

**Universal Service Administrative Company (USAC)  
Request for Information (RFI) for  
Schools & Library Processing Operational Support  
Revised 8/21/2017**

**RFI Number:** RFI-SL-17-091

**Title:** Schools & Libraries Processing Operational Support

**Sole Point of Contact:** Noor Jalal, Procurement Specialist II  
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**Proposed Timeline:**

- |                                       |  |
|---------------------------------------|--|
| <b>a. Issue Date:</b>                 | August 4, 2017                         |
| <b>b. Last Day Vendor Questions:</b>  | August 11, 2017                        |
| <b>c. USAC Response to Questions:</b> | NLT August 17, 2017                    |
| <b>d. Responses Due:</b>              | September 5, 2017, 2017 by 11:00 am ET |

**SECTION 1 – GENERAL INFORMATION**

**1.1 INTRODUCTION**

The Purchasing Department for the Universal Service Administrative Company (USAC) is issuing this Request for Information (RFI) regarding Schools & Libraries Business Process Outsourcing (BPO). Please note that this is not a solicitation for products and/or services and this inquiry will not result in an award or contract.

The specifications and information gathered from this RFI will be used to evaluate the offerings of the current marketplace and is intended to eventually lead to the development and preparation of a formal Request for Proposal (RFP) or multiple RFPs for the work conducted in USAC's Schools and Libraries (or E-rate) program which processes approximately 40,000 funding applications annually, manages toward an annual cap of approximately \$3.9 billion, and supports the build-out and provision of high-speed Internet access and telecommunications at affordable rates to eligible schools and libraries.

Specifically, as our business evolves, we are interested in identifying recent industry trends, best practices, and standards for BPO in the following areas:

- Performance management, including key performance metrics, service level agreements (SLAs), and frameworks for building accountability, transparency, and enabling efficiency;
- Flexible staffing to support a lifecycle that changes focus and volumes throughout the year;
- Management of a processing environment within a regulatory framework dictated by changing regulations; and
- Continuous improvement through use of aggregate data analysis and process review and automation of manual efforts.

USAC is soliciting information from commercial vendors, application service providers, associated integration service providers, and other interested parties capable of assisting us in meeting our objectives for a more efficient delivery of USAC E-rate funding application reviews

and invoice processing management services. Information submitted by any interested party will be done so voluntarily and with the understanding that this RFI is for information gathering purposes only and is not a formal solicitation. Similarly, cost ranges will be used solely for budgetary analysis and establishing a potential target budget for the activities subject to prospective RFPs. Information presented during this information gathering process will not be considered as a response to any solicitation subsequently issued by USAC. Ownership of all materials submitted to USAC pursuant to this RFI shall rest exclusively with USAC.

## 1.2 VENDOR INQUIRIES AND QUESTIONS

Respondents may submit questions concerning this RFI to obtain clarifications on the information requested. All inquiries and questions are due **no later than Friday, August 11, 2017 at 11:00 AM Eastern Standard Time**. Please submit all questions to [rfp@usac.org](mailto:rfp@usac.org) (Please enter "Question to RFI SL-17-091 Schools & Libraries Processing Operational Support" in the subject line).

## 1.3 SUBMISSION INSTRUCTIONS

USAC will accept responses **prior to 11:00 AM Eastern Standard Time, Tuesday, September 5, 2017**. Responses should be prepared simply and economically, and provide a straightforward and concise explanation of the information requested to be furnished. Emphasis should be on completeness and clarity.

Please submit one (1) electronic copy (PDF) of your response to the following address:  
[rfp@usac.org](mailto:rfp@usac.org)

The electronic copy of the submittal may also be submitted to Noor Jalal via e-mail at: [rfp@usac.org](mailto:rfp@usac.org) (Please put "Electronic Response to RFI –SL-17-091 Schools & Libraries Processing Operational Support" in the subject line). Respondents should note that any electronic copy being submitted via e-mail must be limited to a maximum size of 25 GB.

## 1.4 RESPONSE FORMAT

The response should have numbered pages and also include an index or table of contents referencing the appropriate page numbers for the following sections:

### Section I – **Maximum 3 pages**

- a. Company Profile
- b. Similar Clients and Past Performance

### Section II – **Maximum 15 pages**

- a. Response to questions outlined in Section 2.2.

### Section III – **Maximum 5 pages (excluding Attachment A)**

- a. Any additional information that might be useful
- b. Attachment A – Respondent Information

### Section IV – **Maximum 1 page**

- a. Detailed price (estimated) for each recommended solution (please note that cost ranges will be used solely for budgetary analysis and for establishing a potential target budget).

## 1.2 CONFIDENTIAL/PROPRIETARY INFORMATION

Any restrictions on the use or inspection of material contained within the responses shall be clearly marked “**CONFIDENTIAL**” on each page in the response itself.

## SECTION 2 – SCOPE OF THE PROJECT

### 2.1 Overview

USAC administers the universal service programs in support of the Federal Communications Commission’s (FCC’s) work to advance the goals of universal service – that all Americans have access to robust, affordable broadband and voice services. USAC administers the \$10 billion universal service fund (USF), subject to the oversight of the FCC, which is disbursed to companies and institutions that make universal service possible.

The federal Universal Service Schools and Libraries Program, commonly known as the E-rate Program, helps ensure that eligible schools and libraries can obtain high-speed Internet access and telecommunications at affordable rates by providing discounts on eligible data transmission services and Internet access, voice services, internal connections and managed internal broadband services and equipment. The E-rate program delivers approximately \$3.9 billion of support each year to approximately 40,000 applicants encompassing virtually every school district, library system and community across the country. USAC’s Schools and Libraries Division (SLD) administers the E-rate program under the oversight of the FCC.

SLD currently has approximately 40 approved full-time equivalents (FTEs) organized around the following functions: Operations, Operational Improvements, Customer Experience, Compliance, Customer Service, and Reporting. In addition, SLD relies on an outsourcing vendor to handle processing work, including application review, appeals, application modifications, and invoicing to support the annual funding process. The majority of these processes are supported by USAC’s E-rate Productivity Center (EPC) platform. Diagrams illustrating the current process flows are included in Attachment A to this document.

In 2014, the FCC issued two orders to modernize E-rate by shifting focus in the program away from voice services, toward broadband services and internal connectivity.<sup>1</sup> These orders established new outcome goals for the program, specifically:

- Ensuring affordable access to high-speed broadband in schools and libraries;
- Maximizing the cost-effectiveness of E-rate spending; and
- Making the E-rate application and other processes fast, simple and efficient.

SLD contributes to the realization of each of these goals, but most notably bears responsibility for making the E-rate application and other processes “fast, simple and efficient.” In July of 2014, the FCC mandated that SLD transition to a fully digital process enabled by a new IT platform to support these efforts.<sup>2</sup> That process was to be in place by the beginning of the 2017 funding year.<sup>3</sup>

Our key goal is to continue to improve operational performance specifically around the funding lifecycle: application submission, application review (funding decision), appeals, application modifications and invoicing to support the annual funding process. While today, the processing

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<sup>1</sup> *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870 (2014) (*E-rate Modernization Order*); *Modernizing the E-rate Program for Schools and Libraries*, WC Docket Nos. 13-184, 10-90, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538 (2014) (*Second E-rate Modernization Order*).

<sup>2</sup> *See E-rate Modernization Order*, 29 FCC Rcd. 8870, 8951-52 at para. 205-206.

<sup>3</sup> *Id.* (“[b]eginning in funding year 2017, we will require the submission of all filings and notifications electronically.”).

activities are handled by an outsourced vendor, USAC is obligated to ensure that the SLD program is managed in the most fiscally responsible manner possible. USAC must take steps that will give greater visibility into processing performance and continually identify ways to improve processes that will enhance the stakeholder experience and make the distribution of funds as efficient and easy as possible.

### **Application Process:**

USAC receives approximately 40,000 applications for funding during each filing window, which typically remains open from February through May. The initial stage of USAC's application review process occurs by September 1 of each year.

The application process, at a high level, requires applicants to conduct a competitive bidding process for services, submit an application for funding in the form of discounts, confirm receipt of services, and submit invoices to USAC throughout a funding year. This process is illustrated in Attachment A.

The competitive bidding process is initiated by the applicant's filing of an FCC Form 470 to identify and request the products and services needed so that potential service providers can review those requests and submit bids. Once the competitive bidding process is complete, bids have been evaluated, and a service provider has been selected, the applicant can submit an FCC Form 471 to apply for funding. The applicant's FCC Form 471 will then undergo a Program Integrity Assurance (PIA) Review.

### **Program Integrity Assurance Review:**

The Program Integrity Assurance (PIA) review is the largest work stream and most complex part of the SLD program handled by the vendor. All applications first go through an automated review process within EPC to identify parts of the funding request which require reviewer intervention. These parts are called exceptions. EPC generates exceptions based on the information contained within the application. Each exception requires review before a decision on the funding request may be made. The review is managed through EPC but requires some manual effort. There are three types of PIA review: General, Heightened Scrutiny and Fiber. Each type of PIA review has a different level of complexity and takes a varying amount of time to complete. The team conducting the application review process must review the application against a voluminous set of guidelines and federal regulations and embodied in internal review procedures. The rules and regulations governing universal service are located in Title 47 of the Code of Federal Regulations, Part 54.

After careful review, a funding decision is delivered to the applicant.

*Approximately 40,000 PIA application reviews are conducted annually.*

### **Quality Assurance (QA) For PIA Reviews:**

Once PIA reviews are complete, the vendor starts the Quality Assurance (QA) process. A selection of applications may go through up to two rounds of QA review to ensure the applications are compliant with procedures and program rules. In addition, USAC has an internal audit team which conducts internal QA reviews to ensure vendor performance.

After the PIA and possible QA review processes are completed, a Funding Commitment Decision Letter (FCDL) containing decisions on the funding request is issued. After receiving an FCDL, an applicant can submit an FCC Form 486 to confirm receipt of services and start the invoicing process.

## **Invoicing**

The vendor is responsible for reviewing all invoices submitted by Schools and Libraries Program participants. Payments of invoices, referred to as disbursements, are made by USAC to either an applicant via the Billed Entity Applicant Reimbursement Form (FCC Form 472 or “BEAR” Form) or to the service provider via the Service Provider Invoice Form (FCC Form 474 or “SPI” Form). Each invoice is reviewed for completeness to ensure the request matches the approved funding amount, that services were received by the school or library, and that the invoice has been submitted within required timeframes. Unlike applications subject to PIA review, only a few invoices require interaction between the reviewer and the program participant.

There are two invoicing methods. Because funding is provided to pay a discounted portion of the purchase price of services or equipment, applicants can pay for the services in full and then request reimbursement for their discounted share using the BEAR Form. Conversely, service providers can discount a bill for the program participant and invoice for the discounted share using the SPI Form. A description of each of these methods is available on USAC’s website at: <http://www.usac.org/sl/invoicing-changes.aspx>.

All invoices submitted, and all changes or corrections made during the invoicing process, are reviewed for accuracy. Most reviews are automated within systems, but some reviews are performed manually. Processing of an invoice may require the invoicing team to request additional information or make corrections to an invoice request.

*The invoicing system performs automated verification of approximately 80% of invoices received. The remainder of the invoices (approximately 90,000 – 110,000 line items) must be verified manually.*

## **Appeals**

In the event a program participant does not agree with a decision made by USAC, it can seek further review by filing an appeal with USAC within 60 days following the issuance of the decision.

The vendor is responsible for reviewing issues raised on appeal and preparing decisions within 90 days of receipt of the appeal. The appeals review process may involve reaching out to the program participant for clarification, asking follow-up questions, consulting administrative procedures, and preparing a decision letter with supporting arguments based on detailed guidelines. The issues raised on appeal are generally not novel, but they do require confirmation of facts.

Once an appeal decision has been issued, a party may appeal that decision to the FCC. FCC decisions may result in changes to applicable business processes and standards, and our vendor is responsible for making appropriate adjustments based on FCC directions outlined in such decisions.

*USAC receives approximately 2,400 Schools and Libraries Program appeals each year, which are considered on a case-by-case basis.*

## **General Services**

Other support activities currently provided by USAC’s outside vendor include:

- The review and processing of other federal forms required for participation in the

program. These reviews generally require less time to process, and include both automated and manual work. Account Maintenance – to reflect changes of relationships with service providers, modifications to services and additional form processing (volume: ~4,000 annually);

- Funding Adjustments – to modify commitment amounts or initiate recovery of funds related to adjustments due to issues raised during audits (volume: ~2,000 annually);
- Document Production – to conduct research and produce documents in support of compliance and enforcement activities. (volume: ~4,000 annually);
- Procedure Documentation – to update all procedures throughout the full lifecycle and ensure changes to the procedures are communicated to the reviewers and vendor staff. (volume: 1,000+ pages); and
- Training – to conduct training throughout the year, for the purpose of onboarding reviewers and ensuring existing staff is apprised of procedural changes and is knowledgeable in a cross-functional way and therefore able to assist in balancing workload in support of lifecycle fluctuations.

## 2.2 Questions

Please frame your response and answer the questions below in consideration of USAC’s objectives to identify recent industry trends, best practices and standard for BPO around performance and vendor management, contract terms, key performance metrics, Service Level Agreements (SLAs) and other methods of adding efficiencies and realizing continuous improvement.

### **Process & System Improvements:**

1. Have you worked on similar applications and appeals processes?
2. What best practices have you employed to manage quality of work with a focus on incentives and penalties based on established thresholds?
3. What is the best approach to applications, invoice, and appeals queue management & segmentation?
4. How do you determine appropriate, flexible staffing levels when volumes and tasks might change throughout the year?
5. What approaches have you employed to enable continuous process improvement and process efficiency? How do you flow cost savings through to your customers?
6. What best practice solutions have you employed to accelerate the automation of manually performed activities?

### **Performance Measurement and Pricing Structure:**

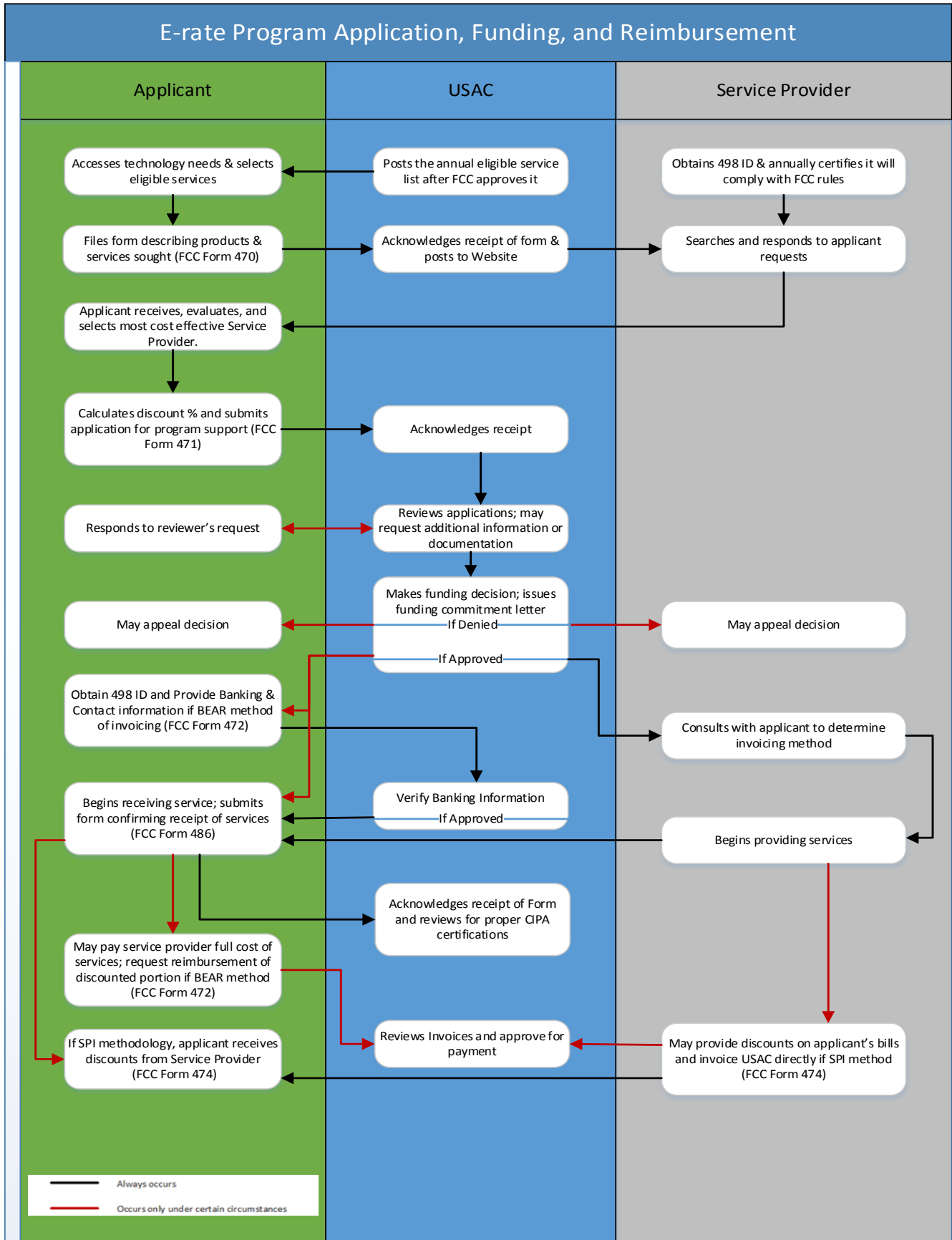
1. Which metrics/key performance indicators (KPIs) have you found most accurately track the effectiveness and efficiency of these types of activities qualitatively and quantitatively, and in particular, completing reviews in the timeline required?
2. What targets/service level agreements (SLAs) have you established for these metrics to assess progress against goals?
3. Based on the description above, which SLAs would be anticipated to be critical and which KPIs would effectively form the basis for awards and penalties?
4. What percentage of fees should be at risk/reward?
5. What is an effective pricing structure for the work described (per transaction, hourly, fixed price, etc.) that provides transparency into staffing, performance, organizational structure and actual associated operational costs?
6. What Quality Assurance Plan and/or performance mechanisms would you recommend as an incentive for improving performance, increasing velocity and improving accuracy and penalties for not meeting defined goals (e.g., cost, quality, and timeliness)?

### **Transition Planning:**

1. In anticipation of a continuing competitive bidding process which could result in a need to transition part or all of the processing work described herein to a new vendor, what is your recommended approach and timeline for transitioning this work, and what high level milestones are appropriate for project management of such a transition?
2. What necessary accommodations/adjustments should be made for knowledge transfer given the complexity of the program and regulations? What safeguards do you recommend to avoid backlogs due to transition?
3. What has been an effective governance model, in your experience, to manage decision-making, dispute resolution, and changes (e.g., regulatory, scope), particularly during the knowledge-transfer/transition stage?
4. What additional considerations should be included as part of a transition plan?
5. What pricing structure would you recommend for the transitioning process and stand-up of services?

## ATTACHMENT A:

# PROGRAM APPLICATION, FUNDING, AND REIMBURSEMENT PROCESSES





**ATTACHMENT B RESPONDENT**

**INFORMATION**

The purpose of this attachment is to provide USAC with the respondent company's general information and contacts for follow-up on any questions or clarifications.

Respondent Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Title: \_\_\_\_\_ Email: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Title: \_\_\_\_\_ Email: \_\_\_\_\_