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## Schools and Libraries News Brief

June 1, 2007

**TIP OF THE WEEK: If you will be covered by a new technology plan in FY2007, make sure that you have sent your plan to a [USAC-certified Technology Plan Approver](#) for approval.** Your plan must be approved before your services start or your Form 486 is filed, whichever is earlier.

### Commitments for Funding Years 2007 and 2006

**Funding Year 2007.** USAC will release FY2007 Wave 5 Funding Commitment Decision Letters (FCDLs) June 5. This wave will include commitments for approved Priority 1 requests (Telecommunications Services and Internet Access) for schools and libraries at all discount levels. As of June 1, FY2007 commitments total just under \$342 million.

**Funding Year 2006.** USAC will release FY2006 Wave 54 FCDLs June 6. This wave will include commitments for approved Internal Connections and Basic Maintenance funding requests at 86% and above and denials at 84% and below. As of June 1, FY2006 commitments total just under \$1.91 billion.

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.

### Removing Ineligibles During PIA Review

During the application review process, Program Integrity Assurance (PIA) may discover ineligible elements in a funding request. Because USAC can only provide funding for eligible products and services used by eligible entities in eligible ways, elements that do not meet program eligibility requirements must be corrected, cost allocated, or removed.

USAC has modified some PIA procedures in response to guidance provided by the Federal Communications Commission (FCC) in recent remand orders. Following is a discussion of different types of ineligible elements included in funding requests and how they are handled.

Ineligible elements fall into five general categories:

- Ineligible locations
- Unknowing consortium participants
- Ineligible products and services
- Ineligible components of products and services
- Ineligible telecommunications providers

**Ineligible locations.** Ineligible locations are generally considered ineligible because they do not provide elementary or secondary education as determined under state law (schools) or library services (libraries). For example, a private residence or a dormitory on the campus of a school would not be eligible for discounts. You can refer to the USAC website for [guidance on determining entity eligibility](#).

If this is the first funding year that an entity has requested discounts, PIA will do the research necessary to determine if the entity actually exists and is eligible for discounts under program rules. You must have an Entity Number for that entity, which you can obtain through [Submit a Question](#) (choose the topic "Entity Number" and then "I need an entity number for a new entity") or by calling the Client Service Bureau at 1-888-203-8100.

- If you applied online, you had to have an Entity Number to complete a line for the entity in a Block 4 worksheet.

- If you applied on paper, USAC has already contacted you to assign an Entity Number and complete the data entry of your application.
- PIA can also assign an Entity Number during application review if necessary.

[Non-instructional facilities](#) (NIFs) of a school or library can also be eligible for discounts. You should review the website guidance to find out if a NIF needs an Entity Number.

If PIA believes that an entity is not eligible for discounts under program rules, PIA will ask you to provide any additional information about the eligibility of the entity from a third-party source – generally the state education agency or the state library agency – and the portion of the funding request associated with that entity. If you do not respond or the response you provide is not sufficient to establish eligibility, PIA will remove that entity from your funding request and recalculate the discount and dollars as appropriate.

Upon request, PIA will create a new Funding Request Number (FRN) and move ineligible entities into that FRN to allow the processing of the eligible entities in the original FRN. When this happens, the FCDL comment field for the original FRN will include a reference to the new FRN and vice versa. The new FRN will be on the Form 471 that featured the original FRN.

**Unknowning consortium participants.** For consortium applications, the consortium leader must be able to show that consortium members are “knowing participants” in the consortium – that is, the members have formalized their agreement to participate in the consortium.

- If membership in the consortium is required by state statute and participation is mandatory, the consortium leader (the Billed Entity on Block 1 of the Form 471) may be asked to provide a copy of the appropriate state statute during application review.
- In all other cases, the consortium leader may be asked to provide a copy of a [Letter of Agency](#) from members of the consortium. (You can view a [Sample Letter of Agency](#) on the USAC website.)

If PIA cannot establish that an entity is either required to – or has agreed to – participate, PIA will remove that entity from your funding request and recalculate the discount and dollars as appropriate.

**Ineligible products and services.** PIA carefully reviews the Form 471 Item 21 Attachment to verify that the products and services listed are eligible for discounts under program rules. Some products and services, while they may be needed to make effective use of eligible services, may not in themselves be eligible for discounts. Examples of such products and services can include desktop software, electrical systems, computers, handsets, hardware maintenance, and staff development. You can refer to the [Eligible Services List](#) if you are unsure about the eligibility of a particular product or service.

If your reviewer finds products or services that appear to be ineligible, he or she will include a list of those products and services and their associated costs, if known, in the list of questions sent to you by email or fax. It is very important that you keep this list for reference.

- The list will detail the items that PIA considers ineligible, along with the dollar amounts associated with those items. If PIA is not sure of the cost of the items, you will be asked for that information.
- If PIA did not understand your description of the product or service and you can provide additional information to clarify its eligibility, this is your opportunity to do so. We encourage you to work with your service provider to obtain this information.
- If PIA later removes some or all of these items from your funding request, you can refer to the original PIA list to verify items that should not be included on invoices. You should share this information with your service provider, especially if your service provider is providing you with discounted bills.
- This itemized list will assist you if you want to appeal USAC’s decision on one or more of these products or services.

PIA will offer you the opportunity to agree to remove the items deemed ineligible from your funding request.

- If you agree to remove them, PIA will do so and process the remaining items on your funding request. You do not lose your right to appeal USAC's determination if you agree to remove these items.
- If you do not agree to remove them (or upon your request), PIA will create a new FRN and move ineligible products and services into that FRN to allow the processing of the eligible products and services in the original FRN. When this happens, the FCDL comment field for the original FRN will include a reference to the new FRN and vice versa. The new FRN will be on the Form 471 that featured the original FRN.
- If you do not respond within the time allotted, PIA will apply the 30% Rule. This means that, if the cost of those items comprises 30% or more of the total funding request, the entire funding request will be denied. If the cost is less than 30% of the funding request, PIA will remove the ineligible items and process the remaining items.

**Ineligible components of products and services.** In some cases, equipment can be partially rather than fully eligible. For example, a file server can be used to perform several functions at the same time:

- An email server (eligible)
- A firewall server (eligible)
- An archive server (ineligible)

USAC can provide discounts only on eligible uses. When a product can be used for both eligible and ineligible purposes, PIA must ask additional questions to verify exactly how it is being used to determine how much of its usage is eligible.

In the [March 16, 2007 News Brief](#), we discussed several different methods for arriving at [cost allocations](#) for products with multiple uses. On the basis of the information you provided on your application, PIA may propose on its list of questions an appropriate cost allocation for any multiple-use products. You can respond by agreeing or by proposing an alternative cost allocation and providing details to support your proposal. There can be more than one acceptable method for allocating costs of eligible and ineligible uses.

Once PIA has completed its review of the information you have provided, your request may be modified to account for the difference between eligible and ineligible uses of any multiple-use products.

**Ineligible telecommunications providers.** If an applicant applies for Telecommunications Services, the service provider identified on the funding request must be eligible to provide those services. These eligible service providers must have met specific requirements to be designated [telecommunications carriers](#). Eligible Service Provider Identification Numbers (SPINs) have a "Y" in the "Eligible Telecomm Provider" column of the [SPIN Contact Search tool](#).

The SPIN listed on a Telecommunications Services funding request may be incorrect for one of three reasons:

- A typographical error during data entry of the SPIN resulted in the wrong service provider being associated with the funding request.
- The service provider has multiple SPINs and the applicant did not enter the correct SPIN.
- The service provider has not been designated a telecommunications carrier.

Your PIA reviewer will give you the opportunity to provide the correct SPIN during application review. You may have to use the [SPIN Contact Search tool](#) or contact your service provider to obtain the correct SPIN.

In some cases, your service provider may be able to establish eligibility by providing additional information to USAC. You can encourage your service provider to call the USAC Customer Support Center at 1-888-641-8722 (choose the Form 498 option, not the Schools and Libraries option) for specific assistance. Remember, however, that your response – including the correct SPIN – is due to PIA in 15 days.

**Tips for application review of ineligible.** If your application includes ineligible elements, PIA will treat them as described above. Here are a few tips to speed the review process:

- **Keep all of your documentation.** This includes not only documents that you produce but also any lists of questions, certifications, and other information PIA sends you. The detailed information contained in those lists may be helpful to you in the future and may not be easily available from other sources.
- **Answer PIA questions accurately and completely and ask for clarification if you don't understand.** As you can see from the above discussion, PIA bases its determinations on the answers you give to specific questions, so it is important that your answers are accurate and complete.
- **Monitor your preferred mode of contact.** PIA uses your preferred mode of contact to send questions. If you indicated telephone as your preferred mode of contact, PIA will call you and ask for an email address or a fax number so that you will receive written questions and PIA will receive written answers.

**HATS Quote for June:**

"I greatly appreciate the HATS site visit because the Site Reviewer explained the causes for MUSD's funding denials. The information and resources provided during the HATS site visit will help MUSD successfully apply for Universal Service Fund support."

Danielle Wilson, Fiscal/Personnel Officer-Maxwell Unified School District

For more information on the Helping Applicants to Succeed (HATS) site visit outreach initiative, you can refer to the [HATS Overview information](#) on the USAC website.

You may download and print copies of [Schools and Libraries News Briefs](#) on USAC's website. You may [subscribe](#) to or [unsubscribe](#) from this news brief. For program information, please visit the [Schools and Libraries area](#) of the USAC website, [submit a question](#), or call us toll-free at 1-888-203-8100. Feel free to forward this news brief to any interested parties.

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