

2011 SL Service Provider Conference Call Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

January 5, 2011

AGENDA

- 1. Funding Commitments for FY2010 and FY2009
 - 2. FY2011 Window Opening and Revised FCC Forms 470 and 471
 - 3. FCC Public Notice DA 10-2355 (basic maintenance and gifts)
 - 4. FCC Public Notice DA 10-2356 (effective dates and FAQs)
 - 5. Invoicing Update
 - 6. Other
 - 7. General Questions Received by Email
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MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) funding requests at 81 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
029	12/7/2010	\$25.3 M
030	12/14/2010	\$30.0 M
031	12/21/2010	\$75.7 M
032	12/28/2010	\$85.6 M

For FY2009, USAC is denying Priority 2 funding requests at 76 percent and below and funding approved requests at 77 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
075	12/8/2010	\$9.7 M
076	12/22/2010	\$6.4 M
077	12/29/2010	\$0.3 M

2. FY2011 Window Opening and Revised FCC Forms 470 and 471

The FCC Form 471 application filing window will open at noon ET on Tuesday, January 11, 2011 and close at 11:59 PM ET on Thursday, March 24, 2011.

This weekend, the Apply Online functions will be unavailable as USAC prepares to open the window. The new online FCC Form 470 will be available when the website comes back up and the new online FCC Form 471 will be available when the window opens. The paper versions of both forms will be available Monday, January 10 on the Required Forms page of the USAC website.

USAC is providing additional guidance for FY2011 FCC Form 470 filers in today's SL News Brief Update.

3. FCC Order [DA 10-2355](#) (basic maintenance and gifts)

The FCC released this order on December 15. It addresses questions regarding the Commission's ruling on the eligibility of basic maintenance and the newly codified E-rate program gift rules.

We suggest that you review this document carefully if you have questions about these topics.

4. FCC Public Notice [DA 10-2356](#) (effective dates and FAQs)

The FCC released this public notice on December 15. It provides a list of effective dates for the proposals adopted in the FCC's Sixth Report and Order and provides FAQs that address the topics of community use, dark fiber, SPIN changes, and technology plans.

We suggest that you review this document carefully if you have questions about these topics.

5. Invoicing Update

Payments for the month of December totaled \$154,449,117.61 against requests for \$224.2M. In total, 12,371 invoices were processed for 1,763 service providers. This represented 40,785 lines in November with 92 percent being completed within 30 days.

There were 2,979 lines in process as of November 29.

• January 28, 2011 Invoice Deadline for Non-recurring Services

The last date to submit an invoice for FY2010 non-recurring services is January 28, 2011. Service providers should be prepared to submit service certifications, customer bills, and other requested documents at the time that the Service Provider Invoice (SPI) FCC Form 474 is submitted to USAC. You should prepare your invoices now – especially if the dollar amounts involved are large – since the delivery and installation of services should have been completed by September 30, 2010.

Also, if you submit your invoices now, schools will still be in session and it will be easier to obtain any necessary documents from applicants. Remember that if an invoice is rejected and the

January 28, 2011 deadline has passed, you will have to request and receive an invoice deadline extension before you can submit a new invoice.

The volume of deadline extension requests for the October 28 recurring services deadline has increased substantially, and we are responding to requests as quickly as possible. If you have not received our response:

- Check your email. When large volumes of requests are received, we send responses by email.
- Look for approved extensions on the [Funding Request Number \(FRN\) Extension Table](#). You can find this tool on the Search Tools page of the USAC website. This tool shows the last date to receive service and the last date to invoice for FRNs in each funding year for which extensions have been approved.

Please note that a recent FCC Order waived the rules for service delivery deadlines for certain applicants. We will extend the invoicing deadlines for the specific FRNs covered by this Order. When USAC processes an extension, we will issue an Administrator's Decision Letter and update the FRN Extension Table.

6. Other

Update on Red Light: The cutover to the new financial system at the FCC has occurred, so reports and other actions should again be current.

As before, if you want to check on the status of a payment or have other questions, you can call the FCC at (877) 480-3201 or (202) 418-1995.

7. General Questions Received by Email

Q1: During the last service provider call there was a discussion concerning talking to applicants before and during the process. The FCC stated: "Some commenters challenged the statement in the NPRM that "[a] service provider may provide information to an applicant about products or services – including demonstrations – before the applicant posts the FCC Form 470, but not during the bid selection process." They argue that applicants need vendor information during the bid selection process in order to make the best decision about the services they are requesting. We agree with these commenters and note that, currently, service providers are permitted to supply information about their products and services during the 28-day waiting period.... Thus, we clarify that we do not prohibit communications during the 28-day waiting period as long as all parties are privy to the same information from the applicant during that period and the communications are consistent with any applicable state or local competitive bidding requirements." 6th Report and Order, Pg. 42. Does the SLD support this statement?

A1: Yes. You should also review the FCC Order DA 10-2355 and the Public Notice DA 10-2356 for additional guidance on competitive bidding.

Q2: During the Christmas holiday season, a service provider provides a \$60 gift basket of edible fruit and candy to an entire school staff rather than to any particular individual. In the future, the service provider intends to include a notation that no one individual should take more than a quarter of the contents in order to stay in compliance with E-rate gift rules. Does this approach violate any provision of the new rules?

A2: It would be difficult for the service provider to verify that the recipients of the gift abided by the rules set out in the notation. Instead, before making the gift, you should ask yourself if the gift could influence – or could be seen to influence – the competitive bidding process.

Q3: With regard to submitting the item 21 by the 471 deadline, can the item 21 be mailed? The problem is you can't use the item 21 tool until the item 21 is submitted and contract signed but it takes time to prepare the item 21. With mail submission you can have item 21s prepared in advance.

A3: Item 21 attachments can be submitted online, by email, by fax, or on paper (delivery service or U.S. Mail). Information on sending attachments to USAC can be found in the Item 21 Attachment guidance on the USAC website. Remember that the Item 21 attachment must be submitted on or before the close of the Form 471 application filing window.

And the question that came up during the call that we promised to answer in writing:

Q4: Is Basic Maintenance and break/fix support, that is provided via remote support or helpdesk eligible under the E-Rate Program? (This would not include any "automated" services, which I understand are ineligible.)

A4: Yes, off-site support is eligible when on-site support is not necessary. "Automated" services such as network monitoring are indeed ineligible.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

February 2, 2011

AGENDA

- 1. Funding Commitments for FY2010 and FY2009
- 2. FY2011 Window-related Deadlines
- 3. January 27, 2011 SL News Brief Special Edition on BMIC
- 4. Invoicing Update
- 5. Form Reminders
- 6. Other
- 7. General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
033	1/11/2011	\$32.8 M
034	1/19/2011	\$30.0 M
035	1/25/2011	\$22.4 M
036	2/1/2011	\$16.6 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
078	1/12/2011	\$0.2 M
079	1/26/2011	\$5.2 M

2. FY2011 Window-related Deadlines

FCC Forms 470 must be posted to the USAC website by February 24, 2011.

- If the applicant is filing on paper, we suggest that the FCC Form 470 be mailed in time for USAC to receive it by February 17 in case we have any questions while attempting to enter the data provided on the form.
- If the applicant waits until the last possible day to post the Form 470, then on March 24 the applicant must (1) close the competitive bidding process; (2) select the most cost-effective bid, using price as the most heavily weighted factor in the evaluation; (3) sign a contract (if applicable); and (4) submit the FCC Form 471.

The FCC Form 471 application filing window will close at 11:59 PM ET on Thursday, March 24.

- FCC Forms 471 must be received or postmarked before the window closes to be considered as filed within the window.
- Beginning with FY2011, the Item 21 attachment is a window filing requirement. We will be providing outreach during the next two months to ensure that applicants are aware of this requirement.

3. January 27, 2011 SL News Brief Special Edition on BMIC

The January 27 SL News Brief provided some additional guidance to applicants about the requirements for Basic Maintenance of Internal Connections (BMIC) covered in the Sixth Report and Order. There is also guidance on BMIC in the FCC's Order [DA 10-2355](#), which addresses questions on the eligibility of basic maintenance and the newly codified E-rate program gift rules.

4. Invoicing Update

Payments for the month of January totaled \$150,634,079.25 against requests for \$203.2M. In total, 9,655 invoices were processed for 1,589 service providers. This represented 31,079 lines in January with 97% being completed within 30 days.

There were 1,726 lines in process as of February 1.

5. Form Reminders

Invoices (SPI FCC Form 474 and BEAR FCC Form 472) – The last date to submit an invoice for FY2009 non-recurring services was January 28, 2011. If USAC rejects an invoice filed after that date, you or the applicant can request an invoice deadline extension.

We continue to work on these deadline extension requests and are responding as quickly as possible. We often send responses by email, so be sure to check your email regularly. Please don't submit a duplicate request, as this slows down the process.

Remember that you have an obligation to pass BEAR reimbursements along to the applicant within 20 business days after the date you receive the funds. USAC transfers the funds by ACH, so the clock starts a few days earlier than in previous years.

SPAC FCC Form 473 – You must file the Service Provider Annual Certification FCC Form 473 for each funding year that you participate in the E-rate program. This form must be filed before USAC can pay invoices. You can use the SPIN Contact Search Tool on the USAC website to identify any funding year(s) for which you are missing a SPAC Form.

SPIN FCC Form 498 – Please review your Service Provider Identification Number and Contact Information FCC Form 498 to ensure that your contact information is up to date and that you have provided electronic banking information. USAC cannot issue payments unless this information is on file.

6. Other

The May service provider training dates and locations will be announced before the March 2 service provider call. Watch the USAC website and the SL News Briefs for more information.

7. General Questions Received by Email

Q1: Has a decision been made to either include or exclude SMARTnet from eligible services for BMtc?

A1: Services such as SMARTnet - which provide a fixed price covering all maintenance for the funding year - are not eligible for funding beginning with FY2011.

- **Update After the Call:** You can review the January 27, 2011 Special Edition News Brief mentioned above, the February 18 SL News Brief, and the Chicago Order ([FCC 11-39](#), released March 7, 2011) for additional guidance on this issue.

Q2: The January 27 Special Edition News Brief about CiscoBase indicates that the applicant can transition to this eligible service if they "post a new Form 470 that describes the desired functionality (rather than naming a specific product) and follow all program rules - and applicable state and local rules and regulations - for its competitive bidding process." Why can't applicants specify what they are looking for, which is CiscoBase? Is this because it is only available from Cisco?

A2: The open and fair competitive bidding process required by program rules does not contemplate sole-sourcing. Applicants must provide clear descriptions of the services they desire, but cannot name a specific service as the only possible option unless it is used as an example (e.g., "Brand XYZ service or equivalent" is acceptable).

A number of questions came up during the call about how to deal with new or existing basic maintenance contracts and warranties for FY2011 applications. The questions were too long to post here, but the following points address the issues identified in the questions:

- **Bundled Warranties**

Bundled warranties of up to three years are eligible for discounts. If a warranty is featured on a separate line item with a zero cost associated with it, it is not automatically considered unbundled.

Applicants should not request discounts on work that is covered under an existing bundled warranty.

- **Eligible Contracts**

A fixed price contract that cover only services such as software upgrades and patches, bug fixes and security patches, and online and telephone-based technical assistance and tools can be considered eligible if the service or equipment being maintained would not function and serve its intended purpose with the degree of reliability ordinarily provided but for these specific services.

A fixed price contract for onsite maintenance and replacement parts can be eligible, but USAC will only pay for work actually performed. Applicants should estimate reasonable anticipated work hours and equipment replacement costs when preparing their funding requests. USAC also will not reimburse for more than the amount committed, so the funding request must be carefully estimated based on past experience.

An existing basic maintenance contract containing both eligible (fixed price for software upgrades and patches - including bug fixes and security patches, online and telephone based technical assistance and tools) and ineligible (fixed price for on-site maintenance and replacements) components is eligible for FY2010. Such a contract is not eligible for FY2011 and the services must be rebid.

Update After the Call: New and existing basic maintenance contracts can be cost-allocated to remove ineligible maintenance from the funding request. See the February 18 SL News Brief and the Chicago Order referenced above.

- **Time and Materials Work**

Applicants may wish to file separate FRNs for eligible fixed price components (see above) and time and materials work so that costs can be clearly identified.

The costs of work performed cannot be adjusted in order to reach the amount of the funding commitment on a fixed price contract but must be based on actual work performed, agreed-upon hourly rates, and the reasonable cost of replacement equipment. For example, if the applicant

signs a fixed price contract for \$1,000 per month, the service provider cannot adjust its prices to charge \$500 per visit for two visits in July, \$250 per visit for four visits in August, and \$1,000 per visit for one visit in September.

You (or the applicant) can invoice USAC for work performed at an hourly rate and the reasonable cost of replacement parts, up to the amount of the funding commitment. Service providers could certainly provide an hourly rate schedule and a list of the cost of replacing individual pieces of equipment as part of a bid response. Both applicants and service providers should save appropriate backup documentation of the work performed and cost of parts in case USAC asks to review it.

In order for USAC to be invoiced under the new rules, applicants and service providers are encouraged to include hourly rates and replacement costs in their contracts, so that they can provide backup for invoices if requested.

We recommend that applicants file FCC Form 470 to specify basic maintenance needed (i.e., provide a list of equipment and ages and ask for an hourly rate for on-site maintenance) to simplify the invoicing process down the road.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

March 2, 2011

AGENDA

1. Funding Commitments for FY2010 and FY2009
 2. FY2011 Window-related Deadlines
 3. May 2011 Service Provider Training
 4. February 18, 2011 SL News Brief on Cost Allocation and BMIC
 5. Invoicing Update
 6. Other
 7. General Questions Received by Email
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MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
037	2/8/2011	\$53.4 M
038	2/15/2011	\$33.2 M
039	2/22/2011	\$39.8 M
040	3/1/2011	\$14.7 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
080	2/9/2011	\$9.6 M
081	2/23/2011	\$3.7 M

2. FY2011 Window-related Deadlines

- FCC Form 470 Deadline - February 24, 2011
- FCC Form 471/Item 21 Attachment Deadline - 11:59 PM ET on March 24, 2011

FCC Forms 470 must have been posted to the USAC website by February 24, 2011. FCC Forms 470 filed after this date cannot be cited on an FCC Form 471 Block 5 funding request for FY2011.

- If the applicant waits until the last possible day to post the FCC Form 470, then on March 24 the applicant must (1) close the competitive bidding process; (2) select the most cost-effective bid, using price as the most heavily weighted factor in the evaluation; (3) sign a contract (if applicable); and (4) sign and submit the FCC Form 471.

The FCC Form 471 application filing window will close at 11:59 PM ET on Thursday, March 24.

- FCC Forms 471 must be received or postmarked before the window closes to be considered as filed within the window.
- Beginning with FY2011, the Item 21 attachment is a window filing requirement. We will be providing outreach to ensure that applicants are aware of this requirement.

3. May 2011 Service Provider Training

USAC will hold two one-day training sessions for service providers in May. The materials covered will be the same at both sessions. The dates and locations are:

- Tuesday, May 3 at the Los Angeles Airport Marriott in Los Angeles, CA
- Thursday, May 12 at the Renaissance Concourse Atlanta Airport Hotel in Atlanta, GA

Registration information - including an online registration form - has been posted on the USAC website. You can register for the training and get hotel reservation information from the Upcoming Events section of the Trainings and Presentations page on the USAC website.

4. February 18, 2011 SL News Brief on Cost Allocation and BMIC

The February 18 SL News Brief provided some additional guidance to applicants and service providers about permissible cost allocation for existing basic maintenance contracts that extend into FY2011. Here are the situations covered by the News Brief:

- Contracts that contain both basic maintenance and maintenance services that do not meet the definition of basic maintenance
- Contracts that contain Internal Connections and maintenance services that do not meet the definition of basic maintenance
- Contracts that consist entirely of basic maintenance that maintains both eligible and ineligible equipment

- Contracts that consist entirely of basic maintenance that maintains partially eligible equipment

Please refer to the News Brief for more detailed information on these situations.

5. Invoicing Update

Payments for the month of February totaled \$179,102,017.46 against requests for \$226.1M. In total, 9,928 invoices were processed for 1,436 service providers. This represented 43,963 lines in February with 98 percent being completed within 30 days.

There were 2,129 lines in process as of March 2.

• Invoice Rejection for Clerical Errors

Clerical errors on an invoice may cause USAC's system to automatically reject the invoice. You may simply correct the error(s) and resubmit the invoice if the amounts rejected were for approved eligible services delivered in eligible timeframes to eligible entities.

- If the invoice was modified or rejected for specific reasons and you disagree with those reasons, you can file an appeal and explain your disagreement.
- Make sure, however, that there is still time to resubmit your invoice. You can use the Data Retrieval Tool to see if you have missed your invoicing deadline. To do this:
 - Enter (1) the funding year and (2) a State, BEN, or SPIN on the first screen of the tool.
 - Uncheck any of the service types or application types you don't want to review.
 - Click the 'Select Data Points' button.
 - Under Item D. Funding Request Related Dates, check Last Date to Invoice. You can of course choose other data points you want to review.
 - Click the 'Build Data File' button. This will create a spreadsheet or a tab-delimited text file that you can Open or Save.

If you have missed the deadline, you must first submit an invoice deadline extension request. After USAC approves your request, you can submit your invoice.

6. Other

USAC is issuing several letters that may be of interest to you:

- Notification of FCC Form 470 Posted But No Associated FCC Form 471 letters remind applicants that have timely filed an FCC Form 470 that they must file an FCC Form 471 no later than the close of the FCC Form 471 application filing window. USAC will issue these letters this Friday. Because most applicants wait until close to the FCC Form 470

deadline to file an FCC Form 470, most applicants receive this letter. You do not receive a copy of this letter but you may get questions about it.

- FCC Form 470 Receipt Notification Letters (RNLs) are issued after an FCC Form 470 is posted to the USAC website. Applicants that used the new (October 2010) version of the FCC Form 470 will start getting their RNLs next week. Again, you do not receive a copy of this letter but you may get questions about it.
- FCC Form 471 Receipt Acknowledgment Letters (RALs) for FY2011 started going out January 19, 2011. RALs allow applicants to make corrections to their FCC Forms 471 if needed as long as the corrections are submitted no later than 20 days after the date of the letter. Because you also receive a copy of the RAL, you should check the RAL information for accuracy and inform your customers if you notice discrepancies so that they can request corrections.

7. General Questions Received by Email

Q1: What limitations if any are there for service providers to communicate complete and accurate E-rate program information? For example, can a service provider let applicants know that "most cost effective" is not the same as "lowest cost" and provide information from the USAC website about this? Would this be considered "neutral" program information even though applicants could end up selecting a highly "cost effective" service provider rather than the "lowest cost" service provider?

A1: Service providers can direct applicants to information available on the USAC website. Note that such direction should be provided neutrally and not in a manner that could taint the competitive bidding process.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

April 6, 2011

AGENDA

1. Funding Commitments for FY2010 and FY2009
 2. May 2011 Service Provider Training
 3. Next Call – May 11, 2011
 4. FY2011 Application Review and Funding Commitments
 5. Invoicing Update
 6. General Questions Received by Email
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MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
041	3/8/2011	\$31.1 M
042	3/15/2011	\$38.9 M
043	3/22/2011	\$15.9 M
044	3/29/2011	\$16.6 M
045	4/5/2011	\$15.0 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
082	3/16/2011	\$4.6 M
083	4/6/2011	\$11.3 M

2. May 2011 Service Provider Training

Registration for Atlanta has closed. We are negotiating some extra space at the hotel and, if we are successful, we should be able to accommodate everyone currently on the waiting list.

Registration for Los Angeles is still open, and the waiting list is short. We encourage you to register as soon as possible if you are interested in attending this session.

3. Next Call - May 11, 2011

On May 4, USAC staff will be returning from the Los Angeles training, so we will hold the May service provider call one week later, on May 11. The call-in number and passcode will not change.

Written questions for the call should be submitted by 5:00 PM ET on Friday, May 6 using the [Submit a Question](#) link on the USAC website.

4. FY2011 Application Review and Funding Commitments

The FY2011 FCC Form 471 application filing window closed at 11:59 PM ET on Thursday, March 24. USAC started the review of applications that came in with Item 21 attachments some time ago, and is continuing to review applications. Although applicants have an extended deadline both (1) to certify FCC Forms 471 filed online before the window closed and (2) to submit Item 21 attachments, we suggest that they do so as soon as possible. More information will be available shortly about the deadline for submitting these materials and still being considered in-window.

We are still performing data entry of paper forms postmarked on or before March 24. Within the next month, we should be able to produce the FY2011 Demand Estimate and, after filing it with the FCC, post it on our website.

5. Invoicing Update

Payments for the month of March totaled \$163,187,744.27 against requests for \$223.8M. In total, 10,424 invoices were processed for 1,588 service providers. This represented 43,248 lines in March with 97 percent being completed within 30 days.

There were 1,639 lines in process as of March 31.

- **BEAR Reminders**

Service providers are reminded that they have 20 business days after the receipt of BEAR reimbursements to pass those reimbursements on to their customers.

- Service providers can put a credit on the applicant customer bill, but only if the customer agrees to a credit.

- The BEAR Notification Letter is issued about two weeks before USAC makes a payment so that the service provider has time to correctly allocate the payment to the appropriate customer(s).
- If a service provider undergoes bankruptcy, any BEAR payments made to the service provider are the property of the customers and are not part of the service provider's assets.

If you have missed the deadline, you must first submit an invoice deadline extension request. After USAC approves your request, you can submit your invoice.

6. General Questions Received by Email

Q1: In current News Announcements 2/22/11 re FCC Form 470 Deadline you state the latest date to "timely file" the 470 is Feb 24, 2011. What does "timely file" mean and imply?

A1: An FCC Form 470 must be posted to the USAC website for at least 28 days before an applicant can close the competitive bidding process, select a service provider, sign a contract (if applicable), and file an FCC Form 471. February 24, 2011 was the last day an applicant could "timely file" an FCC Form 470 for FY2011 – that is, post an FCC Form 470 to the USAC website on that date and then – 28 days later on March 24 – complete all of the above actions before the FCC Form 471 application filing window deadline closed at 11:59 PM ET on that date.

Q2: If an applicant's actual charges are different than what is listed on their funding request letter, does the applicant receive the full dollar amount or the percentage approved? For example:

Total Program Year Pre Discount Amount = \$3,000.00

Applicant's Approved Discount Percentage = 80%

Funding Commitment Decision = \$2,400.00

Actual Program Amount = \$2,700.00 which would change their FCD amount to \$2,160.00

If the applicant is receiving their discount monthly on their phone statement, do we need to adjust the percentage so that they receive the original approved amount?

A2: Service providers apply the applicant's approved discount to the eligible services approved by USAC and actually provided by the service provider. If the pre-discount cost of the services is less than the pre-discount amount on the FRN, the applicant would receive less than the committed amount. In the example above, if the pre-discount cost of the approved eligible services approved and actually received was only \$2,700.00, USAC could be invoiced for \$2,160.00.

Q3: We have several schools that have applications that have been in the “Initial Review” stage (13), “Final Review” stage (4), or “Quality Assurance” stage (2) from Funding Year 2009. They have been on hold for a long time. I have attempted to contact USAC to find out what the holdup is but was told as a Service Provider I cannot be given any information. Is there any way to get information on these requests? Is there a reason FY2009 applications are still in the initial review stage? Thank you in advance.

A3: For these types of questions, service providers can contact the USAC ombudsman by email. Remember to include as much detail as possible – in this case, the service provider's SPIN, the FCC Form 471 application numbers, and the FRNs would be helpful.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

May 11, 2011

AGENDA

1. Funding Commitments for FY2010 and FY2009
 2. Certain FY2011 FCC Forms Will Move In-window
 3. May 2011 Service Provider Training
 4. FY2011 Application Review and Funding Commitments
 5. Invoicing Update
 6. General Questions Received by Email
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MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
046	4/12/2011	\$14.8 M
047	4/19/2011	\$16.3 M
048	4/26/2011	\$31.0 M
049	5/3/2011	\$8.6 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
084	4/20/2011	\$1.9 M
085	/2/2011	\$1.5 M

2. Certain FY2011 FCC Forms 471 Will Move In-window

For FY2011 applications, Item 21 attachments and Form 471 certifications must be received or postmarked no later than May 17, 2011.

- If the applicant does not submit an Item 21 attachment on or before May 17, the Block 5 Funding Request Number (FRN) associated with that Item 21 attachment will be considered out-of-window. Applicants can submit an Item 21 attachment online, by email, or by fax on or before May 17 or postmark a paper Item 21 attachment on or before May 17.
- If the applicant does not certify an FCC Form 471 on or before May 17, that FCC Form 471 will be considered out-of-window. Applicants can certify n FCC Form 471 online on or before May 17 if they have a PIN; they can also postmark a paper certification on or before May 17.

USAC is reminding applicants through the SL News Brief, the USAC website, and targeted emails of the importance of completing these two requirements; you may also want to remind your customers yourself. If you cannot see an Item 21 attachment online, it is always a good idea to ask for a copy of what was submitted to USAC.

3. May 2011 Service Provider Training

Service provider training last week in Los Angeles went very well. We will be presenting the same information tomorrow here in Atlanta and we look forward to another successful training.

4. FY2011 Application Review and Funding Commitments

USAC continues to review applications in anticipation of issuing the first funding wave for FY2011. The Demand Estimate for FY2011, filed with the FCC on April 12, shows a total estimated demand of \$4.31 billion – about \$2.173 billion in requests for Priority 1 and about \$2.137 billion in requests for Priority 2.

You can get information on upcoming funding waves from the Schools and Libraries News Briefs.

5. Invoicing Update

Payments for the month of April totaled \$160,614,712.60 against requests for \$234.7M. In total, 11,470 invoices were processed for 1,643 service providers. This represented 42,113 lines in April with 97percent being completed within 30 days.

There were 1,457 lines in process as of May 9.

- **Invoicing Reminders for FY2010 Services**

The last date to deliver recurring services for FY2010 is June 30, 2011, and the last date to deliver non-recurring services for FY2010 is September 30, 2011. The reminders below are provided to assist you and your customers to prepare accurate invoices (SPI Form 474 or BEAR

Form 472). (Note: We use "invoice" below to refer to SPI Forms and BEAR Forms, not customer bills.)

Dates of service: Make sure that the FY2010 recurring services featured on your invoices were delivered between July 1, 2010 and June 30, 2011. (If monthly services on customer bills are not billed as of the first day of the month, it is not necessary to pro-rate the amounts on the July 2010 and/or June 2011 customer bills to exclude the days of service outside the funding year. However, be sure not to include 13 months of monthly service in one funding year.)

- July 2011 services should not be invoiced now, as those services are FY2011 services and will be covered under a different FRN (see next entry). Also, USAC will not pay FY2011 invoices dated before July 1, 2011.

Correct FRN: Each FRN is specific to a funding year. You must feature FY2010 FRNs on invoices for FY2010 services (e.g., recurring services that are ending in June 2011) and FY2011 FRNs on invoices for FY2011 services (e.g., recurring services that start in July 2011). Last year at this time, almost 3,000 invoice lines had a mismatch between the FRN and the funding year.

Service Provider Annual Certification (FCC Form 473): Service providers must file a SPAC Form for a funding year before USAC will pay invoices for that funding year.

FCC Form 486: Applicants must file a Form 486 to indicate that services have started before USAC will pay invoices for the FRNs featured on that form. You should wait until you have received your Form 486 Notification Letter before you submit invoices. Last year at this time, over 3,500 invoice lines were rejected because a Form 486 had not yet been filed.

Note: If the [Data Retrieval Tool](#) features an FCC Form 486 Service Start Date (486SSD) for an FRN, this means that USAC has successfully processed an FCC Form 486 for that FRN. Your copy of the FCC Form 486 Notification Letter may provide additional useful information. For example, if USAC was required to adjust the service start date to comply with program rules, the reason for the adjustment will be noted in the letter. Remember that, if the service start date was adjusted, USAC will not provide discounts on services delivered before that adjusted date.

FY2010 Non-recurring services: The last date to deliver and install FY2010 non-recurring services is September 30, 2011. However, the contract expiration date (CED) reported on the FCC Form 471, Item 20b may be earlier – for example, June 30, 2011 – either because that is the correct CED or because the applicant made a mistake on the form. Because USAC will not pay discounts on services delivered after the CED, the applicant may need to report an adjusted CED to USAC.

- If the CED is later than the date reported on the Form 471, the applicant must file an FCC Form 500 to correct the CED in USAC's records.

- If the CED was correctly reported but services will be delivered and installed after that date, the applicant must (1) work with you to extend the contract, if an extension is permitted, and then (2) file an FCC Form 500 to report the extended date.

6. General Questions Received by Email

Q1: When will the dates for the fall Service Provider training be available?

A1: In general, service provider training is held in the spring and applicant training in the fall. Last fall (November 2010) we added two half-day sessions for service providers after the applicant training was completed because of the importance to service providers of the information in the Sixth Report and Order ([FCC 10-175](#), released September 26, 2010).

The dates and locations of the fall applicant training sessions were announced earlier this week. You are welcome to attend one of these sessions; keep in mind, however, that they are applicant-focused. Information on how to register and how to reserve a room at the conference hotel is available on the Training Sessions and Presentations page on the USAC website.

Q2: How will the SLD handle reimbursements for hardware repair/replacement when an applicant has a hardware maintenance contract?

A2: We will look at the details of the funding request – including the Item 21 attachment – and the contract. If we ask for backup documentation, we would expect to see an itemized customer bill that includes detailed information such as hours worked, the equipment maintained, and the costs of products delivered under the maintenance contract. If we can't find a list of equipment to be maintained on the Item 21 attachment or the contract, we may ask for one as part of USAC's review.

Q3: After filing a 470 and waiting the appropriate minimum time, an Applicant selected a service provider for cell phone service in Year 14. The applicant has now learned that the selected service provider will not provide discounted bills, even though this is the choice of the applicant and was indicated on the FCC Form 470. The service provider did not tell the applicant that they would not provide credits on the bill until after the applicant signed a contract with the service provider. Is the applicant stuck with this service provider for the entire Year 14 time period or is this just cause for a SPIN change?

A3: The Sixth Report and Order says that there must be "a legitimate reason to change providers (e.g., breach of contract or the service provider is unable to perform)." If the contract includes a provision that the service provider must provide discounted bills, not doing so could be considered a breach of contract.

Q4: How can billing errors for customers that receive their discounts monthly, be fixed. For example: The customer did not receive their discount on multiple service accounts for five months due to a billing systems error. The customer was approved for 80 percent reimbursement. If we apply the back due credit to their statement at this time, the customer will have a credit balance on their statements for most of the next funding year.

A4: You can apply the credit to the customer's account and allow the customer to carry a credit balance until that credit is used up. You can also send the customer a check. Remember that usage going forward may also have been approved for discounts – even if the customer's account continues to have a credit balance – so you may be applying credits for the current funding year to the bill as well.

However, note that if the credit was due to an interruption of service delivery or to overcharging, then a proportionate refund should be returned to USAC with an explanation of the error. You can refer to the guidance document *Returning Funds to USAC in the Reference Area of the USAC website* for information on how to return funds.

Q5: Many Service Provider contracts are written so that services begin upon execution of the contract – and end at the same time of year in which the contract was signed. In this type of situation, if a customer signed a 36 month contract In-Window in February of 2009, that contract would end in February 2012. This would mean that the customer would not be eligible for funding from March – June of 2012. As some Service Providers are unable to modify their contract language to separate the Contract Execution Date from the Service Start Date, many contracts do not cover the last few months of a funding year. Is there are mechanism for extending a contract expiration date under these conditions? For instance, can a customer sign a Contract Addendum a couple of years into the contract to extend the expiration date to cover the last four months of the 2012 Funding Year? In answering this question, assume that the establishing FCC Form 470 indicated the customer was seeking a multi-year contract with voluntary extensions and that the contract signed in 2009 automatically renews for one year terms upon expiration.

A5: Unless the contract in question falls under the State Replacement Contract guidance, the applicant must either negotiate an extension to the existing contract or sign a new contract. The extension or the new contract must be in place before timely filing the FCC Form 471 (i.e., before the close of the application filing window for the funding year).

The applicant has two choices:

- Negotiate a contract extension in advance of the close of the FCC Form 471 filing window if the existing contract can be extended, and then file an FRN for that extended contract before the window closes. (The additional months of service should have been contemplated on the establishing FCC Form 470.)

- Post a new FCC Form 470, wait 28 days, negotiate a new contract for the most cost-effective bid (which could be with the existing service provider) to start after the existing contract ends, and then file an FCC Form 471 before the window closes featuring two FRNs – one to cover service under the old contract through its expiration date and one to cover service under the new contract.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

June 1, 2011

AGENDA

1. Funding Commitments for FY2010 and FY2009
 2. Certain FY2011 FCC Forms Will Move In-window
 3. June Webinar on Red Light
 4. FY2011 Application Review and Funding Commitments
 5. Invoicing Update
 6. Other
 7. General Questions Received by Email
-

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
050	5/16/2011	\$22.2 M
051	6/1/2011	\$12.9 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
086	5/23/2011	\$2.7 M

2. Certain FY2011 FCC Forms 471 Will Move In-window

Certain FCC Forms 471 currently showing an out-of-window status will be moved in-window in the next few weeks. For this to occur, the FCC Form 471 must meet the following criteria:

- The "Submit" button must have been pushed on the online FCC Form 471 on or before 11:59 PM ET on March 24.
- The application must have been certified online on or before 11:59 PM ET on May 17 or a paper certification postmarked on or before May 17.

USAC has identified the applications that fit the above criteria, and we expect to move them in-window within the next few weeks.

3. June Webinar on Red Light

The Financial Operations group at USAC will be holding a webinar on Red Light during the month of June. When the time and date for the webinar have been determined, we will put an announcement up on the Schools and Libraries website main page.

4. FY2011 Application Review and Funding Commitments

USAC continues to review applications in anticipation of issuing the first funding wave for FY2011. Applications that are moved in-window (see Item B above) will be added to the list of applications to be reviewed.

Watch the Schools & Libraries News Briefs for information on the issuance of the first wave for FY2011.

5. Invoicing Update

Payments for the month of May totaled \$206,967,817.63 against requests for \$267.6M. In total, 11,324 invoices were processed for 1,491 service providers. This represented 44,466 lines in May with 97 percent being completed within 30 days.

There were 996 lines in process as of May 31.

- **Reminders for FY2010 recurring services**

The last date to deliver recurring services for FY2010 is June 30, 2011. Please keep the following points in mind:

- You should be in the process of sending all remaining bills for this funding year to your customers.
- Any invoices you send to USAC should be properly prepared. Remember that if your invoice is rejected, in many cases you can simply correct the issue and resubmit the invoice.
- The deadline for filing invoices for FY2010 recurring services is October 28, 2011.
- You should arrange to have a contact person for your customer available should any questions arise during invoice review.

- **Reminder for non-recurring services**

Verify with your customers that the contract expiration date in USAC's records is correct. If the expiration date on contracts that include non-recurring services was reported to USAC as June 30, USAC will not pay invoices for services delivered after that date.

If the contract expiration date in USAC's records is incorrect, the applicant must file an FCC Form 500 to correct it. If the contract expiration date for non-recurring services truly is June 30 and services will be delivered after that date, the contract must be extended before the applicant can file the FCC Form 500.

6. Other

Electronic Notifications – USAC offers service providers the opportunity to receive the information in certain letters in an electronic file format. Service providers may choose to receive only paper letters, only electronic notifications, or both. The letters that USAC can send via electronic notifications are:

- Receipt Acknowledgment Letter (RAL)
- Funding Commitment Decision Letter (FCDL)
- Revised Funding Commitment Decision Letter (RFCDL)
- Form 486 Notification Letter
- Form 500 Notification Letter
- Invoice Status Report

An electronic notification consists of a file or files attached to an email. The files are text-based, with the fields separated by pipes (|). Service providers can save these files in a spreadsheet program, which may make the information easier to track.

The Electronic Notifications page on the USAC website has been updated to include the file format for Invoice Status Reports, and to notify service providers that they should call the Client Service Bureau at (888) 203-8100 if they want to set up electronic notifications or if they have questions about their existing setup.

7. General Questions Received by Email

Q1: Does advertising in yearbooks, posters, banners, giving to project graduation, to Schools in small Rural areas who participate in E-Rate violate the gift giving rule or is this a separate issue?

A1: The question that a service provider should ask is, "Would this activity influence or appear to influence the competitive bidding process?" Advertisements should be carefully worded to avoid this problem. For more information on charitable contributions, refer to the Order ([DA 10-](#)

[2355](#), released December 15, 2010) that provides additional guidance on the eligibility of basic maintenance and the E-rate program gift rules.

Q2: When working with an applicant on a project that includes multiple vendors (for example Priority 1 and Priority 2 services or even more than one Priority 2 vendors) is it okay for the applicant to file separate 470's for each service provider?

A2: FCC Form 470 – The FCC Form 470 is the form that opens the competitive bidding process. Applicants therefore do not specify a particular service provider on the FCC Form 470. Applicants can file different services or sets of services on separate FCC Forms 470 or they can include all of the services they are seeking on a single FCC Form 470.

FCC Form 471 – The FCC Form 471 is the form that applicants use to report to USAC the services, service providers, and costs of the services they have chosen as a result of their competitive bidding process. Applicants can submit more than one funding request on a single FCC Form 471. They can also submit a separate FCC Form 471 for each funding request, although that would entail more work on their part. Each funding request features the SPIN of the service provider that will be paid by USAC for providing the services listed on that funding request.

If the applicant encounters difficulties in completing the FCC Form 471 – for example, if the services provided by the different service providers cannot be easily separated into different funding requests – the applicant should contact USAC for assistance.

Q3: Can a Service Provider at the request of an applicant invoice the non-discounted portion prior to the start date as listed on the contract? For example, service start date is July 1st; Applicant has requested an invoice dated June 1st as they wish to make payment in June.

A3: Yes. However, keep in mind that that USAC will not pay an invoice (BEAR Form or SPI Form) dated before the start of the funding year or for services delivered before the start of the funding year. (The only exception to the latter is installation work performed before the start of the funding year that is necessary to start delivery of recurring services at the beginning of the funding year.)

Q4: Does the date of the Service Provider invoice and the date of Payment by the Applicant effect eligibility of the application?

A4: USAC and the applicant should effectively be paying for the service at the same time. We presume that the applicant will pay a service provider bill within 90 days of the bill date. We may ask for documentation of the applicant payment before we will pay an invoice.

If an applicant has not paid a service provider bill within 90 days and USAC has already been invoiced for the discount share, those funds disbursed by USAC may be subject to recovery. (Note: Application eligibility is not at issue here.)

Q5: Can an Applicant on a multi-year contract pay and be invoiced by the Service Provider their multi-year non-discounted portion in advance of the service start date?

A5: Yes. Note, however, that such a payment would be at the applicant's risk (USAC does not make multi-year funding commitments, USAC may determine that some or all of the services on the multi-year contract are not eligible for discounts, the eligibility of some services may change from funding year to funding year, etc.).

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

July 6, 2011

AGENDA

1. Funding Commitments for FY2011, FY2010, and FY2009
 2. FY2011 Out-of-window Letters
 3. Webinar on Red Light
 4. Invoicing Update
 5. General Questions Received by Email
-

MINUTES

1. Funding Commitments for FY2011, FY2010, and FY2009

For FY2011, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
001	6/23/2011	\$397.9 M
002	6/28/2011	\$58.1 M
003	7/6/2011	\$50.7 M

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
052	6/7/2011	\$24.5 M
053	6/14/2011	\$11.5 M
054	6/22/2011	\$19.5 M
055	6/29/2011	\$5.9 M
056	7/7/2011	\$12.6 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
087	6/15/2011	\$72.5 M
088	6/27/2011	\$6.8 M

2. FY2011 Out-of-window Letters

Next week USAC will issue about 230 out-of-window letters to applicants with an FCC Form 471 considered out-of-window. Out-of-window FCC Forms 471 occur in the following situations:

- An FCC Form 471 was filed online (i.e., the “Submit” button was pushed) on or before 11:59 PM ET on March 24 but the form was not certified online or on paper until after May 17.
- The FCC Form 471 was filed online after March 24 and later certified either online or on paper.
- The FCC Form 471 was filed on paper and postmarked after March 24.

3. Webinar on Red Light

The Financial Operations group at USAC held two webinars on Red Light during the month of June and will hold a third tomorrow at 2:00 PM ET. If you would like to sign up for the webinar, you can [email](#) USAC.

You can also access a recording of the webinar from the Webinar: Understanding the Red Light Rule webpage on the USAC website.

4. Invoicing Update

Payments for the month of June totaled \$199,916,822.69 against requests for \$237.7M. In total, 11,109 invoices were processed for 1,591 service providers. This represented 43,465 lines in June with 97 percent being completed within 30 days.

There were 1,013 lines in process as of July 5.

5. General Questions Received by Email

Q1: The company I work for has 14 billing cycles so I would like to know if I need to prorate the June bill with each new funding year that begins in July. (i.e., June bill runs on June 14th so it's for the month of June for recurring services from June 14th, 2011 to July 13th, 2011.) Do I have to

prorate the days on the June bill statement in order to make sure I am only giving credit for the days of service that was in the Funding Year that started in July 2010 – June 2011?

A1: No. It is not necessary to prorate the amounts from the first month's bill and the last month's bill. However, we will only pay for discounts on 12 months of service (i.e., 12 monthly bills) in one funding year. We do check to make sure we are not paying discounts for services in the first month of the current year for which discounts were already paid in the last month of the previous funding year.

Q2: With educators handling the new Common Core Standards, more districts will be allowing students and administrators to bring various wireless devices into the classroom. What is the impact of CIPA on devices that have 3G/4G cellular Internet access? The districts can filter the wireless through the school's network but not the cellular Internet provided directly by the provider. Can the district rely on developing school policies to address 3G/4G cellular access since they cannot directly filter the devices?

A2: You should keep the following concepts in mind:

- CIPA applies to programs other than E-rate. Applicants may have specific CIPA requirements to meet under the rules and policies of those other programs.
- Applicants are free to write Internet safety policies that address issues over and above the issues that must be addressed to be compliant with CIPA.
- The E-rate program rules regarding CIPA have not changed since the effective date of the third CIPA Order ([FCC 03-188](#), released July 24, 2003).

Q3: On the previous SP call, it was stated that applicants are expected to pay their portion of the provider's invoice within 90 days of billing or risk forfeiture of funding. On the SLD site, Applicants Step 11, Obligation to Pay Non-Discount Portion says nothing about the timeframe. Please advise where this is specifically stated, either on the SLD website or FCC documents.

A3: The 90-day presumption is laid out in the FCC's Fifth Report and Order, ([FCC 04-190](#), released August 13, 2004). It states, in part:

- **Failure to Pay Non-discounted Share** – We conclude that all funds disbursed should be recovered for any funding requests in which the beneficiary failed to pay its non-discounted share. While our rules do not set forth a specific timeframe for determining when a beneficiary has failed to pay its non-discounted share, we conclude that a reasonable timeframe is 90 days after delivery of service. Accordingly, we clarify prospectively that a failure to pay more than 90 days after completion of service (which is roughly equivalent to three monthly billing cycles) presumptively violates our rule that the beneficiary must pay its share.

Q4: In the SL New Brief dated 7/10/09, the following is stated: "For an FRN that covers 12 months of monthly service, USAC will look for 12 months of service in that funding year

whether the bills are calculated in advance or in arrears. In other words, it is not necessary to prorate the costs for monthly service on (1) the first bill of the year for a month that included July 1 or (2) the last bill of the year for a month that included June 30. However, USAC will check to be sure that there is no overlap in payments – that is, that we did not already pay the discount on the entire bill for the same month of service for the previous funding year." A call to the Client Service Bureau confirmed this. Please confirm that a) this is indeed true and b) where on the SLD website or FCC documents this is specifically stated.

A4: Yes, this is indeed true, and part of the customary processing of invoices (see above). The July 10, 2009 SL News Brief is posted on the USAC website.

Q5: Customer indicated on their original FY2010 item 21 existing DSL services and additional anticipated Internet services. During the 2010 funding year, the applicant removed his 3 Mbps DSL service and established a 6 Mbps DSL service; would the 6 Mbps DSL be eligible for the 2010 funding year?

A5: If the move from a 3 Mbps to 6 Mbps DSL service was consistent with (1) the information provided on the FCC Form 470 and/or Request for Proposals (RFP) so that other service providers could have bid on the higher-speed service, (2) the terms of the resulting contract, and (3) the description of the “additional anticipated Internet services” on the Item 21 attachment, then USAC could pay discounts on the increased service assuming there are no other issues.

The applicant should submit a service substitution request so that invoicing is aware of the change.

Q6: The FCC’s Kalamazoo decision indicates that an existing contract established prior to the filing window can be considered as one of the bids submitted in response to an applicant’s Form 470. Has the precedent established by Kalamazoo been modified by the FCC’s recent decision denying the request by Maryland Department of Juvenile Services (DA 11-835)?

A6: No. There were other circumstances not specifically referenced in that appeal decision that led to the denial.

Q7: An applicant has incorrectly indicated on the FY2011 FCC Form 471 that the services are month-to-month, when actually services will be provided under a contract that calls for a one-time annual payment once the funding year has begun. Will this discrepancy delay USAC processing of an invoice for the annual charge, and if so, what steps should be taken to correct the FCC Form 471 information?

A7: If possible, the information on the FCC Form 471 should be corrected – either through a Receipt Acknowledgment Letter (RAL) correction or with the help of the PIA reviewer – before USAC issues a Funding Commitment Decision Letter (FCDL). This will minimize any confusion during the invoicing process.

If the information is not corrected before the FCDL is issued, the applicant should be prepared to explain the situation if and when an invoice comes up for review.

Q8: A slide at recent USAC training indicated that E-rate cannot be used to “get free stuff,” including eligible components. However, service providers often provide price concessions, promotions, or free services for a bundle of all-eligible components in order to price competitively, which benefits both applicants and the fund. Here is an example of such a bid:

(2) Brand A routers, model xyz @ \$3500	\$7,000.00
(2) Brand A switches, model rst @ \$1200	\$2,400.00
Installation and configuration (\$1200 value)	Free
<u>Basic technical training during installation (\$600 value)</u>	<u>Included</u>
Total	\$9,400.00

If this bid was the lowest cost of all bids received, would the applicant be in violation of USAC rules about free services if they selected it as “most cost effective” in their competitive bidding process? (Assume that all components are eligible and that equipment pricing is cost effective.)

A8: We will take this question under advisement and discuss it in more detail on next month’s call.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

August 3, 2011

AGENDA

1. Funding Commitments for FY2011, FY2010, and FY2009
 2. E-File FCC Form 498 Update
 3. Update on Fall Applicant Training
 4. Invoicing Update
 5. General Questions Received by Email
-

MINUTES

1. Funding Commitments for FY2011, FY2010, and FY2009

For FY2011, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
004	7/12/2011	\$31.6 M
005	7/19/2011	\$38.6 M
006	7/26/2011	\$35.4 M
007	8/2/2011	\$26.1 M

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above and denying requests at 79 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
057	7/13/2011	\$5.6 M
058	7/20/2011	\$6.9 M
059	7/27/2011	\$5.4 M
060	8/3/2011	\$7.6 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
089	7/11/2011	\$2.8 M

2. E-File FCC Form 498 Update

Service providers updating an FCC Form 498 online will notice a change in the way the online system works. Specifically, the system now validates the FCC Forms 499-A/Q Filer ID field based on the Taxpayer Identification Number (TIN) associated with the SPIN. If the system already has an FCC Forms 499-A/Q Filer ID on file for the TIN:

- If the service provider leaves the field blank, the system will populate the field with the FCC Forms 499-A/Q Filer ID on file.
- If the entry provided by the service provider does not match the FCC Forms 499-A/Q Filer ID on file, the system will replace the entry with the FCC Forms 499-A/Q Filer ID on file.

It is very important to keep your FCC Form 498 contact information current. This is USAC's primary means of notifying you of important information.

If you have not provided electronic banking information, you should do so as soon as possible. We are still notifying service providers that have not provided this information that we cannot make payments to them until they do.

If you have questions or need assistance with an FCC Form 498, call us at (888) 641-8722 and choose the "FCC Form 498" option.

3. Update on Fall Applicant Training

The applicant training sessions in Washington DC, Newark NJ, and Los Angeles CA have all closed. Potential attendees who were waitlisted were admitted in the order they registered up to the capacity of the room. If you would like to attend a training session, you should choose a session that is still open. Remember, however, that the information provided will be applicant-focused.

4. Invoicing Update

Payments for the month of July totaled \$163,042,662.10 against requests for \$205.5M. In total, 11,742 invoices were processed for 1,592 service providers. This represented 36,558 lines in July with 98 percent being completed within 30 days.

There were 996 lines in process as of August 2.

- **Top Five Reasons for Invoice Rejections**

- Billing outside Funding Year
- Duplicate
- Deadline extension needed
- FCC Form 486 not filed
- FCC Form 473 (SPAC) not filed

- **Service delivery deadlines and extension requests**

In general, September 30 is the deadline for delivery and installation of FY2010 non-recurring services. This deadline will be extended automatically if USAC issues one of the following for a non-recurring service FRN on or after March 1, 2011:

- A Funding Commitment Decision Letter with a positive commitment.
- An approval for a SPIN change request.
- An approval for a service substitution request.

If you believe that you will not be able to make this deadline, all of the following must occur:

- A service delivery deadline extension request must be submitted to USAC on or before September 30. USAC cannot consider requests received or postmarked after September 30.
- The contract expiration date (CED) must be on or after the date that delivery and installation will be completed. If the contract expires before that date, it must be extended. Keep in mind that – in order to extend a contract – the contract must provide for an extension and the extension must be allowable under the applicable state and local procurement and contract rules and regulations.
- If the contract is extended and the CED is changed as a result, the applicant must notify USAC of the new CED by filing an FCC Form 500.

- **Invoice deadlines and extension requests**

If you or your customer only needs an extension of time to file invoices, you or your customer should submit an invoice deadline extension request.

- The invoice deadline for FY2010 recurring services is October 31, 2011. (The usual deadline of October 29 falls on a Saturday in 2011.)
- The invoice deadline for FY2010 non-recurring services is January 30, 2012. (The usual deadline of January 28 falls on a Saturday in 2012.)

You can use the Deadlines Tool on the USAC website to determine or calculate these and other deadlines.

5. Other

To continue the free services discussion from question 8 on the July 6 service provider call, let's compare two scenarios using the example provided in the question (labeled "Vendor A" in both examples below):

- Scenario 1 compares Vendor A to Vendor B. Vendor B's bid shows the costs indicated in the July 6 call example for the four items.
- Scenario 2 compares Vendor A to Vendor C. Vendor C's bid gives a cost for each item rather than marking some items as "free" or "included" but ends up with the same total as Vendor A.

Scenario 1

	Vendor A	Vendor B
(2) Brand A routers, model xyz	\$ 7,000	\$ 7,000
(2) Brand A switches, model rst @ \$1200	2,400	2,400
Installation and configuration	Free	1,200
Basic technical training during installation	Included	600
Total	\$ 9,400	\$11,200

Scenario 2

	Vendor A	Vendor C
(2) Brand A routers, model xyz	\$ 7,000	\$ 5,800
(2) Brand A switches, model rst @ \$1200	2,400	1,800
Installation and configuration	Free	1,200
Basic technical training during installation	Included	600
Total	\$ 9,400	\$ 9,400

In the first scenario, the applicant would be comparing the price of \$9,400 to the price of \$11,200. Although Vendor A would receive a higher score on this bid evaluation criterion, the applicant may have additional criteria to evaluate the two bids – which may or may not result in Vendor A's bid being the most cost effective.

In the second scenario, the applicant would be comparing the price of \$9,400 to the price of \$9,400. Because the two vendors would receive identical scores on this criterion, the applicant would need to be able to demonstrate how the most cost-effective bid was chosen – e.g., by using additional criteria.

6. General Questions Received by Email

Q1: Assume that an applicant is CIPA compliant and has been funded for Internet access over the previous five years. The applicant would now like to add iPads and the corresponding 3G service for administrators (and in the future for students). As of right now, the applicant does not know of a way to filter that 3G Internet access. If the applicant starts the 3G service, but does not include that service on any funding request for 2012, does that un-filtered 3G access jeopardize their funding/CIPA status for the "old" Internet access for 2012 and going forward?

A1: CIPA Compliance

- CIPA affects other programs besides E-Rate, and those programs may have different program rules.
- Schools and libraries can address Internet access other than E-Rate funded Internet access in their Internet safety policies.
- Other E-Rate program rules – e.g., competitive bidding – may come into play later if the services mentioned become eligible for E-Rate discounts but were not competitively bid.
- It may be very difficult to keep the unfiltered 3G access limited as suggested (i.e., totally inaccessible to unauthorized users).

Q2: Many of our clients have Pre-k students in their districts. Because Pre-k is not eligible for reimbursement in some states, we have worked with PIA reviewers to remove a percentage of the monthly requested amount for each FRN to account for Pre-k students – in those states where it is not eligible. We are now working with Service Providers to establish bill credits for applicants who have opted for the SPI method of reimbursement. We have requested that Service Providers remove a percentage of the bill to account for Pre-k (i.e. 2 percent) – before applying the discount percentage. Many Service Providers appear to have no mechanism for doing this. We would like confirmation of what USAC requires, and would like to hear from any Service Providers that are currently removing these Pre-K amounts on behalf of their customers.

A2: Because services delivered to ineligible students are ineligible, E-Rate cannot pay discounts on those services. Service providers should find a mechanism – e.g., non-discounted line items on customer bills, separate bills for eligible and ineligible services, a spreadsheet showing how the pre-discount cost on the SPI Form was calculated from the customer total billed amount – to allow invoice reviewers or auditors to understand any differences between the amounts on the customer bills and the total eligible pre-discount costs on the SPI Form.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

September 7, 2011

AGENDA

- 1. Funding Commitments for FY2011, FY2010, and FY2009
- 2. CIPA Update
- 3. FCC Order DA 11-1354 Authorizing Additional Funds for FY2010 and FY2011
- 4. Update on Fall Applicant Training
- 5. Invoicing Update
- 6. Other
- 7. General Questions Received by Email

MINUTES

1. Funding Commitments for FY2011, FY2010, and FY2009

For FY2011, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
008	8/9/2011	\$24.5 M
009	8/16/2011	\$49.5 M
010	8/23/2011	\$43.1 M
011	8/30/2011	\$33.2 M
012	9/7/2011	\$37.5 M

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 81 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
061	8/10/2011	\$5.4 M
062	8/17/2011	\$5.7 M
063	8/25/2011	\$13.0 M
064	8/31/2011	\$14.4 M
065	9/8/2011	\$3.1 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
090	8/8/2011	\$6.0 M
091	8/22/2011	\$0.7 M
092	8/31/2011	\$9.5 M

2. CIPA Update

The FCC has issued Order [FCC 11-125](#) which updates the E-rate program rules to be consistent with the Children's Internet Protection Act and the Protecting Children in the 21st Century Act. You can refer to this order for specific rules changes and policy guidance.

At a high level, the new requirements for applicants are as follows:

- **For Schools** – By July 1, 2012, amend your existing Internet safety policy (if you have not already done so) to provide for the education of minors about appropriate online behavior, including interacting with other individuals on social networking sites and in chat rooms, and cyberbullying awareness and response.
- **For Libraries** – No new requirements.
- Overall - several existing statutory requirements have been codified and others have been clarified.

“Social networking” and “cyberbullying” are not defined, nor are specific procedures or curricula detailed for schools to use in educating students. Congress' intent is that local authorities should make decisions in this area.

In general, guidance has not changed but has been formalized by being incorporated into program rules.

Note on document retention requirements – It is not considered a CIPA violation if the required Public Notice of and public meeting or hearing occurred prior to August 2004 and the applicant is unable to produce records of the public notice and/or the public meeting or hearing. However, going forward, documentation must be retained for five years after the last date to receive service.

3. FCC Order [DA 11-1354](#) Authorizing Additional Funds for FY2010 and FY2011

In this order, the FCC addressed funding for FY2010 and FY2011 as follows:

FY2010 – USAC is directed to use funds in reserve accounts to fund ALL eligible Priority 2 funding requests, even those at 79 percent and below that were originally denied for funding cap.

USAC started reviewing Priority 2 funding requests at 80 percent some time ago, so we should be able to start issuing commitments at 80 percent very soon. We have also started reviewing Priority 2 requests below 80 percent, so commitments at other discount levels will begin to appear shortly.

FY2011 – USAC is directed to roll forward \$850 million in unused funding from FY2003 through FY2009 for funding commitments into FY2011. We have approval from our Board to fund approved requests at 90 percent and are waiting for approval from the FCC. At this point we don't know what discount level we will be able to reach with the additional funding.

4. Update on Fall Applicant Training

The applicant training sessions in Minneapolis MN and Orlando FL are open — the other six have closed. Potential attendees who were waitlisted in the other sessions were admitted in the order they registered up to the capacity of the room. If you would like to attend a training session, you should choose a session that is still open. Remember, however, that the information provided will be applicant-focused.

Even if you cannot attend training, we suggest you review the training presentations that will be posted on the USAC website for more information on gifts, the Children's Internet Protection Act, and other items of interest.

Note that because of staff travel on November 2, the November service provider call has been moved ahead one week, to November 9 at 3:00 PM ET.

5. Invoicing Update

Payments for the month of August totaled \$223,554,348.29 against requests for \$284.3M. In total, 14,874 invoices were processed for 1,735 service providers. This represented 46,095 lines in August with 97 percent being completed within 30 days.

There were 1,284 lines in process as of September 2.

- **Invoicing Reminders**

Delivery of FY2010 non-recurring services – In general, September 30 is the last day to deliver and install FY2010 non-recurring services. Automatic extensions are granted if USAC issues one or more of the following on or after March 1, 2011:

- Approval of a service substitution request
- Approval of a SPIN Change request
- An appeal decision that commits new or additional funding

- Approval of a service delivery extension request
- A Funding Commitment Decision Letter (FCDL).

Note: If you did not receive an automatic extension of this deadline and you need to request one, your request must be received or postmarked on or before September 30, 2011.

Payments – Please be sure that you have the correct ACH bank account information on your Form 498. All funds — including BEAR payments — are now paid by wire transfer. You can log into the E-File System on the USAC website to update the information on your Form 498 if you need to do so.

Invoicing deadline – October 28, 2011 is the last date to submit an invoice for FY2010 recurring services. Be sure that SPI Forms are submitted and BEAR Forms are approved on or before this date.

6. Other

USAC is issuing its first appeal wave for FY2011. Service providers that receive electronic notifications will see the same three consultant fields on the Revised FCDL that we added on the FCDL:

- Consultant Name (employee)
- Consultant Registration Number
- Consultant Employer

7. General Questions Received by Email

Q1: Is there any limitation on how long a service provider and an applicant/recipient can agree to utilize a Master contract (including, but not limited to, a State contract) that is expected to expire during the funding year? e.g., if the applicant requests a 3-year term in its RFP, can the parties agree to continue utilizing the expired contract for the entire 3-year term of a multi-year contract where the agreement expires without further renewal midyear in funding year 1? Please assume that if this is a Master Contract, the State or other third party entity is not filing a Form 470 for a replacement contract.

A1: Let's first reiterate the points stated or implied in the question:

The contract will expire during the funding year.

- The state — if this is a state master contract — does not intend to file an FCC Form 470 for a state replacement contract, so the State Replacement Contracts guidance does not apply. (Entities other than states cannot take advantage of the state replacement contract guidance.)

- The option to renew the contract is contained in the contract, and renewing the contract does not violate any state or local competitive bidding or contract rules.
- If the original FCC Form 470 was filed for a funding year prior to FY2011, the entity filing the FCC Form 470 checked the appropriate boxes to indicate interest in a multi-year contract and a contract with voluntary extensions.

Keep in mind that the answers below are only for the situation described above:

- If the state filed a Form 470 and an applicant purchases services from the resulting state master contract and cites the state-filed Form 470 on its funding request, but the state does not intend to file a Form 470 for a replacement contract, the applicant cannot get discounts on services under that contract delivered after that contract expires.
- If an applicant files its own Form 470 and considers a master contract as a bid response, the applicant can only rely on that contract until the contract expires. For the applicant to use that contract for the remainder of the year, the entity that negotiated the contract must agree to extend it before the applicant submits its Form 471. (Note that this may involve filing two FRNs.) An applicant cannot extend a contract that it did not sign.
- If the applicant realizes well in advance that it will be in this situation, the applicant can file a Form 470 for services for the remainder of the year and sign its own contract (or receive services under tariff or a month-to-month arrangement) for those services.

Q2: One of our cell phone providers deletes all texting from the amount eligible for E-rate reimbursement if there is any photos in the texting plan. Another cell phone provider does not. Can you clarify the eligibility of texting with photos.

A2: Texting can be eligible for discounts with or without embedded images. If a service provider is not sure whether a particular service is eligible, the service provider should contact USAC with specifics and we can provide the appropriate information.

Q3: General PIA question about the Item 21 information: I am a consultant. In years past, AT&T (Southwestern Bell) has provided me a copy of the SO1 report for a list of services for their invoice. We provide both the invoice and the SO1 report as our ITEM#21 submission for PIA review. Upon contacting AT&T this summer, they said they are no longer providing this service because it is a manual process for the E-Rate department to look up system codes and plug them into a spreadsheet to email to me. They notified me that AT&T will no longer be spending their time on this type of request. However, USAC requests this report in order for PIA review team to see services listed. Please advise, how to handle this issue for the upcoming filing period. Because this may be a nationwide issue. Thank you.

A3: In the past, PIA reviewers requested specific reports by name (CRIS, S01, etc.) because they knew that those reports contained the level of detail necessary to make a funding decision. Generally, the page or pages of the telephone bill that clearly identify all separate charges are

clear and complete enough for PIA to make a determination of eligibility, and those specific reports are not necessary.

Q4: The FCC's Clarification Order states in footnote 25 that: "For example, many cell phones are free or available to the general public at a discounted price with the purchase of a two-year service contract. Schools and libraries are free to take advantage of these deals, without cost allocation, but cannot accept other equipment with service arrangements that are not otherwise available to some segment of the public or class of users." Please provide some guidance about the scope of the FCC's decision so that we have some bright lines for when it applies and how it will be administered. For example, does the FCC rule for an ancillary service — that the offering must be the most cost effective means of obtaining the eligible functionality without regard to the ineligible functionality — apply for this new provision as well? Does it apply or not apply to the following situations?

- A service provider always includes free surge protectors in its bids in order to protect the routers, switches, and hubs that are a part of the bid.
- All purchasers of a company's router are given a free Intrusion Protection System if they purchase prior to a certain date.
- A service provider wants to provide a Virtual Private Network capability as a standard component part of its Internet Access service, at no increase in cost.
- A service provider provides free parent and/or teacher accounts for all e-mail services in conjunction with any applicant's decision to sign up all students for paid services.
- All purchasers of a certain model of eligible file server are given a free XBox.

Can you provide some additional examples or criteria for when the FCC decision applies?

A4: Applicants and service providers should review the guidance on gifts in the Sixth Report and Order ([FCC 10-175](#), released September 28, 2010) and the subsequent clarification Order ([DA 10-2355](#), released December 15, 2010). We expect the FCC to provide additional guidance at a later date that should help program participants address the above examples appropriately.

Note that “ancillary use” applies to products and services (1) for which a separate price cannot be determined and (2) which are the most cost effective means of obtaining the eligible functionality without regard to the ineligible functionality. The above examples do not meet these two conditions.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

October 5, 2011

AGENDA

1. Funding Commitments for FY2011, FY2010, and FY2009
 2. Update on FY2010 Priority 2 Funding Commitment at 80 Percent and Below
 3. Update on Fall Applicant Training
 4. Invoicing Update
 5. General Questions Received by Email
-

MINUTES

1. Funding Commitments for FY2011, FY2010, and FY2009

For FY2011, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. We have received approval from the FCC to fund approved Priority 2 requests at the 90 percent discount level, and expect to start those commitments in Wave 18. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
013	9/13/2011	\$22.7 M
014	9/20/2011	\$71.4 M
015	9/27/2011	\$39.2 M
016	10/4/2011	\$33.1 M

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at all discount levels. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
066	9/14/2011	\$3.7 M
067	9/21/2011	\$143.1 M
068	9/28/2011	\$16.4 M
069	10/5/2011	\$3.7 M

Note: Wave 67 included commitments for Priority 2 services at 80 percent; Wave 68 and subsequent waves can include all discount levels.

For FY2009, USAC is funding approved Priority 2 requests at 77percent and above and denying requests at 76 percent and below. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
093	9/19/2011	\$0.5 M
094	9/26/2011	\$1.6 M

2. Update on FY2010 Priority 2 Funding Commitments at 80 Percent and Below

In a typical funding year, USAC starts making Priority 2 commitments at 90 percent first. We then move to 89 percent, 88 percent, and so on until funding is insufficient to fully fund approved requests at a specific discount level.

Because USAC has been directed by the FCC to fund all eligible FY2010 Priority 2 requests - including those at 79 percent and below that were originally denied for threshold - we will be reviewing applications and making commitments for Priority 2 requests at all discount levels. Therefore any FY2010 wave after Wave 67 can include Priority 2 commitments at any discount level.

3. Update on Fall Applicant Training

November Service Provider call date changed to Wednesday, November 9

The Washington DC training was well received, and attendees had many interesting questions. We intend to include questions and answers to the most commonly asked questions in upcoming SL News Briefs.

Service providers that are not able to attend training should review the presentations posted on the USAC website on the Fall 2011 Applicant Trainings page, especially the ones titled “Gifts” and “Road to Success.”

Note that the date of the November service provider call has been changed to accommodate staff return travel from the Los Angeles applicant training session.

4. Invoicing Update

Payments for the month of September totaled \$229,744,223.90 against requests for \$294.1M. In total, 15,030 invoices were processed for 1,756 service providers. This represented 45,409 lines in September with 97 percent being completed within 30 days.

There were 868 lines in process as of October 5.

- **Invoice Deadline for FY2010 Recurring Services**

The last date to submit an invoice for FY2010 recurring services is October 28, 2011.

- A SPI FCC Form 474 submitted after October 28 will be rejected for being late.
- A BEAR FCC Form 472 certified by the service provider after October 28 will be rejected for being late.

Remember that you can certify BEAR Forms filed online by logging into the E-File System with your User ID and Password. If you need assistance, call our USAC helpline at (888) 641-8722 and choose the “FCC Form 498” option from the menu.

- **FCC Form 486, Receipt of Service Confirmation Form**

The deadline to file an FCC Form 486 is Monday, October 31, 2011 for an FRN with a service start date of July 1, 2011 and a positive commitment on an FCDL dated on or before July 1. You can remind your customers of this deadline if you notice that they have not yet filed their FCC Forms 486.

- **FCC Form 473, Service Provider Annual Certification (SPAC) Form**

FCC Form 473 must be filed each year by the service provider before USAC will pay invoices for the funding year featured on that form.

- An invoice – BEAR Form or SPI Form – will be rejected if a SPAC Form is not on file for that funding year.
- If the invoice deadline has passed, the service provider must first file the SPAC Form and then either the service provider or the applicant must request and be granted an invoice deadline extension before a new invoice can be filed.
- You can also file an FCC Form 473 for 2011 so that FY2011 invoices can be processed. If you search for your SPIN in the SPIN Contact Search Tool, you can see which funding years have SPAC Forms on file with USAC for your SPIN.

5. General Questions Received by Email

Q1: We are a Service Provider that finds when dealing with Schools during bidding and etc. It is much easier for the School to use a Consulting firm for questions and filings. We as a Service Provider are wondering if we are able to have on our website a listing or a link to these Consultants sites. As we would have an area stating "need help with E-rate" this would take them to a listing of firms we know of in the area. We would have a disclaimer stating we are in no way affiliated with them and it would be left to them to make decisions concerning whom they are to use. But they may find more information about the firms via a listing or link to their sites. Are

we allowed to do so? Are we allowed to put as many or as little as we know of? Or are we required to list all available in the US?

A1: We suggest that you consider allowing applicants to do their own research and select their own consultants without your assistance.

Q2: If a service provider needs to issue a credit to applicant for service outage for very small dollar amount is there a lower limit on what needs to be refunded to USAC? For example if the applicant's credit is \$5, and the refund to USAC would be \$2.50 (50 percent discount), does a check need to be sent to USAC? Also, if a service outage credit is issued after the end of the funding year in which the outage occurred, is it OK to include the credit on the applicants invoice for the current funding year and reduce the amount of discount for the that year?

A2: If the credit covers services for which USAC paid discounts, the discount amount must be returned to USAC and must be applied to the appropriate FRN. There is no de minimis threshold for returning funds.

You or the applicant can either:

- Follow the instructions in the document Returning Funds to USAC to return the E-Rate share of the credit to USAC or
- If invoicing has not been completed for that FRN, you can reduce the amount due on the next invoice to USAC for that FRN to properly account for the E-Rate share of the credit.

Q3: Our schools all have detailed item 21s entered including make, model, quantity and price. Yet in review they keep getting requests for make, model, quantity and price. These are not clarification questions, but rather initial inquiries and when they're sent the same information as is in the item 21 it's accepted. Why isn't the item 21 used?

A3: We spoke with this questioner shortly after the service provider call. PIA was looking for pricing information that was not included on the submissions.

Q4: I have 2 questions about this slide from the applicant training on discount calculation. "Starting in FY2012, applicants must use NSLP data as of a date that is verifiable by your state authority to determine your appropriate discount rate. If State audits October 1 numbers, then you must use those student counts."

- If a school's October (official) F&R is 74 percent, and its November F&R as reported to the state is 75 percent, can the school use the November count on its FCC Form 471 or must it use the October count? In the past, this would be reviewed in PIA and accepted.
- If the answer to the above is that an individual school must use October's F&R count, is the same true for individual schools within a district?

A4: The slide has been edited to be consistent with the Form 471 instructions, which state:
"Provide the number of students eligible for NSLP as of the October 1st prior to the filing of this form, or use the most current figure available."

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

November 9, 2011

AGENDA

1. Funding Commitments for FY2011, FY2010, and FY2009
 2. Update on FCC Form 498 Filer ID Validation
 3. Update on Email Addresses Used for E-notifications
 4. Invoicing Update
 5. General Questions Received by Email
-

MINUTES

1. Funding Commitments for FY2011, FY2010, and FY2009

For FY2011, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
017	10/12/2011	\$26.7 M
018	10/18/2011	\$125.0 M
019	10/26/2011	\$45.5 M
020	11/1/2011	\$25.7 M
021	11/8/2011	\$25.8 M

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

Wave	FCDL Date	Amount
070	10/13/2011	\$78.3 M
071	10/19/2011	\$10.6 M
072	10/26/2011	\$6.0 M
073	11/2/2011	\$4.2 M
074	11/9/2011	\$6.7 M

For FY2009, USAC is funding approved Priority 2 requests at 77 percent and above and denying requests at 76 percent and below. Wave 95 will be the last regular funding wave; subsequent waves will be issued on a non-regular basis as USAC can make funding decisions. Please see the October 28 SL News Brief for more information. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
095	10/17/2011	\$0.2 M
95A	10/31/2011	\$2.6 M

2. Update on FCC Form 498 Filer ID Validation

USAC assigns an FCC Forms 499A/Q Filer ID to every SPIN that is eligible to provide telecommunications services and that files FCC Form 499-A. This weekend USAC will modify its internal systems to automatically verify that the federal Employer Identification Number (EIN) on the FCC Form 498 for a particular SPIN matches the federal EIN associated with the FCC Forms 499-A/Q Filer ID for that SPIN.

If the EINs do not match, USAC will remove the telecommunications carrier designation (the “Y” in the [SPIN Contact Search Tool](#) results) and require the telecommunications carrier to update the FCC Form 498 and/or FCC Forms 499-A/Q Filer ID appropriately.

In the future, due to this change, USAC's system will be able to automatically add the appropriate FCC Forms 499-A/Q Filer ID to an FCC Form 498 that a service provider is updating online.

We will be performing additional outreach for those companies that have mismatches with these numbers to minimize confusion.

3. Update on Email Addresses Used for E-notifications

In order to improve our ability to contact service providers if we have questions on invoicing and other review issues, we recently started importing email addresses from FCC Forms 498 directly into our system. However, because we also use this email address field to generate e-notifications, an update to an FCC Form 498 may cause a change to the email address we have on file for e-notifications.

- If you don't file an update to your FCC Form 498, your e-notification email will not change.
- If you file an update to your FCC Form 498 and there is an entry in Block 12 Item 116 (email for Company Contact for Schools and Libraries), the system will replace your e-notification email with the email in Item 116.

- If you file an update to your FCC Form 498 and there is no entry in Block 12 Item 116, the system will replace your e-notification email with the email in Block 2 Item 17 (email for Company General Contact).

We are working on this issue and will provide more information when it is available.

4. Invoicing Update

Payments for the month of October totaled \$314,115,674.95 against requests for \$372.7M. In total, 22,554 invoices were processed for 2,124 service providers. This represented 66,291 lines in October with 98 percent being completed within 30 days.

There were 1,760 lines in process as of November 9.

Payment Processing and Upcoming Holidays – Payments are generally processed on Mondays and Thursdays. Please note the following changes due to upcoming holidays:

- Payments will not be processed on Thursday, November 24 (Thanksgiving Day).
- Payments that would ordinarily be processed on Monday, December 26 (Christmas Day observed) will instead be processed on Tuesday, December 27.
- Payments that would ordinarily be processed on Monday, January 2, 2012 (New Year's Day observed) will instead be processed on Tuesday, January 3.

Top 5 Reasons for Invoice Rejections –

- The total amount committed on the FRN has already been paid.
- The Billed Date is outside of the funding year.
- The Billed Date for recurring services is after the last month of the funding year.
- The SPIN is unregistered (see below).
- A Form 486 has not been successfully processed for the FRN (see below).

“Unregistered” SPINs – If an FCC Form 498 has been started but not yet submitted, USAC cannot make payments on FRNs that feature the SPIN on that form until the form has been submitted, certified, and successfully processed. The SPIN on an incomplete form is marked ‘unregistered.’

FCC Form 486 Deadline – The deadline for applicants to file Form 486 is 120 days after the date of the Funding Commitment Decision Letter (FCDL) or 120 days after the service start date, whichever is later. For applicants with an FCDL date on or before July 1, 2011 and a service start date of July 1, 2011, the FCC Form 486 filing deadline was October 31, 2011.

Note: USAC issues an FCC Form 486 Urgent Reminder Letter for applicants whose deadline has passed. Those applicants have 20 days from the date of that letter to file and certify an FCC Form 486. If an FCC Form 486 is not submitted until after the extended deadline, USAC will

adjust the service start date to the date 120 days before the postmark date of the FCC Form 486. Note that USAC will not pay discounts on services received before the adjusted service start date.

Appeals – If an invoice is rejected, you should first determine why it was rejected.

- If you made an error that can be corrected, simply file a new invoice with the correct information. If the invoice deadline has passed, you must first request and be granted an invoice deadline extension before you can submit a new invoice.
- If you disagree with the reason that the invoice was rejected, you can file an appeal with USAC or with the FCC.

5. General Questions Received by Email

Q1: Can you provide any insight on the dates of the FCC Form 471 filing window for FY 2012? I have read that the FCC authorized USAC to open the window no earlier than November 28, 2011, but do you have a sense of whether the window will open shortly thereafter? Or will it open in January as it did last year?

A1: We expect the FY2012 filing window to open in early January and close in mid-March.

Q2: We are an internet service provider and we currently offer 1, 3 or 5 year contract terms. Our contracts have an auto renewal clause. We date our E-Rate contracts 7/1/xx to 6/3/0xx (for example 7/1/11 to 6/30/12 for a 1 year contract). If a customer signs a 1 year contract and it expires how long can they continue to use the expired contract and E-Rate funding?

A2: We would consider this contract to be a contract with voluntary extensions. As long as the contract provisions continue to be followed, the applicant can voluntarily extend the contract each funding year. Note that the applicant's decision to extend that contract should be made before the FCC Form 471 is filed.

If the original contract was for FY2010 or earlier, the applicant should have indicated interest in a "contract with voluntary extensions" on the FCC Form 470 and/or RFP.

Q3: Some folks in PIA are interpreting that since connection to Internet2 is mentioned as eligible under Digital Transmission Services but not specifically listed as eligible under Internet Services, that connection to Internet2 networks as an Internet Service is ineligible. Internet2 membership fees are listed as ineligible and I understand that fees for specific content is ineligible, but I don't see where access to Internet2 networks are specifically listed as ineligible as an Internet service. The Internet2 networks are really no different than the hundreds of other international networks that make up the global Internet so it seems unusual that connectivity to Internet2 networks would be excluded from eligibility as an Internet service. Can you clarify?

A3: Basic conduit access to the Internet, as well as to Internet2, is eligible for discounts in the Internet Access category of service. We will provide our PIA reviewers additional training to ensure this is treated accordingly.

Q4: Since the Form changes in 2010 - the print is very small and difficult to read. Can USAC have the applications changed to back to bold print? Thank you.

A4: We will take this request under advisement, but we probably cannot make any form changes for FY2012. You can always use the [FCC Form 470 Download Reports tool](#) to access the data from filed FCC Forms 470 and format your search results any way you wish.

Q5: Is there any quick way to search for information based solely on the FRN? The Invoice Deadline Extension Decision Letters are mailed with only the FRNs listed. (Today I received one that had 8 FRNs in 5 different states). As a service provider that does business in multiple states, I have to search by trial and error using the data retrieval tool to figure out who the FRN belongs. I can narrow down the Funding Year, but I do not know the State (and by extension SPIN) or the BEN, and therefore have to search each state until I find it. Is there an easier way? If not, can something be done to modify the search tool? Thank you in advance.

A5: Yes. Using the [Data Retrieval Tool](#), choose a funding year, enter your SPIN (do not choose a state), choose either "Excel" or "Tab Delimited Text" for the format of your output file, and click on "Select Data Points." Put a check next to each of the fields you want to use to identify your FRNs. Then click on "Build Data File!" The resulting file will contain the data you requested on all the FRNs for the chosen funding year that features your SPIN. You will do this once for each funding year for as many funding years as you need.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

December 7, 2011

AGENDA

1. Funding Commitments for FY2011 and FY2010
 2. Update on E-File User Access
 3. FY2012 FCC Form 471 Application Filing Window Dates
 4. Invoicing Update
-

MINUTES

1. Funding Commitments for FY2011, FY2010, and FY2009

For FY2011, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
022	11/15/2011	\$36.3 M
023	11/22/2011	\$33.4 M
024	12/1/2011	\$33.4 M
025	12/6/2011	\$14.8 M

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

Wave	FCDL Date	Amount
075	11/16/2011	\$2.6 M
076	11/23/2011	\$30.6 M
077	12/7/2011	\$9.8 M

2. Update on E-File User Access

USAC is updating the identity management software for the E-file System. We expect this software update to result in a greater network speed and a better overall user experience.

USAC plans to update the software in early January. After the update occurs, USAC will notify service providers of the update by email and provide information on how to log into the updated system.

Additional details will be provided as they become available. If you have any problems or questions before or during this process, please call us at (888) 641-8722 and choose option 2 or option 3.

3. FY2012 FCC Form 471 Application Filing Window Dates

The FY2012 Form 471 application filing window dates have been set.

- The filing window will open at Noon on Monday, January 9, 2012.
- The filing window will close at 11:59 PM ET on Tuesday, March 20, 2012.

The last day to post an FCC Form 470 to the USAC website and still be able to complete an FCC Form 471 before the filing window closes will be Tuesday, February 21. Note that this is a posting deadline, not a postmark deadline.

4. Invoicing Update

Payments for the month of November totaled \$139,413,353.24 against requests for \$171.7M. In total, 9,373 invoices were processed for 1,505 service providers. This represented 32,450 lines in November with 98 percent being completed within 30 days.

There were 1,195 lines in process as of December 5.

Top five reasons for invoice rejections –

- The invoice was submitted late.
- Updates to the information on Form 498 must be made before the invoice can be paid.
- This invoice is a duplicate of an earlier invoice.
- The Billed Date is before the service start date reported on Form 486.
- The total amount committed on the FRN has already been paid.

Payment processing and upcoming holidays – Payments are generally processed on Mondays and Thursdays. Please note the following changes due to upcoming holidays:

- Payments that would ordinarily be processed on Monday, December 26 (Christmas Day observed) will instead be processed on Tuesday, December 27.
- Payments that would ordinarily be processed on Monday, January 2, 2012 (New Year's Day observed) will instead be processed on Tuesday, January 3.

“Unregistered” SPINs – If an FCC Form 498 has been started but not yet submitted, USAC cannot make payments on FRNs that feature the SPIN on that form until the form has been

submitted, certified, and successfully processed. The SPIN on an incomplete form is marked 'unregistered.'

Deadline for FY2010 invoices for non-recurring services – The last date to submit an invoice for FY2010 non-recurring services is January 30, 2012.

- A SPI FCC Form 474 submitted after January 30 will be rejected for being late.
- A BEAR FCC Form 472 certified by the service provider after January 30 will be rejected for being late.

Remember that you can certify BEAR Forms filed online by logging into the E-File System with your User ID and Password. If you need assistance, call our USAC helpline at (888) 641-8722 and choose the "FCC Form 498" option from the menu.