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Schools and Libraries News Brief

November 17, 2006

TIP OF THE WEEK: Applicants – if you are interested in seeking a multi-year contract or a contract with voluntary extensions, remember to check the appropriate box(es) in Item 7b of the Form 470. There is no penalty for checking these boxes and then signing a one-year contract. However, not checking one or both boxes and then signing a longer-term contract may affect funding for FY2008.

Commitments for Funding Years 2006 and 2005

Funding Year 2006. USAC will release FY2006 Wave 31 Funding Commitment Decision Letters (FCDLs) November 21. This wave will include commitments for approved Internal Connections and Basic Maintenance funding requests at 90%. As of November 17, FY2006 commitments total just under \$1.41 billion.

Funding Year 2005. USAC will release FY2005 Wave 64 FCDLs November 22. This wave will include commitments for approved Internal Connections and Basic Maintenance funding requests at 81% and above. As of November 17, FY2005 commitments total just under \$1.85 billion.

USAC will continue to issue weekly funding commitment waves. After noon on the date that the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

Thinking Through the FY2007 Application Process

Applicants and service providers often ask for more information about the program compliance issues that USAC sees most frequently in its review of applications. Following is a short list of reminders based on observations gleaned from recent audits:

Technology plans. Technology plans must:

- be created (written) before the Form 470 is filed,
- include all five required elements (goals and strategies, professional development, needs assessment, budget resources, and ongoing evaluation),
- cover all 12 months of the funding year (or the entire period for which discounts are requested, if that is less than 12 months), and
- be approved by a USAC-certified technology plan approver before the Form 486 is filed or services start, whichever is earlier.

Applicants may wish to preserve two copies of their technology plans in their files:

- The written plan upon which the Form 470 request is based. This is not necessarily the same as the plan submitted to the USAC-certified Technology Plan Approver (TPA), as minor changes can occur before the plan is approved. The copy of the written plan should include the date it was written (the "creation date").
- The final version of the plan approved by the TPA. Applicants should also keep on file evidence of the date that the final version of the plan was approved.

Applicants must keep a copy of the technology plan approval letter as part of routine document retention. The approval letter should contain the date the plan was approved and its effective dates.

See [Develop a Technology Plan](#) and related links for more information.

Budgets. By the time the Form 471 is filed, applicants must be able to demonstrate that they have secured access to the necessary financial resources to pay for:

- the non-discount portion of the cost of eligible products and services for the funding year, and
- any ineligible products and services (including computers, training, application software, maintenance, and electrical connections) needed to make effective use of the eligible services requested.

We recommend that you review the information on budgets in [Undergo Selective Review](#), especially the section on Operating Budgets in the [Selective Review Instructions](#). While most applicants do not undergo Selective Reviews, these instructions provide specific details about what auditors request when they review budget information.

Discount calculations. In most cases where problems arose, applicants did not maintain proper or complete documentation on the method they used to calculate their discount. For example, if you use National School Lunch Program (NSLP) data posted on a state website, you should consider archiving or printing that data in case the website is updated the following year and prior years' data are no longer easily accessible. Similarly, if you use an [alternative discount mechanism](#) to calculate your discount, save copies of your surveys, sibling matches, and any other documentation to show how you determined your discount calculation.

Children's Internet Protection Act (CIPA). Compliance with CIPA includes three basic requirements:

- an Internet safety policy,
- a technology protection measure (filter), and
- a public notice and meeting or hearing about the policy.

Billed Entities and Administrative Authorities must certify to the status of each eligible recipient's compliance with the requirements of CIPA as of the start of service on Form 486 or Form 479. If you are required to be compliant with CIPA, keep copies of the documentation that demonstrates your compliance. For detailed information on CIPA compliance, see the [Children's Internet Protection Act guidance](#) and the [Form 486 Instructions](#).

Effective use of equipment. Some applicants are funded for and purchase equipment, but then one of the following situations occurs:

- the equipment is not installed,
- the equipment is installed but not used,
- the equipment is underutilized, or
- the equipment is not used until after the end of the funding year.

Applicants participating in the program are expected to install and actively use discounted products and services for the provision of educational and library services.

Internal controls. Applicants should maintain records — such as asset registers — of equipment purchased and put into use for any purpose as part of their regular system of internal controls. This becomes especially important for tracking equipment purchased with E-rate discounts. Auditors expect to be able to verify physical location, purchase date, disposal date, dollar value, and other information about equipment, and an adequate system of internal controls should easily assist auditors in this verification.

Document retention. The FCC requires that applicants maintain complete records of program activities for five years **after the last date to receive service**. In cases where the final deadline for receipt and installation of non-recurring services has been extended, the five-year period **starts** when that final extended deadline passes. See [Document Retention Requirements](#) for more information.

In addition to these issues uncovered during audits, USAC also would like to remind applicants and service providers about the following service eligibility issues:

Centrex service. If you are requesting funding for Centrex telephone service, you MUST have a technology plan. Your phone bill will usually indicate whether or not your phone service is a Centrex service. If you still are not sure, ask your current service provider if your existing service includes Centrex.

On-Premise Priority 1 equipment. Applicants cannot own any portion of the components that provide a Priority 1 service (Telecommunications Services or Internet Access). For example, cabling at an applicant site that provides a Priority 1 service must be owned by the service provider. [On-Premise Priority 1 Equipment](#) contains detailed information on this topic.

Internet Access. If you intend to request funding for any Internet access services, the Form 470 must indicate that you are seeking Internet Access. (In other words, you must complete Item 9 on the Form 470.) This includes email services received on portable electronic devices such as Blackberries.

New Two-in-Five Tool Available

Under the [Two-in-Five Rule](#), entities can only receive funding for Internal Connections in two out of every five funding years. Applicants and service providers can now use the new [Two-in-Five Tool](#) to find the Two-in-Five status for individual recipients. This status will affect eligibility and funding decisions for FY2007 applications.

To access the Two-in-Five status information, first go to the tool and choose one of the following:

- Entity Number(s)
- SPIN(s)
- Form 471 Application Number(s)
- Funding Request Numbers (FRNs)

Once you make your choice, a text box will open for you to make one or more entries. Note that, if you are entering multiple numbers, you must separate your entries with commas or by hitting the enter key.

When you click the Search button, you will then see a grid containing a list of entities in the left-hand column and a list of years across the top, with a status in each cell of the grid. You can get specific information about each grid entry by clicking on the status shown in that particular cell.

Comments Requested on Planned Service Provider Training

Based on numerous suggestions received during USAC's regional training sessions in September and October, USAC plans to offer training for service providers next spring. USAC is currently planning along the following lines:

Number of sessions:	Two or three
Length of each session:	One day or 1½ days
Timing of sessions:	Spring 2007
Locations of sessions:	To be determined
Attendees:	Service providers with active SPINs
Topics to be covered:	Application process from the service provider perspective Form 498 and E-cert IDs Invoicing for success, including electronic invoicing Other program forms and program compliance issues Eligible services Electronic notifications Related topics

USAC is very interested in comments from service providers about all aspects of this training effort: locations, dates, session length, topics, and so on. If you have thoughts or comments, please send them to sptraining@usac.org by close of business December 15. Please note that this mailbox is not set up to automatically generate a confirmation of receipt or to respond to issues outside of service provider training.

Online BEAR Form Live Next Week

The online Billed Entity Applicant Reimbursement Form 472 is expected to go live next week. Watch next week's News Brief and the USAC website for details.

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