



Schools & Libraries Committee

Briefing Book

Monday, October 29, 2018

10:00 a.m. - 12:00 p.m.

Universal Service Administrative Company Offices

700 12th Street NW, Suite 900

Washington, D.C. 20005

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

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| <p>Monday, October 29, 2018 10:00 a.m. – 12:00 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p> |
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| <u>OPEN SESSION</u> | | <i>Estimated Duration in Minutes</i> |
|----------------------------|--|--|
| Chair | <p>a1. Consent Items (each available for discussion upon request):</p> <p style="padding-left: 20px;">A. Approval of Schools and Libraries Committee Meeting Minutes of July 23, 2018, August 16, 2018 and August 27, 2018.</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p> | 5 |
| Catriona | <p>a2. Approval of Schools and Libraries Support Mechanism 1st Quarter 2019 Programmatic Budget and Demand Projection for the November 2, 2018 FCC Filing</p> | 10 |
| Catriona | <p>a3. Consideration of Funding Year 2019 Filing Window Dates</p> | 10 |
| Chris Smith | <p>i1. Information on 13 USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports</p> | 5 |
| Catriona | <p>i2. Schools & Libraries Support Mechanism Business Update</p> | 30 |

| <u>EXECUTIVE SESSION</u> | | <i>Estimated Duration in Minutes</i> |
|---|---|--|
| Confidential – Executive Session Recommended | | |
| Catriona | <p>i3. Schools & Libraries Support Mechanism Business Update <i>(Continued)</i></p> | 30 |
| Catriona | <p>i4. Information on Preliminary 2019 Annual Schools and Libraries Support Mechanism Budget</p> | 10 |

| | | |
|--------------|--|----|
| 12:00 | Lunch – Knowledge Management Presentation | 60 |
|--------------|--|----|

Next Scheduled USAC Schools & Libraries Committee Meeting

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| <p>Monday, January 28, 2019 10:00 a.m. – 12:00 p.m. Eastern Time USAC Offices, Washington, D.C.</p> |
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**Universal Service Administrative Company
Schools & Libraries Committee Meeting**

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Approval of Committee meeting minutes of July 23, 2018, August 16, 2018 and August 27, 2018 (*see Attachments A-1 through A-3*).
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **i3** – Business Update (*Continued*) - Information on Transition Update. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *internal rules and procedures* concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity. In addition, this matter relates to USAC's *procurement strategy and contract administration*.
 - (2) **i4**. – Information on Preliminary 2019 Annual Schools and Library Support Mechanism Budget. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

Upon request of a Committee member any one or more of the above items are available for discussion by the Committee.

Recommended USAC Schools & Libraries Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Schools & Libraries Committee hereby approves: (1) the Committee meeting minutes of July 23, 2018, August 16, 2018 and August 27, 2018; and (2) discussion in *Executive Session* of the items noted above.

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, July 23, 2018

(DRAFT) MINUTES¹

The quarterly meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, July 23, 2018. Dr. Dan Domenech, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of eight of the nine Committee members present:

| | |
|---------------------------|---|
| Bocher, Bob | Hernandez, Dr. Mike – <i>by telephone</i> |
| Buzacott, Alan | Mason, Ken – Vice Chair |
| Choroser, Beth | Sekar, Radha – Chief Executive Officer |
| Domenech, Dr. Dan – Chair | Wade, Dr. Joan |

Mr. Brent Fontana join the meeting by telephone at 11:05 a.m. Eastern Time and participated in in the discussion of item 3A, 3B and 4.

Other Board members and officers of the corporation present:

Davis, Craig – Vice President of Procurement and Sourcing Strategy
Beckford, Ernesto – Vice President, General Counsel and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Choroser, Beth – Member of the Board
Feiss, Geoff – Member of the Board
Garber, Michelle – Vice President of Lifeline
Gillan, Joe – Member of the Board
Holstein, Bob – Vice President and Chief Information Officer
Kinser, Cynthia – Member of the Board
Lubin, Joel – Member of the Board
Salvator, Charles – Vice President of Finance, Chief Financial Officer and
Assistant Treasurer
Scott, Wayne – Vice President of Internal Audit
Sweeney, Mark – Vice President of Rural Health Care

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language where necessary or to correct grammatical or spelling errors.

Wein, Olivia – Member of the Board

Wibberly, Dr. Kathy – Member of the Board

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|------------------------|----------------|
| Anderson, Jarnice | USAC |
| Anderson, Latoya | USAC |
| Ayer, Catriona | USAC |
| Bethel, Tameca | USAC |
| Burgess, Melody | USAC |
| Butler, Stephen | USAC |
| Carpenter, Nikki-Blair | USAC |
| Daniels, Joel | USAC |
| Delmar, Teleshia | USAC |
| Frelow, Leslie | USAC |
| Holloway, Chanelle | USAC |
| Hughet, Pamela | USAC |
| Hutchinson, Kyle | USAC |
| Jones, April | FCC |
| Jones, Frank | Solix, Inc. |
| King, Lauren | USAC |
| Lee, Brandon | USAC |
| Miller, Jack | Solix, Inc. |
| Nuzzo, Patsy | USAC |
| Richardson, Rashonda | USAC |
| Schrieber, Johnny | USAC |
| Sequin, Eric | Solix, Inc. |
| Smith, Chris | USAC |
| Tawes, Pauline | USAC |
| Tomlin, Nicole | USAC |
| Willis, Catherine | USAC |

OPEN SESSION

All materials from Open Session can be found on the [USAC website](#).

1. Schools and Libraries Committee Approvals. Dr. Dan Domenech presented these items for consideration.

A. Consent Items.

1. Approval of Schools and Libraries Committee Minutes of April 23, 2018

2. Approval for discussing in *Executive Session* agenda items: Schools & Libraries Business Update (*If needed*). Mr. Beckford recommended that discussion of this item be conducted in *Executive Session* because this matter relates to *internal rules and procedures* concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.

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

RESOLVED, that the USAC Schools & Libraries Committee hereby approves: (1) the Committee meeting minutes of April 23, 2018; and (2) discussion in *Executive Session* of the item noted above.

- B.** Approval of Schools and Libraries Support Mechanism 4th Quarter 2018 Programmatic Budget and Demand Projections for the August 2, 2018 FCC Filing. Ms. Ayer presented this item for consideration.

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

RESOLVED, that the USAC Schools and Libraries Committee approves a 4th Quarter 2018 Schools and Libraries Support Mechanism direct program budget of \$15.97 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$15.97 million for Schools and Libraries Support Mechanism administrative costs in the required August 2, 2018 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee, having reviewed at its meeting on July 23, 2018, a summary of the 4th Quarter 2018 Schools and Libraries Support Mechanism demand estimate hereby directs USAC staff to proceed with the required August 2, 2018 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Schools and Libraries Support Mechanism is equal to or less than \$10 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

2. **Information on Four USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports.** This item was presented for information purposes. No discussion was held.
3. **Schools & Libraries Business Update.** Ms. Ayer presented this item to the Committee:
 - Open Items from the April Committee Meeting.
 - Overview of significant program activities.
 - Review of recent accomplishments.
 - Operational metrics.
 - Proposed FY 2019 E-rate calendar cycle.
 - Information on CY 2018 training for applicants and service providers.

At 11:12 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

4. **Schools & Libraries Business Update (*Continued*).** Ms. Ayer continued this discussion with the Committee, providing an overview of recent FCC orders and significant public notices.

At 11:38 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Domenech reported that in *Executive Session*, the Committee discussed item 4. On a motion duly made and seconded, the Committee adjourned at 11:39 a.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Thursday, August 16, 2018

(DRAFT) MINUTES¹

A meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was held at USAC’s offices in Washington, D.C. on Thursday, August 16, 2018. Dr. Dan Domenech, Committee Chair, called the meeting to order at 4:05 p.m. Eastern Time, with a quorum of seven of the nine Committee members present:

| | |
|---|---|
| Buzacott, Alan – <i>by telephone</i> | Hernandez, Dr. Mike – <i>by telephone</i> |
| Choroser, Beth – <i>by telephone</i> | Mason, Ken – Vice Chair – <i>by telephone</i> |
| Domenech, Dr. Dan – Chair – <i>by telephone</i> | Sekar, Radha – Chief Executive Officer |
| Fontana, Brent – <i>by telephone</i> | |

Members of the Committee not present:

Bocher, Bob
Wade, Dr. Joan

Officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel and Assistant Treasurer
Davis, Craig – Vice President of Procurement and Sourcing Strategy – *by telephone*
Salvator, Charles – Vice President of Finance, Chief Financial Officer and Assistant Treasurer

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|---|----------------|
| Ayer, Catriona | USAC |
| Frelow, Leslie – <i>by telephone</i> | USAC |
| King, Lauren | USAC |
| Nuzzo, Patsy – <i>by telephone</i> | USAC |
| Tomlin, Nicole | USAC |
| Willis, Catherine – <i>by telephone</i> | USAC |

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language where necessary or to correct grammatical or spelling errors.

OPEN SESSION

- a1. **Consideration of Contract Award for Schools and Libraries Business Process Outsourcing (BPO) Services.** Mr. Beckford 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 Board of Directors determines that the discussion of this item be conducted in *Executive Session*.

At 4:06 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

- a1. **Consideration of Contract Award for Schools and Libraries Business Process Outsourcing (BPO) Services.** Mr. Davis provided the Committee with an overview for consideration.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract for Schools and Libraries BPO services to Maximus Federal Services, Inc. for a base period of sixteen (16) months for approximately \$24,638,000 (plus applicable taxes), with the ability to exercise four additional one-year terms, subject to required FCC and Schools and Libraries Committee approvals, for a five year total price of \$91,749,020 (plus applicable taxes), plus an additional 10 percent contingency reserve of \$9,175,000 over the base period and four one-year options (plus applicable taxes), for a total not-to-exceed amount of \$100,924,020 (plus applicable taxes).

At 4:40 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Domenech reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 4:41 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

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

SCHOOLS & LIBRARIES COMMITTEE MEETING
Monday, August 27, 2018

(DRAFT) MINUTES¹

A meeting of the Schools & Libraries Committee (Committee) of the USAC Board of Directors (Board) was held at USAC’s offices in Washington, D.C. on Monday, August 27, 2018. Dr. Dan Domenech, Committee Chair, called the meeting to order at 4:02 p.m. Eastern Time, with a quorum of six of the nine Committee members present:

| | |
|---|---|
| Bocher, Bob – <i>by telephone</i> | Hernandez, Dr. Mike – <i>by telephone</i> |
| Buzacott, Alan – <i>by telephone</i> | Mason, Ken – Vice Chair – <i>by telephone</i> |
| Domenech, Dr. Dan – Chair – <i>by telephone</i> | Sekar, Radha – Chief Executive Officer |

Mr. Brent Fontana joined the call by telephone at 4:03 p.m. Eastern Time. He participated in the discussion and voted on item a1.

Members of the Committee not present:

Choroser, Beth
Wade, Dr. Joan

Officers of the corporation present:

Davis, Craig – Vice President of Procurement and Sourcing Strategy

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|---|----------------|
| Ayer, Catriona | USAC |
| Hughet, Pamela | USAC |
| Myers, Erica | USAC |
| Tiwari, Tanya | USAC |
| Tomlin, Nicole | USAC |
| Willis, Catherine – <i>by telephone</i> | USAC |

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language where necessary or to correct grammatical or spelling errors.

OPEN SESSION

- a1. **Consideration of Contract Award for Consulting Services to Support the Schools and Libraries Project Management Office (PMO) and Business Process Outsourcing (BPO) Change Management.** Ms. Myers 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 Board of Directors determines that the discussion of this item be conducted in *Executive Session*.

At 4:03 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

- a1. **Consideration of Contract Award for Consulting Services to Support the Schools and Libraries Project Management Office (PMO) and Business Process Outsourcing (BPO) Change Management.** Mr. Davis provided the Committee with an overview for consideration.

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

RESOLVED, that the USAC Schools & Libraries Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to FCC approval, to award a time & materials contract for a period of eighteen (18) months for approximately \$2.68 million (plus applicable taxes), to Deloitte Consulting, LLP for Schools and Libraries PMO and BPO change management services with a contingency reserve of \$536,000, for a total not-to-exceed amount of \$3.22 million (plus applicable taxes).

At 4.15 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Domenech reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 4.15 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

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

ACTION ITEM

**Approval of Schools and Libraries Mechanism
1st Quarter 2019 Programmatic Budget and
Demand Projection for the November 2, 2018 FCC Filing**

Action Requested:

The Schools and Libraries Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2019 (1Q2019) programmatic budget and demand projection for the Schools and Libraries Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 2, 2018 quarterly filing.

Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

Based on current subscribership levels, USAC estimates the 1Q2019 funding requirement for the Schools and Libraries Support Mechanism as follows:

Table A. Program Funding Requirement

| <i>(in millions)</i> | 4Q2018 | Increase/ (Decrease) | 1Q2019 |
|---------------------------------------|-----------------|---------------------------------|-----------------|
| Steady State: | | | |
| Funding Year 2018 (see Note 1) | \$378.85 | \$0.00 | \$378.85 |
| New Requirements: | | | |
| N/A | 0.00 | 0.00 | 0.00 |
| Total Program Demand | \$378.85 | \$0.00 | \$378.85 |
| Prior Period Adjustments (see Note 2) | (9.28) | 15.76 | 6.48 |
| USAC Admin Expenses (see Table B) | 26.21 | (1.77) | 24.44 |
| Interest Income | (3.86) | 0.50 | (3.36) |
| Total Funding Requirement | \$391.92 | \$14.49 | \$406.41 |

Note 1: Demand represents one quarter of the total demand for Funding Year 2018.

¹ 47 C.F.R. § 54.715(c).

² 47 C.F.R. § 54.709(a)(3).

Note 2: Prior period adjustments reconcile projections to actual results and include adjustments for billings, interest income, and bad debt.

The projected 1Q2019 funding requirement includes administrative expenses for the Schools and Libraries Program of \$24.44 million as detailed in the table below:

Table B. Quarterly Programmatic Budget

| <i>(in millions)</i> | 4Q2018 Budget | Increase/ (Decrease) | 1Q2019 Budget | Explanation |
|-----------------------------------|--------------------------|---------------------------------|--------------------------|--|
| Direct Program Costs | | | | |
| Employee Expenses | \$2.03 | \$0.77 | \$2.80 | Increase due to budget of 51 FTEs in 4Q2018 (39 SL, 12 IT) versus budget of 73 FTEs in 1Q2019 (48 SL, 25 IT) |
| Professional Services | 12.67 | (2.67) | 10.00 | Lower costs for Business Process Outsourcing and system operations and maintenance |
| Overhead | 1.27 | (0.74) | 0.53 | No applicant training in 1Q2019 |
| Total Direct Program Costs | \$15.97 | (\$2.64) | \$13.33 | |
| Common Allocated Costs | \$10.24 | \$0.87 | \$11.11 | Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology |
| Total Program Budget | \$26.21 | (\$1.77) | \$24.44 | |

A comparison of actual expenditures to the budget for the nine months ending September 30, 2018 is provided in **Attachment A**.

Attachment B provides information on the status of funds available for roll forward to Funding Year 2019 as of September 30, 2018. In second quarter 2019, USAC will work with the FCC to determine the funds that will be rolled forward to Funding Year 2019 based on estimates as of March 31, 2019.

Recommendation:

USAC management recommends that the Committee approve the 1Q2019 budget and projection of demand as proposed.

Recommended Schools and Libraries Committee Actions:

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Schools and Libraries Committee approve a 1st Quarter 2019 Schools and Libraries Mechanism direct program budget of \$13.33 million; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee directs USAC staff to submit a collection requirement of \$13.33 million for Schools and Libraries Mechanism administrative costs in the required November 2, 2018 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Schools and Libraries Committee, having reviewed at its meeting on October 29, 2018 a summary of the 1st Quarter 2019 Schools and Libraries Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2018 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Schools and Libraries Mechanism is equal to or less than \$10 million, or may seek approval from the Schools and Libraries Committee Chair to make adjustments if the total variance is greater than \$10 million, but not more than \$15 million.

ATTACHMENT A

Schools and Libraries Administrative Costs
 Comparison of Actual Expenditures to the Budget for the
 Nine Months Ending September 30, 2018

| <i>(in millions)</i> | YTD Actual | YTD Budget | Variance |
|--|-----------------------|-----------------------|-----------------|
| Direct Program Costs | | | |
| Employee Expenses | \$4.92 | \$6.14 | \$1.22 |
| Professional Services | 39.71 | 43.18 | 3.47 |
| Overhead | 1.41 | 1.64 | 0.23 |
| Total Direct Program Costs (see Note 3) | \$46.04 | \$50.96 | \$4.92 |
| Common Allocated Costs (see Note 4) | \$28.73 | \$33.09 | \$4.36 |
| Total Program Budget | \$74.77 | \$84.05 | \$9.28 |

Note 3: Actual direct program costs were lower than the budget due to vacant positions (average 40 FTEs vs 51 budgeted), and lower spending on BCAP audits and IT security testing.

Note 4: Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology.

ATTACHMENT B**Schools & Libraries**

Roll Forward Estimate as of September 30, 2018

| | Funding Year 2017 | Funding Year 2018 |
|------------------------------|----------------------|----------------------|
| Amount Rolled Forward | \$1,200 | \$1,200 |

| | 4/1/2017 - 3/31/18 | 4/1/2018 - 9/30/2018 |
|---|-----------------------|-------------------------|
| Beginning Balance, Unapplied Reserve | \$1,200 | \$1,200 |
| Change in Funds Available | 2,064 | 1,629 |
| Subtotal, Net Demand for the Period | 3,265 | 2,829 |
| Disbursements | (2,762) | (1,191) |
| Reserved Funds, Net Change | | |
| a. Pending Applications with no FCDL | 479 | (673) |
| b. Unliquidated Obligations (ULOs) | 306 | (725) |
| c. Appeals Reserve - USAC Appeals | 114 | 7 |
| d. Appeals Reserve - FCC Appeals | (154) | 8 |
| e. Unpaid Invoices | (48) | 19 |
| f. Contingency/Other | 0 | 0 |
| Subtotal, Net Change in Reserved Funds | 697 | (1,364) |
| Ending Balance, Unapplied Reserve (Available for Roll Forward) | \$1,200 | \$275 |

Universal Service Administrative Company Schools & Libraries Committee Meeting

ACTION ITEM

Consideration of Funding Year 2019 Filing Window Dates

Action Requested

The Schools & Libraries Committee (Committee) is requested to authorize USAC to open the Funding Year (FY) 2019 application filing window no earlier than January 10, 2019, and to close the window on or after March 20, 2019.

Discussion

A FY 2019 filing window opening in early January 2019 and closing in late March 2019 will provide a reasonable time period for applicants to submit their FCC Forms 471 funding applications. The application filing window has typically been open in the first quarter of the calendar year, which strikes a balance between giving applicants time to complete their competitive bidding reviews while providing USAC time to review the applications so that funding decisions can be issued before the school year starts. We used this same timeframe for FY 2018, and were able to issue \$503M for over 15,000 applications in the first week of funding commitments. This represents 43% of the applications filed. Through the spring and summer, USAC continued to issue commitments at a rate not seen since FY 2014, and issued 98% of funding decisions by September 30, 2018. While many factors played a role in issuing the timely decisions, a key factor was the close of the window in the third week of March. Therefore, USAC is requesting approval to open the FY 2019 application filing window no earlier than January 10, 2019, and to close the window on or after March 20, 2019. These timeframes align with the application filing window dates last year and will help USAC to issue timely funding commitments.

Pursuant to 47 C.F.R. § 54.502 of the Federal Communication Commission (FCC) rules, the filing window cannot open until sixty (60) days after the release of the Eligible Services List (ESL) by the FCC.¹ The FCC issued a public notice seeking comments on the proposed FY 2019 ESL on July 30, 2018.² The FCC had not issued the FY 2019 ESL as of October 20, 2018.

USAC management recommends that the Committee approve the requests discussed in this briefing paper, subject to the requirements of Section 54.502 of the FCC's rules.

¹ 47 C.F.R. § 54.502.

² See *Wireline Competition Bureau Seeks Comment on Proposed Eligible Services List for the E-rate Program*, WC Docket No. 13-184, Public Notice, DA 18-789 (July 30, 2018).

Recommended Schools & Libraries Committee Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Schools & Libraries Committee accepts the recommendation of USAC management to open the Funding Year 2019 filing window no earlier than January 10, 2019 and to close the Funding Year 2019 filing window on or after March 20, 2019, subject to the requirements of 47 C.F.R. § 54.502 of the Commission's rules; and

RESOLVED FURTHER, that upon consultation with the Committee Chair, USAC management is authorized to adjust the Funding Year 2019 filing window opening and closing dates, as circumstances may warrant.

Schools and Libraries Committee

Business Update

October 29, 2018



Universal Service
Administrative Co.

Agenda

| Topic | Description | Purpose | Presenter | Length |
|---------------------------------|--|---------------|-----------|--------|
| Program Goals & Objectives | Review of major goals & objectives of the program, as administered by USAC | Informational | Catriona | 5 min |
| Business Update – Open Session | | | | |
| Program View At-a-Glance | Overview of SLD activities for next 12 months | Informational | Catriona | 10 min |
| Accomplishments | Overview of significant program quantitative and qualitative accomplishments | Informational | Catriona | 5 min |
| Current Topics | An overview of key issues in the E-rate program | Informational | Catriona | 15 min |
| Operational Performance Metrics | Operational Performance Metrics Overview for 3Q2018 | Informational | Catriona | 5 min |
| Upcoming Milestones | A look at key program activities over the next two quarters | Informational | Catriona | 10 min |

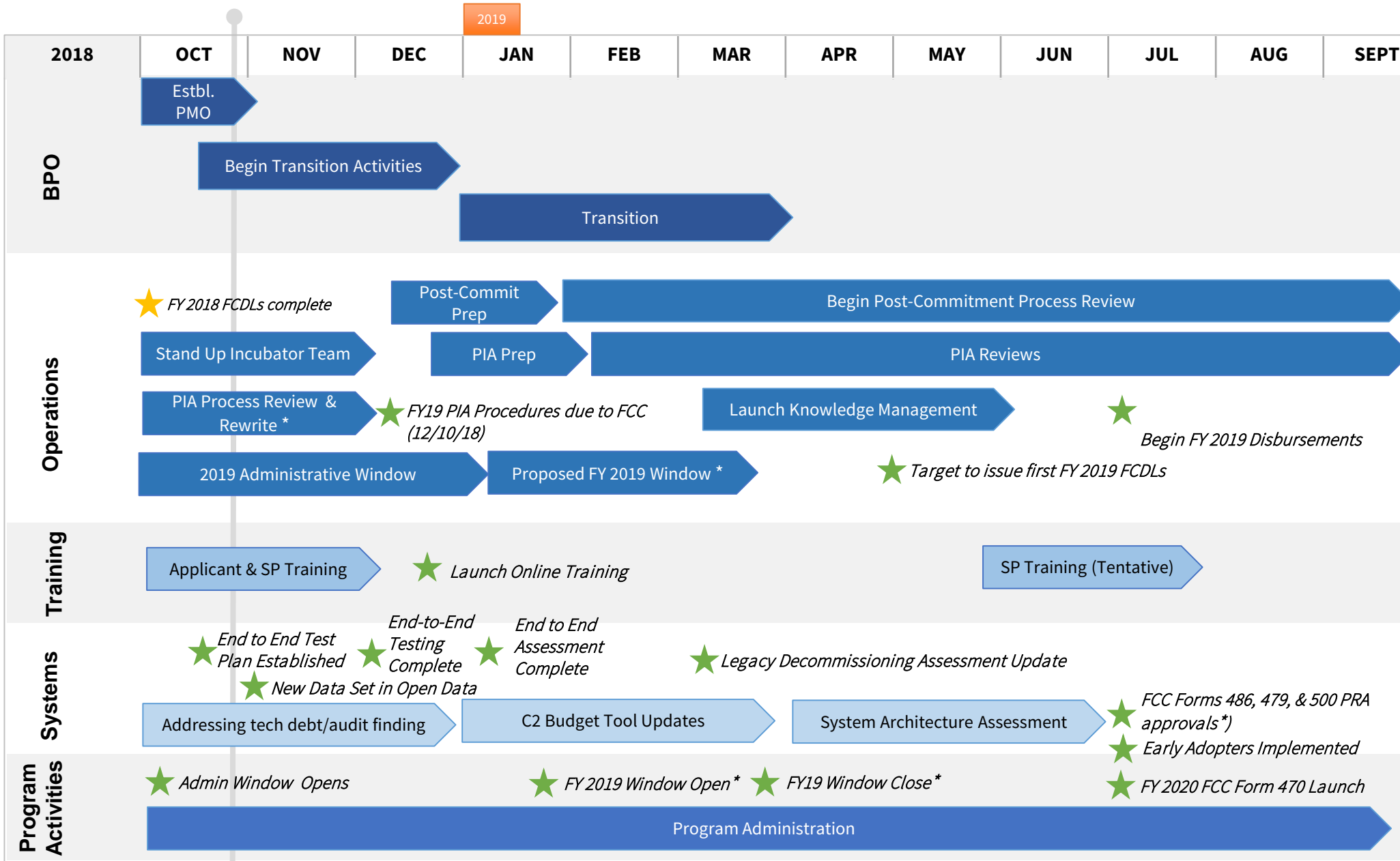
Goals & Objectives

Briefing book excludes all materials discussed in Executive Session.

| Goals | Objectives / Program Outcomes | How Schools and Libraries will meet the goal |
|---|--|---|
| Execute Program Goals | Execute program operations to ensure the fast, simple, efficient, and accurate delivery of Schools & Libraries (SL) funds to those who are eligible. | Ongoing disbursements of funds based on approved funding requests with approved invoices validated by supporting documentation and SL records. |
| Implement New FCC Orders and Mandates | Implement FCC Orders, Policy Clarifications, and Mandates in a timely manner. | Support assessment of sunseting SL Legacy systems; and implement 2014 E-rate Orders. |
| Improve Operational Efficiency and Effectiveness | Increase SL Business Productively through increased efficiency and effectiveness of both SL and USAC Operational Processes. | Recompete Business Process Outsourcing contract and transition call center to new vendor. Actively support USAC Governance Initiatives; consistently review SL Business Processes to ensure they are aligned with changing FCC Priorities and USAC Business Needs; improve the documentation of processes and decision making within the program. |
| Improve Program Participant/FCC Experience | Streamline and simplify the program participant experience to enable successful participation. Provide the FCC with timely awareness of program administration issues, be responsive to FCC information requests, and flag issues in need of FCC guidance. | Meet or exceed metrics associated with customer service, turnaround times, and system performance. Continue to cultivate positive relationships with stakeholder groups and program participants. Collaborate with FCC across all SL activities to identify goals and strategies, align on expectations, and track against desired outcomes. |
| Enhance Program Integrity | Monitor, report, and implement enhanced controls to assess program effectiveness and program business value. | Review SL data to identify trends that require attention, and monitor new issues and develop appropriate solutions. At or below OMB improper payment targets <2%. |
| Employee Engagement | Enhance individuals through career development and fostering a positive work environment. | Implement action plans, conducting routine individual and team level meetings to exchange information and celebrate successes. |

E-rate Program at a Glance

Briefing book excludes all materials discussed in Executive Session.



Milestone Legend

- ★ Completed
- ★ On Track
- ★ At-Risk
- ★ Delayed
- ★ On Hold/TBD

* = Subject to FCC Approval

Recent Accomplishments

Funding Year 2018

- As of Sept. 30, 2018, completed 95% of FY 2018 applications (two months sooner than FY 2017).
 - USAC received 35,793 applications requesting funding in the amount of \$2.86 billion.
 - USAC committed 34,176 applications for approved funding of \$1.8 billion.

Funding Year 2017

- \$13.6 million in FY 2017 commitments in 3Q2018.
- Cumulative commitments are \$2.29 billion. Cumulative disbursed through 3Q2018 is \$1.38 billion.

Overall Schools and Libraries Activities

- Timely issuance of appeals decisions continues with 75 average days outstanding for pending appeals as of 9/30.
- Deloitte selected as Project Management Office vendor to assist with operational and procedural improvements, performance monitoring, and potential BPO transition activities.
- Updated school and library profiles in EPC with approved 2018 data to reduce burden on applicants.
- New Invoice Deadline Extension request tool launched in EPC on 9/30.
- Hosted webinars on the new FCC Form 470 and Invoicing, both with over 200 attendees.
- Followed up on input received at SECA's May meetings with regards to communication and data.

Current Topics

Program Participant Training

- Fall 2018 Applicant and Service Provider training

Fiber Applications

- Update on review of fiber applications

18-month Plan

- Increasing focus on planning and tracking to improve program administration

Open Data Platform Updates

- New data set for simplified analysis

Current Topic: Program Participant Training Update

- In-person training.** Multi-track training with half-day beginner pre-session allows attendees to customize their experience based on their own knowledge level. Presentations include case studies to apply the learnings. Three tribal trainings scheduled.
- Online training.** Project will incorporate new modernized approach starting in December.
 - Self-service training programs for both applicants and providers with modular formatting will cover same content as in-person trainings for applicants and service providers.
 - Q&A webinars will start in January to allow learners to engage with USAC in real time.
- Webinars.** Monthly webinars on current topics will continue.
- Cost.** Contained in-person training costs to \$13K per location, which is the lowest in USAC history.

| Applicant Trainings | Registered Participants (as of 9/30/2018) |
|---|--|
| October 15/16 – Washington, DC | 100 (full) |
| October 18/19 – Washington, DC | 100 (full) |
| October 22/23 – Palatine, IL (Chicago area) | 121 |
| November 1/2 – Sacramento, CA | 196 |
| November 13/14 – Omaha, NE | 108 |
| November 28/29 – Atlanta, GA | 105 |

| Service Provider Trainings | Registered Participants (as of 9/30/2018) |
|-------------------------------|--|
| December 3 – Washington, DC | 89 |
| December 4/5 – Washington, DC | 100 (full) |

Current Topic: New Dataset on Open Data

Briefing book includes all materials discussed in Executive Session.

- **New Data Set Available Soon**
 - Combines most commonly used data fields from multiple E-rate data sets.
 - Simplifies process for analyzing the most common funding request data.
 - Easier to manipulate large amounts of data
 - Provide data visualization features.
- **Help with learning how to use Open Data**
 - USAC will explain how to use the tool through videos, webinars, and updated web content.
 - USAC will also share platform tools to help E-rate participants effectively utilize the open data platform.

Current Topic: Update on Fiber Applications

Briefing book excludes all materials discussed in Executive Session.

- **Review Status**

- Questions were rewritten for greater clarity and plain language.
- By end of September, USAC had committed \$24.4 million FOR 230 applications.
- Remaining applicants received their initial questions. USAC is following up with phone calls to ensure applicants understand the questions.

Schools & Libraries 18-Month Plan

SLD has developed a robust, comprehensive portfolio management plan with project and milestone tracking and quarterly Board updates.

| Background | Objectives and Approach |
|---|--|
| <ul style="list-style-type: none"> • Building on the successful response to Chairman Pai’s 2017 letter to improve the administration of the E-rate Program, USAC is laying out a vision for the projects to be undertaken in the next 18 months. • USAC recognizes the need for a more focused perspective on program administration and planning. • Plan documents key project-based activities highlighting milestones, assumptions, dependencies, and objectives. | <ul style="list-style-type: none"> • 18 month plan will support the program goals by ensuring USAC has set out a plan using a structured approach, and in a comprehensive way to impact all areas of the program, including people, process, and technology. • Will be updated on a quarterly basis to incorporate changes and managed by the VP of SLD, with oversight from the Office of CEO. • On a monthly basis USAC will report on progress against the key milestones to the FCC and on a quarterly basis report on progress to the USAC Board of Directors. |
| Projects Included | |
| <ul style="list-style-type: none"> • E-rate Annual Calendar • FY 2019 Administration • FY 2020 Administration • Prior Year Activities • Incubator Team • BPO Transition • PIA Process Review and Rewrite | <ul style="list-style-type: none"> • Knowledge Management • Business Intelligence and Open Data • Form Updates for 2020 • Training and Outreach • E-rate IT System Activities • FCC Reporting |

Operational Performance Metrics Overview

Briefing book excludes all materials discussed in Executive Session.

| Metric | | Target | Apr | May | June | July | August | Sept | Variance | | Description/mitigation |
|--------|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|---|--|
| 1A | FY 2017 Funding Commitments (\$M) | \$3,239 | \$3,000 | \$3,052 | \$3,057 | \$3,068 | \$3,068 | \$3,079 | \$160 | ✓ | Cumulative \$ requested |
| 1B | FY 2017 Funding Commitments vol. | 40,616 | 40,154 | 40,169 | 40,181 | 40,190 | 40,190 | 40,205 | \$411 | ✓ | Cumulative |
| 1C | FY 2017 Funding Disbursements (\$M) | \$2,243 | \$802 | \$868 | \$1,012 | \$1,152 | \$1,283 | \$1,394 | \$849 | ✓ | Cumulative |
| 2A | FY 2018 Funding Commitments (\$M) | \$2,854 | \$637 | \$1,063 | \$1,446 | \$1,675 | \$1,938 | \$2,091 | \$763 | ✓ | Cumulative \$ requested |
| 2B | FY 2018 Funding Commitments vol. | 25,773 | 18,433 | 25,976 | 30,598 | 32,281 | 33,533 | 34,176 | \$1,597 | ✓ | Cumulative |
| 2C | FY 2018 Funding Disbursements (\$M) | \$700 | \$ - | \$ - | \$ - | \$23 | \$78 | \$135 | \$565 | ✓ | Cumulative |
| 3 | Call Center Abandon Rate | 3.0% | 0.15% | 0.23% | 8.9% | 0.7% | 0.5% | 2.3% | -0.7% | ✓ | Includes Hurricane downtime |
| 4 | Appeals Processing (Avg Days Open) | 90 | 87 | 65 | 67 | 57 | 67 | 75 | -15 | ✓ | No EPC waves were run during the week of September 24- September 28 due to the deployment 18.3 scheduled for September 29. |

- As of 9/30/2018, USAC processed 95% of applications and committed 75% of funds requested.
- During Hurricane Florence, the SL Call Center continued to operate, though with slightly higher than average speed to answer times.
- Average days to complete Appeals impacted by systems deployment blackout days.

Upcoming Milestones (Q4 & Q1)

In the next six months, the Schools and Libraries Program will work to achieve the following key milestones:

Key Milestones

BPO Transition

- Working with PMO vendor to ensure best practices
- Staged activities support training, documentation, nesting, inventory, and cutover.

Filing Window

- Open and close Administrative Window for profile updates
- Open and close FY 2018 Application Window

Deliver in-person and online Applicant and Service Provider training.

Plan and complete End-to-End System testing.

Hire and Train Incubator Team.

Begin work on Knowledge Management.

FY 2020 Forms Readiness Plan

Key Steps

Create an Integrated Project Team

Establish Early Adopters participation approach

Draft pro-forma FY 2020 forms (ie FCC Forms 470, 471, 486, etc.)

Complete design for forms

Begin Development and Testing

Conduct User Acceptance Testing with Integrated Project Team

Make forms available to the public (subject to FCC and PRA approval)

January 2019 -----> December 2019