Disbursements**

- Committed an additional \$180 million for Funding Year (FY) 2018. Commitments included many fiber applications for special construction. To date, USAC has committed \$2.18 billion and disbursed \$624 million for FY 2018.
- Began Program Integrity Assurance (PIA) review of the FY 2019 FCC Forms 471 on January 30, 2019. To date, over 12,000 applications are ready for the first wave, expected April 2019.
- Successfully opened and closed the FY 2019 filing window. Just under 36,000 applications were received for \$2.9 billion. The E-rate Productivity Center (EPC) performed better than ever despite significantly heavy loads. The Call Center was open for extended hours leading up to close with heavy volumes.

**Overall Schools and Libraries Activities**

- The Business Process Outsourcing (BPO) provider assumed full responsibility for all review functions.
- Delivered modernized, online service provider training portfolio of 15 courses covering entire program life cycle from the service provider's perspective.
- Conducted multiple webinars to prepare the field for the Application Window, including how to conduct a competitive bidding process, file the FCC Form 471, and avoid common audit findings.
- Submitted the 2019 Training and Outreach Plan to the FCC, which addresses in-person and online training, as well as webinars.
- FCC approved the FY 2019 PIA Procedures on March 27, 2019, which is required before FCDLs can be issued.
- Submitted the FY 2019 Demand Estimate to the FCC in preparation for the first wave.

**Planned Activities for the Next Quarter:**

- Issue first funding commitments for FY 2019.
- Open registration for both Service Provider and Applicant in-person training events.

- Make the FY 2020 FCC Form 470 available to applicants to allow them to begin the competitive bidding process.
- Support BPO provider's continuous process improvement and performance monitoring.
- Execute employee Individual Development Plans to drive continuous improvement, build skills, and improve engagement within SLD.


**Program Metrics for Q1 2019**

Metric		Target	Jan	Feb	Mar	Variance		Description/mitigation
1A	FY 2018 Funding Commitments (\$M)	\$2,854	\$2,512	\$2,571	\$2,589	\$18	✓	Cumulative dollars requested
1B	FY 2018 Funding Commitments vol.	35,773	35,331	35,357	35,413	56	✓	Cumulative
1C	FY 2018 Funding Disbursements (\$M)	\$700	\$ 467	\$ 539	\$ 624	\$85	✓	Cumulative
2A	FY 2019 Funding Commitments (\$M)	\$2,856	N/A	N/A	N/A	N/A	✓	Cumulative dollars requested
2B	FY 2019 Funding Commitments vol.	35,931	N/A	N/A	N/A	N/A	✓	Cumulative
2C	FY 2019 Funding Disbursements (\$M)		N/A	N/A	N/A	N/A	✓	Cumulative
3	Call Center Abandon Rate	3.0%	2.2%	1.5%	1.5%	0%	✓	Includes FY2019 window.
4	Appeals Processing (Avg Days Open)	90	78	70	165	95	✓	Number increased as many appeals with a low days pending (<30) were released in Q12019 leaving the aged appeals still pending. Includes appeals across all FYs.

Current year trend month-over-month

**Legend**

 On track

 Action Required