Schools and Libraries

Briefing Book

January 25, 2021

Virtual Meeting

Universal Service Administrative Company

700 12th Street NW, 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, JANUARY 25, 2021 **10:40 A.M. – 11:15 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 October 26 and October 27, 2020 B. Approval of moving all ***Executive Session*** items into ***Executive Session***	5
Chair	**a2.** Recommendation for Election of Committee Chair and Vice Chair	5
Craig	**a3.** Approval of Schools and Libraries Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 FCC Filing	5
Teleshia	**i1.** Information on 24 USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports *(For Information Only)*	–
Craig	**i2.** E-rate Business Update • Program Administration Update for Schools and Libraries o FY2020 Status o FY2021 Window • Q4 2020 Update on E-rate Administration (*For Information Only)*	20

	TUESDAY, JANUARY 26, 2021 **10: 15 A.M. – 10:40 A.M. EASTERN TIME** **EXECUTIVE SESSION** **Confidential – *Executive Session Recommended***	
Craig	**a4.** Approval of Schools and Libraries Support Mechanism 2021 Annual Programmatic Budget	10
Craig	**i3.** E-rate Business Update *(Continued)* • FY2020 Window 2 Observations	15
Teleshia	**i4.** Information on One USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Report *(For Information Only)*	–

Next Scheduled USAC Schools & Libraries Committee Meeting

April 26 – 27, 2021
Virtual Meeting

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 26 and 27, 2020 (*see* **Attachment A-1 and A-2**).

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

(1) **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***.

(2) **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**.**

(3) **i4 –** Information on One USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports. 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 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.

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, October 26, 2020

(DRAFT) MINUTES[1]

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly ***Open Session*** meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, October 26, 2020. Dr. Dan Domenech, Committee Chair, called the meeting to order at 11:55 a.m. Eastern Time, with a quorum of all nine of the Committee members present:

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

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
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Sweeney, Mark – Vice President of Rural Health Care
Waller, Jeff – Member of the Board
Wein, Olivia – 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.

Wibberly, Dr. Kathy – Member of the Board

Others present:

NAME	COMPANY
Alfred, Kraynal	USAC
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Kriete, Debra	South Dakota State E-rate Coordinator
Lee, James	USAC
LeNard, David	E-Rate Elite Services, Inc.
Lock, Sean	Funds for Learning
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Rivera, Dan	Aruba
Samuels, Victoria	USAC
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 July 27 and July 28, 2020.

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

- **a4.** Consideration of a Contract Award for Appian Cloud Licenses. USAC management recommends that this item be discussed in ***Executive Session*** because it relates to USAC's ***procurement strategy and contract administration***.
- **a5.** Consideration of a One-Year Contract Option for Schools & Libraries Program Business Processing Outsourcing Services. USAC management recommends that this item be discussed in ***Executive Session*** because it 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**.**

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 27 and July 28, 2020; and (2) discussion in ***Executive Session*** of the items noted above.

a2. Approval of Schools and Libraries Support Mechanism 1st Quarter 2021 Programmatic Budget and Demand Projection for the November 2, 2020 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 1st Quarter 2021 programmatic budget and demand projection for the November 2, 2020 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 2021 Schools and Libraries Support Mechanism direct program budget of $11.03 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of $11.03 million for Schools and Libraries Support Mechanism administrative costs in the required November 2, 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 October 26, 2020 the 1st Quarter 2021 Schools and Libraries Support Mechanism demand estimate of $611.27 million, hereby directs USAC staff to proceed with the required November 2, 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.

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a3. Consideration of Funding Year 2021 Filing Window Dates. Mr. Davis presented this item to the Committee for consideration. He requested authorization for USAC to open the Funding Year (FY) 2021 application filing window no earlier than January 2021, and to close the window no earlier than March 2021.

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

RESOLVED, that the USAC Schools & Libraries Committee accepts the recommendation of USAC management to open the Funding Year 2021 filing window open no earlier than January 2021 and to close the Funding Year 2021 filing window no earlier than March 2021, 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 2021 filing window opening and closing dates, as circumstances may warrant.

i1. Information on Nine USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports. The Committee received a report with information on nine USAC Audit and Assurance Division Schools and Libraries Support Mechanism beneficiary audit reports. Dr. Domenech noted that the reports were for *information only* and would be posted on the USAC's public website. No discussion was held.

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

- Program Administration Update or Schools and Libraries
  - FY 2020 Status
  - Second FY 2020 Window
  - Fiber Trends
- Systems Update
- FY 2021 Readiness
- Q3 2020 Update on Schools and Libraries Administration. The Committee received a report on Schools and Libraries 3Q2020 accomplishments, planned activities for 4Q2020, and program metrics. The report was provided for *information only* and was publically posted on the USAC's website. No discussion was held.

At 12:27 p.m. Easter Time, on a motion duly made and seconded, the Committee adjourned until October 27, 2020 at approximately 12:05 p.m. Eastern Time.

/s/ Ernesto Beckford

Assistant Secretary

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Tuesday, October 27, 2020

(DRAFT) MINUTES[1]

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly ***Executive Session*** meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, October 27, 2020. Dr. Dan Domenech, Committee Chair, called the meeting to order at 12:38 p.m. Eastern Time, with a quorum of all nine Committee members present:

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

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
Jacobs, Ellis – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Sweeney, Mark – Vice President of Rural Health Care
Wein, Olivia – 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.

Wibberly, Dr. Kathy – Member of the Board
Waller, Jeff – 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 12:38 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, October 26, 2020. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

a4. Consideration of a Contract Award for Appian Cloud Services and Licenses. Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation exercise the fourth one-year contract option with Appian Corporation for Appian Cloud services and licensing related to the E-rate Productivity Center (EPC).

On a motion duly made and seconded, and after discussion, the Board 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 management, subject to FCC approval, to exercise the fourth one-year option to renew the contract for cloud services and licenses from Appian Corporation, for an amount not to exceed $2.5 million (plus applicable taxes) for continued use of the EPC system.

a5. Consideration of a One-Year Contract Option for Schools & Libraries Program Business Processing Outsourcing Service. Mr. Beyerhelm

presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to exercise the second one-year contract option with Maximus Federal Services, Inc. for business process outsourcing services.

On a motion duly made and seconded, and after discussion, the Board 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 second 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 $17.2 million (plus applicable taxes), subject to required FCC approval.

i3. E-rate Business Update *(Continued).* Mr. Davis presented PowerPoint slides covering the GAO Risk Assessment.

OPEN SESSION

At 12:53 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 took action on items a4 and a5 and discussed item i3.

On a motion duly made and seconded, the Committee adjourned at 12:54 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

Universal Service Administrative Company
Schools & Libraries Committee Meeting

ACTION ITEM

Recommendation for Election of Committee Chair and Vice Chair

Action Requested

The USAC Schools & Libraries Committee (Committee) is taking action to bring its Chair and Vice Chair nominations for consideration by the full Board of Directors (Board) at the Board meeting to be held on January 25, 2021.

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 28, 2020, the Board elected Dr. Dan Domenech as Chair and Julie Tritt Schell as Vice Chair of the Schools & Libraries Committee.

At their January 25, 2021 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 25, 2021.

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* https://www.usac.org/about/leadership/board-minutes/.

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).

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Universal Service Administrative Company
Schools and Libraries Committee Meeting

ACTION ITEM

Approval of Schools and Libraries Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 FCC Filing

Action Requested:

The Schools and Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2021 (2Q2021) programmatic budget and demand projection for the Schools and Libraries Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 29, 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 2Q2021 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)	**1Q2021**	**Increase/ (Decrease)**	**2Q2021**	**Notes**
Steady State:				
Program Funding Requirement	$534.10	$0.00	$534.10	See Note 1 and Table B
New Requirements:				
Second Filing Window	0.00	92.00	92.00	Note 2
Total Program Funding Requirement	**$534.10**	**$92.00**	**$626.10**	
Prior Period Adjustments (difference between projections and actuals):				
Billings	64.73	(71.18)	(6.45)	
Interest Income	0.00	0.00	0.00	
Bad Debt Expense	(7.35)	2.57	(4.78)	
Total Prior Period Adjustments	***$57.38***	***(68.61)***	***(11.23)***	
USAC Administrative Expenses	19.79	(0.05)	19.74	See Table C
Total Funding Requirement	**$611.27**	**$23.34**	**$634.61**	

Note 1: The Program Funding Requirement represents one quarter of the total funding requirement for Funding Year 2020 of $2,636.39 million, less $500 million that the FCC authorized USAC to carry forward to meet demand for Funding Year 2020. *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. The table below has no changes subsequent to the April 2020 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 2020 Program Funding Requirement and Roll Forward

(in millions)	**Fund Year 2020**
Estimated Demand	**$2,636.39**
Less Roll Forward	
Available Funds from Prior Fund Year	$2,699.18
Disbursements	(2,051.85)
Reserved Funds, Net Change	
a. Pending Applications to Process	229.08
b. Unliquidated Obligations (ULOs)	(492.23)
c. Appeals Reserve - USAC Appeals	66.73
d. Appeals Reserve - FCC Appeals	(2.44)
e. Unpaid Invoices	51.53
Total Roll Forward	**$500.00**
Funding Year 2020 Collection Requirement	**$2,136.39**

Based on the projected burn rate, USAC estimates the following 2Q2021 programmatic budget:

Table C. Quarterly Programmatic Budget

(in millions)	**1Q2021 Budget**	**Increase/ Decrease**	**2Q2021 Budget**	**Notes**
Direct Program Costs				
Employee Expenses	$2.10	$0.12	$2.22	
Professional Services	3.78	0.00	3.78	
General & Administrative	0.00	0.00	0.00	See Note 4
Total Direct Program Costs	**$5.88**	**$0.12**	**$6.00**	
Direct Assigned Costs				
Employee Expenses	$0.90	$0.01	$0.91	
Professional Services	3.67	(0.19)	3.48	
General & Administrative	0.58	0.01	0.59	See Note 4
Total Direct Assigned Costs	**$5.15**	**($0.17)**	**$4.98**	
Total Direct Program & Direct Assigned Costs	**$11.03**	**($0.05)**	**$10.98**	
Common Allocated Costs	**$8.76**	**$0.00**	**$8.76**	
Total Programmatic Budget	**$19.79**	**($0.05)**	**$19.74**	

Note 4: 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, 2020 is provided in **Attachment 1.**

Recommendation:

USAC management recommends that the Committee approve the 2Q2021 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 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.

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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, 2020

($ in millions)	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	**59**	57	(2)	**$7.90**	$8.65	**$0.75**
Professional Services (Note 5)				**14.25**	18.69	**4.44**
General & Administrative (Note 6)				0.00	0.00	0.00
Total Direct Program Costs				**$22.15**	**$27.34**	**$5.19**
Direct Assigned Costs						
Employee Expenses	**19**	21	**2**	**$3.46**	$3.60	**$0.14**
Professional Services (Note 5)				**12.28**	16.72	**4.44**
General & Administrative (Note 6)				2.33	2.32	(0.01)
Total Direct Assigned Costs				**$18.07**	**$22.64**	**$4.57**
Total Direct Program & Direct Assigned Costs	**78**	**78**	**0**	**$40.22**	**$49.98**	**$9.76**
Common Allocated Costs (Note 7)				**$31.08**	**$34.23**	**$3.15**
Total Programmatic Budget				**$71.30**	**$84.21**	**$12.91**

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, rent, 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.

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E-rate Business Update

Schools & Libraries Committee Meeting

January 25, 2021

Agenda: E-rate

Topic	Description	Purpose	Presenter	Length

Discussion Topics	• Program Administration for E-rate Scorecard
	  • FY2020 Status
	  • FY2021 Window
	  • 2020 Training Outcomes
		Informational	Craig	20 min

Appendix A	Q4 2020 FCC Docket Summary	Informational	-	-
Appendix B	Q4 2020 Update on E-rate Administration (separate paper)	Informational	-	-

FY2020 Status – E-rate Scorecard

- 38,707 applications in first window requesting $2,960 million.
  - 37,324 applications reviewed/processed for $2,316 million ($2,039 million approved).
  - 1,127 fiber applications received requesting $329.2 million.
    - 1,059 fiber applications processed (94%) for $178 million ($151 million approved).

FY2020 Status – E-rate Scorecard *(continued)*

- 2,214 applications in second window requesting $92 million (Category One only).
  - 1,847 applications reviewed/processed for $48 million ($36.6 million approved).
  - 12 fiber applications requesting $785,518. Six applications processed with $44,310 approved.
- $369 million disbursed for FY2020.

*Data as of Dec. 31, 2020.

FY2020 Status – E-rate Scorecard *(continued)*

	Applications			Dollars (in millions)			
Window	Apps Submitted	Committed	% Committed	Requested	Reviewed	Approved	% Reviewed
Window 1	38,707	37,324	96.4 %	$2,960	$2,306	$2,038	77.9 %
Window 2	2,214	1,847	83.4 %	$92	$48	$37	52.2 %
Total	40,921	39,171	95.7 %	$3,052	$2,354	$2,075	77.1 %

*Data as of Dec. 31, 2020.

FY2020 Status - Post-Commitment Update

- 7,066 invoice lines in review on December 31, 2020 compared with 34,954 at December 31, 2019 (80% reduction).
- Invoiced dollars processed in 2020 were above 2019 levels in all four quarters.
- Significant reduction in backlogs and inventory for all Post Commitment (PC) review types.

January 1 Post-Commitment Opening Balances

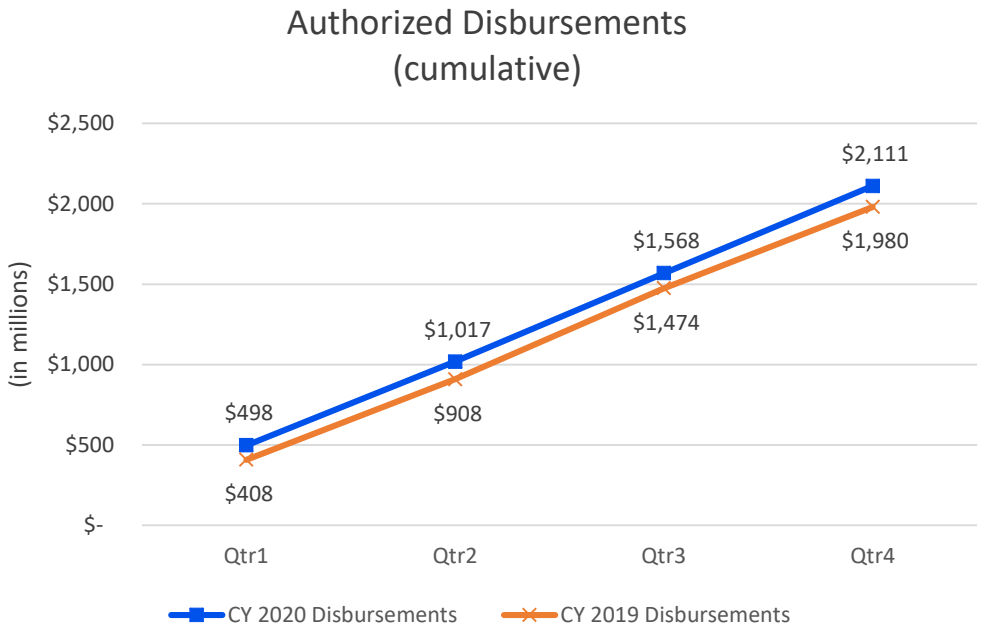
	CY2019	CY2020
Appeals	919	324
FCC Form 486	427	73
FCC Form 500	417	81
Invoicing	51,663	8,214
Service Subs*	188	532
SPIN Changes	166	93

*Service sub increase due to processing COVID window apps as service subs.

FY2020 Status - Post-Commitment Update *(continued)*

Invoice Lines – End of Quarter Closing Balances

	CY2020	CY2019
Q1	36,586	34,831
Q2	11,169	27,605
Q3	16,236	36,070
Q4	7,066	34,954



FY2021 Window

- FY2021 FCC Form 471 Filing Window (January 15 to March 25, 2021)
  - FY2021 FCC Form 471 development completed December 15.
  - Implemented Category Two (C2) Budget Changes for FY2021.
    - EPC Changes completed October 22.
    - C2 Budget Tool deployed August 13.
- Training & Outreach
  - Conducted C2 budget webinars November 5, 2020.
    - Demo of the FY2021+ Category Two Budget Tool.
    - Overview of C2 budgets and C2 budget guidance for FY2021.

FY2021 Window *(continued)*

- Administrative Preparations
  - Eligible Services List released by FCC on November 30 and posted to the USAC website.
  - FY2021 PIA Procedures submitted for FCC approval on December 12, 2020.
  - Window dates approved by Schools & Libraries Committee in October and by FCC on December 22, 2020.

2020 Training Outcomes

- USAC offered a series of **nine online sessions** for E-rate participants in November. Participants could choose sessions to attend based on USAC's recommended audience and E-rate experience level.
  - There were **6,758 attendees*** in this year's online training.
    - *Participants that attended more than one event are counted separately for each event.
  - Recordings for all nine events are now available on demand.
    - As of December 31, there were over 1,600 **on-demand views** of the recorded events.

2020 Training Outcomes *(continued)*

Date	Topic	Description*	Live Event Participants	Recording Views
Nov. 4	2020 Training Kickoff	Subject matter experts provided Funding Year (FY) 2020 updates on their specific E-rate Program areas and a view ahead to FY2021.	1,018	258
Nov. 4	E-rate Program Overview	A high-level overview of application process from beginning to end and basic program concepts for applicants and service providers.	830	217
Nov. 4	E-rate Productivity Center Demo	Walkthrough of the E-rate Productivity Center (EPC), the account and application management portal for the E-rate Program.	688	143
Nov. 5	E-rate Pre-Commitment Process	An overview of the E-rate Pre-Commitment Process (getting started, competitive bidding, applying for discounts, and Program Integrity Assurance (PIA) review).	708	109
Nov. 5	Category Two Budgets	An overview of C2 budgets and C2 budget guidance for FY2021.	873	259
Nov. 5	E-rate Demo: FY2021+ Category Two Budget Tool	A walkthrough demonstration of the FY2021+ Category Two Budget Tool.	682	116
Nov. 6	E-rate Post-Commitment Process	An overview of the E-rate Post-Commitment Process and activities, including starting services, the Children's Internet Protection Act (CIPA), service substitutions, appeals, and more.	708	102
Nov. 6	EPC Administrative Window	An overview of the EPC administrative window - the period during which applicants can make updates to their profile information in EPC to prepare for the FY2021 filing window.	632	255
Nov. 6	Eligible Services	A basic overview of E-rate eligible services.	619	173

*__Note__: A live Q&A session took place after all events, except the 2020 Training Kickoff event.

Appendix A: FCC Docket Monitoring

FCC/DA#	Release Date	Description	Impact to Schools and Libraries
DA 20-1218	Oct. 14, 2020	Public Notice - Wireline Competition Bureau Provides Guidance on E-Rate Program Category Two Budgets	WCB issued a PN providing guidance related to new district-wide budgets for category two services, effective beginning in funding year 2021. WCB also reminded applicants of the Commission's cost allocation rules for the use of shared equipment by non-instructional facilities.
DA 20-1265	Oct. 30, 2020	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 the E-rate program, WCB dismissed one, granted 11, granted one in part, and denied six requests on various grounds.
DA 20-1311	Nov. 4, 2020	Order – In the Matter of Requests for Review and Waiver of Decisions of the Universal Service Administrator by All Hallows Institute School, Bronx, New York et al.	TAPD released an Order granting waiver of the applicant eligibility for internal connections discounts to two out of every five funding years (the 2-in-5 Rule) in the limited circumstances presented in the requests for review by All Hallows Institute School, Laurel County School District, Rantoul City Schools District 137, and Youngstown City School District.
DA 20-1418	Nov. 30, 2020	Order - In the Matter of Modernizing the E-Rate Program for Schools and Libraries	WCB adopts the final eligible services list for Funding Year 2021 for the Schools and Libraries universal service support program. WCB also authorizes USAC to open the annual application filing window within 60 days after release of this Order.
DA 20-1389	Nov. 30, 2020	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 the E-rate program, WCB dismissed nine, granted 16, and denied 37 requests on various grounds.
FCC 20-178	Dec. 10, 2020	Order - FCC updates E-rate Invoicing Rules;	FCC issued an Order announcing the amendment of E-rate rules to give applicants and service providers up to 120 days to submit invoices after USAC issues a Revised FCDL approving a post-commitment request or granting an appeal of a previously denied or reduced funding request.

***Note:** Items in the E-rate docket in Q4 2020 – Only those with administrative impact are shown.

Appendix A: FCC Docket Monitoring *(continued)*

FCC/DA#	Release Date	Description	Impact to Schools and Libraries
DA 20-1479	Dec. 14, 2020	Order – In the Matter of Rural Health Care Universal Service Support Mechanism; Schools and Libraries Universal Service Support Mechanism	WCB issued an Order waiving the E-Rate and RHC gift rules through June 30, 2021.
DA 20-1531	Dec. 30, 2020	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 the E-rate program, WCB dismissed two, granted 71, and denied 17 requests on various grounds.

***Note:** Items in the E-rate docket in Q4 2020 – Only those with administrative impact are shown.

Universal Service
Administrative Co.

Universal Service Administrative Company
Schools & Libraries Committee Meeting

INFORMATION ITEM

Schools and Libraries Business Update
Q4 2020 Update on Schools and Libraries Administration

SL 4Q2020 Updates & Accomplishments:

FY 2020 Window

- Over $2.96 billion requested; $2.31 billion reviewed as of 12/31/2020.
- Cumulative FY 2020 commitments through 4Q2020 total $2.04 billion for 37,324 applications. As of December 31, 1,383 application reviews were in progress ($644 million requested).
- Committed 1,059 of 1,127 (94%) FY 2020 fiber apps for $151 million through December 31; 68 applications remain pending for $202 million.
- Completed 1,573 of 1,776 (89%) of FY 2020 Consortia applications committing $203 million ($433 million requested); 203 applications in review requesting $238 million.

FY 2020 COVID-19 Window

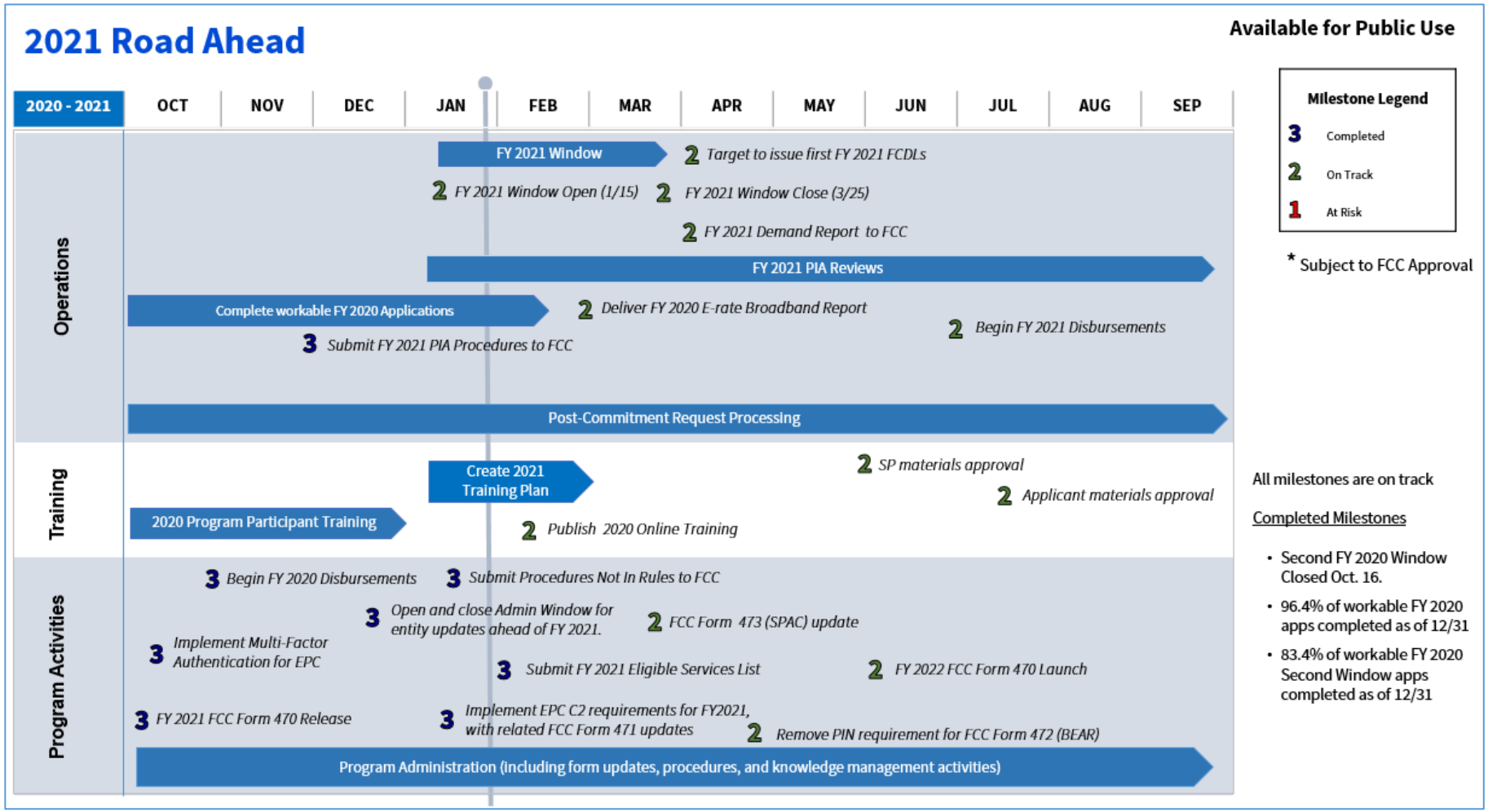
- Successfully opened and closed second FY 2020 application filing window between September 21 and October 16.
- Over 2,200 applications submitted requesting $92.1 million.
- 1,847 applications processed (83.4%) committing $37 million as of December 31 ($48 million requested reviewed); 367 applications in review requesting $44 million.

Overall Schools and Libraries Activities:

- Authorized disbursements of $542 million for all funding years in 4Q2020.
- Reduced backlog items on hold for all operational areas including PIA, appeals, commitment adjustments, and post-commitment forms.
- Opened FY 2021 administrative window in October for applicants to update their profile information (e.g., contacts, student counts, square footage for libraries, etc.) ahead of the FY 2021application filing window (administrative window will close just before the filing window opens in January).
- Cumulative FY 2019 commitments through 4Q2020 total $2.36 billion and FY 2019 support disbursed through December 31 was $1.29 billion. As of December 31, 184 application reviews were in progress ($38 million requested).
- For FY 2019 Fiber applications, committed 1,042 of 1,044 (99.8%) of the applications through December 31; 2 applications remain pending for $0.58 million.

Planned Activities for the Next Quarter:

- Open and close the FY 2021 Application Filing Window.
- Review FY 2021 applications in advance of first funding commitments in April 2021.
- Continue closing out prior-year applications, appeals, commitment adjustments, and other program transactions.
- Form updates for FCC Form 470 and FCC Form 473.



BEAR - Billed Entity Applicant Reimbursement
C2 - Category Two
EPC - E-rate Productivity Center
FY - Funding Year
PIA - Program Integrity Assurance
PIN - Personal Identification Number
SP - Service Provider
SPAC - Service Provider Annual Certification

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2020 Program Metrics:

Metric		Target	Q1	Q2	Q3	Q4	Variance		Description/mitigation
1A	FY 2019 Funding Commitments ($M)	$2,963	$2,731	$2,856	$2,914	$2,925	$38	✓	Cumulative $ requested complete
1B	FY 2019 Funding Commitments vol.	36,462	36,171	36,211	36,250	36,279	183	✓	Cumulative applications complete
1C	FY 2019 Funding Disbursements ($M)	$1,700	$693	$1,058	$1,425	$1,653	$47	✓	Cumulative authorized disbursements
2A	FY 2020 Funding Commitments ($M)	$3,052		$1,076	$1,856	$2,364	$688	✓	Cumulative $ requested complete. Note: FY2020 includes COVID Window Applications.
2B	FY 2020 Funding Commitments vol.	40,921		26,938	34,819	39,171	1,750	✓	Cumulative applications complete
2C	FY 2020 Funding Disbursements ($M)	$400		$0	$110	$369	$31	✓	Cumulative authorized disbursements
3	Call Center Abandon Rate	3.0%	0.8%	2.5%	2.9%	1.4%	1.6%	✓	
4	Appeals Processing (Avg Days Open)	90	94	68	33	88	2	✓	Excludes appeals on hold.

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