Universal Service Administrative Company
Schools & Libraries Committee Quarterly Meeting
Agenda

Monday, January 30, 2012
1:45 p.m. – 3:45 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

ACTION ITEMS

a1.	Approval of Schools & Libraries Committee Meeting Minutes of October 24, 2011
a2.	Recommendation for Annual Election of Committee Chair and Vice Chair
a3.	Approval of 2nd Quarter 2012 and 2012 Annual Schools and Libraries Support Mechanism Programmatic Budgets
a4.	Approval of 2nd Quarter 2012 Schools and Libraries Support Mechanism Demand Projection for the February 1, 2012 FCC Filing
a5.	Action on Seven USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports – *Executive Session Option*
a6.	Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 79% and Below for Funding Year 2011
a7.	Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract – **Confidential & Proprietary** – *Executive Session Recommended* *Same as aRHC06cf, aBOD08cf*
a8.	Miscellaneous. Solicit ideas for April 2012 Committee meeting agenda.

INFORMATION ITEMS

i1.	Schools and Libraries Support Mechanism Update
i2.	Miscellaneous.

Next Scheduled USAC Schools & Libraries Committee Meeting

Monday, April 23, 2012
9:00 a.m. – 11:30 a.m. Eastern Time
USAC Offices, Washington, D.C.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, January 30, 2012

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 30, 2012. Ms. Anne Campbell, Committee Chair, called the meeting to order at 1:45 p.m. Eastern Time, with five of the seven Committee members present:

Abshire, Dr. Sheryl	Campbell, Anne − Chair
Barash, Scott – Acting Chief Executive Officer	Talbott, Dr. Brian
Bryant, Dr. Anne – Vice Chair – *by telephone*	

Ms. Carolyn Ridley joined the meeting at 1:46 p.m. Eastern Time. She did not vote on or participate in the discussions on items a1 or a2. Mr. David McClure joined the meeting at 1:55 p.m. Eastern Time. He did not vote on or participate in discussions of items a1, a2, a3 or a4.

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
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
     Treasurer
Feiss, Geoff – Member of the Board
Greiner, Colleen – Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Anderson, Latoya	USAC
Ayer, Catriona	USAC
Beard, Jay	USAC
Betancourt, Laura	USAC
Cruzan, Cathy	Funds For Learning
Delmar, Teleshia	USAC
Donadio, Giuseppe	SAIC
Duvall, Rashann	USAC

NAME	COMPANY
Falkowitz, Ed	USAC
Frelow, Leslie	USAC
Harrington, John	Funds For Learning
Hughes, Jeff	USAC
Iversen, Eric	USAC
Jacobs, David	USAC
Kaplan, Peter	Funds For Learning
Kraft, Mick	USAC
Lutz, Corey	USAC
McDonald, George	E-Rate Central
McKinley, Larry	FCC
Miller, Jack	Solix
Molson, Adam	USAC
Nuzzo, Patsy	USAC
Parry, John	Solix
Reynolds, Dan	USAC
Schrieber, Johnnay	USAC
Short, Don	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Trew, Anne Marie	USAC
Wu, Charlie	USAC

ACTION ITEMS:

a1. **Approval of Schools & Libraries Committee Meeting Minutes of October 24, 2011.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meeting of October 24, 2011.

a2. **Recommendation for Annual Election of Committee Chair and Vice Chair.** Ms. Campbell presented this item to the Committee noting that the FCC has not made selections to fill the seats of those Board members whose terms expired on December 31, 2011. Ms. Campbell recommended and the Committee agreed that, consistent with past practice, this item be deferred until those selections are made with the current chair and vice chair continuing to serve in their present positions.

a3. **Approval of 2nd Quarter 2012 and 2012 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 and Libraries Committee approves a 2nd Quarter 2012 Schools and Libraries Support Mechanism budget of $13.28 million; and
>
> **RESOLVED FURTHER**, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of $13.28 million for Schools and Libraries Support Mechanism administrative expenses in the required February 1, 2012 filing to the FCC on behalf of the Committee; and
>
> **RESOLVED FURTHER**, that the USAC Schools and Libraries Committee approves an annual 2012 Schools and Libraries Support Mechanism budget of $56.86 million.

a4. **Approval of 2nd Quarter 2012 Schools and Libraries Support Mechanism Demand Projection for the February 1, 2012 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 30, 2012, a summary of the 2nd Quarter 2012 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required February 1, 2012 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.

a5. **Action on Seven USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** Mr. Chris Smith, Manager, Internal Audit, 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 listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

a6. **Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 79% and Below for Funding Year 2011.** 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 2011 with the parameters set at 79 percent and below for Priority 2 services.

a7.   **Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract.** 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 consideration of the contract extension for the Rural Health Care and Schools and Libraries Program Support Services Agreement shall be conducted in *Executive Session*.

a8.   **Miscellaneous. Solicit Ideas for the April 2012 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 2012 application filing window will open at noon Eastern Time on Monday, January 9, 2012 and will close at 11:59 p.m. Eastern Time on Tuesday, March 20, 2012. The filing window will be open for 72 days.

- USAC management submitted the Funding Year 2012 Schools and Libraries Program Integrity Assurance (PIA) FCC Form 471 Review Procedures to the FCC for review and approval on December 9, 2011. As requested by the FCC, USAC management submitted the procedures 30 days prior to the opening of the Funding Year 2012 application filing window.

- USAC released Funding Year 2011 Wave 27 Funding Commitment Decision Letters (FCDLs) on December 28, 2011. As of December 31, 2011, funding commitments total approximately $1.45 billion.

- USAC released Funding Year 2010 Wave 79 FCDLs on December 29, 2011. As of December 31, 2011, funding commitments total approximately $2.94 billion.

- USAC released Funding Year 2009 Wave 95B FCDLs on November 30, 2011. As of December 31, 2011, funding commitments total approximately $2.84 billion. USAC also released the last regular Funding Year 2009 wave this quarter.

- On November 25, 2011, the FCC released a Public Notice (DA 11-1943) announcing that the Office of Management and Budget (OMB) has approved the revised instructions accompanying the FCC Form 479 (Certification by Administrative Authority to Billed Entity of Compliance with the Children's Internet Protection Act) and FCC Form 486 (Receipt of Service Confirmation Form).

- USAC Internal Audit Division (IAD) staff completed the final follow-up audit that was classified as a withdrawal or disclaimer from Round 3 of the FCC Office of Inspector General (OIG) USF audit program for Schools and Libraries Program beneficiaries.

- IAD staff is performing a small number of Beneficiary and Contributor Audit Program (BCAP) audits of Schools and Libraries Program beneficiaries.

- USAC staff conducted eight successful one day applicant training sessions for Funding Year 2012. The trainings were held in Washington, DC; Newark, NJ; Minneapolis, MN; Portland, OR; St. Louis, MO; New Orleans, LA; Los Angeles, CA; and Orlando, FL. A record number of over 1,500 program participants attended the trainings.

- The Helping Applicants to Succeed (HATS) program has completed its third year of being managed in-house by USAC. In 2011, the HATS team conducted 1041 HATS-type visits; 211 visits were conducted in person, 105 by telephone and videoconference, and 725 in targeted outreach projects. The HATS team initiated outreach with applicants in 50 states, the District of Columbia, Puerto Rico, Guam and Saipan.

- USAC has developed a Schools and Libraries Program outreach plan for 2012, presenting proposed activities to educate and communicate with program audiences about how to understand and participate successfully in the Schools and Libraries Program.

- The average time to process an invoice line was seven days in November 2011. The invoicing team processed 98.3 percent of incoming invoice lines within 30 days.

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

At 2:13 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 item noted above.

EXECUTIVE SESSION:

a7.   Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract. Mr. Barash 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 management's recommendation and hereby approves an extension to the contract between USAC and Solix, Inc. under the terms set forth by management in this issue paper for Rural Health Care and Schools and Libraries Program support services for the period July 1, 2012 through June 30, 2014; and

RESOLVED FURTHER, that management is hereby authorized to finalize the terms and conditions of the proposed agreement, and upon receiving FCC approval, execute the proposed contract extension with Solix, Inc. and proceed with its implementation.

At 2:37 p.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 item a7 above.

On a motion duly made and seconded, the Committee adjourned at 2:38 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

Universal Service Administrative Company
Schools & Libraries Committee Quarterly Meeting
Agenda

Monday, April 23, 2012 **1:30 p.m. – 3:00 p.m. Eastern Time** **USAC Offices** **2000 L Street, N.W., Suite 200** **Washington, D.C. 20036**

ACTION ITEMS	
a1.	Approval of Schools & Libraries Committee Meeting Minutes of January 30, 2012
a2.	Approval of 3rd Quarter 2012 Schools and Libraries Support Mechanism Programmatic Budget
a3.	Approval of 3rd Quarter 2012 Schools and Libraries Support Mechanism Demand Projection for the May 2, 2012 FCC Filing
a4.	Action on 12 USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports – *Executive Session Option*
a5.	Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 80 Percent and Below for Funding Year 2011
a6.	Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 89 Percent and Above for Funding Year 2011
a7.	Consideration of Approval to Make Commitments for Priority 1 Services at a Discount Rate of 20% and Above for Funding Year 2012
a8.	Miscellaneous. Solicit ideas for July 2012 Committee meeting agenda.

INFORMATION ITEMS	
i1.	Schools and Libraries Support Mechanism Update
i2.	Schools and Libraries and Rural Health Care Program Support Services Procurement Update – **Confidential & Proprietary** – *Executive Session Recommended* *Same as iRHC03cf*
i3.	Miscellaneous.

Next Scheduled USAC Schools & Libraries Committee Meeting

Monday, July 30, 2012 **1:30 p.m. – 3:00 p.m. Eastern Time** **USAC Offices, Washington, D.C.**

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, April 23, 2012

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, April 23, 2012. Ms. Anne Campbell, Committee Chair, called the meeting to order at 1:30 p.m. Eastern Time, with five of the seven Committee members present:

Abshire, Dr. Sheryl	Ridley, Carolyn
Barash, Scott – Acting Chief Executive Officer	Talbott, Dr. Brian
Campbell, Anne − Chair	

Members of the Committee not present:

Bryant, Dr. Anne – Vice Chair
McClure, David

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
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
     Treasurer
Feiss, Geoff – Member of the Board
Greiner, Colleen – Vice President and Chief Information Officer
Jimenez, Jose – Member of the Board
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Andrews, Michael	SECA
Ayer, Catriona	USAC
Beaver, Tracey	USAC
Becker, Ellen – *by telephone*	FCC
Betancourt, Laura	USAC
Bocher, Bob	SECA
Brereton, Melinda	SECA
Wolf, Caroline	SECA

NAME	COMPANY
Carson, Sebrina	SECA
Charlie Jackson	SECA
Chen, Jenny	USAC
Collins, DeLilah	SECA
Cruzan, Cathy	Funds For Learning
Delmar, Teleshia	USAC
Duvall, Rashann	USAC
Emmanuel, Sherard	USAC
Falkowitz, Ed	USAC
Farslow, Dan	E-Rate Central
Germann, Lorrie	SECA
Guinan, Gabriela	USAC
Harrington, John	Funds For Learning
Himsworth, Brett	SECA
Hopper, Melissa	USAC
Hughes, Jeff	USAC
Hurley, Jeannene	SECA
Iversen, Eric	USAC
Kaplan, Peter	Funds For Learning
Kraft, Mick	USAC
Kriete, Debra	South Dakota Department of Education
Legg, Julia	SECA
McBride, Latisa	USAC
McDonald, George	SECA
Miller, Jack	Solix
Nuzzo, Patsy	USAC
Oliver, Valerie	Alaska Department of Education
Parry, John	Solix
Rawson, Gary	SECA
Razumny, Aja	SECA
Reid, Rhea	USAC
Schrieber, Johnnay	USAC
Selken, Russ	SECA- CA
Short, Don	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Tenkhoff, Susan	SECA
Tritt Schell, Julie	PA Department of Education
Williams, Bill	USAC
Wilson, Reggie	USAC
Witt, SuAnn	Nebraska Department of Education
Zhao, Hang	USAC

ACTION ITEMS:

a1.   **Approval of Schools & Libraries Committee Meeting Minutes of January 30, 2012.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meeting of January 30, 2012.

a2.   **Approval of 3rd Quarter 2012 Schools and Libraries Support Mechanism Programmatic Budget.** 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 3rd Quarter 2012 Schools and Libraries Support Mechanism budget of $13.42 million; and

    RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of $13.42 million for Schools and Libraries Support Mechanism administrative expenses in the required May 2, 2012 filing to the FCC on behalf of the Committee.

a3.   **Approval of 3rd Quarter 2012 Schools and Libraries Support Mechanism Demand Projection for the May 2, 2012 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 23, 2012, a summary of the 3rd Quarter 2012 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required May 2, 2012 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 12 USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** Mr. Chris Smith, Manager, Internal Audit, 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 listed in Exhibit I to this

issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

a5.   **Consideration of Approval to Deny Requests for Priority 2 Services at a Discount Rate of 80 Percent and Below for Funding Year 2011.** 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 2011 with the parameters set at 80 percent and below for Priority 2 services.

a6.   **Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 89 Percent and Above for Funding Year 2011.** 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 2011 with the parameters set at 89 percent and above for Priority 2 services.

a7.   **Consideration of Approval to Make Commitments for Priority 1 Services at a Discount Rate of 20% and Above for Funding Year 2012.** 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 2012 with the parameters set at 20 percent and above for Priority 1 services.

a8.   **Miscellaneous. Solicit Ideas for the July 2012 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, 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 2012 application filing window successfully opened at noon Eastern Time on Monday, January 9, 2012 and closed at 11:59 p.m.

Eastern Time on Tuesday, March 20, 2012. The application filing window was open for 72 days. At the close of the application filing window, USAC had received a record 46,000 Funding Year 2012 FCC Forms 471 requesting approximately $4.8 billion in funding requests.

- USAC released Funding Year 2011 Wave 40 Funding Commitment Decision Letters (FCDLs) on March 27, 2012. As of March 31, 2012, funding commitments total approximately $2.04 billion.

- USAC released Funding Year 2010 Wave 91 FCDLs on March 28, 2012. As of March 31, 2012, funding commitments total approximately $3.06 billion.

- On March 6, 2012, the FCC released a Public Notice (DA 12-344) which established the comment dates for the Universal Service Lifeline Further Notice of Proposed Rulemaking. The FCC is seeking comment on proposals to reform and modernize the Lifeline Program, which includes administering digital literacy training in conjunction with the Schools and Libraries Program.

- The USAC Internal Audit Division (IAD) performed follow-up work on audits that were classified as withdrawals or disclaimers from Rounds 2 and 3 of the FCC Office of Inspector General (OIG) USF audit program for Schools and Libraries Program beneficiaries. The final Report on Round 3 was submitted to the FCC for review.

- USAC IAD staff is performing Beneficiary and Contributor Audit Program (BCAP) audits of Schools and Libraries Program beneficiaries. Seven audits will be presented to the Committee at the April meeting.

- On March 2, 2012, USAC announced the registration for the spring service provider training sessions. The training sessions will be held on May 10, 2012 in Atlanta, Georgia (281 registered) and on May 15, 2012 in Los Angeles, California (172 registered). USAC received a near record number of early registrations.

- The Helping Applicants to Succeed (HATS) team has conducted 188 HATS-type visits of which 38 visits were conducted in person, 55 by telephone and videoconference and 95 in targeted outreach projects. Thus far in 2012, the HATS team has initiated outreach with applicants in 32 states.

- The average time to process an invoice line was four days in February 2012. The invoicing team processed 99 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.

i2.   **Schools and Libraries and Rural Health Care Program Support Services Procurement 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 procurement shall be conducted in *Executive Session*.

i3.   **Miscellaneous.** Mr. Blackwell noted that there has been no additional information issued by the FCC concerning the gift rules established in the Sixth Report and Order (FCC 10-175).

At 2:24 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 item noted above. The Committee then recessed until 2:34 p.m. Eastern Time, at which time it reconvened in *Executive Session.*

EXECUTIVE SESSION:

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

At 2:38 p.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 item i1 above. On a motion duly made and seconded, the Committee adjourned at 2:39 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

Universal Service Administrative Company
Schools & Libraries Committee Quarterly Meeting
Agenda

Monday, July 30, 2012
1:30 p.m. – 3:00 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

ACTION ITEMS
a1. Approval of Schools & Libraries Committee Meeting Minutes of April 23, 2012
a2. Recommendation for Election of Committee Chair and Vice Chair
a3. Approval of 4th Quarter 2012 and Revised 2012 Annual Schools and Libraries Support Mechanism Programmatic Budget
a4. Approval of 4th Quarter 2012 Schools and Libraries Support Mechanism Demand Projection for the August 2, 2012 FCC Filing
a5. Action on Seven USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports – *Executive Session Option*
a6. Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 90 Percent for Funding Year 2012 and Approval to Deny Requests for Priority 2 Services at a Discount Rate of 89 Percent and Below for Funding Year 2012
a7. Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 88 Percent and Above for Funding Year 2011 and Approval to Deny Requests for Priority 2 Services at a Discount Rate of 87 Percent and Below for Funding Year 2011
a8. Miscellaneous. Solicit ideas for October 2012 Committee meeting agenda.

INFORMATION ITEMS
i1. Schools and Libraries Support Mechanism Update
i2. Schools and Libraries and Rural Health Care Program Support Services Procurement Update – **Confidential & Proprietary** – *Executive Session Recommended*   *Same as iRHC03cf*
i3. Information on One Schools and Libraries Support Mechanism Beneficiary Audit Report Conducted by the FCC Office of Inspector General – *Executive Session Option*
i4. Miscellaneous.

Next Scheduled USAC Schools & Libraries Committee Meeting

Monday, October 29, 2012
1:30 p.m. – 3:00 p.m. Eastern Time
USAC Offices, Washington, D.C.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, July 30, 2012

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 30, 2012. Ms. Anne Campbell, Committee Chair, called the meeting to order at 1:30 p.m. Eastern Time, with five of the seven Committee members present:

Abshire, Dr. Sheryl	Ridley, Carolyn
Barash, Scott – Acting Chief Executive Officer	Talbott, Dr. Brian
Campbell, Anne − Chair	

Mr. David McClure joined the meeting by telephone at 1:32 p.m. Eastern Time. He did not participate in the discussion of or vote on items a1 and a2.

Members of the Committee not present:

    Bryant, Dr. Anne – Vice Chair

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
    Case, David – Vice President of Finance, Chief Financial Officer and Assistant
        Treasurer
    Feiss, Geoff – Member of the Board
    Gillan, Joe – Member of the Board
    Greiner, Colleen – Vice President and Chief Information Officer
    Jimenez, Jose – Member of the Board
    Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Ayer, Catriona	USAC
Becker, Ellen	FCC – *by telephone*
Bernstein, Jon	BSG
Betancourt, Laura	USAC
Boler, Natasha	USAC

NAME	COMPANY
Delmar, Teleshia	USAC
Donadio, Giuseppe	SAIC
Duvall, Rashann	USAC
Emmanuel, Sherard	USAC
Falkowitz, Ed	USAC
Frelow, Leslie	USAC
Garrett, Erika	USAC
Guinan, Gabriela	USAC
Harrington, John	Funds For Learning
Hughes, Jeff	USAC
Iversen, Eric	USAC
Kraft, Mick	USAC
McDonald, George	E-Rate Central
Miller, Jack	Solix
Molson, Adam	USAC
Nuzzo, Patsy	USAC
Parry, John	Solix
Short, Don	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Toussi, Gitta	USAC
Wilson, Reggie	USAC
Zhao, Hang	USAC

ACTION ITEMS:

a1. **Approval of Schools & Libraries Committee Meeting Minutes of April 23, 2012.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meeting of April 23, 2012.

a2. **Recommendation for Election of Committee Chair and Vice Chair**. Dr. Talbott nominated Anne Campbell as Chair and Anne Bryant as Vice Chair of 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 recommends that the USAC Board of Directors elect **Anne Campbell** as Chair and **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.

a3.   **Approval of 4th Quarter 2012 and Revised 2012 Annual Schools and Libraries Support Mechanism Programmatic Budget.** 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 2012 Schools and Libraries Support Mechanism budget of $14.27 million; and

> **RESOLVED FURTHER**, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of $12.57 million for Schools and Libraries Support Mechanism administrative expenses in the required August 2, 2012 filing to the FCC on behalf of the Committee; and

> **RESOLVED FURTHER**, that the USAC Schools and Libraries Committee approves a revised 2012 annual Schools and Libraries Support Mechanism budget of $53.83 million.

a4.   **Approval of 4th Quarter 2012 Schools and Libraries Support Mechanism Demand Projection for the August 2, 2012 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 30, 2012, a summary of the 4th Quarter 2012 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required August 2, 2012 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.

a5.   **Action on Seven USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** Mr. Chris Smith, Manager, Internal Audit, 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 listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

a6.   **Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 90 Percent for Funding Year 2012 and Approval to Deny Requests for Priority 2 Services at a Discount Rate of 89 Percent and Below for Funding Year 2012.** 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 2012 with the parameters set at 90 percent for Priority 2 services; and

> **RESOLVED FURTHER**, that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, waves for Funding Year 2012 with the parameters set at 89 percent and below for Priority 2 services.

a7.   **Consideration of Approval to Make Commitments for Priority 2 Services at a Discount Rate of 88 Percent and Above for Funding Year 2011 and Approval to Deny Requests for Priority 2 Services at a Discount Rate of 87 Percent and Below for Funding Year 2011.** 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 2011 with the parameters set at 88 percent and above for Priority 2 services; and
> **RESOLVED FURTHER**, that the USAC Schools & Libraries Committee authorizes staff to deny, upon FCC approval, waves for Funding Year 2011 with the parameters set at 87 percent and below for Priority 2 services.

a8.   **Miscellaneous. Solicit Ideas for the October 2012 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 Year 2012 funding commitment decision letters (FCDLs) for Funding Year 2012 on July 10, 2012. In

total, 23,825 letters committing more than $646 million in approved telecommunications and Internet access requests at all discount levels were released.

- On April 24, 2012, the FCC released DA 12-626, which approved the Schools and Libraries Funding Year 2012 Program Integrity Assurance (PIA) FCC Form 471 Review Procedures.

- On June 15, 2012, the FCC authorized USAC to deny Funding Year 2011 Priority Two (internal connections and basic maintenance of internal connections) requests at 80 percent and lower discount levels.

- USAC released Funding Year 2011 Wave 50 FCDLs on June 26, 2012. As of June 30, 2012, funding commitments total approximately $2.25 billion.

- USAC released Funding Year 2010 Wave 97 FCDLs on June 20, 2012. As of June 30, 2012, funding commitments total approximately $3.06 billion.

- On May 18, 2012, the FCC released Public Notice (DA 12-791), which announced a Schools and Libraries Program funding cap for Funding Year 2012 of $2.34 billion.

- The USAC Internal Audit Division (IAD) is performing Beneficiary and Contributor Audit Program (BCAP) audits of Schools and Libraries Program beneficiaries. Seven audits will be presented to the Committee at the July meeting.

- USAC staff conducted two successful one-day service provider trainings in Atlanta, GA on May 10, 2012 and in Los Angeles, CA on May 15, 2012. The participants gave favorable written comments, in particular regarding USAC staff interaction with the participants.

- On May 23, 2012, registration opened for the fall applicant trainings for Funding Year 2013. The eight one-day training sessions are scheduled to be held in the following cities: Washington, DC; Dallas, TX; St. Louis, MO; Atlanta, GA; Newark, NJ; Minneapolis, MN; Portland, OR; and Los Angeles, CA. USAC received a record number of early registrations.

- The Helping Applicants to Succeed (HATS) team has completed 274 HATS-type visits this year; 95 visits were conducted in person, 84 by telephone and videoconference and 95 in targeted outreach projects. Thus far in 2012, the HATS team has initiated outreach with applicants in 38 states.

- The average time to process an invoice line was four days in May 2012. The invoicing team processed 99.5 percent of incoming invoice lines within 30 days.

- USAC staff exceeded appeals processing goals this quarter with 90 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 Procurement 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 procurement shall be conducted in *Executive Session*.

i3. **Miscellaneous.** Mr. Blackwell noted that there has been no additional information issued by the FCC concerning the gift rules established in the Sixth Report and Order (FCC 10-175).

At 2:19 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 item noted above.

EXECUTIVE SESSION:

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

At 2:30 p.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 item i2 above. On a motion duly made and seconded, the Committee adjourned at 2:32 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

Universal Service Administrative Company
Schools & Libraries Committee Quarterly Meeting
Agenda

Monday, October 29, 2012
1:30 p.m. – 3:00 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

ACTION ITEMS	
a1.	Approval of Schools & Libraries Committee Meeting Minutes of July 30, 2012
a2.	Approval of 1st Quarter 2013 Schools and Libraries Support Mechanism Programmatic Budget and Information on the Estimated 2013 Annual Budget
a3.	Approval of 1st Quarter 2013 Schools and Libraries Support Mechanism Demand Projection for the November 2, 2012 FCC Filing
a4.	Action on Nine USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports – *Executive Session Option*
a5.	Consideration of Funding Year 2013 Filing Window Dates
a6.	Miscellaneous. Solicit ideas for January 2013 Committee meeting agenda.

INFORMATION ITEMS	
i1.	Schools and Libraries Support Mechanism Update
i2.	Miscellaneous.

Next Scheduled USAC Schools & Libraries Committee Meeting

Monday, January 28, 2013
1:30 p.m. – 3:00 p.m. Eastern Time
USAC Offices, Washington, D.C.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, October 29, 2012

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 29, 2012. At the request of Ms. Anne Campbell, Committee Chair, Dr. Brain Talbott called the meeting to order at 1:30 p.m. Eastern Time, with five of the six Committee members present (there is one vacancy):

Abshire, Dr. Sheryl	Ridley, Carolyn – *by telephone*
Barash, Scott – Acting Chief Executive Officer	Talbott, Dr. Brian
Campbell, Anne – Chair – *by telephone*	

Mr. David McClure joined the meeting by telephone at 1:33 p.m. Eastern Time. 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 – *by telephone*
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
    Treasurer
Feiss, Geoff – Member of the Board
Gillan, Joe – Member of the Board
Greiner, Colleen – Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Beard, Jay	USAC
Delmar, Teleshia	USAC
Falkowitz, Ed	USAC
George, Dewey	DP George
Goode, Vernell	USAC
Kaplan, Peter – *by telephone*	Funds For Learning
Nuzzo, Patsy	USAC
Parry, John	Solix
Salvator, Charles – *by telephone*	USAC
Smith, Michael	DP George

ACTION ITEMS:

a1.   **Approval of Schools & Libraries Committee Meeting Minutes of July 30, 2012.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Schools & Libraries Committee meeting of July 30, 2012.

a2.   **Approval of 1st Quarter 2013 Schools and Libraries Support Mechanism Programmatic Budget and Information on the Estimated 2013 Annual Budget.** 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 1st Quarter 2013 operating budget for the Schools and Libraries Support Mechanism of $12.4 million; and

RESOLVED, that the USAC Schools & Libraries Committee approves a 1st Quarter 2013 capital budget for the Schools and Libraries Support Mechanism of $3.5 million; and

RESOLVED FURTHER, that the USAC Schools & Libraries Committee directs USAC staff to submit a collection requirement of $15.9 million for Schools and Libraries Support Mechanism administrative expenses in the required November 2, 2012 filing to the FCC on behalf of the Committee.

a3.   **Approval of 1st Quarter 2013 Schools and Libraries Support Mechanism Demand Projection for the November 2, 2012 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 29, 2012, a summary of the 1st Quarter 2013 support mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required November 2, 2012 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 Nine USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** Ms. Teleshia Delmar, Director, Internal Audit, 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 listed in Exhibit I to this issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

a5. **Consideration of Funding Year 2013 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 the Funding Year 2012 filing window on or after December 12, 2012, and close the Funding Year 2013 filing window commensurate with past practice, subject to the requirements of Section 54.522 of the Commission's rules; and

> **RESOLVED FURTHER**, that 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 2013 Committee Agenda.** Dr. Talbott 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 Funding Year 2012 Wave 12 Funding Commitment Decision Letters (FCDLs) on September 25, 2012. As of September 30, 2012, funding commitments total approximately $1.20 billion. On July 18, 2012, the FCC released Public Notice (DA 12-1148), which announced that $1.05 billion in unused funds will be carried forward to increase disbursements to schools and libraries in funding year 2012 in excess of the annual cap.

- USAC released Funding Year 2011 Wave 62 FCDLs on September 26, 2012. As of September 30, 2012, funding commitments total approximately $2.37 billion.

- USAC released Funding Year 2010 Wave 101 FCDLs on September 24, 2012. As of September 30, 2012, funding commitments total approximately $3.07 billion.

- On September 27, 2012, the FCC issued a Report and Order (DA 12-1553), which released the ESL for Funding Year 2013 and authorized the USAC to open the annual application filing window no earlier than November 26, 2012.

- The USAC Internal Audit Division (IAD) is performing Beneficiary and Contributor Audit Program (BCAP) audits of Schools and Libraries Program beneficiaries. Nine audits will be presented to the Committee at the October meeting.

- USAC Information Technology (IT) staff and Schools and Libraries Division (SLD) staff continue with activities associated with bringing in-house the IT support for SLD. USAC IT staff has taken responsibility for Funding Year 2013 action items while SAIC is responsible for all Funding Year 2012 and earlier action items.

- USAC staff has started the eight one-day fall applicant trainings for Funding Year 2013. The sessions are scheduled to be held in the following cities: Washington, DC; Dallas, TX; St. Louis, MO; Atlanta, GA; Newark, NJ; Minneapolis, MN; Portland, OR; and Los Angeles, CA. The sessions quickly filled to capacity.

- The Helping Applicants to Succeed (HATS) team has completed 389 HATS-type visits this year; 127 visits were conducted in person, 108 by telephone and videoconference and 154 in targeted outreach projects. Thus far in 2012, the HATS team has initiated outreach with applicants in 48 states.

- The average time to process an invoice line was four days in August 2012. The invoicing team processed 99.4 percent of incoming invoice lines within 30 days.

- USAC staff exceeded appeals processing goals this quarter with 88 percent of appeals completed in the quarter being processed within 90 days of receipt.

On a motion duly made and seconded, the Committee adjourned at 2:18 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary