



Schools & Libraries Committee

Briefing Book

Monday, April 25, 2022

11:05 a.m. – 11:40 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, April 25, 2022 11:05 a.m. – 11:40 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	<p>a1. Consent Items (each available for discussion upon request):</p> <p style="padding-left: 20px;">A. Approval of Schools & Libraries Committee Meeting Minutes of January 24, 2022</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p>	5
Craig	<p>a2. Approval of Schools and Libraries Support Mechanism 3rd Quarter 2022 Programmatic Budget and Demand Projection for the May 2, 2022 FCC Filing</p>	5
Teleshia	<p>i1. Information on Eight USAC Audit and Assurance Division Schools and Libraries Support Mechanism Beneficiary Audit Reports</p> <p style="text-align: center;"><i>(For Information Only)</i></p>	–
Craig	<p>i2. E-Rate Business Update</p> <ul style="list-style-type: none"> • Accomplishments • Funding Year 2022 Filing Window Overview • Roadmap • Appendix: Metrics 	20

EXECUTIVE SESSION		
Confidential – Executive Session Recommended		
Craig	<p>i3. E-Rate Business Update <i>(Continued)</i></p> <ul style="list-style-type: none"> • Call Center Metrics 	5

Next Scheduled USAC Schools & Libraries Committee Meeting

<p>Monday, July 25, 2022 USAC Offices, Washington, D.C.</p>
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Universal Service Administrative Company
Schools & Libraries Committee Meeting

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Approval of Committee meeting minutes of January 24, 2022 (*see Attachment A-1*).
- 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 may involve discussion of *specific internal controls or confidential company data* or *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.

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 24, 2022; and (2) discussion in *Executive Session* of the items noted above.

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, January 24, 2022

(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, January 24, 2022. 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 10:00 a.m. Eastern Time, with a quorum of eight of nine Committee members present:

Buzacott, Alan – *by telephone*
Choroser, Beth – *by telephone*
Domenech, Dr. Dan – Chair
Fontana, Brent – *by telephone*

Gregory, Amber – *by telephone*
Schell, Julie Tritt – Vice Chair – *by telephone*
Sekar, Radha – Chief Executive Officer
Wade, Dr. Joan – *by telephone*

Due to technical difficulties, Mr. Ken Mason joined the meeting by telephone at 10:04 a.m. Eastern Time. He did not participate in the discussion of or vote on item a1.

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer– *by telephone*
Butler, Stephen – Vice President of Shared Services – *by telephone*
Chalk, Indra – Member of the Board – *by telephone*
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*
Freeman, Sarah – Member of the Board
Garber, Michelle – Vice President of Finance and Chief Financial Officer
Gaither, Victor – Vice President of High Cost – *by telephone*
Gillan, Joe – Member of the Board
Hughet, Pamela – Vice President of Lifeline – *by telephone*
Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*

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.

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

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
Harken, Michelle – <i>by telephone</i>	CSM Consulting, Inc.
Kriete, Debra – <i>by telephone</i>	State E-Rate Coordinators' Alliance
LeNard, David – <i>by telephone</i>	E-Rate Elite Services, Inc.
Nuzzo, Patsy	USAC
Pace, Regina – <i>by telephone</i>	USAC
Phillippi, Megan	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Tiwari, Tanya	USAC
Williams, Erin	USAC
Willis, Catherine – <i>by telephone</i>	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 October 25, 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** – Approval of Schools and Libraries Support Mechanism 2022 Annual Programmatic Budget. USAC management recommended that this item be discussed in *Executive Session* because this

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

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

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Dr. Domenech introduced Dr. Wade. As Chair of the Nominating Committee, Dr. Wade 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 2022 Programmatic Budget and Demand Projection for the January 31, 2022 Federal Communications Commission (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 2022 programmatic budget and demand projection for the January 31, 2022 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 2022 Schools and Libraries Support Mechanism direct program budget of \$11.44 million; and

RESOLVED FURTHER, that the USAC Schools and 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 and 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.

- i1. **Information on Twelve 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:
 - Funding Year 2021 Accomplishments
 - Funding Year 2022 Window
 - Systems Update
 - Roadmap

At 10:25 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. **Approval of Schools and Libraries Support Mechanism 2022 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 2022 annual programmatic budget for the Schools and Libraries Support Mechanism of \$45.28 million.

OPEN SESSION

At 10:30 a.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 10:31 a.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

ACTION ITEM

**Approval of Schools and Libraries Support Mechanism
3rd Quarter 2022 Programmatic Budget and
Demand Projection for the May 2, 2022 FCC Filing**

Action Requested

The Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2022 (3Q2022) programmatic budget and demand projection for the Schools and Libraries Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 2, 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 3Q2022 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>	2Q2022	Increase/ (Decrease)	3Q2022	Notes
Steady State:				
Program Funding Requirement	\$573.39	\$19.91	\$593.30	See Note 1 and Table B
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$573.39	\$19.91	\$593.30	
Prior Period Adjustments (difference between projections and actuals):				
Billings	(\$25.31)	\$23.28	(\$2.03)	
Interest Income	(0.01)	(0.01)	(0.02)	
Bad Debt Expense	(4.11)	(1.11)	(5.22)	
Total Prior Period Adjustments	(\$29.43)	\$22.16	(\$7.27)	
USAC Administrative Expenses	19.26	1.70	20.96	See Table C
Total Funding Requirement	\$563.22	\$43.77	\$606.99	

Note 1: The Program Funding Requirement represents one quarter of the total funding requirement for Funding Year 2022 of \$2,873.18 million, less \$500.00 million available to carry forward to meet demand for Funding Year 2022. *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 2022 Program Funding Requirement and Roll Forward

<i>(in millions)</i>	Fund Year 2022
Total Requested (In Window)	\$3,153.12
Decrease for Denials/Cancellations (based on 5 yr average)	(405.51)
Increase for Out of Window Apps (based on 5 yr average)	125.57
Estimated Demand	\$2,873.18
Less Roll Forward	
Available Funds from Prior Fund Year	\$2,873.25
Disbursements	(2,207.65)
Reserved Funds, Net Change	
a. Pending Applications to Process	(11.70)
b. Unliquidated Obligations (ULOs)	(119.87)
c. Appeals Reserve - USAC Appeals	(15.50)
d. Appeals Reserve - FCC Appeals	(5.30)
e. Unpaid Invoices	(13.23)
Total Roll Forward	\$500.00
Funding Year 2022 Collection Requirement	\$2,373.18

Based on projected burn rate, USAC estimates the following 3Q2022 programmatic budget:

Table C. Quarterly Programmatic Budget

<i>(in millions)</i>	2Q2022 Budget	Increase/ (Decrease)	3Q2022 Budget	Notes
Direct Program Costs				
Employee Expenses	\$2.33	(\$0.09)	\$2.24	
Professional Services	4.54	(0.40)	4.14	See Note 3
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$6.87	(\$0.49)	\$6.38	
Direct Assigned Costs				
Employee Expenses	\$0.82	\$0.01	\$0.83	
Professional Services	3.09	0.50	3.59	See Note 3
General & Administrative	0.66	0.00	0.66	
Total Direct Assigned Costs	\$4.57	\$0.51	\$5.08	
Total Direct Program & Direct Assigned Costs	\$11.44	\$0.02	\$11.46	
Common Allocated Costs	\$7.82	\$1.68	\$9.50	
Total Programmatic Budget	\$19.26	\$1.70	\$20.96	

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

A comparison of actual expenditures to the budget for the three months ending March 31, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the 3Q2022 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 3rd Quarter 2022 Schools and Libraries Support Mechanism direct program budget of \$11.46 million; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of \$11.46 million for Schools and Libraries Support Mechanism administrative costs in the required May 2, 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 April 25, 2022 the 3rd Quarter 2022 Schools and Libraries Support Mechanism demand estimate of \$606.99 million, hereby directs USAC staff to proceed with the required May 2, 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 Three Months Ending March 31, 2022

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	54	65	11	\$1.78	\$2.18	\$0.40
Professional Services (Note 4)				2.09	3.96	1.87
General & Administrative (Note 5)				0.00	0.00	0.00
Total Direct Program Costs				\$3.87	\$6.14	\$2.27
Direct Assigned Costs						
Employee Expenses	18	18	0	\$0.65	\$0.81	\$0.16
Professional Services (Note 4)				2.51	3.33	0.82
General & Administrative (Note 5)				0.41	0.63	0.22
Total Direct Assigned Costs				\$3.57	\$4.77	\$1.20
Total Direct Program & Direct Assigned Costs	72	83	11	\$7.44	\$10.91	\$3.47
Common Allocated Costs (Note 6)				\$7.42	\$7.43	\$0.01
Total Programmatic Budget				\$14.86	\$18.34	\$3.48

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 & Libraries Committee Meeting

E-Rate Business Update

Open Session

April 25, 2022



Agenda

- Accomplishments
- Funding Year 2022 Filing Window Overview
- Roadmap
- Appendix A: Metrics
- Appendix B: Glossary of Terms

Accomplishments

- Successfully closed the FY 2022 application filing window on March 22, 2022.
 - Successfully opened and closed window between January 12 and March 22, 2022.
 - FCC extended FCC Form 471 filing deadline for New Tribal libraries to May 26, 2022.
- 34,849 applications received requesting \$3.153 billion.

Application Type	Received	Dollars Requested (millions)
C1 Applications	22,602	\$1,642
C2 Applications	12,247	\$1,511
Fiber Applications	976	\$214
Consortia Applications	1,596	\$364

Accomplishments (Continued)

- FY 2021 Administration
 - Over \$3.04 billion requested; \$2.97 billion reviewed as of March 31, 2022.
 - Cumulative commitments through 1Q2022 total \$2.63 billion for 36,213 applications.
- Training & Outreach
 - USAC conducted three online office hours webinars for FY 2022 in January covering eligible services, competitive bidding, and service provider selection and the FCC Form 471. The webinars were targeted to attendees from beginners to experienced participants.

Accomplishments (Continued)

- Training & Outreach (Continued)
 - USAC held a five-part training series for Tribal participants, including new Tribal libraries, in February and March 2022 to help them learn about the program and apply for funding.
 - USAC created an E-Rate Program Registration checklist for new entities entering the program and an FCC Form 471 submission checklist to help applicants submit requests for funding.
 - Additional training sessions for Tribal participants are planned for April and May 2022.
- Authorized disbursements of \$504.5 million for all funding years in 1Q2022 compared with \$501.8 million in 1Q2021.

FY 2022 Filing Window Overview

- Requested dollars increased 4% compared to FY 2021 at window close.
 - Category One (C1) requests fell by 2.3% and demand fell by 5.3%.
 - Cost per megabit of broadband bandwidth continues to drop each year.
 - Category Two (C2) requests fell by 7.9%, but demand increased by 9.6%.
 - Demand for C2 has trended up over past five years, as applicants request higher bandwidth speeds.
- Although the number of billed entities decreased, the recipients of service increased slightly in FY 2022.

	FY2021	FY2022	% Change
Requested Dollars (billions)	\$ 3.04	\$ 3.15	4.0%
Applications Submitted	35,572	34,849	-2.0%
Funding Requests	57,618	54,491	-5.4%
Billed Entities	21,007	20,884	-0.6%
Recipients of Service	131,298	131,662	0.3%

Roadmap



Milestone Legend

- ▲ At Risk
- ◆ On Track
- ★ Completed

Appendix A: Metrics

E-Rate Pre-Commitment (Calendar year snapshot as of March 31, 2022)

			Q1	Q2	Q3	Q4	Total
Requested	2022	Demand	34,850				34,850
		Requested Dollars	\$3,153,129,430				\$3,153,129,430
	2021	Demand	35,793	605	21	7	36,426
		Requested Dollars	\$3,039,674,573	\$69,401,621	\$896,679	\$504,080	\$3,110,476,953
		Avg. Days Outstanding	391	352	241	143	391
Committed	2021	Reviewed Apps.		29,141	5,531	1,325	35,997
		Reviewed Dollars		\$1,582,207,194	\$910,065,718	\$341,993,410	\$2,834,266,322

Appendix A: Metrics (Continued)

E-Rate Post-Commitment (Calendar year snapshot as of March 31, 2022)

			Q1	Q2	Q3	Q4	Total
Submitted	2021	Invoice Counts		263	25,653	44,600	70,516
		Invoice Dollars		\$9,666,651	\$229,896,190	\$328,120,821	\$567,683,662
Disbursed	2021	Invoice Counts		179	23,431	43,030	66,640
		Invoice Dollars		\$0	\$143,548,192	\$281,124,894	\$424,673,086

Appendix B: 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 B: Glossary of Terms (Continued)

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



**Universal Service
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