Universal Service Administrative Co.

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

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**

	OPEN SESSION	*Estimated Duration in Minutes*

Chair	**a1.** Consent Items (each available for discussion upon request):
	   A. Approval of Schools and Libraries Committee Meeting Minutes of July 23, 2018, August 16, 2018 and August 27, 2018.
	   B. Approval of moving all *Executive Session* items into *Executive Session*
		5

Catriona	**a2.** Approval of Schools and Libraries Support Mechanism 1st Quarter 2019 Programmatic Budget and Demand Projection for the November 2, 2018 FCC Filing	10
Catriona	**a3.** Consideration of Funding Year 2019 Filing Window Dates	10
Chris Smith	**i1.** Information on 13 USAC Internal Audit Division Schools and Libraries Support Mechanism Beneficiary Audit Reports	5
Catriona	**i2.** Schools & Libraries Support Mechanism Business Update	30

	EXECUTIVE SESSION **Confidential** – *Executive Session Recommended*	*Estimated Duration in Minutes*
Catriona	**i3.** Schools & Libraries Support Mechanism Business Update *(Continued)*	30
Catriona	**i4.** Information on Preliminary 2019 Annual Schools and Libraries Support Mechanism Budget	10

12:00	**Lunch – Knowledge Management Presentation**	60

Next Scheduled USAC Schools & Libraries Committee Meeting

Monday, January 28, 2019 **10:00 a.m. – 12:00 p.m. Eastern Time** **USAC Offices, Washington, D.C.**

1 of 1

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) MINUTES[1]

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 – *by telephone*
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

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[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:

NAME	COMPANY
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, Johnnay	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) MINUTES[1]

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 – *by telephone*   Hernandez, Dr. Mike – *by telephone*
Choroser, Beth – *by telephone*   Mason, Ken – Vice Chair – *by telephone*
Domenech, Dr. Dan – Chair – *by telephone*   Sekar, Radha – Chief Executive Officer
Fontana, Brent – *by telephone*

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:

NAME	COMPANY
Ayer, Catriona	USAC
Frelow, Leslie – *by telephone*	USAC
King, Lauren	USAC
Nuzzo, Patsy – *by telephone*	USAC
Tomlin, Nicole	USAC
Willis, Catherine – *by telephone*	USAC

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[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) MINUTES[1]

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 – *by telephone*   Hernandez, Dr. Mike – *by telephone*
Buzacott, Alan – *by telephone*   Mason, Ken – Vice Chair – *by telephone*
Domenech, Dr. Dan – Chair – *by telephone*   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:

NAME	COMPANY
Ayer, Catriona	USAC
Hughet, Pamela	USAC
Myers, Erica	USAC
Tiwari, Tanya	USAC
Tomlin, Nicole	USAC
Willis, Catherine – *by telephone*	USAC

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[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 budget[1] 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

(in millions)	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.

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[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

(in millions)	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

(in millions)	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.

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[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.

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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

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 sunsetting 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

2019

2018	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT
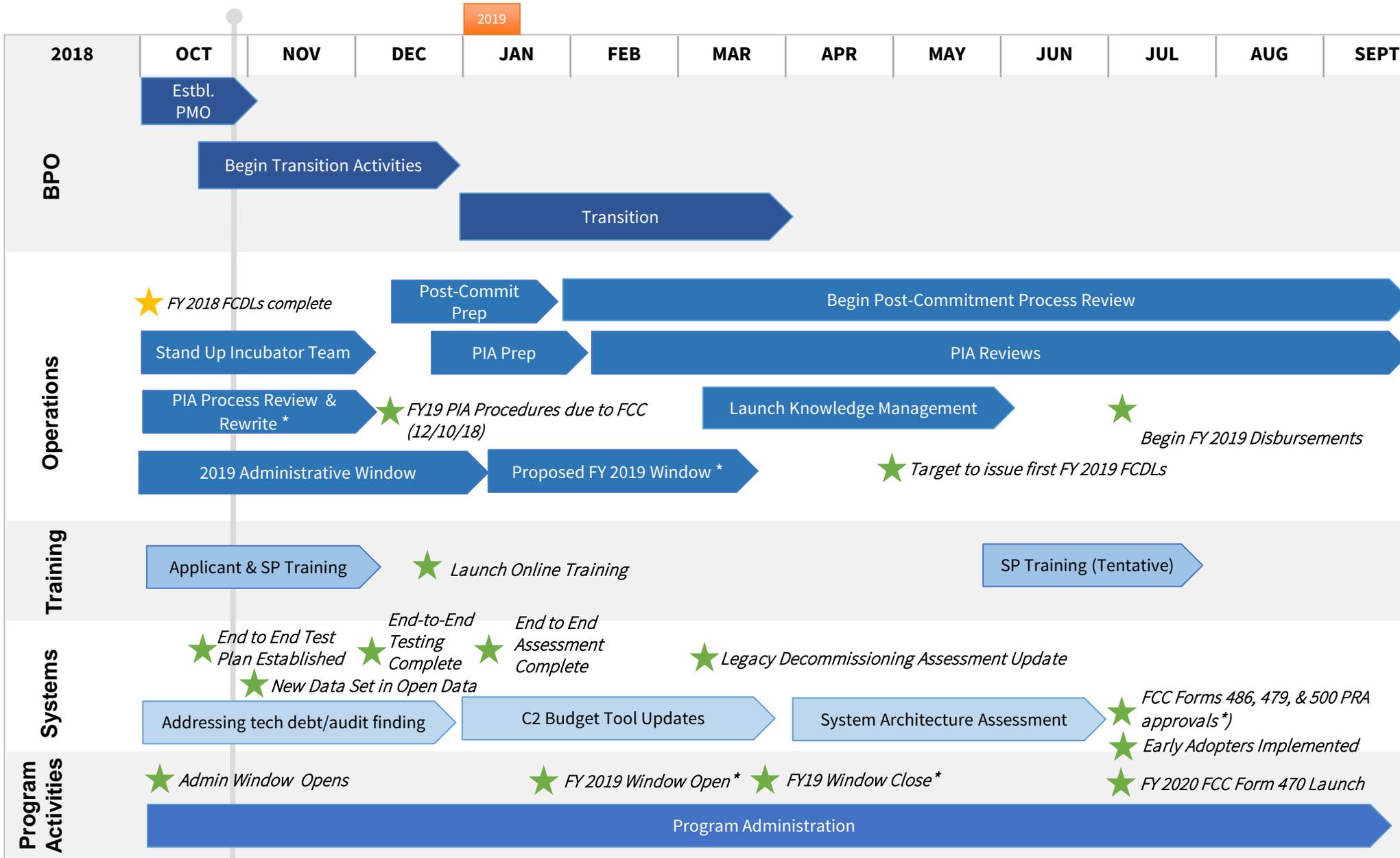
Milestone Legend

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

* = Subject to FCC Approval

BPO

- Estbl. PMO
- Begin Transition Activities
- Transition

Operations

- ★ FY 2018 FCDLs complete
- Post-Commit Prep
- Begin Post-Commitment Process Review
- Stand Up Incubator Team
- PIA Prep
- PIA Reviews
- PIA Process Review & Rewrite *
- ★ FY19 PIA Procedures due to FCC (12/10/18)
- Launch Knowledge Management
- ★
- ★ Begin FY 2019 Disbursements
- 2019 Administrative Window
- Proposed FY 2019 Window *
- ★ Target to issue first FY 2019 FCDLs

Training

- Applicant & SP Training
- ★ Launch Online Training
- SP Training (Tentative)

Systems

- ★ End to End Test Plan Established
- End-to-End Testing Complete
- ★ End to End Assessment Complete
- ★ Legacy Decommissioning Assessment Update
- ★ New Data Set in Open Data
- Addressing tech debt/audit finding
- C2 Budget Tool Updates
- System Architecture Assessment
- ★ FCC Forms 486, 479, & 500 PRA approvals *)
- ★ Early Adopters Implemented

Program Activities

- ★ Admin Window Opens
- ★ FY 2019 Window Open *
- ★ FY19 Window Close *
- ★ FY 2020 FCC Form 470 Launch
- Program Administration

Accomplishments

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

- **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

- **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
• 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.	• 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	
• E-rate Annual Calendar • FY 2019 Administration • FY 2020 Administration • Prior Year Activities • Incubator Team • BPO Transition • PIA Process Review and Rewrite	• 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

	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.	35,773	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.**

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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**

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