



Schools & Libraries Committee

Briefing Book

Monday, January 24, 2022

10:00 a.m. – 10:55 a.m. Eastern Time

Available for Public Use

USAC Offices

700 12th Street NW, Suite 900

Washington, D.C. 20005

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

<p>Monday, January 24, 2022 10:00 a.m. – 10:55 a.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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OPEN SESSION		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of Schools & Libraries Committee Meeting Minutes of October 25, 2021 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	5
Craig	a3. Approval of Schools and Libraries Support Mechanism 2nd Quarter 2022 Programmatic Budget and Demand Projection for the January 31, 2022 FCC Filing	5
Teleshia	i1. Information on Twelve USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports (<i>For Information Only</i>)	–
Craig	i2. E-Rate Business Update <ul style="list-style-type: none"> • Funding Year 2021 Accomplishments • Funding Year 2022 Window • System Update • Roadmap 	20

EXECUTIVE SESSION <i>Confidential – Executive Session Recommended</i>		
Craig	i3. E-Rate Business Update (<i>Continued, if needed</i>)	5
Craig	a4. Approval of Schools and Libraries Support Mechanism 2022 Annual Programmatic Budget	10

Next Scheduled USAC Schools & Libraries Committee Meeting

<p>Monday, April 25, 2022 USAC Offices, Washington, D.C.</p>

Universal Service Administrative Company
Schools & Libraries Committee Meeting

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Approval of Committee meeting minutes of October 25, 2021 (*see Attachment A-1*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i3** – E-Rate Business Update (*Continued, if needed*). USAC management recommends that this item be discussed in *Executive Session* because it may relate to *specific internal controls or confidential company data* and *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.
 - (2) **a4** – Approval of Schools and Libraries Support Mechanism 2022 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*.

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 October 25, 2021; and (2) discussion in *Executive Session* of the items noted above.

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, October 25, 2021

(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 25, 2021. A virtual meeting platform was available to the general public for **Open Session** to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Dr. Dan Domenech, Committee Chair, called the meeting to order at 11:18 a.m. Eastern Time, with a quorum of all nine Committee members present:

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

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services – *by telephone*
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*
Feiss, Geoff – Member of the Board
Garber, Michelle – Vice President of Finance and Chief Financial Officer
Gillan, Joe – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*
Skrivan, Michael – Member of the Board – *by telephone*
Sweeney, Mark – Vice President of Rural Health Care – *by telephone*
Waller, Jeff – Member of the Board – *by telephone*
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – 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.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steven – <i>by telephone</i>	Kelley Drye & Warren LLP
Benham, Cathy – <i>by telephone</i>	CSM Consulting, Inc.
Glisson, Connor – <i>by telephone</i>	USAC
Kriete, Debra – <i>by telephone</i>	State E-Rate Coordinators' Alliance
LeNard, David – <i>by telephone</i>	E-Rate Elite Services, Inc.
Mitchell, Tamika – <i>by telephone</i>	USAC
Morning, Kimberly – <i>by telephone</i>	Morgan Lewis
Nuzzo, Patsy	USAC
Pace, Regina – <i>by telephone</i>	USAC
Parsons, Laura – <i>by telephone</i>	Maximus
Phillippi, Megan	USAC
Rovetto, Edward – <i>by telephone</i>	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Tiwari, Tanya	USAC
Williams, Erin	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 Committee meeting minutes of July 26, 2021.
 - B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i3** – E-rate Business Update (*Continued, if needed*). USAC management recommended that this item be discussed in *Executive Session* because it may relate to *specific internal controls or confidential company data* and *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.
 - (2) **a4** – Consideration to Exercise Option Year for Schools & Libraries Program Business Process Outsourcing Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.

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

adopted the following resolution:

RESOLVED, that the Schools & Libraries Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of July 26, 2021; and (2) discussion in *Executive Session* of the items noted above.

- a2. Approval of Schools and Libraries Support Mechanism 1st Quarter 2022 Programmatic Budget and Demand Projection for the November 2, 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 1st Quarter 2022 programmatic budget and demand projection for the November 2, 2021 FCC Filing.

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

RESOLVED, that the USAC Schools & Libraries Committee approves a 1st Quarter 2022 Schools and Libraries Support Mechanism direct program budget of \$10.79 million; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of \$10.79 million for Schools and Libraries Support Mechanism administrative costs in the required November 2, 2021 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee, having reviewed at its meeting on October 25, 2021 the 1st Quarter 2022 Schools and Libraries Support Mechanism demand estimate of \$637.95 million, hereby directs USAC staff to proceed with the required November 2, 2021 filing to the Federal Communications Commission 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 2022 Filing Window Dates.** Mr. Davis presented this item for consideration. He requested authorization for USAC to open the Funding Year (FY) 2022 application filing window no earlier than January 2022, and to close the window no earlier than March 2022.

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 2022 filing window no earlier than January 2022 and to close the Funding Year 2022 filing window no earlier than March 2022, subject to the requirements of Section 54.502(e) of the Commission's rules; and

RESOLVED FURTHER, that upon consultation with the Committee Chair, USAC management is authorized to adjust the Funding Year 2022 filing window opening and closing dates, as circumstances may warrant.

- i1. **Information on Three USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** This item was provided for *information purposes only*. Dr. Domenech noted that the Schools and Libraries Audit Briefing Book would be made public and posted to the USAC website.
- i2. **E-Rate Business Update.** Mr. Davis presented PowerPoint slides to the Committee covering the following items:
 - Accomplishments
 - Metrics
 - Plans for Next Quarter
 - Systems Update
 - Roadmap

At 11:55 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- i3. **E-Rate Business Update (Continued).** The Committee determined that continued discussion in ***Executive Session*** was not needed.
- a4. **Consideration to Exercise Option Year for Schools & Libraries Program Business Process Outsourcing Services.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to exercise the third one-year option period with Maximus for the performance of E-Rate business process outsourcing services.

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 to exercise the third one-year option period with Maximus Federal Services, Inc., subject to required Federal Communications Commission approval, for the performance of Schools & Libraries Program business process outsourcing services for the not-to-exceed amount of \$16,400,000.00 (plus applicable taxes).

OPEN SESSION

At 12:03 p.m. Eastern Time, 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.

On a motion duly made and seconded, the Committee adjourned at 12:04 p.m. Eastern Time.

/s/ Olivia Wein
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, 2022.

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 25, 2021, the Board elected Dr. Dan Domenech as Chair and Julie Tritt Schell as Vice Chair of the Schools & Libraries Committee.

At their January 24, 2022 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, 2022.

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).

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

ACTION ITEM

**Approval of Schools and Libraries Support Mechanism
2nd Quarter 2022 Programmatic Budget and
Demand Projection for the January 31, 2022 FCC Filing**

Action Requested

The Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2022 (2Q2022) 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, 2022 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 2Q2022 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>	1Q2022	Increase/ (Decrease)	2Q2022	Notes
Steady State:				
Program Funding Requirement	\$573.39	\$0.00	\$573.39	See Note 1 and Table B
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$573.39	\$0.00	\$573.39	
Prior Period Adjustments (difference between projections and actuals):				
Billings	50.85	(76.16)	(25.31)	
Interest Income	0.00	(0.01)	(0.01)	
Bad Debt Expense	(5.27)	1.16	(4.11)	
Total Prior Period Adjustments	\$45.58	(75.01)	(\$29.43)	
USAC Administrative Expenses	18.98	0.28	19.26	See Table C
Total Funding Requirement	\$637.95	(\$74.73)	\$563.22	

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

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

<i>(in millions)</i>	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 2021 Collection Requirement	\$2,293.54

Based on projected burn rate, USAC estimates the following 2Q2022 programmatic budget:

Table C. Quarterly Programmatic Budget

<i>(in millions)</i>	1Q2022 Budget	Increase/ (Decrease)	2Q2022 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.06	\$0.27	\$2.33	
Professional Services	3.96	0.58	4.54	See Note 3
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$6.02	\$0.85	\$6.87	
Direct Assigned Costs				
Employee Expenses	\$0.81	\$0.01	\$0.82	
Professional Services	3.33	(0.24)	3.09	See Note 3
General & Administrative	0.63	0.03	0.66	
Total Direct Assigned Costs	\$4.77	(\$0.20)	\$4.57	
Total Direct Program & Direct Assigned Costs	\$10.79	\$0.65	\$11.44	
Common Allocated Costs	\$8.19	(\$0.37)	\$7.82	
Total Programmatic Budget	\$18.98	\$0.28	\$19.26	

Note 3: 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, 2021 is provided in **Attachment 1**.

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Recommendation

USAC management recommends that the Committee approve the 2Q2022 budget and projection of demand as proposed.

Recommended Schools & Libraries Committee Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Schools & Libraries Committee approves a 2nd Quarter 2022 Schools and Libraries Support Mechanism direct program budget of \$11.44 million; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of \$11.44 million for Schools and Libraries Support Mechanism administrative costs in the required January 31, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee, having reviewed at its meeting on January 24, 2022 the 2nd Quarter 2022 Schools and Libraries Support Mechanism demand estimate of \$563.22 million, hereby directs USAC staff to proceed with the required January 31, 2022 filing to the Federal Communications Commission 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, 2021

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	55	61	6	\$7.51	\$8.85	\$1.34
Professional Services (Note 4)				13.88	15.12	1.24
General & Administrative (Note 5)				0.00	0.00	0.00
Total Direct Program Costs				\$21.39	\$23.97	\$2.58
Direct Assigned Costs						
Employee Expenses	18	21	3	\$2.55	\$3.78	\$1.23
Professional Services (Note 4)				9.49	13.63	4.14
General & Administrative (Note 5)				2.43	2.37	(0.06)
Total Direct Assigned Costs				\$14.47	\$19.78	\$5.31
Total Direct Program & Direct Assigned Costs	73	82	9	\$35.86	\$43.75	\$7.89
Common Allocated Costs (Note 6)				\$30.07	\$35.96	\$5.89
Total Programmatic Budget				\$65.93	\$79.71	\$13.78

Note 4: 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 5: General & Administrative expenses include computer support & maintenance, printing & postage, and meetings & conferences.

Note 6: 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

January 24, 2022



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Agenda

- Funding Year 2021 Accomplishments
- Funding Year 2022 Filing Window
- Systems Update
- Roadmap

Funding Year 2021 Accomplishments

- Completed 98.8 percent (35,997 of 36,418) of FY2021 applications as of December 31, 2021.
- Disbursed \$424.7 million for FY2021 through December 31, 2021.
- Implemented Category Two (C2) budget functionality in EPC for the new five-year budget cycle and provided C2 budget tools, data, and instructional video for applicants to calculate the budgets.
 - Provided mechanism to adjust budgets for changing circumstances as allowed by FCC rules.
- Successfully transitioned to new Customer Service vendor in December.

Funding Year 2022 Filing Window

FY2022 FCC Form 471 Filing Window

- Opened on January 12.
 - Customer Service Center to be open for extended hours in the week approaching window close (approx. March 16-22).
- Will close on March 22.

Training & Outreach

- USAC conducted six live remote training sessions for FY2022 in November. Over 6,000 attendees from beginner to experienced participants.
- Held office hours in January to address applicant questions about filing FY2022 FCC Form 471 applications.

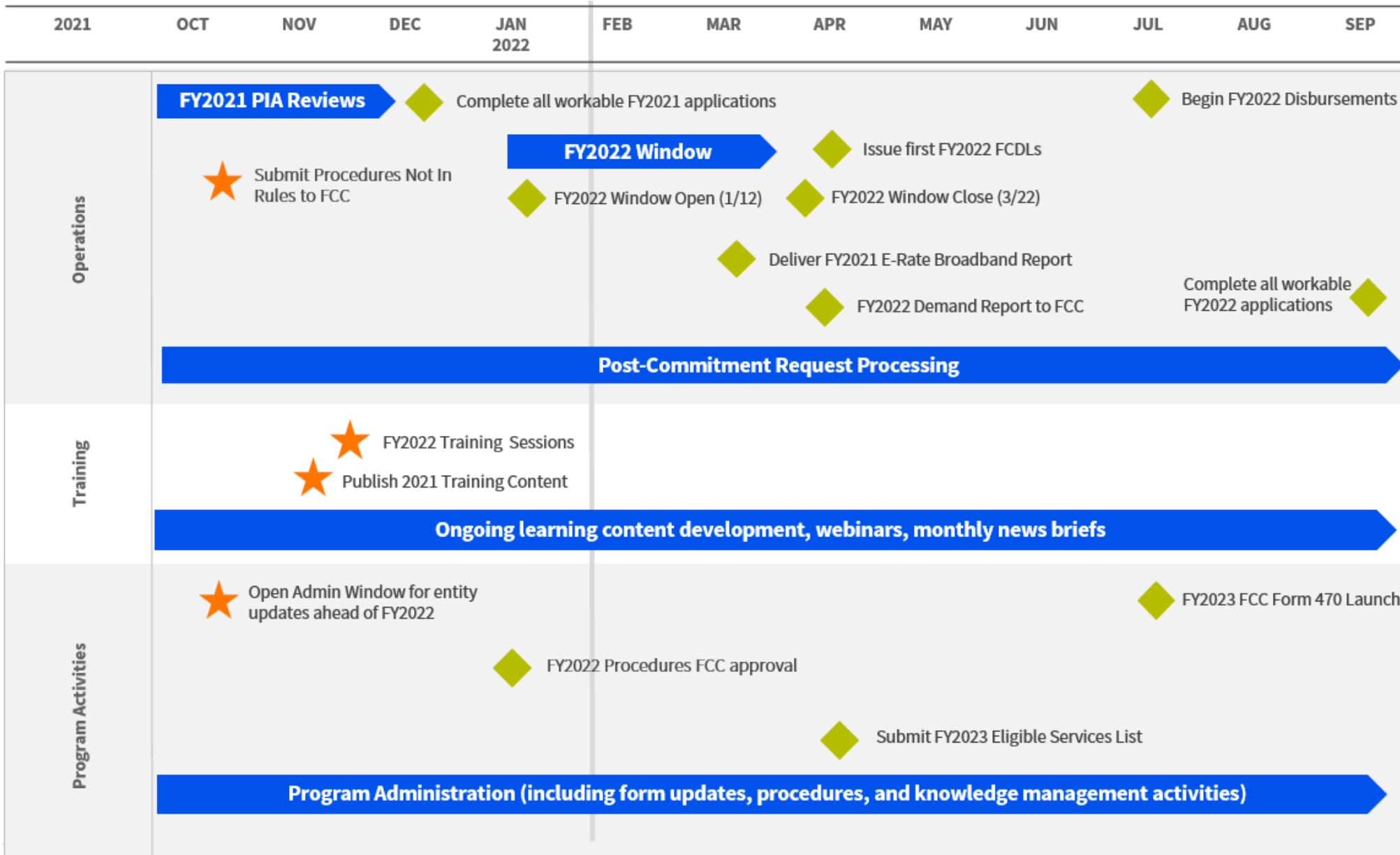
Systems Update

E-Rate IT High-Level Project Status

Completed

- **C2 Budget Recalculations:** *Enabled budgeted entities to request or cancel a new budget for FY2022 and updated C2 budget recalculations accordingly. Completed in December.*
- **EPC Updates:** *Automation and control improvements for E-Rate application reviews deployed in December.*

Roadmap



Milestone Legend

- ▲ At Risk
- ◆ On Track
- ★ Completed

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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