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Schools and Libraries News Brief

February 3, 2006

**REMINDER: The FY2006 Form 471 window closes in 13 more days on
FEBRUARY 16, 2006 at 11:59 PM EST**

Funding Year 2005 Waves

USAC will release Wave 33 funding commitment letters February 8. As of February 3, FY2005 commitments total over $1.24 billion. See Automated Search of Commitments for more information.

"Two-in-Five Rule" for Internal Connections

Starting in Funding Year 2005, eligible schools and libraries can only receive funding for Internal Connections in two out of every five years. Applicants can still be funded each year for Telecommunications Services and Internet Access and — depending on the Priority Two funding threshold — for Basic Maintenance of Internal Connections.

A school or library uses one year when it is listed on a funded Internal Connections Funding Request Number (FRN). For example, if a school district files an Internal Connections funding request for a router and lists nine of its schools on the Block 4 worksheet associated with the FRN, all nine schools have used one year of Internal Connections if USAC issues a funding commitment on that FRN. Therefore, be careful to list in each Block 4 worksheet only the entities that will actually receive Internal Connections.

Prior to commitment, applicants may remove entities from a Block 4 worksheet. However, once a funding commitment has been issued, the year is considered used unless:

- The applicant cancels the entire FRN or
- The applicant reduces the funding on the FRN to zero by filing a Form 500 or
- USAC adjusts the commitment on the FRN to zero. (Note that if any payments have been made on the FRN, those funds must be returned to USAC.)

See "Two-in-Five Rule" for Internal Connections for more information.

What is Basic Maintenance?

Basic Maintenance consists of services necessary to assure that eligible equipment will continue to function and serve its intended purpose with the degree of reliability ordinarily provided in the marketplace. Examples of Basic Maintenance include:

- Repair and upkeep of eligible equipment	- Basic technical support
- Wire and cable maintenance	- Network configuration changes

Contracts that include services that exceed the transport of information or diagnostic services are ineligible for funding. If your contract includes such ineligible services, the entire contract becomes ineligible for discounts. Examples of ineligible services include:

- Onsite technical support when offsite maintenance is more cost-effective
- 24-Hour network monitoring
- Network management
- Help Desks that provide a comprehensive level of support beyond Basic Maintenance
- Technical support contracts that include more than Basic Maintenance

Some services that are not considered Basic Maintenance can be cost-allocated — that is, the cost can be removed from the pre-discount amount of the funding request. Services that can be cost-allocated include:

- Initial planning
- Design and engineering
- Installation
- Project management

- Training
- Consulting services
- Equipment leases
- Software licenses

Basic Maintenance is considered a recurring service. You must enter costs for Basic Maintenance in Block 5, Items 23A-23E of a funding request, and Basic Maintenance services must be received on or before June 30 of the funding year. Your contract for Basic Maintenance can specify a one-time payment for the entire year, and USAC can be invoiced once for the entire amount, but the funding request must specify the appropriate monthly charge and the number of months of service. See the Basic Maintenance section of the Eligible Services List for more information.

Preparing Your Item 21 Attachment

The Form 471 Item 21 Attachment identifies the services ordered and pricing. The Item 21 Attachment should describe the products and services requested and indicate the physical location of any equipment. Installation charges, up-front costs, and other non-recurring costs should be clearly identified. The costs for the products and services on the Item 21 Attachment should tie to the funding request (Form 471, Block 5, Item 23).

Each Block 5 funding request requires an Item 21 Attachment. For clarity, it is preferable to submit a separate Item 21 Attachment for each FRN. The online Item 21 Attachment tool automatically ties the Item 21 Attachment to the specific FRN and guides applicants through the online submission process.

Service providers are encouraged to assist applicants in preparing Item 21 Attachments, especially when technical details are required. Applicants, in turn, are encouraged to share their submitted Item 21 Attachments with their service providers, especially if the service providers will be invoicing USAC with a Service Provider Invoice Form 474.

As of February 1, USAC has received online Item 21 Attachments for over 8,000 FRNs. The sooner we receive your certified application and all related attachments, the sooner our reviewers can begin to process your funding request.

For examples and more information, see Item 21 Attachments.

Update: Bulk Upload Review

Last week, some of our stakeholders let us know that they were having trouble with certain aspects of the Form 471 Block 4 Bulk Upload feature. This new tool has been thoroughly tested for the problems identified and is now working properly for those functions. You can follow the posted Bulk Upload instructions or instructions you printed before January 18.

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