



Schools & Libraries Committee

Briefing Book

Monday, January 27, 2020

10:00 a.m. – 12:00 p.m. Eastern Time

Universal Service Administrative Company

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

Washington, D.C. 20005

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

**Monday January 27, 2020
10:00 a.m. – 12:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

<u>OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of Schools and Libraries Committee Meeting Minutes of October 28, 2019 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Chair	a2. Recommendation for Election of Committee Chair and Vice Chair	10
Catriona	a3. Approval of Schools and Libraries Support Mechanism 2nd Quarter 2020 Programmatic Budget and Demand Projection for the January 31, 2020 FCC Filing	15
Rashonda Ward	i1. Information on 12 UASC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports	5
Catriona	i2. Schools & Libraries Business Update: <ul style="list-style-type: none"> • October 2019 Schools and Libraries Committee Recap • Discussion Topics: <ul style="list-style-type: none"> ○ 2019 Accomplishments ○ Addressing 2019 Challenges ○ 2020 Goals and Objectives ○ Schools and Libraries Program Road Ahead • Q4 2019 Update on Schools and Libraries Administration <i>(For Information Only)</i> 	55

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Catriona	a4. Approval of Schools and Libraries Support Mechanism 2020 Annual Programmatic Budget	10

12:00	Board of Directors Lunch	60
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Next Scheduled USAC Schools & Libraries Committee Meeting

**Monday, April 27, 2020
10:00 a.m. – 12:00 p.m. Eastern Time
USAC Offices, Washington, D.C.**

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**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 October 28, 2019 (*see Attachment A*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **a4** – Approval of School and Libraries Support Mechanism 2020 Annual Programmatic Budget. USAC management recommends that this item be discussed in *Executive Session* because it 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 28, 2019; and (2) discussion in *Executive Session* of the item noted above.

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, October 28, 2019

(DRAFT) MINUTES¹

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 28, 2019. Dr. Dan Domenech, Committee Chair, called the meeting to order at 10:05 a.m. Eastern Time, with a quorum of eight of the nine Committee members present:

Bocher, Bob	Mason, Ken
Buzacott, Alan	Schell, Julie Tritt – Vice Chair
Choroser, Beth	Sekar, Radha – Chief Executive Officer
Domenech, Dr. Dan – Chair	Wade, Dr. Joan

Member of the Committee not present:

Fontana, Brent

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Schools and Libraries
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Davis, Craig – Vice President of Procurement and Sourcing Strategy
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
Hutchinson, Kyle – Vice President, Chief Information Officer
Kinser, Cynthia – Member of the Board
Lubin, Joel – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Sweeney, Mark – Vice President of Rural Health Care

¹ 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.

Wein, Olivia – Member of the Board
 Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Anderson, Latoya	USAC
Barrett, Henry	USAC
Beaver, Tracey	USAC
Bethel, Tameca	USAC
Boakye-Gyan, Carol	USAC
Bonuccelli, Marge	Maximus
Braxton-Johnson, Kianna	USAC
Burgess, Melody	USAC
Butler, Stephen	USAC
Castle, Emile	USAC
Cruzan, Cathy	Funds for Learning
Faunce, Donna	USAC
Frelow, Leslie	USAC
Holloway, Channel	USAC
Hughet, Pamela	USAC
James, Christine	USAC
Kaplan, Peter	Funds for Learning
King, Lauren	USAC
Kriete, Debra	South Dakota Department of Education
Lenard, David	E-Rate Elite
Lloyd, Pam	USAC
Luton, Smyth	Avitecture
Mitchell, Steven	USAC
Mitchell, Tamika	USAC
Mohammed, Rehana	USAC
Morning, Kimberly	USAC
Nuzzo, Patsy	USAC
Rovetto, Ed	USAC
Santana-Gonzalez, Jeanette	USAC
Slaughter, Lisa	Maximus
Stankus, Paul	CSM
Tawes, Pauline	USAC
Tiwari, Tanya	USAC
Ward, Rashonda	USAC
Willis, Catherine	USAC

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OPEN SESSION

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

- a1. Consent Items.** Dr. Domenech presented this item for consideration.
- A. Approval of Schools and Libraries Committee Minutes of July 29, 2019.
 - B. Approval of Moving all *Executive Session* Items into *Executive Session*:
 - (1) **a4** – Consideration of a One-Year Contract Option for Schools and Libraries Business Process Outsourcing 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*.
 - (2) **a5** – Consideration of a One-Year Contract Option for Appian Cloud Services and Software Licenses. U 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) **i3** – Information on Four USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports. USAC management recommends that discussion of this item be conducted in *Executive Session* because it relates to *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.

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

RESOLVED, that the USAC Schools & Libraries Committee hereby approves: (1) the Committee meeting minutes of July 29, 2019; and (2) discussion in *Executive Session* of the items noted above.

- a2. Approval of Schools and Libraries Support Mechanism 1st Quarter 2020 Programmatic Budget and Demand Projection for the November 1, 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 1st Quarter 2020 programmatic budget and demand projection for the November 1, 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 1st Quarter 2020 Schools and Libraries Support Mechanism direct program budget of \$12.16 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$12.16 million for Schools and Libraries Support Mechanism administrative costs in the required November 1, 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 October 28, 2019 the 1th Quarter 2020 Schools and Libraries Support Mechanism demand estimate of \$416.51 million, hereby directs USAC staff to proceed with the required November 1, 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.

- a3. **Consideration of Funding Year 2020 Filing Window Dates.** Ms. Ayer presented this item for consideration, noting that opening the Funding Year 2020 filing window no earlier than January 2020, and closing the Funding Year 2020 filing window no earlier than March 2020 will provide a reasonable time for applicants to submit their funding applications and will help USAC to issue timely commitments.

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

RESOLVED, that the USAC Schools & Libraries Committee accepts the recommendation of USAC management to open the Funding Year 2020 filing window open no earlier than January 2020 and to close the Funding Year 2020 filing window no earlier than March 2020, subject to the requirements of Section 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 2020 filing window opening and closing dates, as circumstances may warrant.

- i1. Information on Five USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** The Committee received a report with information on five USAC Audit and Assurance Division Schools and Libraries Support Mechanism beneficiary audit reports. The report was provided for informational purposes; no discussion was held on this item.
- i2. Schools & Libraries Support Mechanism Business Update.** Ms. Ayer presented PowerPoint slides covering the following:
1. Discussion Topics:
 - Funding Year 2019 Status
 - Post-Commitment Status Update
 - 2019 Applicant and Service Provider Training Updates
 - IT Update
 2. Schools and Libraries Program at a Glance
 3. Schools and Libraries Program 3Q2019 Update (*For Information Only*)

Ms. Schell asked if the Committee could receive a copy of the FCC's FY 2019 E-rate Broadband Report. Ms. Sekar noted that the report had been published, but stated that she would ask the FCC if USAC could share the report.

At 10:53 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

- a4. Consideration of a One-Year Contract Option for Schools and Libraries Business Process Outsourcing Services.** Mr. Davis presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposal to exercise the first one-year contract option for the provision of Schools and Libraries Program business process outsourcing services by Maximus Federal Services, Inc.

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

RESOLVED, that the Schools and Libraries Committee of the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the first one-year contract option for the provision of Schools and Libraries Program business process outsourcing services by Maximus Federal Services, Inc. for a not-to-exceed amount of \$17.92 million (plus applicable taxes), subject to required FCC approval.

- a5. Consideration of a One-Year Contract Option for Appian Cloud Services and Software Licenses.** Mr. Davis presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposal to exercise the third one-year contract option for cloud services and licenses from Appian Corporation.

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

RESOLVED, that the USAC Schools & Libraries Committee of the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required FCC approval, to exercise the third one-year contract option for cloud services and licenses from Appian Corporation for an amount not to exceed \$2,192,882, for continued operation of the EPC system.

- i3. Information on Four USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** Ms. Ward, Ms. Delmar, and Ms. Sekar responded to questions from the Committee.

OPEN SESSION

At 11:44 a.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 took action on items a4 and a5 and discussed item i3.

On a motion duly made and seconded, the Committee adjourned at 11:45 a.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 28, 2020.

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....¹

On January 29, 2019, the Board elected Dr. Dan Domenech as Chair and Julie Tritt Schell as Vice Chair of the Schools & Libraries Committee.

At their January 27, 2020 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 28, 2020.

Recommended USAC Schools & Libraries Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

¹ 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 2020 Programmatic Budget and
Demand Projection for the January 31, 2020 FCC Filing**

Action Requested:

The Schools and Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2020 (2Q2020) 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, 2020 quarterly filing.

Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

USAC estimates the 2Q2020 funding requirement for the Schools and Libraries Support Mechanism as follows:

¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	1Q2020	Increase/ (Decrease)	2Q2020	Notes
Steady State:				
Program Funding Requirement	\$399.15	\$0.00	\$399.15	See Note 1 and Table B
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$399.15	\$0.00	\$399.15	
Prior Period Adjustments (difference between projections and actuals):				
Billings	0.58	(1.71)	(1.13)	
Interest Income	(0.02)	0.02	0.00	
Bad Debt Expense	(3.69)	(0.15)	(3.84)	
Total Prior Period Adjustments	(\$3.13)	(\$1.84)	(\$4.97)	
USAC Administrative Expenses	20.49	0.92	21.41	See Table C
Total Funding Requirement	\$416.51	(\$0.92)	\$415.59	

Note 1: The Program Funding Requirement represents one quarter of the total collection requirement for Funding Year 2019 of \$1,596.61 million. See Table B below for additional detail.

Table B. Funding Year 2019 Program Funding Requirement and Roll Forward

<i>(in millions)</i>	Fund Year 2019
Estimated Demand	\$2,596.61
Less Roll Forward	
Available Funds from Prior Fund Year	\$2,830.05
Disbursements	(2,112.24)
Reserved Funds, Net Change	
a. Pending Applications to Process	(103.99)
b. Unliquidated Obligations (ULOs)	521.28
c. Appeals Reserve - USAC Appeals	(19.95)
d. Appeals Reserve - FCC Appeals	(21.92)
e. Unpaid Invoices	(93.23)
Total Roll Forward	\$1,000.00
Funding Year 2019 Collection Requirement	\$1,596.61

The 2Q2020 Schools and Libraries Support Mechanism programmatic budget of \$21.41 million represents approximately 25% of the preliminary 2020 annual Schools and Libraries Support Mechanism programmatic budget of \$84.23 million.

Table C. Quarterly Programmatic Budget

<i>(in millions)</i>	1Q2020 Budget	Increase/ Decrease	2Q2020 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.15	(\$0.06)	\$2.09	
Professional Services	4.48	0.39	4.87	
General & Administrative	0.00	0.00	0.00	See Note 2
Total Direct Program Costs	\$6.63	\$0.33	\$6.96	
Direct Assigned Costs				
Employee Expenses	\$0.89	\$0.00	\$0.89	
Professional Services	4.12	0.49	4.61	
General & Administrative	0.52	0.08	0.60	See Note 2
Total Direct Assigned Costs	\$5.53	\$0.57	\$6.10	
Total Direct Program & Direct Assigned Costs	\$12.16	\$0.90	\$13.06	
Common Allocated Costs	\$8.33	\$0.02	\$8.35	
Total Programmatic Budget	\$20.49	\$0.92	\$21.41	

Note 2: General & Administrative expenses include computer support & maintenance and meetings & conferences.

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2019 is provided in **Attachment 1**.

Recommendation:

USAC management recommends that the Committee approve the 2Q2020 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 2020 Schools and Libraries Support Mechanism direct program budget of \$13.06 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$13.06 million for Schools and Libraries Support Mechanism administrative costs in the required January 31, 2020 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 27, 2020 the 2nd Quarter 2020 Schools and Libraries Support Mechanism demand estimate of \$415.59 million, hereby

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directs USAC staff to proceed with the required January 31, 2020 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 1

Schools and Libraries Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Twelve Months Ending December 31, 2019

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	48	48	0	\$7.03	\$7.16	\$0.13
Professional Services (Note 3)				19.82	25.56	5.74
General & Administrative (Note 4)				0.00	0.02	0.02
Total Direct Program Costs				\$26.85	\$32.74	\$5.89
Direct Assigned Costs						
Employee Expenses	19	25	6	\$3.58	\$4.23	\$0.65
Professional Services (Note 3)				11.33	15.90	4.57
General & Administrative (Note 4)				2.08	2.22	0.14
Total Direct Assigned Costs				\$16.99	\$22.35	\$5.36
Total Direct Program & Direct Assigned Costs	67	73	6	\$43.84	\$55.09	\$11.25
Common Allocated Costs (Note 5)				\$38.21	\$46.45	\$8.24
Total Programmatic Budget				\$82.05	\$101.54	\$19.49

Note 3: 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 4: General & Administrative expenses include computer support & maintenance, rent, printing & postage, and meetings & conferences.

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.

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Schools and Libraries Business Update

Schools and Libraries Committee Meeting

January 27, 2020

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Agenda: Schools and Libraries

Topic	Description	Purpose	Presenter	Length
October 2019 Committee	- Review of open items from last Committee meeting	Informational	Catriona	5 min
Recap	- 2019 Accomplishments - Addressing 2019 Challenges - 2020 Goals and Objectives	Informational	Catriona	45 min
Discussion Topics				
Schools and Libraries Program at a Glance	SL Activities for 2020	Informational	Catriona	10 min
Appendix A	Glossary of Acronyms and Terms	Informational	-	-
Appendix B	4Q2019 FCC Docket Summary	Informational	-	-
Appendix C	2019 Fourth Quarter accomplishments, planned activities, and metrics (paper provided separately)	Informational	-	-

October Committee Recap

Action items and updates from previous Schools and Libraries Committee meetings

Activity	Status
<u>FY 2019 Fiber Applications</u>	<p>When presenting data on fiber applications and commitments, break out the number and dollar amounts for self-construction vs. special construction.</p> <p>Data provided on next slide.</p>
<u>FY 2019 E-rate Broadband Report</u>	<p>The Committee requests that USAC management seek FCC approval to allow Board members to inspect USAC’s FY 2019 E-rate Broadband Report, in accordance with the Procedures for Requests by Board Members for Non-Public Information.</p> <p><i>Note:</i> The data used to create the report is available on USAC’s open data platform, but the Board requested to see the full report, which is not public information and is a work product by USAC for the FCC (and therefore an FCC Record).</p>

October Committee Recap

Briefing book excludes all materials discussed in Executive Session.

All Fiber Applications

Fund Year	≡	Apps Submitted	Apps Completed	% of Applications Complete	Apps Pending	\$ Submitted	\$ Complete	% of Dollars Complete	\$ Pending
2019		1,043	1,016	97.4%	27	\$436,422,946	\$294,091,855	67.4%	\$142,331,091
2018		940	935	99.5%	5	\$516,471,992	\$460,036,778	89.1%	\$56,435,214

Self-Provisioned Fiber Applications

Fund Year	≡	Apps Submitted	Apps Completed	% of Applications Complete	Apps Pending	\$ Submitted	\$ Complete	% of Dollars Complete	\$ Pending
2019		118	114	96.6%	4	\$47,245,641	\$46,278,806	98.0%	\$966,836
2018		118	118	100.0%	0	\$36,652,547	\$36,652,547	100.0%	\$0

Special Construction Fiber Applications

Fund Year	≡	Apps Submitted	Apps Completed	% of Applications Complete	Apps Pending	\$ Submitted	\$ Complete	% of Dollars Complete	\$ Pending
2019		373	359	96.2%	14	\$312,662,654	\$205,965,307	65.9%	\$106,697,347
2018		373	368	98.7%	5	\$403,527,995	\$347,950,140	86.2%	\$55,577,856

2019 Accomplishments

FY 2019 Processing Operations

- Largest first PIA Wave issued in April with 18,515 applications for \$530M.
- Achieved 95% Sept 1 PIA benchmark.
- Issued 97.4% of Fiber applications by 12/31.
- Successfully hired and trained six Incubator Team staff to increase operations expertise.

Funding Year 2019 Stats	
Program Cap	\$4.15 billion
Requested Program Demand	\$2.96 billion
Funding Commitments to 1/2/20	\$2.06 billion
Number of Applications	36,449
Number of Applicants	21,672
Number of Service Providers	4,099

Business Process Outsourcing (BPO) Transition

- Successfully transitioned all operational areas to new BPO vendor that will result in significant operational cost savings over a five-year period.
- BPO vendor stood up 12 teams covering all functional areas. All reviewers received initial training and completed nesting activities to further hone their review skills before conducting reviews in production systems.
- Consolidated library of procedures, training materials, and job aides created to speed understanding of program operations on a steep learning curve in short time frame.

2019 Accomplishments (cont.)

Training and Outreach

- Held 11 training events across the country for applicants, service providers, and tribal stakeholders attended by 1,400 participants.
 - 77% of 524 participants submitting evaluations found the training helpful overall.
 - 69% of 524 participants submitting evaluations found the content very effective.
- Launched updated version of website including new features to improve navigation.

Data Reporting and Analysis

- Created executive- and management-level operations dashboards and performance metrics reports for trend analysis, quality assurance management, and customer service case resolution and aging.

IT Systems Improvements

- Major April release to improve FCC Form 470 and FCC Form 471 intake, SPIN change intake, FCC Form 486 notifications, customer outreach, and invoicing deadlines.
- Completed end-to-end system assessment and remediated defects before the end of Q1.
- Releases to stabilize and improve E-rate Productivity Center (EPC) performance.

Addressing 2019 Challenges

Briefing book excludes all materials discussed in Executive Session.

Key Challenges	Mitigation Strategies
PIA Completion Target: Percentage of dollars reviewed lags percentage of applications completed.	<ul style="list-style-type: none">• Developing strategy to have more experienced staff review high-dollar applications to keep pace with 99% complete by September 1.• Implement resource and velocity plans for USAC and BPO vendor to achieve processing targets.• Utilize management dashboards and metrics to track review rates and ensure targets are met.
Vendor Transaction Quality: Review quality issues.	<ul style="list-style-type: none">• Vendor created Quality Management Approach for all areas including lessons learned and root cause analysis to improve transaction processing.• Increased USAC QA reviews for all operational areas to monitor transaction quality.• Worked with BPO and PMO vendors to create online knowledge management library including job aids, reference guides, and procedure documents.
Invoice Processing: Novel programmatic issues, and backlog.	<ul style="list-style-type: none">• New and novel invoicing issues surfaced in 2019, which delayed invoice processing. Developed strategic approach to address these novel issues and future issues and ensure that actions were consistent with program rules and that invoices are processed timely.• Identify staff who can address issues to resolve and avoid backlogs.
Appeals: Enhance expertise and quality management.	<ul style="list-style-type: none">• Re-defined Appeals team to centralize appeals expertise.• USAC continues to sample all appeals to ensure procedures are followed, correct decisions are reached.• Enlist enterprise PMO team to monitor the timely completion of aging appeals and quality issues.

2020 Goals & Objectives

Briefing book excludes all materials discussed in Executive Session.

Execute Program Goals

- Open and close the FY 2020 filing window (Jan. 15 – Mar. 25, 2020).
- Meet FCC goal of issuing funding decisions on all workable FY 2020 applications by September 1.
- Implement Category Two (C2) budget requirements for transition year FY 2020.
- Make applicant (BEAR form) invoicing disbursement process more efficient.

Business Operations

- Create strategy to internally review subsets of operational transactions to gain insights into process and systems roadblocks and propose procedural improvements and system enhancements.
- Support vendor training efforts to increase staff knowledge and processing speed.
- Implement quality management approach to reduce re-work on applications, forms, and appeals.
- Leverage Incubator Team activities to acquire operational knowledge and make procedural improvements.
- Enlist enterprise PMO team to project manage FY 2019 and prior open pre- and post-commitment transactions to completion.

2020 Goals & Objectives (cont.)

Training & Customer Service

- Develop robust 2020 training plan and deliver cost-effective, high quality in-person training to applicant, service provider, and tribal participants.
- Add new self-paced online modules for applicants and service providers.
- Work with Shared Services team to create strategy to address customer service inquiry backlog and reduce response times.

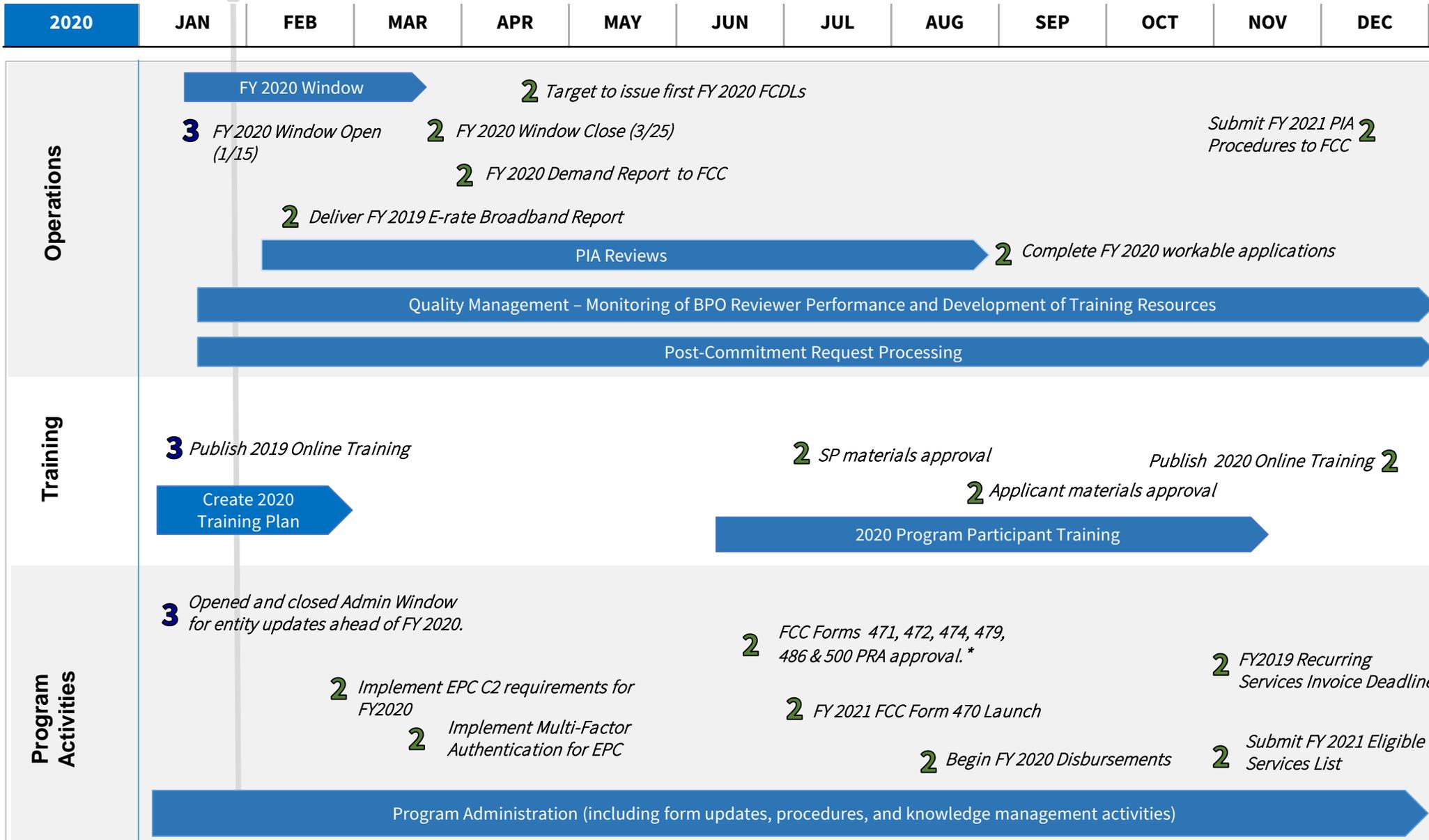
IT Systems

- Implement changes to the FCC Form 470 dropdown menus resulting from the FCC's open proceeding for FY 2021.
- Improve EPC functionality based on stakeholder-requested enhancements.
- Develop systems for next five-year cycle of C2 budgets beginning with FY 2021.
- Enhance EPC features to minimize IT support during the funding wave process, which will enable SLD to provide faster funding and post-commitment decisions.

2020 Road Ahead

Briefing book excludes all materials discussed in Executive Session.

Available for Public Use



Milestone Legend

- 3** Completed
- 2** On Track
- 1** At Risk

* Subject to FCC Approval

All milestones are on track

Completed Milestones

- FY 2020 Filing Window opened 1/15
- Published FY2019 Online Training

Appendix A: Glossary of Acronyms

Acronym	Term	Definition
BEAR	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.
BEN	BILLED ENTITY NUMBER	A unique number assigned by USAC to each billed entity (school, library, or consortium) that pays for services.
BMIC	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.
BPO	BUSINESS PROCESS OUTSOURCING	Contracting of the operations and responsibilities of a specific business process to a third-party service provider.
C2 Budget	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.
COMAD	COMMITMENT ADJUSTMENT	The process by which a funding commitment is reduced because of program rule violations.
CSB	CLIENT SERVICE BUREAU	A helpline available to assist applicants and service providers. You can call CSB toll free at (888) 203-8100.
EPC	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.
FCDL	FUNDING COMMITMENT DECISION LETTER	A letter that contains USAC's funding decisions on an applicant's funding requests.
FISMA	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 as part of the Electronic Government Act of 2002.
FRN	FUNDING REQUEST NUMBER	A unique number that USAC assigns to each funding request in an FCC Form 471.
FY	FUNDING YEAR	Time during which program support is being provided. The FY begins July 1 and ends June 30 of the following calendar year.
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.

Appendix A: Glossary of Acronyms (cont.)

Acronym	Term	Definition
KPI	KEY PERFORMANCE INDICATOR	A Key Performance Indicator 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 4Q2019 – Only those with administrative impact are shown.

FCC/DA #	Release Date	Description	Impact to Schools and Libraries
DA 19-942	Sept. 30, 2019	Public Notice – Streamlined Resolution of Requests Related to Actions by USAC	WCB issued a streamlined Public Notice resolving requests for review, waiver, or reconsideration of USAC E-rate decisions. WCB dismissed 14, granted 17, and denied 32 requests on various grounds.
DA 19-985	Oct. 1, 2019	Letter – Application of E-rate Competitive Bidding Rules for FY 2019	WCB Chief Kris Monteith and Managing Director Mark Stephens sent a letter to USAC CEO Radha Sekar providing guidance to USAC regarding the application of E-rate competitive bidding rules. The guidance explains how USAC should treat E-rate applications in FY 2019 when an applicant mistakenly selects a drop-down menu option on FCC Form 470 that does not fully reflect the services for which it intends to seek bids.
DA 19-986	Oct. 1, 2019	Public Notice – FCC Form 470 Drop-Down Menu	WCB issued a Public Notice seeking comment on USAC’s drop-down menu options for the FCC Form 470, including (a) whether and how these dropdown menu choices may be improved to minimize the potential for applicant confusion, (b) how to address concerns about the current FCC Form 470 drop-down menu options, and, (c) how, to the extent practicable, to reduce administrative burdens on applicants and service providers.
DA 19-1120	Oct. 31, 2019	Public Notice – Streamlined Resolution of Requests Related to Actions by USAC	WCB issued a streamlined Public Notice resolving requests for review, waiver, or reconsideration of USAC decisions. For E-rate, WCB dismissed 12, granted 19, granted in part one, and denied 40 requests on various grounds.
DA 19-1194	Nov. 27, 2019	Public Notice – Streamlined Resolution of Requests Related to Actions by USAC	WCB issued a streamlined Public Notice resolving requests for review, waiver, or reconsideration of USAC decisions. For E-rate, WCB dismissed 3, granted 13, and denied 16 requests on various grounds.
FCC 19-117	Dec. 3, 2019	Report and Order – FCC Acts to Speed the Deployment of Wi-Fi in Schools and Libraries	The FCC adopted their proposal to make the C2 budget approach permanent, with some changes to school district-wide and library system-wide budget calculations and funding floor and budget multipliers, among other things. The FCC also extended the initial five-year test period for a sixth year to ensure a smooth transition to the permanent rules effective beginning in FY 2021, when C2 budgets will be reset for the next five-year cycle.
DA 19-1249	Dec. 9, 2019	Order – Modernizing the E-Rate Program for Schools and Libraries	WCB adopted the proposed eligible services list for Funding Year 2020. Bureau also authorized USAC to open the annual application filing window within 45 days after release of this Order.
DA 19-1279	Dec. 30, 2019	Public Notice – Streamlined Resolution of Requests Related to Actions by USAC	WCB issued a streamlined Public Notice resolving requests for review, waiver, or reconsideration of USAC decisions. For E-rate, WCB dismissed 4, granted 17, and denied 50 requests on various grounds.

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

INFORMATION ITEM

Appendix C

Schools and Libraries Update

Q4 2019 Update on Schools and Libraries Administration

SL 4Q2019 Updates & Accomplishments:

- Exceeded PIA September 1 benchmark to commit 95% of workable FY 2019 FCC Forms 471. As of December 31, 98.5% of applications (35,920) were committed, totaling \$2.06B.
- Committed \$27.5 million for FY 2018 in 4Q2019. Cumulative FY 2018 commitments total \$2.23 billion. FY 2018 support disbursed through December 31 totaled \$1.6B.

Overall Schools and Libraries Activities:

- Conducted 2019 Applicant and Tribal in-person training events in Illinois, Washington, New Jersey, Georgia, Oklahoma, and New Mexico.
- Supported BPO provider's review processes through the development of additional job aids in support of COMAD, PIA, and Appeals processing.
- USAC committed 1,016 FY 2019 fiber applications totaling \$165 million through 4Q2019. 27 fiber applications for a total of \$142 million remain under review.
- Conducted internal staff training on the knowledge management suite, which includes procedures, job aids, and quick reference guides for program areas.
- Launched redesigned Schools and Libraries (E-rate) section of USAC's website for easier navigation and with better search functions.
- Gathered business requirements from the FCC's *Category Two Budget Order* to implement business process and IT system changes for FY 2020.
- Began gathering business requirements for Category Two budget rules for FY 2021 and forward.
- Created additional dashboards to track commitments, disbursements, and funding outcomes.

Planned Activities for the Next Quarter:

- Open and close the FY 2020 Application Filing Window.
- Review FY 2020 applications in advance of first funding commitments in April 2020.
- Implement system changes and train the field for Category Two budget changes.

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2019 Program Metrics:

Metric		Target	Q1	Q2	Q3	Q4	Variance (Q3 - Q4)	Status	Description/mitigation
1A	FY 2018 Funding Commitments (\$M)	\$2,857	\$2,589	\$2,607	\$2,675	\$2,714	\$39	✓	Cumulative \$ requested complete
1B	FY 2018 Funding Commitments vol.	35,816	35,413	35,462	35,503	35,613	110	✓	Cumulative applications complete
1C	FY 2018 Funding Disbursements (\$M)	\$1,700	\$624	\$976	\$1,365	\$1,576	\$211	✓	Cumulative authorized disbursements
2A	FY 2019 Funding Commitments (\$M)	\$2,962	-	\$1,124	\$2,078	\$2,475	\$397	✓	Cumulative \$ requested complete
2B	FY 2019 Funding Commitments vol.	36,445	-	26,858	34,481	35,920	1,439	✓	Cumulative applications complete
2C	FY 2019 Funding Disbursements (\$M)	\$500	-	\$0	\$120	\$376	\$256	✓	Cumulative authorized disbursements
3	Call Center Abandon Rate	3.0%	1.7%	0.6%	1.2%	1.1%	-0.1%	✓	Average for quarter
4	Appeals Processing (Avg Days Open)	90	165	119	110	131	21	✓	Average days open trended downward during first 3 quarters but rose slightly in Q4. Excludes appeals on FCC hold.

Legend

-  On track
-  Action Required