Schools and Libraries Service Provider Conference Call – January 8, 2014

AGENDA

1. Funding Commitments for FY2013, FY2012, FY2011, and FY2010
2. E-File Security Update
3. FY2014 Window Opens Tomorrow at Noon EST
4. Invoicing Update
5. Other
6. General Questions Received by Email

MINUTES

1. **Funding Commitments for FY2013, FY2012, FY2011, and FY2010**

    For FY2013, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
029	12/6/2013	$42.8 M
030	12/11/2013	$31.6 M
031	12/18/2013	$66.2 M
032	12/27/2013	$40.4 M
033	1/8/2014	$88.6 M

    For FY2012, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90 percent and denying for cap at 89 percent and below. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
071	12/12/2013	$ 4.6 M
072	12/19/2013	$ 312 T
073	12/30/2013	$ 7.6 M

For FY2011, USAC is funding approved Priority 2 requests at 88 percent and above and denying for cap at 87 percent and below. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
106	12/20/2013	$ 4.9 M

For FY2010, USAC is funding approved Priority 2 requests at all discount levels. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
118	12/6/2013	$34.9 M

2. **E-File Security Update**

USAC recently made some password policy changes to the E-File System. Following is a summary of those changes:

- After your third unsuccessful login attempt (i.e., if you try to log in three times with an incorrect password), the system will lock you out for 24 hours. If you need access quickly, we can reset your password if you submit your request by email or by telephone to 1-888-641-8722 (choose the "E-File System" option, currently option 4).
- Passwords must now be at least eight characters long and include at least one special character and at least one capital letter.
- If you change your password, you cannot change it to a password you have used in your last five password changes.

Some of you were unable to access the links to the BEAR Form approval and Item 21 functions after the above policy changes were implemented in the E-File System. We have updated the interface between these systems and access has been restored. We apologize for any inconvenience.

3. **FY2014 Filing Window Opens Tomorrow at Noon EST**

The FY2014 application filing window opens tomorrow, January 9, 2014 at noon EST and will close March 26, 2014 at 11:59 PM EDT. The window will be open for 77 days.

For an applicant to post an FCC Form 470, wait 28 days, and still file an FCC Form 471 within the window, the FCC Form 470 must be posted to the USAC site (not simply postmarked) on or before February 26.

NOTE: If an applicant submits an Item 21 attachment online, service providers cannot view it until the applicant clicks the "Submit" button on the last page. If the applicant clicks "Save & Exit" at any point during the process, the applicant's work is saved to that point but the Item 21 attachment has not been submitted.

4. **Invoicing Update**

Payments for the month of December totaled $180,443,231.71 against requests for $226.3M. In total, 10,622 invoices were processed for 1,431 service providers. This represented 35,698 lines in December with 91 percent being completed within 30 days.

There were 2,303 lines in process as of January 8.

Invoice rejections

In the past month, the most common reasons for invoices being rejected were:

- The invoice is or appears to be a duplicate.
- The entire commitment amount was already paid.
- The billed date was outside of the funding year.
- There is no FCC Form 486 on file.
- USAC sent questions about the invoice but did not receive a response.

Service delivery deadline extension requests

The deadline for implementation of non-recurring services is generally September 30 following the close of the funding year. An applicant can request and receive an extension of this deadline if one of the following criteria is satisfied:

1. The applicant's FCDL is issued on or after March 1 of the funding year.
2. USAC issues a SPIN change approval or a service substitution approval on or after March 1 of the funding year.
3. The service provider is unable to complete implementation for reasons beyond the service provider's control.
4. The service provider is unwilling to complete installation because funding disbursements are delayed while USAC investigates the application for program compliance.

Extensions for criteria (1) and (2) are granted automatically – no request is necessary.

In the past, USAC has accepted extension requests under criteria (3) and (4) from either applicants or service providers. However, extension requests for criteria (3) and (4) must now be submitted on the revised FCC Form 500. Because this is an applicant form, you must work with your customer to make this request. Keep in mind that, to make this request in a timely

manner, the FCC Form 500 must be POSTMARKED by the last day to implement the associated non-recurring services (which is generally September 30).

5. **Other**

   Each year, an external auditor conducts an audit of USAC. A small number of applicants and service providers are selected as part of this audit to verify balances and/or amounts invoiced on selected Funding Request Numbers (FRNs).

   If you receive an email from DP George & Company asking you to confirm the balance on one or more FRNs as of November 30, 2013, please complete the document as appropriate and return as indicated.

6. **General Questions Received by Email**

   Q1. Can you please elaborate on what exactly is eligible in "cloud" services? We've received a lot of sales emails from Service Providers claiming their cloud hosted collaboration tools are eligible as P1 - all the way from playground camera monitoring to services that seem as though they are really software based, and everything in between. Have you received any information/other inquiries regarding these types of claims? What exactly is eligible as P1, and P2 as far as the "cloud" and hosting in the cloud?

   A1. E-mail and web hosting are the only services eligible to be hosted in the "cloud." Hosted collaboration tools are **not** eligible for E-rate funding. FCC Order DA 13-2037, released October 22, 2013, discusses the eligibility of web hosting in more detail and highlights the fact that collaboration tools remain ineligible whether provided as standalone services or bundled with a web hosting service. If they are bundled, a cost allocation must be performed to remove the collaboration tools. "Cloud" services such as data backup are not eligible for funding either as Priority 1 or Priority 2.

   Q2. What specific contract term and/or language qualifies for up-front payment for disbursement of committed funds (via SPI/BEAR)? Net 30 at start of service (7/1/13) for annual contract has been rejected for upfront payment.

   A2. In general, USAC processes payments for discounts on services actually received. (Note that the service provider is required to bill the applicant for its non-discount share before submitting an invoice to USAC.) If an upfront payment is requested, the service provider must make a business case to USAC for that upfront payment. The service provider's argument for the business case can include customary practices in the industry, specific language in the contract with the applicant, and/or other supporting documentation.

REMINDER: Please send your questions for the next Service Provider Conference Call by following the instructions outlined on the Conference Call webpage of the USAC website.

Also, please watch the [USAC website](#) for other program updates.