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Schools and Libraries News Brief

March 17, 2006

SPECIAL NOTICE: The FCC has approved funding for FY2005 Priority 2 funding requests down to the 88% discount level.

Funding Year 2005 Waves

USAC will release Wave 40 funding commitment letters on March 23. This wave will include commitments for approved Internal Connections and Basic Maintenance funding requests at 88% and above, and denials for all Internal Connections and Basic Maintenance requests at 76% and below. As of March 17, FY2005 commitments total just under \$1.38 billion. See [Automated Search of Commitments](#) for more information.

Transfers of Equipment

In general, if you receive discounts on the purchase of equipment, you cannot sell, resell, or transfer that equipment for money or any other thing of value. Also, you cannot change the entities that the equipment serves — with the following exceptions:

- You can transfer equipment to another eligible entity three years after the date the equipment was purchased
- You can transfer equipment to another eligible entity if the original location of the equipment is temporarily or permanently closed

USAC relies on the Block 4 worksheet associated with your funding request to determine which entities are receiving services under that request. Remember that, if you act promptly, you can correct entity number(s) in a Block 4 worksheet by following the process detailed in your [Receipt Acknowledgment Letter](#).

Let's start with some examples of actions that are NOT transfers:

- If you move equipment, you are not making a transfer if the same entities continue to be served by the equipment. For example, if a school district with an elementary school, a junior high school, and a high school has a router that serves all three schools, and the district moves the router from one school to the school technology center, no transfer has taken place if the equipment continues to serve just those three original schools.
- A trade-in of equipment to a service provider is not a transfer. However, different trade-in guidance applies to equipment that was purchased with universal service discounts than to equipment purchased entirely by the applicant. See the "Transfer or Trade-in of Components" section of the [Frequently Asked Questions About Eligibility of Products and Services](#) for more information on trade-ins.

It's important to note, however, that you must maintain records of the actual location of the equipment. Site reviewers or auditors may ask to see equipment purchased some time ago, and applicants with up-to-date asset and inventory records can easily respond to such requests.

Now let's consider allowable transfers:

Equipment can be transferred to other eligible entities three years after the date of purchase. There is no discount level requirement for the receiving entity. For example, after three years, a 90% school can transfer equipment to a 20% library. An applicant that transfers equipment three years or more after the purchase date is not required to notify USAC of the transfer;

however, as above, the applicant must maintain asset and inventory records verifying the location of the equipment.

Equipment can be transferred to other eligible entities — even if those entities are at a lower discount level — if the particular location where the service was originally received is temporarily or permanently closed. This includes equipment serving part of a facility, such as equipment serving individual classrooms, if that portion of the facility is temporarily or permanently closed. In this type of transfer, however, applicants are required to notify USAC of the transfer, document the transfer and the reason for the transfer, and maintain detailed records for a period of five years after the transfer. To notify USAC of a transfer from a closed facility, follow the detailed instructions in the [Transfers of Equipment](#) document on the website. Be sure to include contact information for both the transferring and the receiving entities.

And finally, transfers that are not allowed:

- You cannot add or substitute recipients of service on an approved funding request. If the school district mentioned above added a fourth school to the three already served — or if it substituted a fourth school for one of the other three schools — a transfer would have occurred that is not permitted under current rules.
- You cannot sell, resell, or transfer equipment purchased with universal service funds for money or any other thing of value.

See [Transfers of Equipment](#) for more detailed guidance on equipment transfers.

Address Change for Correspondence

USAC's mailing address for correspondence has changed. The new mailing address is:

Schools and Libraries Program
Correspondence Unit
P.O. Box 902
100 S. Jefferson Rd.
Whippany, NJ 07981

You should begin to use this new address for all correspondence that would have gone to the old 80 South Jefferson address. This correspondence includes, but is not limited to:

- Appeals
- Service substitution requests
- SPIN change requests
- Service delivery extension requests
- Invoice deadline extension requests
- Equipment transfer notifications

Mail and other deliveries sent to the old address will be forwarded for a number of months. Meanwhile, we will be working to update all of the appropriate guidance documents on the website, including the Sample Letters, with the new information. When you use the new address, remember to clearly indicate the type of correspondence (e.g., appeal, service substitution, equipment transfer notification) on both the envelope and the first page of your correspondence.

Tip: Check Your Contact Information

Program Integrity Assurance (PIA) is reviewing applications filed for FY2006. PIA representatives will be using the preferred mode of contact (telephone, fax, or e-mail) that you indicated on your Form 471 to request information on your application. Please take a moment to make sure that your contact information has not changed. If it has, [update your contact information](#) as soon as possible.

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