## 2010 Schools and Libraries Committee Meetings Minutes

*Click on a date below to see the minutes. To see the entire year’s minutes, click on the first date. Once open, search within the document for a particular word or phrase, using the 'Find' feature or Ctrl+f.*

### Meeting Dates

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MINUTES

The quarterly meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Monday, January 25, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with a quorum of all seven Committee members present:

Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair
Campbell, Anne – Chair
McClure, David – by telephone

Ridley, Carolyn
Simon, Phyllis
Talbott, Dr. Brian

Other members of the Board of Directors (Board) and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
Erwin, W. B. – Vice President of Finance and Assistant Treasurer
Feiss, Geoff – Member of the Board
Gillan, Joseph – Member of the Board
Holcombe, Jamie – Vice President of Information Systems
Jacobs, Ellis – Member of the Board
Ridley, Carolyn – Member of the Board
Sanders, Dr. Jay – Member of the Board
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:
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**ACTION ITEMS:**

**a1. Approval of Schools & Libraries Committee Meeting Minutes of October 26, 2009 and December 16, 2009.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meetings of October 26, 2009 and December 16, 2009.

**a2. Approval of 2nd Quarter 2010 and 2010 Annual Schools and Libraries Support Mechanism Programmatic Budgets.** Mr. Belden presented this item to the Committee, noting that there are no changes to the budget presented in October 2009 for 2010.

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 2nd Quarter 2010 budget for the Schools and Libraries Support Mechanism of $13.5 million; and
RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of $13.5 million for Schools and Libraries Support Mechanism administrative expenses in the required January 29, 2010 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee approves an annual 2010 budget for the Schools and Libraries Support Mechanism of $67.4 million.

a3. Approval of 2nd Quarter 2010 Schools and Libraries Support Mechanism Demand Projection for the January 29, 2010 FCC Filing. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed at its meeting on January 25, 2010, a summary of the 2nd Quarter 2010 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required January 29, 2010 filing to the FCC on behalf of the Committee. Management may make adjustments if the variance is equal to or less than $10.0 million or may seek approval from the Schools & Libraries Committee Chair to make adjustments if the variance is greater than $10.0 million, but no more than $15.0 million.

a4. Recommendation for Annual Election of Committee Chair and Vice Chair. Ms. Campbell noted that the FCC Chairman has not yet selected nominees for the six open USAC Board of Directors (Board) seats, and, based on management’s recommendation the Committee would carry on with current Chair and Vice Chair, therefore no action was taken on this matter.

a5. Action on 35 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Round 3 Audit Reports. Mr. Scott presented this item to the Committee, noting that of the 345 Round 3 audits, 145 will have been reviewed by the Committee after today, and 70 of the remaining 200 audits will be presented in February 2010.
On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution:

**RESOLVED**, that the USAC Schools and Libraries Committee having reviewed the 35 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit reports listed in Exhibit 1 to the issue paper and attached thereto, together with management’s responses, accepts the recommendation of USAC management and hereby deems such reports final.

a6. **Action on One USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Performance Audit Report.** Mr. Scott presented this item to the Committee.

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

**RESOLVED**, that the USAC Schools & Libraries Committee, having reviewed the USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Report labeled SL2009BE001 together with management’s responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

a7. **Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 69% and Below for Funding Year 2009.** Mr. Blackwell presented this item to the Committee.

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

**RESOLVED**, that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, waves for Funding Year 2009 with the parameters set at 69 percent and below for Priority 2 services.
a8. Consideration of Eligible Products Database Pilot Program. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee authorizes staff to terminate, upon FCC approval, the Eligible Products Database pilot program no sooner than the close of the Funding Year 2010 filing window.

a9. Consideration of Schools and Libraries Program Information Systems Enhancement Plan. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi 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 USAC Schools & Libraries Committee determines that discussion of the Schools and Libraries Program information systems enhancement plan shall be conducted in Executive Session.

a10. Miscellaneous. Solicit ideas for the April 2010 Committee Agenda. Ms. Campbell reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Ms. Campbell, Dr. Bryant, Mr. Barash or Mr. Blackwell between quarterly meetings.

INFORMATION ITEMS:

i1. Schools and Libraries Support Mechanism Update. Mr. Blackwell presented this item to the Committee, noting that:
• The Funding Year 2010 application filing window opened at noon Eastern Time on Thursday, December 3, 2009 and will close at 11:59 p.m. Eastern Time on Thursday, February 11, 2010.

• On December 2, 2009, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking (09-105) and released the Funding Year 2010 Eligible Services List (ESL).

• USAC released Funding Year 2009 Wave 34 Funding Commitment Decision Letters (FCDLs) on December 30, 2009. As of December 31, 2009, funding commitments total approximately $1.95 billion.

• USAC released Funding Year 2008 Wave 76 FCDLs on December 28, 2009. As of December 31, 2009, funding commitments total approximately $2.52 billion.

• USAC released Funding Year 2007 Wave 80-E FCDLs on December 9, 2009. As of December 31, 2009, funding commitments total approximately $2.57 billion.

• On November 3, 2009, the FCC issued a Public Notice (DA 09-2376) seeking comment on various issues related to broadband access in education.

• On November 5, 2009, the FCC issued a Notice of Proposed Rule Making (NPRM) (FCC 09-96) proposing to revise Schools and Libraries Program rules to comply with the requirements of the Protecting Children in the 21st Century Act.

• Round 2 of the FCC Office of Inspector General (OIG) USF audit program for Schools and Libraries Program beneficiaries is concluding. The audits focused on disbursements made between July 1, 2006 and June 30, 2007. All audits have been approved by the Committee and USAC is in the process of performing follow up work on specific audits where required.

• Round 3 of the FCC OIG USF audit program for Schools and Libraries Program beneficiaries is in progress. The audits focused on disbursements made between July 1, 2007 and June 30, 2008.

• The Schools and Libraries information technology systems were updated to support the Funding Year 2010 window opening on December 3, 2009.
This quarter, USAC concluded the fall training for Funding Year 2010. Training sessions were held in Washington, DC; Newark, NJ; Atlanta, GA; Chicago, IL; Orlando, FL; Los Angeles, CA; Portland, OR; and Houston, TX.

The average time to process an invoice line was 11 days in November 2009. The invoicing team exceeded the November performance goal with 96.1% of invoice lines processed within 30 days.

USAC staff exceeded appeals processing goals in November and December with 84% of the appeals completed in the quarter being processed within 90 days of receipt.

i2. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in **Executive Session**, Mr. Capozi 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 USAC Schools & Libraries Committee determines that discussion of the Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in **Executive Session**.

At 10:09 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into **Executive Session** for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 10:25 a.m. Eastern Time, at which time it reconvened in **Executive Session**.

**EXECUTIVE SESSION:**

a9. **Consideration of Schools and Libraries Program Information Systems Enhancement Plan.** Mr. Blackwell presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:
RESOLVED, that the USAC Schools & Libraries Committee authorizes USAC management to proceed with the USAC Schools and Libraries Program information systems enhancement plan as described in the issue paper reviewed by the Committee.

i2. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.
Mr. Barash presented this item to the Committee.

At 11:17 a.m. Eastern Time, the Committee adjourned from Executive Session and immediately reconvened in Open Session, at which time, Ms. Campbell reported that in Executive Session, the Committee took action on item a9 and discussed item i2 above. On a motion duly made and seconded, the Committee adjourned at 11:18 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary
MINUTES

A meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Monday, February 22, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 12:01 p.m. Eastern Time. Six of the seven Committee members were present representing a quorum:

Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair – by telephone
Campbell, Anne – Chair – by telephone

Members of the Committee not present:
McClure, Dave

Other Board of Directors (Board) members and officers of the corporation present:
Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division – by telephone
Capozzi, David – Acting General Counsel and Assistant Secretary

Others present for the meeting:

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**ACTION ITEMS:**

**a1. Action on 66 Schools and Libraries Support Mechanism Round 3 Beneficiary Compliance Attestation Audit Reports.** Ms. Mary Hultquist introduced this item to the Committee, noting that if the Committee approves the reports presented today, 66 Round 3 reports will be completed, with 73 audits to be presented at the March 24, 2010 Committee meeting, and the final 61 reports to be presented at the April 26, 2010 quarterly Schools & Libraries Committee meeting. Ms. Hultquist also noted that of the 66 reports to be presented today, 31 have unqualified opinions and only four have adverse opinions.

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

RESOLVED, that the USAC Schools & Libraries Committee having reviewed the 66 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit reports listed in Exhibit 1 to the issue paper and attached thereto, together with management’s responses, accepts the recommendation of USAC management and hereby deems such reports final.

**a2. Consideration of Approval to Make Commitments for Priority 2 Services At a Discount Rate of 78 Percent and Above for Funding Year 2009.** Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee authorizes staff to commit, upon FCC approval, waves for Funding Year 2009 with the parameters set at 78 percent and above for Priority 2 services.

On a motion duly made and seconded, the Committee adjourned at 12:17 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
A meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Wednesday, March 24, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 1:01 p.m. Eastern Time, requesting that Mr. Scott Barash chair the meeting. Five of six Committee members were present representing a quorum:

Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair – by telephone
Campbell, Anne – Chair – by telephone
Ridley, Carolyn – by telephone
Talbott, Dr. Brian – by telephone

Mr. David McClure joined the meeting by telephone at 1:11 pm Eastern. He did not vote on item a1.

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division – by telephone
Capozzi, David – Acting General Counsel and Assistant Secretary
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

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ACTION ITEMS:

a1. Action on 69 Schools and Libraries Support Mechanism Round 3 Beneficiary Compliance Attestation Audit Reports. Mr. Wayne Scott presented this item to the Committee, noting that 38 audit reports for Round 3 of the FCC Office of Inspector General USF audit program would be presented at the quarterly Schools & Libraries Committee meeting on April 26, 2010

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

RESOLVED, that the USAC Schools and Libraries Committee having reviewed the 69 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit reports listed in Exhibit 1 to the issue paper and attached thereto, together with management’s responses, accepts the recommendation of USAC management and hereby deems such reports final.

a2. Consideration of Approval to Make Commitments for Priority 1 Services at 20 Percent and Above for Funding Year 2010. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee authorizes staff to commit, upon FCC approval, waves for Funding Year 2010 with the parameters set at 20 percent and above for Priority 1 services.

INFORMATION ITEMS:

i1. Information on Rural Health Care and Schools and Libraries Program Support Services Contract Extension. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi 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 USAC Schools & Libraries Committee determines that discussion of the Rural Health Care and Schools and Libraries Program Support Services agreement extension request shall be conducted in Executive Session.

At 1:17 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into Executive Session for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

i1. Information on Rural Health Care and Schools and Libraries Program Support Services Contract Extension. Mr. Barash presented this item to the Committee.

At 1:19 p.m. Eastern Time, the Committee adjourned from Executive Session and immediately reconvened in Open Session, at which time Mr. Barash reported that in Executive Session, the Committee took discussed item i1 above. On a motion duly made and seconded, the Committee adjourned at 1:20 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary
The quarterly meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Monday, April 26, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with six of seven Committee members present:

- Abshire, Dr. Sheryl
- Barash, Scott – Acting CEO
- Bryant, Dr. Anne – Vice Chair
- Campbell, Anne – Chair
- Ridley, Carolyn
- Talbott, Dr. Brian

Mr. David McClure join the meeting by telephone, at 9:03 a.m. Eastern. He did not vote on item a1.

Other members of the Board of Directors (Board) and officers of the corporation present:

- Belden, Richard – Chief Operating Officer
- Blackwell, Mel – Vice President, Schools & Libraries Division
- Boyle, Anne – Member of the Board
- Capozzi, David – Acting General Counsel and Assistant Secretary
- England, Dr. William – Vice President, Rural Health Care Division
- Erwin, W. B. – Vice President of Finance and Assistant Treasurer
- Feiss, Geoff – Member of the Board
- Gillan, Joseph – Member of the Board
- Jacobs, Ellis – Member of the Board
- Sanders, Dr. Jay – Member of the Board
- Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

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Hughes, Jeff | USAC
Hultquist, Mary | USAC
Iversen, Eric | USAC
Kaplan, Peter | Funds For Learning
McCuiston, Marcus | USAC
McDonald, George | E-Rate Central
Nuzzo, Patsy | USAC
Parry, John | Solix
Permyakov, Andrey | USAC
Schrieber, Johnnay | USAC
Short, Don | USAC
Thorsell, Dean | SAIC

**ACTION ITEMS:**


a2. **Approval of 3rd Quarter 2010 Schools and Libraries Support Mechanism Programmatic Budget.** Mr. Belden presented this item to the Committee, noting that there are no changes to the budget that was presented in January 2010.

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 3rd Quarter 2010 Schools and Libraries Support Mechanism budget of $18.0 million; and

**RESOLVED FURTHER,** that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of $18.0 million for Schools and Libraries
a3. Approval of 3rd Quarter 2010 Schools and Libraries Support Mechanism Demand Projection for the April 30, 2010 FCC Filing. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed at its meeting on April 26, 2010, a summary of the 3rd Quarter 2010 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required April 30, 2010 filing to the FCC on behalf of the Committee. Management may make adjustments if the variance is equal to or less than $10.0 million or may seek approval from the Schools & Libraries Committee Chair to make adjustments if the variance is greater than $10.0 million but no more than $15.0 million.

a4. Action on 38 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Round 3 Audit Reports. Mr. Scott presented this item to the Committee, noting that of the 342 Round 3 audits, 318 will have been reviewed by the Committee after today, and 24 of the remaining audits will be presented in May 2010. In response to questions from Committee members, Mr. Barash noted that trends indicating a decreasing level of findings indicate that USAC’s outreach and education efforts to schools and libraries is having a positive impact.

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

RESOLVED, that the USAC Schools & Libraries Committee having reviewed the 38 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit reports listed in Exhibit 1 to the issue paper and attached thereto, together with management’s responses, accepts the recommendation of USAC management and hereby deems such reports final.
a5. **Recommendation for Annual Election of Committee Chair and Vice Chair.** Ms. Campbell presented this item to the Committee. Dr. Talbott nominated Ms. Campbell to serve as Committee Chair and Dr. Bryant to serve as Committee Vice Chair. Dr. Abshire seconded the nominations.

After discussion, the Committee adopted the following resolution:

**RESOLVED,** that the USAC Schools & Libraries Committee recommends that the USAC Board of Directors elect [Anne Campbell](#) as Chair and [Dr. Anne Bryant](#) as Vice Chair of the Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair’s Board term expires.

a6. **Miscellaneous. Solicit ideas for the July 2010 Committee Agenda.** Ms. Campbell reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Ms. Campbell, Dr. Bryant, Mr. Barash or Mr. Blackwell between quarterly meetings.

**INFORMATION ITEMS:**

i1. **Schools and Libraries Support Mechanism Update.** Mr. Blackwell presented this item to the Committee, noting that:

- The Funding Year 2010 application filing window closed at 11:59 p.m. Eastern Time on February 19, 2010. USAC received 43,713 Funding Year 2010 FCC Form 471s requesting $3.92 billion in support.

- USAC staff submitted the Funding Year 2010 Schools and Libraries Program Integrity Assurance (PIA) FCC Form 471 Review Procedures to the Federal Communications Commission (FCC) for approval on January 18, 2010, which is a week earlier than the previous funding year.
- USAC released Funding Year 2009 Wave 46 Funding Commitment Decision Letters (FCDLs) on March 30, 2010. As of March 31, 2010, funding commitments total approximately $2.65 billion.

- USAC released Funding Year 2008 Wave 80B FCDLs on March 24, 2010. As of March 31, 2010, funding commitments total approximately $2.59 billion.

- On January 20, 2010 the FCC issued Public Notice DA 10-102, which established the comment period for the Notice of Proposed Rule Making (NPRM) (FCC 09-96) released last quarter. The NPRM seeks comment on proposed revisions to Schools and Libraries Program rules to comply with the requirements of the Protecting Children in the 21st Century Act.

- On February 19, 2010, the FCC issued an order and NPRM (FCC 10-33), which enables schools that receive funding from the Schools and Libraries Program to allow members of the general public to use a school’s Internet access during non-operating hours.

- Round 2 of the FCC Office of Inspector General (OIG) USF audit program for Schools and Libraries Program beneficiaries is concluding. The audits focused on disbursements made between July 1, 2006 and June 30, 2007. All audits have been approved by the Committee and USAC is in the process of performing follow-up work on specific audits where required.

- Round 3 of the FCC OIG USF audit program for Schools and Libraries Program beneficiaries is in progress. The audits focus on disbursements made between July 1, 2007 and June 30, 2008. USAC management expects to submit 38 audit reports for approval at this Committee meeting.

- In March, USAC announced two service provider training sessions that will be held next quarter in Los Angeles, CA (May 4) and Tampa, FL (May 11). Approximately 150 service providers are expected to attend each session. Registration opened on March 24, 2010, and both sessions are expected to fill to capacity.

- In preparation for the close of the Funding Year 2010 FCC Form 471 application filing window, the Helping Applicants to Succeed (HATS) team conducted two sets of application filing deadline reminder calls to nearly 200 applicants.

- The Schools and Libraries Program team, working with the external relations team, developed a detailed outreach plan for 2010. The plan sets forth goals and activities comprising USAC’s efforts to educate and communicate with program audiences.
• The average time to process an invoice line was 15 days in February 2010. The invoicing team processed 94.5% of incoming invoice lines within 30 days.

• USAC staff exceeded appeals processing goals for the quarter with 76% of appeals completed in the quarter being processed within 90 days of receipt. Also, as of March 31, 2010, the number of pending appeals for older funding years has been reduced by 79%.

• On March 16, 2010, the FCC delivered to Congress its National Broadband Plan, which contains numerous recommendations concerning education in general and the Schools and Libraries Program in particular.

Mr. Blackwell also displayed for the Committee video excerpts of schools and libraries online tutorials available on the USAC website. Mr. Iversen presented the USAC Schools and Libraries Outreach and Education Plan to the Committee.

i2. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 USAC Schools & Libraries Committee determines that discussion of the Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session*.

i3. **Semiannual Status Report on Ongoing USAC Audits.** Mr. Scott presented this item to the Committee.

i4. **Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item to the Committee.
i5. **Progress Report and Revised Timetable for the Schools and Libraries Program Information Systems Enhancement Plan.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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:

```plaintext
RESOLVED, that the USAC Schools & Libraries Committee determines that the discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.
```

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 the confidential and proprietary items noted above. The Board then recessed until 10:40 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

**EXECUTIVE SESSION:**

i2. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.**

Mr. Barash presented this item to the Committee.

At 11:23 a.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Ms. Campbell reported that in *Executive Session*, the Committee discussed items i2 and i5 above. On a motion duly made and seconded, the Committee adjourned at 11:24 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
A meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Wednesday, May 26, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 12:02 p.m. Eastern Time. Five of seven Committee members were present representing a quorum:

- Barash, Scott – Acting CEO
- Campbell, Anne – Chair – by telephone
- McClure, David – by telephone
- Ridley, Carolyn – by telephone
- Talbott, Dr. Brian – by telephone

Dr. Sheryl Abshire joined the meeting by telephone at 12:07 p.m. Eastern Time. She did not participate in the discussion of or vote on item a1.

Members of the Committee not present:

- Bryant, Dr. Anne – Vice Chair

Other Board of Directors (Board) members and officers of the corporation present:

- Belden, Richard – Chief Operating Officer
- Blackwell, Mel – Vice President, Schools & Libraries Division
- Capozzi, David – Acting General Counsel and Assistant Secretary
- Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

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<tr>
<td>Amalfitano, Vince</td>
<td>FCC – by telephone</td>
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<td>Beach, Cyndi</td>
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**ACTION ITEMS:**

a1. **Action on 24 Round 3 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit Reports.** Mr. Wayne Scott presented this item to the Committee, noting that these reports are the final Schools and Libraries audit reports for Round 3 of the FCC OIG USF audit program.

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

RESOLVED, that the USAC Schools & Libraries Committee having reviewed the final 24 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit reports listed in Exhibit 1 to the issue paper and attached thereto, together with management’s responses, accepts the recommendation of USAC management and hereby deems such reports final.

a2. **Action on One Round 3 Schools and Libraries Support Mechanism Beneficiary Compliance Attestation Audit Report.** Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed the Schools and Libraries Support Mechanism Beneficiary Audit Report labeled SL2009LR006 together with management’s responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

On a motion duly made and seconded, the Committee adjourned at 12:14 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
A meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Wednesday, June 30, 2010. Dr. Anne Bryant, Committee Vice Chair, called the meeting to order at 3:07 p.m. Eastern Time. Four of the seven Committee members were present representing a quorum:

- Abshire, Sheryl – by telephone
- Barash, Scott – Acting CEO
- Bryant, Dr. Anne – Vice Chair – by telephone
- McClure, Dave – by telephone

Members of the Committee not present:

- Campbell, Anne – Chair
- Ridley, Carolyn
- Talbott, Dr. Brian

Other Board of Directors (Board) members and officers of the corporation present:

- Blackwell, Mel – Vice President, Schools & Libraries Division – by telephone
- Capozzi, David – Acting General Counsel and Assistant Secretary

Others present for the meeting:

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ACTION ITEMS:

a1. Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 90% for Funding Year 2010. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee authorizes staff to commit, contingent upon the FCC directing USAC to carry-forward at least $470 million in unused funds, and upon receiving FCC approval, waves for Funding Year 2010 with the parameters set at 90 percent and above for Priority 2 services.

a2. Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 70% and Below for Funding Year 2010. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, all funding requests for Priority 2 services at discount percentages of 70% and below for Funding Year 2010 for lack of available funding.

a3. Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 77% and Below for Funding Year 2009. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, waves for Funding Year 2009 with the parameters set at 77 percent and below for Priority 2 services.

On a motion duly made and seconded, the Committee adjourned at 3:19 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
A meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Wednesday, June 30, 2010. Dr. Anne Bryant, Committee Vice Chair, called the meeting to order at 3:07 p.m. Eastern Time. Four of the seven Committee members were present representing a quorum:

Abshire, Sheryl – by telephone
Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair – by telephone
McClure, Dave - by telephone

Members of the Committee not present:

Campbell, Anne – Chair
Ridley, Carolyn
Talbott, Dr. Brian

Other Board of Directors (Board) members and officers of the corporation present:

Blackwell, Mel – Vice President, Schools & Libraries Division – by telephone
Capozzi, David – Acting General Counsel and Assistant Secretary

Others present for the meeting:

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<td>Young, Park</td>
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**ACTION ITEMS:**

a1. **Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 90% for Funding Year 2010.** Mr. Blackwell presented this item to the Committee.

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

**RESOLVED,** that the USAC Schools & Libraries Committee authorizes staff to commit, contingent upon the FCC directing USAC to carry-forward at least $470 million in unused funds, and upon receiving FCC approval, waves for Funding Year 2010 with the parameters set at 90 percent and above for Priority 2 services.

a2. **Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 70% and Below for Funding Year 2010.** Mr. Blackwell presented this item to the Committee.

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

**RESOLVED,** that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, all funding requests for Priority 2 services at discount percentages of 70% and below for Funding Year 2010 for lack of available funding.

a3. **Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 77% and Below for Funding Year 2009.** Mr. Blackwell presented this item to the Committee.

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

**RESOLVED,** that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, waves for Funding Year 2009 with the parameters set at 77 percent and below for Priority 2 services.

On a motion duly made and seconded, the Committee adjourned at 3:19 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
MINUTES

The quarterly meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Monday, July 26, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with five of the seven Committee members present:

Abshire, Dr. Sheryl
Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair
Campbell, Anne – Chair
Ridley, Carolyn

Mr. David McClure join the meeting by telephone, at 9:01 a.m. Eastern. He did not vote on item a1.

Members of the Committee not present:

Talbott, Dr. Brian

Other members of the Board of Directors (Board) and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Boyle, Anne – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Erwin, W. B. – Vice President of Finance and Assistant Treasurer
Gillan, Joseph – Member of the Board
Holcombe, Jamie – Vice President of Information Systems
Scott, Wayne – Vice President of Internal Audit
Others present for the meeting:

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<td>Short, Don</td>
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**ACTION ITEMS:**

**a1. Approval of Schools & Libraries Committee Meeting Minutes of April 26, 2010, May 26, 2010, and June 30, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meetings of April 26, 2010, May 26, 2010 and June 30, 2010.

**a2. Approval of 4th Quarter 2010 and Revised 2010 Annual Schools and Libraries Support Mechanism Programmatic Budgets.** Mr. Belden presented this item to the Committee.

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 4th Quarter 2010 Schools and Libraries Support Mechanism budget of $14.6 million, and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee approves a revised annual 2010 Schools and Libraries Support Mechanism budget of $53.7 million; and
RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of $8.9 million for Schools and Libraries Support Mechanism administrative expenses in the required August 2, 2010 filing to the FCC on behalf of the Committee.

a3. Approval of 4th Quarter 2010 Schools and Libraries Support Mechanism Demand Projection for the August 2, 2010 FCC Filing. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed at its meeting on July 26, 2010, a summary of the 4th Quarter 2010 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required August 2, 2010 filing to the FCC on behalf of the Committee. Management may make adjustments if the variance is equal to or less than $10.0 million or may seek approval from the Schools & Libraries Committee Chair to make adjustments if the variance is greater than $10.0 million but no more than $15.0 million.

a4. Action on One USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Report. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi recommended that this matter be discussed in Executive Session because the report relates to specific internal controls and/or confidential company data that would constitute a discussion of internal rules and procedures.

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

RESOLVED, that the USAC Schools & Libraries Committee determines that discussion of the USAC Internal Audit Division Schools & Libraries Support Mechanism Beneficiary Audit Report labeled SL2009LR005 shall be conducted in Executive Session.

a5. Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 77 Percent and Above for Funding Year 2009 and to Deny Requests at a Discount Rate of 76 Percent and Below for Funding Year 2009. Ms. Campbell presented this item to the Committee.
On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

**RESOLVED**, that the USAC Schools & Libraries Committee authorizes staff, having obtained FCC approval, to approve waves for Funding Year 2009 with the parameters set at a discount rate of 77 percent and above for Priority 2 services; and

**RESOLVED FURTHER**, that the USAC Schools & Libraries Committee authorizes staff, having obtained FCC approval, to deny waves for Funding Year 2009 with the parameters set at a discount rate of 76 percent and below for Priority 2 services.

**a6. Miscellaneous. Solicit ideas for the October 2010 Committee Agenda.** Ms. Campbell reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Ms. Campbell, Dr. Bryant, Mr. Barash or Mr. Blackwell between quarterly meetings.

**INFORMATION ITEMS:**

**i1. Schools and Libraries Support Mechanism Update.** Mr. Blackwell presented this item to the Committee, noting that:

- USAC released a record wave of funding commitment decision letters (FCDLs) to Funding Year 2010 applicants on May 26, 2010. Over 18,300 letters committing more than $426 million in approved telecommunications and Internet access requests at all discount levels were released. This wave is the largest in the history of the program. As of June 30, 2010, funding commitments total approximately $712 million.

- On July 1, 2010, the FCC Wireline Competition Bureau issued a Public Notice (DA 10-1243) announcing that $900 million in unused funds will be carried forward from funding years 2002, 2005, 2006, 2007 and 2008 to increase disbursements to schools and libraries in Funding Year 2010 in excess of the annual cap.


- On April 21, 2010, USAC staff submitted the draft Eligible Services List (ESL) to the FCC, more than two months before the June 30 annual deadline.
On May 20, 2010, the FCC issued a Notice of Proposed Rulemaking (NPRM) (FCC 10-83) initiating one in a series of rulemaking proceedings to implement the National Broadband Plan’s (NBP) vision of improving and modernizing the universal service programs.

On June 2, 2010, the FCC released Public Notice (DA 10-270), which established an effective date of August 31, 2010 for USAC to begin making program funds disbursements to beneficiaries only by electronic payment.

Round 2 of the FCC Office of Inspector General (OIG) USF audit program for Schools and Libraries Program beneficiaries has concluded with all audits having been reviewed by the Committee and deemed final. The audits focused on disbursements made between July 1, 2006 and June 30, 2007. USAC has completed follow-up work on specific audits where required and plans to issue a final report shortly.

Round 3 of the FCC OIG USF audit program for Schools and Libraries Program beneficiaries is concluding. The compliance attestation audits focused on disbursements made between July 1, 2007 and June 30, 2008. All audit reports have been reviewed and approved by the Committee. USAC staff is in the process of conducting required follow up activities to certain beneficiaries.

USAC staff held two one-day training sessions for service providers on May 4, 2010 in Los Angeles (188 attended) and May 11, 2010 in Tampa, FL (156 attended). USAC received positive feedback from the participants.

On May 19, 2010, registration opened for the fall applicant training for Funding Year 2011, and we had a near record number of early registrants. The trainings will be held in eight cities nationwide. The training agenda is being developed.

In 2010, the Helping Applicants to Succeed (HATS) team completed 92 HATS individual outreach activities as of June 30, 2010.

The average time to process an invoice line was seven days in May 2010. The invoicing team processed 97.7 percent of incoming invoice lines within 30 days.

USAC staff exceeded appeals processing goals this quarter with 94 percent of appeals completed in the quarter being processed within 90 days of receipt.

Ms. Campbell requested the Committee discuss the applicant selective review process. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi recommended that this matter be
discussed in *Executive Session* because this matter relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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

**RESOLVED,** that the USAC Schools & Libraries Committee determines that continued discussion of the Schools and Libraries and Support Mechanism Update relating to the selective review process shall be conducted in *Executive Session.*

i2. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session,* Mr. Capozzi 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 USAC Schools & Libraries Committee determines that discussion of the Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session.*

At 9:45 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 10:00 a.m. Eastern Time, at which time it reconvened in *Executive Session.*

**EXECUTIVE SESSION:**

a4. **Action on One USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Report.** Mr. Scott presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:
RESOLVED, that the USAC Schools & Libraries Committee, having reviewed the USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Report labeled SL2009LR005 together with management’s responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

i2. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update. Mr. Barash presented this item to the Committee.


At 10:44 a.m. Eastern Time, the Committee adjourned from Executive Session and immediately reconvened in Open Session, at which time, Ms. Campbell reported that in Executive Session, the Committee voted on item a2 and discussed items i1 and i2 above. On a motion duly made and seconded, the Committee adjourned at 10:45 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Committee Meeting

September 22, 2010

MINUTES

A meeting of the Schools & Libraries (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Wednesday, September 22, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 4:30 p.m. Eastern Time, with six of the seven members of the Committee present, representing a quorum:

Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair – by telephone
Campbell, Anne – Chair – by telephone

McClure, Dave – by telephone
Ridley, Carolyn – by telephone
Talbott, Dr. Brian – by telephone

Members of the Committee not present:

Abshire, Dr. Sheryl

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer – by telephone
Blackwell, Mel – Vice President, Schools & Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David. – Chief Financial Officer

Others present for the meeting:
ACTION ITEMS:

a1. **Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 85% and Above for Funding Year 2010.** Mr. Blackwell introduced this item to the Committee.

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

   **RESOLVED,** that the USAC Schools & Libraries Committee authorizes staff to commit, upon FCC approval, waves for Funding Year 2010 with the parameters set at 85 percent and above for Priority 2 services.

   On a motion duly made and seconded, the Committee adjourned at 4:35 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
Schools and Libraries Committee Meeting

October 25, 2010

MINUTES

The quarterly meeting of the Schools & Libraries Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Monday, October 25, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with all seven Committee members present:

Abshire, Dr. Sheryl
Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair
Talbott, Dr. Brian

Campbell, Anne – Chair
McClure, Dave – by telephone
Ridley, Carolyn

Other members of the Board of Directors (Board) and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Feiss, Geoff – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Secretary

Gillan, Joseph – Member of the Board
Holcombe, Jamie – Vice President of Information Systems
Scott, Wayne – Vice President of Internal Audit
Jacobs, Ellis – Member of the Board
Sanders, Jay – Member of the Board

Others present for the meeting:

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ACTION ITEMS:

a1. Approval of Schools & Libraries Committee Meeting Minutes of July 26, 2010 and September 22, 2010. On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meetings of July 26, 2010 and September 22, 2010.

a2. Approval of 1st Quarter 2011 Schools and Libraries Support Mechanism Programmatic Budget and Information on the Estimated 2011 Annual Budget. Mr. Belden presented this item to the Committee. The Committee discussed certain aspects of the budget, and then determined to continue the discussion in Executive Session. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi recommended that continued 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 USAC Schools & Libraries Committee determines that continued discussion of the Schools and Libraries Support Mechanism budgets shall be conducted in Executive Session.
a3. Approval of 1st Quarter 2011 Schools and Libraries Support Mechanism Demand Projection for the November 2, 2010 FCC Filing. Mr. Blackwell presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed at its meeting on October 25, 2010, a summary of the 1st Quarter 2011 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required November 2, 2010 filing to the FCC on behalf of the Committee. Management may make adjustments if the variance is equal to or less than $10.0 million or may seek approval from the Schools & Libraries Committee Chair to make adjustments if the variance is greater than $10.0 million but no more than $15.0 million.

a4. Action on Two USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi recommended that this matter be discussed in Executive Session because the reports relate to specific internal controls and/or confidential company data that would constitute a discussion of internal rules and procedures.

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

RESOLVED, that the USAC Schools & Libraries Committee determines that discussion of the USAC Internal Audit Division Schools & Libraries Support Mechanism Beneficiary Audit Reports labeled SL2009LR003 and SL2009LR004 shall be conducted in Executive Session.

a5. Consideration of Funding Year 2011 Filing window Dates. Mr. Blackwell presented this item to the Committee.

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 and close the Funding Year 2011 filing window, subject to the requirements of Section 54.522 of the Commission’s rules. Upon consultation with the Committee Chair, USAC management is authorized to adjust the opening and closing dates as circumstances may warrant.
a6. **Miscellaneous. Solicit ideas for the January 2011 Committee Agenda.** Ms. Campbell reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Ms. Campbell, Dr. Bryant, Mr. Barash or Mr. Blackwell between quarterly meetings.

**INFORMATION ITEMS:**

i1. **Schools and Libraries Support Mechanism Update.** Mr. Blackwell presented this item to the Committee, noting that:

   - As previously reported to the Committee, on September 28, 2010, the FCC released the Sixth Report and Order (FCC 10-175) for the Schools and Libraries Program, where the FCC adopted a number of the proposals put forward in the E-rate Broadband Notice of Proposed Rulemaking.

   - USAC released Funding Year 2010 Wave 19 Funding Commitment Decision Letters (FCDLs) on September 28, 2010. As of September 30, 2010, funding commitments total approximately $1.34 billion.

   - USAC released Funding Year 2009 Wave 68 FCDLs on September 29, 2010. As of September 30, 2010, funding commitments total approximately $2.76 billion.

   - USAC released Funding Year 2008 Wave 80 FCDLs on September 29, 2010. As of September 30, 2010, funding commitments total approximately $2.51 billion.

   - On September 28, 2010, the FCC issued the Sixth Report and Order (FCC 10-175), where the FCC released the Eligible Services List (ESL) for Funding Year 2011 and adopted most of the proposals made in the 2009 ESL Further Notice of Proposed Rulemaking and the 2010 ESL Public Notice.

   - On July 1, 2010, the FCC issued a Public Notice (DA 10-1248), which sought comment on revisions to FCC Forms 470 and 471. In addition, the FCC specifically sought comment on whether the requirement to file the Item 21 attachment within the filing window should be implemented in Funding Year 2011 or in a future funding year.

   - Round 2 of the FCC Office of Inspector General (OIG) USF audit program for Schools and Libraries Program beneficiaries has concluded with all audits having been reviewed by the Committee and deemed final. The audits focused on disbursements made between July 1, 2006 and June 30, 2007. USAC staff has conducted outreach and education to
nearly all beneficiaries. The final report on Round 2 was issued at the end of September.

- Round 3 of the FCC OIG USF audit program for Schools and Libraries Program beneficiaries has concluded. The compliance attestation audits focused on disbursements made between July 1, 2007 and June 30, 2008. All audit reports have been reviewed and approved by the Committee. USAC staff has conducted required follow-up activities to all beneficiaries. USAC management anticipates issuing a final report on Round 3 during 4th Quarter 2010.

- USAC continued the Payment Quality Assurance (PQA) Program that was initiated in August 2010. PQA will enable USAC to provide information about improper payments to the FCC as required by the Improper Payments Information Act of 2002 (31 U.S.C. § 3321) (IPIA).

- USAC staff continues work on the FCC’s request to revise the Funding Year 2011 online FCC Forms 470 and 471 as well as Siebel stabilization.

- The United States Government Accountability Office (GAO) has completed field work and issued a draft report of its review of Schools and Libraries Program internal controls. The Committee was provided with a copy of the draft GAO report and reviewed USAC’s response to the draft report, which was submitted on September 20, 2010.

- USAC has begun the fall training for Funding Year 2011. Training sessions are scheduled to be held in Washington, DC; Newark, NJ; Minneapolis, MN; Los Angeles, CA; Kansas City, MO; Jacksonville, FL; Portland, OR; and Dallas/Fort Worth, TX. In addition, two service provider training sessions will be held in Atlanta, GA on November 4 and in Albuquerque, N.M on November 9.

- The Helping Applicants to Succeed (HATS) outreach initiative continues to find new ways to assist program participants. The HATS team conducted 157 visits through September 30, 2010.

- The average time to process an invoice line was nine days in August 2010. The invoicing team processed 98 percent of incoming invoice lines within 30 days.

- USAC staff exceeded appeals processing goals this quarter with 70 percent of appeals completed in the quarter being processed within 90 days of receipt.
i2. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 USAC Schools & Libraries Committee determines that discussion of the Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session*.

i3. **Semiannual Status Report on Ongoing USAC Audits.** Mr. Scott presented this item to the Committee.

i4. **Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item to the Committee.

At 10:35 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 10:51 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

**EXECUTIVE SESSION:**

a2. **Approval of 1st Quarter 2011 Schools and Libraries Support Mechanism Programmatic Budget and Information on the Estimated 2011 Annual Budget.** The Committee continued discussion of this matter in *Executive Session*.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution, with Dr. Abshire not in attendance for the vote:

**RESOLVED,** that the USAC Schools & Libraries Committee approves a 1st Quarter 2011 budget for the Schools and Libraries Support Mechanism of $14.4 million; and
RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of $14.4 million for Schools and Libraries Support Mechanism administrative expenses in the required November 2, 2010 filing to the FCC on behalf of the Committee.

a4. Action on Two USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports. Mr. Scott presented this item to the Committee.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed the USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports labeled SL2009LR003 and SL2009LR004 together with management’s responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

i2. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update. Mr. Barash presented this item to the Committee.

At 11:10 a.m. Eastern Time, the Committee adjourned from Executive Session and immediately reconvened in Open Session, at which time, Ms. Campbell reported that in Executive Session, the Committee voted on items a2 and a4 and discussed item i2 above. On a motion duly made and seconded, the Committee adjourned at 10:45 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary
A meeting of the Schools & Libraries (Committee) of the Universal Service Administrative Company (USAC) was held at USAC’s offices in Washington, D.C. on Friday, December 17, 2010. Ms. Anne Campbell, Committee Chair, called the meeting to order at 1:02 p.m. Eastern Time, with five of the seven members of the Committee present, representing a quorum:

Abshire, Dr. Sheryl – by telephone
Barash, Scott – Acting CEO
Campbell, Anne – Chair – by telephone
McClure, Dave – by telephone
Ridley, Carolyn – by telephone

Members of the Committee not present:

Bryant, Dr. Anne – Vice Chair

Dr. Brian Talbott joined the meeting by telephone at 1:07 p.m. Eastern Time. He did not vote on item a1.

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division – by telephone
Capozzi, David – Acting General Counsel and Assistant Secretary
Others present for the meeting:

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<th>NAME</th>
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<td>Amalfitano, Vince – by telephone</td>
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<td>Nuzzo, Patsy</td>
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**ACTION ITEMS:**

a1. **Consideration of Approval to Make Commitments for Priority 2 Services At a Discount Rate of 81 Percent and Above for Funding Year 2010 and Approval to Deny Requests for Priority 2 Services at 79 Percent or below for Funding Year 2010.** Mr. Blackwell presented this item to the Committee.

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

**RESOLVED,** that the USAC Schools & Libraries Committee authorizes staff to commit, upon FCC approval, waves for Funding Year 2010 with the parameters set at 81 percent and above for Priority 2 services; and

**FURTHER RESOLVED,** that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, waves for Funding Year 2010 with the parameters set at 79 percent and below for Priority 2 services.

On a motion duly made and seconded, the Committee adjourned at 1:09 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary