Schools & Libraries Committee

Briefing Book

Monday, April 26, 2021

Available for Public Use

Virtual Meeting

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
Virtual Agenda

USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

	MONDAY, APRIL 26, 2021 **10:35 A.M. – 11:05 A.M. EASTERN TIME** **OPEN SESSION**	*Estimated Duration in Minutes*
Chair	**a1.** Consent Items (each available for discussion upon request): **A.** Approval of Schools and Libraries Committee Meeting Minutes of January 25, January 26 and April 9, 2021 **B.** Approval of moving all ***Executive Session*** items into ***Executive Session***	5
Craig	**a2.** Approval of Schools and Libraries Support Mechanism 3rd Quarter 2021 Programmatic Budget and Demand Projection for the April 30, 2021 FCC Filing	5
Teleshia	**i1.** Information on 10 USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports *(For Information Only)*	–
Craig	**i2.** E-Rate Business Update: • Accomplishments • FY2021 Window Overview • Metrics • Plans For Next Quarter • Roadmap • System Update	20

	TUESDAY, APRIL 27, 2021 **10:10 A.M. – 10:25 A.M. EASTERN TIME** **EXECUTIVE SESSION** **Confidential – *Executive Session Recommended***	
Craig	**i3.** E-rate Business Update *(Continued)* • Recap of January 2021 Committee Meeting	10

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 25, January 26 and April 9, 2021 (*see* **Attachments A-1, A-2, and A-3**).

B. Approval of moving all ***Executive Session*** items into ***Executive Session***:

(1) **i3 –** E-rate Business Update *(Continued*). USAC management recommends that this item be discussed in ***Executive Session*** because it relates to ***specific internal controls or confidential company data*** and ***internal rules and procedures*** concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in ***disclosure of confidential techniques and procedures*** that would compromise program integrity**.**

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 Schools & Libraries Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 25, January 26 and April 9, 2021; 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, January 25, 2021

(DRAFT) MINUTES[1]

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the ***Open Session*** portion of the quarterly meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, January 25, 2021. Dr. Dan Domenech, Committee Chair, called the meeting to order at 10:41 a.m. Eastern Time, with a quorum of eight of the nine Committee members present:

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

Members of the Committee not present:

Fontana, Brent

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Feiss, Geoff – Member of the Board
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resources Program
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer

[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.

Jacobs, Ellis – Member of the Board
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Skrivan, Michael – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board

Others present:

NAME	**COMPANY**
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
Carroll, Katherine	CMS Consulting Inc.
Crawford, Katherine	USAC
DiVo, Victor	USAC
Goode, Vernell	USAC
Harkin, Michelle	CMS Consulting Inc.
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	State E-Rate Coordinators' Alliance
Lee, James	USAC
Little, Chris	USAC
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Schrader, Theresa	Broadband Legal Strategies, LLC
Tiwari, Tanya	USAC

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 October 26 and 27, 2020.

B. Approval of moving all ***Executive Session*** items into ***Executive Session***:

- **a4 –** Approval of Schools and Libraries Support Mechanism 2021 Annual Programmatic Budget. USAC management recommends that this item be discussed in ***Executive Session*** because this matter

relates to USAC's ***procurement strategy and contract administration***.

- **i3 –** E-rate Business Update *(Continued*). USAC management recommends that this item be discussed in ***Executive Session*** because it relates to ***specific internal controls or confidential company data*** and ***internal rules and procedures*** concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in ***disclosure of confidential techniques and procedures*** that would compromise program integrity**.**
- **i4 –** Information on One USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Report. USAC management recommends that this item be discussed in ***Executive Session*** because it relates to ***specific internal controls or confidential company data,*** and ***internal rules and procedures*** concerning the administration of the universal service support mechanisms; 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 October 26 and 27, 2020; and (2) discussion in ***Executive Session*** of the items noted above.

a2. Recommendation for Election of Committee Chair and Vice Chair. Dr. Domenech introduced Mr. Gerst. As Chair of the Nominating Committee, Mr. Gerst reported on the election recommendations for the Schools and Libraries Committee.

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

RESOLVED, that the USAC Schools and 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 2021 Programmatic Budget and Demand Projection for the January 29, 2021 FCC Filing. Mr. Davis 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 2021 programmatic budget and demand projection for the January 29, 2021 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 2021 Schools and Libraries Support Mechanism direct program budget of $10.98 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of $10.98 million for Schools and Libraries Support Mechanism administrative costs in the required January 29, 2021 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 25, 2021 the 2nd Quarter 2021 Schools and Libraries Support Mechanism demand estimate of $634.61 million, hereby directs USAC staff to proceed with the required January 29, 2021 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 24 USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports. Ms. Schell requested clarification on consortia using outdated data for the School Lunch Program, noting that a Weekly SL News Brief stated a school would not be held responsible if a consortia used the wrong data. Ms. Delmar indicated that she would review the issue offline.

i2. Schools & Libraries Business Update. Mr. Davis presented PowerPoint slides covering the following items to the Committee:

- Scorecard for E-Rate Program Administration:
  - FY 2020 Post-Commitment Status Update
  - FY 2021 Filing Window
  - 2020 Training Outcomes
- 4Q2020 Update on Schools and Libraries Administration. The Committee received a report on Schools and Libraries 4Q2020 accomplishments, planned

activities for 4Q2020, and program metrics. The report was provided for *information only* and was publically posted on USAC's website. No discussion was held.

At 11:17 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until January 26, 2021 at approximately 10:15 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Tuesday, January 26, 2021

(DRAFT) MINUTES[1]

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the ***Executive Session*** portion of the quarterly meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, January 26, 2021. The Committee meeting continued from the January 25, 2021 ***Open Session*** portion of the meeting. Dr. Dan Domenech, Committee Chair, called the meeting to order at 10:23 a.m. Eastern Time, with a quorum of eight of the nine Committee members present:

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

Members of the Committee not present:

Fontana, Brent

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Feiss, Geoff – Member of the Board
Freeman, Sarah – Member of the Board
Gaither, Vic – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resource Program
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board

[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.

Jacobs, Ellis – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Skrivan, Michael – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

Others present:

NAME	COMPANY
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Lee, James	USAC
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

OPEN SESSION

At 10:23 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing confidential items. The Committee approved discussing confidential items in ***Executive Session*** on Monday, January 25, 2021. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

a4. Approval of Schools and Libraries Support Mechanism 2021 Annual Programmatic Budget. Mr. Davis presented this item to the Committee for consideration. The presentation included a written report on the Schools and Libraries Support Mechanism annual 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 2021 annual programmatic budget for the Schools and Libraries Support Mechanism of $43.75 million.

i3. E-rate Business Update *(Continued)*. Mr. Davis presented PowerPoint slides covering the FY 2020 filing window observations.

i4. Information on One USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Report. The Committee received a report with information on one USAC Audit and Assurance Division Schools and Libraries Support Mechanism beneficiary audit report. The report was provided for *information only*. No discussion was held on this item.

OPEN SESSION

At 10:47 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 item a4 and discussed item i3.

On a motion duly made and seconded, the Committee adjourned at 10:48 a.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Friday, April 9, 2021

(DRAFT) MINUTES[1]

Due to the temporary closure of USAC's offices in Washington, D.C. in response to the COVID-19 pandemic, the non-quarterly meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Friday, April 9, 2021. At the request of Dr. Dan Domenech, Committee Chair, Mr. Joe Gillan, Board Chair, chaired the meeting. The meeting was call to order at 3:32 p.m. Eastern Time, with a quorum of five of the nine members present:

Buzacott, Alan
Domenech, Dr. Dan – Chair
Gregory, Amber
Schell, Julie Tritt – Vice Chair
Sekar, Radha – Chief Executive Officer

Member of the Committee not present:

Choroser, Beth
Fontana, Brent
Mason, Ken
Wade, Dr. Joan

Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Davis, Craig – Vice President of Schools and Libraries
Freeman, Sarah – Member of the Board
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board
Jacobs, Ellis – Member of the Board
Morning, Kimberly – Acting Vice President and General Counsel; and Assistant Secretary
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
Skrivan, Michael – Member of the Board
Waller, Jeff – Member of the Board
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

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

Others present:

NAME	COMPANY
Castle, Emile	USAC
Daniels, Joel	USAC
Nuzzo, Patsy	USAC
Pace, Gina	USAC
Tiwari, Tanya	USAC

OPEN SESSION

a1. **Consideration of a One-Year Contract Option for E-Rate Productivity Center Systems Integrator Services and Contract Modification for Emergency Connectivity Fund.** 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 Schools & Libraries Committee of the USAC Board of Directors approves the discussion of this item in ***Executive Session***.

At 3:32 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

a1. Consideration of a One-Year Contract Option for E-Rate Productivity Center Systems Integrator Services and Contract Modification for Emergency Connectivity Fund. Mr. Beyerhelm presented this item to the Committee. The presentation included a written summary and report detailing USAC management's recommendation to exercise the third and final one-year option under its existing contract for performance of systems development and technical services supporting the E-Rate Productivity Center for the E-Rate program

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

RESOLVED, that the Schools & Libraries Committee of the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management, subject to required Federal Communications Commission approval, to exercise the third and final one-year option for systems development and technical services supporting E-Rate Productivity Center (Task 1) under its time and material, task order-based contract with Incentive Technology Group, LLC

for a not-to-exceed amount of $6,104,539 (plus applicable taxes) over the option year term.

OPEN SESSION

At 3:32 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 Mr. Gillan reported that, in ***Executive Session***, the Committee discussed and took action on item a1.

Mr. Gillan noted that depending on CDC COVID-19 guidelines and Washington, DC COVID-19 restrictions, the July 2021 meeting might be conducted in the USAC offices. Since it is not yet certain, he requested that Board members do not make travel arrangements at this time.

On a motion duly made and seconded, the Committee adjourned at 3:54 p.m. Eastern Time.

/s/ Kimberly Morning
Assistant Secretary

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Universal Service Administrative Company
Schools and Libraries Committee Meeting

ACTION ITEM

Approval of Schools and Libraries Support Mechanism 3rd Quarter 2021 Programmatic Budget and Demand Projection for the April 30, 2021 FCC Filing

Action Requested:

The Schools and Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2021 (3Q2021) programmatic budget and demand projection for the Schools and Libraries Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's April 30, 2021 quarterly filing.

Discussion:

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

Funding Requirement

USAC estimates the 3Q2021 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

(in millions)	**2Q2021**	**Increase/ (Decrease)**	**3Q2021**	**Notes**
Steady State:				
Program Funding Requirement	$534.10	$39.29	$573.39	See Note 1 and Table B
New Requirements:				
Second Filing Window	92.00	(92.00)	0.00	Note 2
Total Program Funding Requirement	**$626.10**	**($52.71)**	**$573.39**	
Prior Period Adjustments (difference between projections and actuals):				
Billings	(6.45)	(1.32)	(7.77)	
Interest Income	0.00	(0.01)	(0.01)	
Bad Debt Expense	(4.78)	(0.87)	(5.65)	
Total Prior Period Adjustments	***(11.23)***	***(2.20)***	***(13.43)***	
USAC Administrative Expenses	19.74	0.14	19.88	See Table C
Total Funding Requirement	**$634.61**	**($54.77)**	**$579.84**	

Note 1: The Program Funding Requirement represents one quarter of the total funding requirement for Funding Year 2021 of $2,793.54 million, less $500 million available to carry forward to meet demand for Funding Year 2021. . *See* Table B below for additional detail.

Note 2: On September 16, 2020, the FCC directed USAC to open a second filing window for Funding Year 2020 to allow schools to request additional E-Rate Funding to address increased on-campus bandwidth needs due to the COVID-19 pandemic.[3] The second filing window opened on September 21, 2020 and closed on October 16, 2020.

Note 3: Table B is an annual schedule that is updated once a year for the April Board meeting.

[3] *See Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 20-1091 (2020).

Table B. Funding Year 2021 Program Funding Requirement and Roll Forward

(in millions)	**Fund Year 2021**
Total Requested (In Window)	**$3,027.23**
Decrease for Denials/Cancellations (based on 5 yr. average)	(346.74)
Increase for Out of Window Apps (based on 5 yr. average)	113.05
Estimated Demand	**$2,793.54**
Less Roll Forward	
Available Funds from Prior Fund Year	$2,813.05
Disbursements	(2,173.59)
Reserved Funds, Net Change	
a. Pending Applications to Process	(10.63)
b. Unliquidated Obligations (ULOs)	(154.90)
c. Appeals Reserve - USAC Appeals	(19.71)
d. Appeals Reserve - FCC Appeals	(26.25)
e. Unpaid Invoices	72.03
Total Roll Forward	**$500.00**
Funding Year 2020 Collection Requirement	**$2,293.54**

Based on projected burn rate, USAC estimates the following 3Q2021 programmatic budget:

Table C. Quarterly Programmatic Budget

(in millions)	**2Q2021 Budget**	**Increase/ Decrease**	**3Q2021 Budget**	**Notes**
Direct Program Costs				
Employee Expenses	$2.22	($0.08)	$2.14	
Professional Services	3.78	0.00	3.78	
General & Administrative	0.00	0.00	0.00	See Note 4
Total Direct Program Costs	**$6.00**	**($0.08)**	**$5.92**	
Direct Assigned Costs				
Employee Expenses	$0.91	$0.03	$0.94	
Professional Services	3.48	(0.07)	3.41	
General & Administrative	0.59	0.01	0.60	See Note 4
Total Direct Assigned Costs	**$4.98**	**($0.03)**	**$4.95**	
Total Direct Program & Direct Assigned Costs	**$10.98**	**($0.11)**	**$10.87**	
Common Allocated Costs	**$8.76**	**$0.25**	**$9.01**	
Total Programmatic Budget	**$19.74**	**$0.14**	**$19.88**	

Note 4: 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, 2021 is provided in **Attachment 1.**

Recommendation:

USAC management recommends that the Committee approve the 3Q2021 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 2021 Schools and Libraries Support Mechanism direct program budget of $10.87 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of $10.87 million for Schools and Libraries Support Mechanism administrative costs in the required April 30, 2021 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 26, 2021 the 3rd Quarter 2021 Schools and Libraries Support Mechanism demand estimate of $579.84 million, hereby directs USAC staff to proceed with the required April 30, 2021 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.

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ATTACHMENT 1

Schools and Libraries Administrative Costs and Headcount

Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months Ending March 31, 2021

($ in millions)	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	58	61	3	$1.97	$2.14	$0.17
Professional Services (Note 5)				2.35	3.78	1.43
General & Administrative (Note 6)				0.00	0.00	0.00
Total Direct Program Costs				**$4.32**	**$5.92**	**$1.60**
Direct Assigned Costs						
Employee Expenses	18	21	3	$0.75	$0.90	$0.15
Professional Services (Note 5)				2.73	3.67	0.94
General & Administrative (Note 6)				0.60	0.58	(0.02)
Total Direct Assigned Costs				**$4.08**	**$5.15**	**$1.07**
Total Direct Program & Direct Assigned Costs	**76**	**82**	**6**	**$8.40**	**$11.07**	**$2.67**
Common Allocated Costs (Note 7)				**$7.58**	**$8.45**	**$0.87**
Total Programmatic Budget				**$15.98**	**$19.52**	**$3.54**

Note 5: 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 6: General & Administrative expenses include computer support & maintenance, printing & postage, and meetings & conferences.

Note 7: 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. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.

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Schools and Libraries Committee

E-Rate Business Update

Open Session

April 26, 2021

Available for Public Use

Agenda

- Accomplishments
- FY2021 Window Overview
- Metrics
- Plans for Next Quarter
- Roadmap
- Systems Update

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Accomplishments

- Funding Year 2021 (FY2021) Window
  - Successfully opened and closed window between Jan. 15 and March 25
    - 35,572 applications received requesting $3,027 million

Application Type	Received	Dollars Requested
C1 Applications	22,697	$1,689 million
C2 Applications	12,875	$1,338 million
Fiber	1,030	$265 million
Consortium	1,587	$423 million

Data as of March 31, 2021.

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Accomplishments

- FY2020 Administration
  - Window 1 – Over $2.96 billion requested; $2.61 billion reviewed as of 3/31/2021.
    - Cumulative commitments through 1Q2021 total $2.26 billion for 38,051 applications.
  - Window 2 - $92 million requested; $85.1 million reviewed (2,139 applications); $57 million committed.
  - Delayed processing due to pandemic response extensions
- Authorized disbursements of $501.8 million for all funding years in 1Q2021 compared with $498 million in 1Q2020.

Data as of March 31, 2021.

Available for Public Use

FY2021 Window Overview

- Requested dollars rose 2% compared to FY2020
  - Category One (C1) requests fell by 4.2% and demand dropped by 4.5%.
  - Category Two (C2) requests fell by 14% but demand increased by 12.6%.
    - Reset of C2 budgets likely contributed to dollar increase.

	FY2020*	FY2021	% Change
Requested Dollars (B)	$ 2.96	$ 3.03	2.36%
Applications Submitted	38,720	35,572	-8.1%
Funding Requests	74,446	57,618	-22.6%
Billed Entities	21,649	21,007	-2.97%
Recipients of Service	131,363	131,298	-0.05%

Data as of March 31, 2021.

*For comparison purposes, only FY2020 Window 1 is considered.

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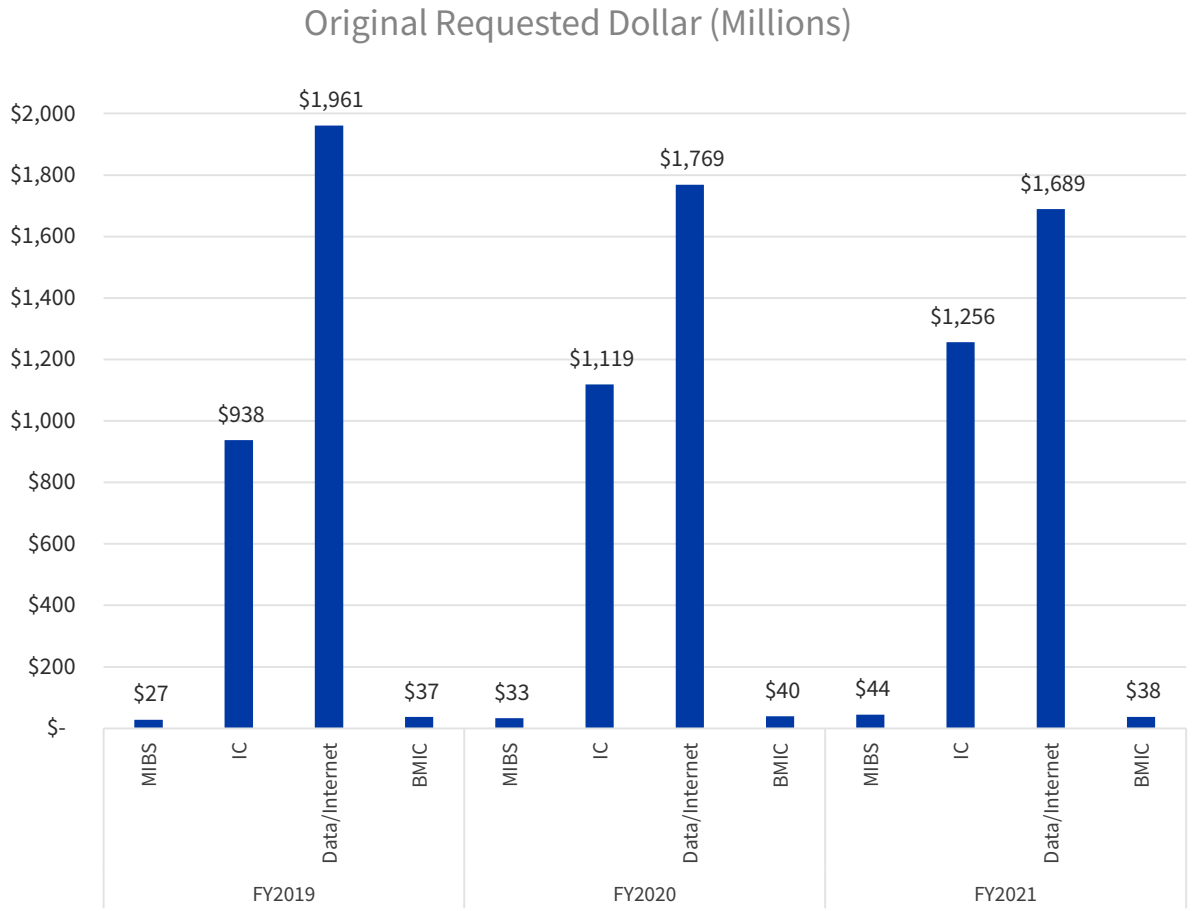
FY2021 Window Overview (Continued)

- FY2021 demand for Internal Connections rose 12% over FY2020, and 34% over FY2019.
- FY2021 Data Transmission and/or Internet Access demand fell by 4.5% over FY2020, and was 9.8% lower than FY2019.
- MIBS demand grew 33% from FY2020, and 63% from FY2019.
- BMIC demand has remained steady at $37 million to $40 million in the past three years.



*For comparison purposes, only FY2020 Window 1 is considered.

BMIC – Basic Maintenance of Internal Connections
IC – Internal Connections
MIBS – Managed Internal Broadband Services

Data as of March 31, 2021.

Metrics

Funding Years

Fund Year	Application Count	Total Dollars Requested	Apps. Processed	Dollars Processed	Apps./Dollars Percentage Complete
FY2021	35,572	$ 3,027 million	N/A	N/A	N/A
FY2020 Window 1	38,720	$ 2,960 million	38,051	$ 2,606 million	98% / 88%
FY2020 Window 2	2,214	$ 92 million	2,106	$ 85.1 million	95% / 92.5%
FY2019	36,464	$ 2,963 million	36,292	$ 2,931 million	99.5% / 99%

Data as of March 31, 2021.

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Metrics

1Q2021 Post Commitment

Category	Total # Received	Processed	Avg. Days to Process – 1Q2021	Avg. Days to Process – 2020	Aging >60 Day
Invoicing	66,016	65,499	28	37	4,327
Appeals	450	434	66	149	35
Commitment Adjustments	96	1,621	95	276	13
Service Subs	417	814	54	36	8
SPIN Change	213	181	45	34	8

Data as of March 31, 2021.

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Plans for Next Quarter

- FY2021 Administration
  - Run first commitment wave and process funding requests with target to complete all workable applications by 9/1.
- Implement FCC Form updates including FCC Form 470 and FCC Form 471.
- Continue to drive down processing holds and aged customer service cases with focused efforts to work across teams.
- Continue processing prior-year applications, appeals, commitment adjustments, and other program transactions.

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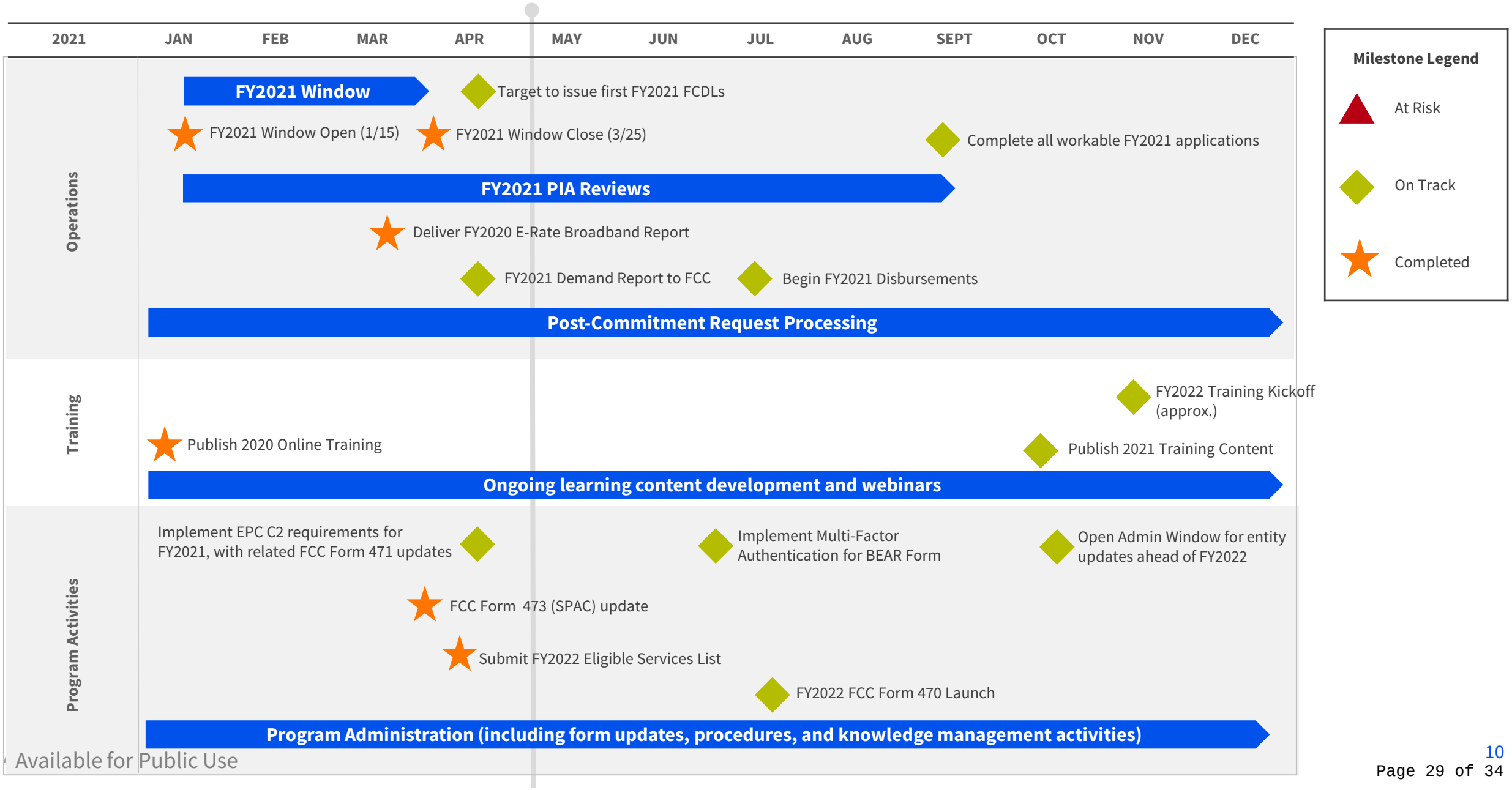
Roadmap



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Systems Update

E-Rate IT High – Level Project Status

Completed

- **2021 C2 Budget Tool:** A tool where the public is allowed visibility into C2 budget information based on the FCC Order 19-117. IT completed deployment of Phase 3 to update the C2 Budget tool based on FCC Form 471 submissions on 1/13/2021.
- **SL Supply Chain Order Updating FCC Form 473:** Form update deployed 3/17/2021 to comply with the FCC order that prohibits the use of USF funds to purchase communications equipment or services from companies identified as posing a national security threat.
- **2021 C2 Budget and FCC Form 471 Update:** Completed on 3/26/2021 to update for post-commit request submission and processing before the first wave.

Systems Update (Continued)

E-Rate IT High – Level Project Status

Active Projects	Project Status	Target Production Date	Project Updates & Risks
MFA for BEAR Pin Removal: PIN is no longer needed since BEAR is behind a password portal (MFA). Project removes PIN requirement and any subsidiary PIN associated tools from the FCC Form 472.	In Progress / On track	6/8/2021	Business requirements, technical design, and test strategy are complete. In development.
FCC Form 470 FY2022: Implement improvements to the drop-downs associated with the FCC Public Notice of October 2019.	In Progress / On track	June 2021	Business requirements, technical design, and development are complete (3/26/2021). In testing.

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Appendix A: Glossary of Terms

Term	Definition
BEAR	Billed Entity Applicant Reimbursement (FCC Form 472)
BMIC	Basic Maintenance of Internal Connections
C1	Category One services (Data transmission and Internet access services)
C2	Category Two services (Internal connections, BMIC, MIBS)
EPC	E-Rate Productivity Center
FCDL	Funding Commitment Decision Letter
FRN	Funding Request Number
FY	Funding Year

Appendix A: Glossary of Terms (Continued)

Term	Definition
IC	Internal Connections
MFA	Multi-Factor Authentication
MIBS	Managed Internet Broadband Services
SPAC	Service Provider Annual Certification (FCC Form 473)
SPIN	Service Provider Identification Number
UAT	User Acceptance Testing

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