

[Back](#)



# Schools and Libraries News Brief

June 13, 2008

**TIP OF THE WEEK:** Gather the documents you will use to prepare your final invoices for FY2007 recurring services and submit those invoices to USAC as soon as possible. Waiting until the October 28 invoicing deadline for FY2007 recurring services will limit your opportunity to resolve issues and may necessitate filing an invoice deadline extension request.

## Commitments for Funding Years 2008 and 2007

**Funding Year 2008.** USAC will release FY2008 Wave 8 Funding Commitment Decision Letters (FCDLs) June 17. 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 13, FY2008 commitments total over \$589 million.

**Funding Year 2007.** USAC will release FY2007 Wave 55 FCDLs June 18. This wave will include commitments for approved Internal Connections and Basic Maintenance requests at 81% and above and denials at 80% and below. As of June 13, FY2007 commitments total over \$2.36 billion.

On the day the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

## Save the Dates for Fall Applicant Training

USAC plans to conduct seven applicant training sessions in September and October 2008. Each training session will last one and one-half days.

We have indicated below the cities and weeks we expect to schedule the training. Arrangements are still tentative at this point but we want to provide you with preliminary information so you can begin your planning. We intend to avoid travel or training on holidays that occur in September and October.

Once training arrangements have been finalized, we will post a complete list of training cities and dates with hotel and online registration information to the website.

We look forward to seeing you this fall.

## List of Cities and Expected Dates

Washington, DC	Week of September 8
Seattle, WA	Week of September 15
Denver, CO	Week of September 22
Chicago, IL	Week of September 29
Newark, NJ	Week of October 6
Los Angeles, CA	Week of October 13
Atlanta, GA	Week of October 20

**Deadlines for FY2007 Recurring Services**

Funding years begin on July 1 and end on the following June 30. **June 30, 2008** is the last day to receive recurring services for FY2007. Because non-recurring services are given additional time to complete delivery and installation, **September 30, 2008** is the last day to receive non-recurring services for FY2007 unless an extension has been granted.

- Recurring services are those that are delivered on a regular basis, e.g., monthly telephone services or monthly Internet access. (See also the special note on Basic

Maintenance of Internal Connections below.) Applicants report the costs of these services in Items 23A - 23E of a Form 471 funding request.

- Non-recurring services are services that are delivered or installed once, e.g., wiring installations or delivery and installation of equipment. Applicants report the costs of these services in Items 23F - 23H of a Form 471 funding request.

Applicants and service providers should be aware of the June 30 deadline for receipt of recurring services and be mindful of the following:

### **1. Service delivery deadline extension requests for recurring services**

Applicants or service providers can request extensions of the deadline for delivery and installation of **non-recurring services only**. USAC cannot consider requests for extensions for receipt of recurring services.

### **2. Invoices for recurring services**

This is a good time to calculate and submit your final invoices for recurring services to USAC. While recurring services are often billed to a customer on a monthly basis, applicants and service providers are not required to submit monthly invoices to USAC. For example, all of the following are acceptable:

- A service provider bills its customers each month. Immediately after the customers are billed, the service provider submits a Service Provider Invoice (SPI) Form 474 to USAC with one line item for each customer for that month.
- An applicant pays three months of bills from the service provider. At the end of the quarter, the applicant submits a Billed Entity Applicant Reimbursement (BEAR) Form 472 to USAC with three line items, one for each month of service.
- A service provider bills its customer each month. After six months of providing service, the service provider submits a SPI Form with one line item that includes all six months of service for that customer.
- An applicant pays 12 months of bills from the service provider. As soon as the last bill is paid, the applicant submits a BEAR Form to USAC with one line item that includes the entire 12 months of service.

Note that for a Funding Request Number (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 partial month that started on July 1 or (2) the last bill of the year for a partial month that ended on 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 in the previous funding year.

### **3. Treating Basic Maintenance as a recurring service**

All services in the Basic Maintenance of Internal Connections category of service are considered to be recurring services. As such, they cannot be delivered after June 30 of a funding year. If USAC reviews an FRN for Basic Maintenance and finds that the applicant has designated it a non-recurring service, USAC will reclassify it as a recurring service.

We understand that this may be confusing to both applicants and service providers. Below are three examples of a \$12,000 contract for Basic Maintenance and how USAC may treat the associated funding requests. In each case, assume that the contract is for one year and the applicant is eligible for a 90% discount (and therefore a funding commitment of \$10,800):

**EXAMPLE 1:** The Basic Maintenance contract is effective starting July 1 but requires an up-front payment for one year of service. The applicant makes an up-front payment of \$12,000 for one year of service from its own funds. On January 1, USAC issues an FCDL fully funding the Basic Maintenance FRN. The applicant can then file a BEAR Form requesting a reimbursement of \$10,800. USAC may ask to see a copy of the contract for verification purposes.

**EXAMPLE 2:** The applicant is unable to begin the Basic Maintenance service until USAC issues a funding commitment, as the contract requires payment for one year of service up front. On January 1, USAC issues an FCDL funding the Basic Maintenance FRN. The service provider starts service on January 1 for a term of one year.

- USAC will only pay the discount on six months of service for that FRN, as the services were not started until January 1. USAC may ask for a copy of the contract to substantiate any invoice it receives.
- The applicant must file a Form 471 for the next funding year to receive discounts on the last six months of service on the contract. Funding for the six months of the following funding year is **not** automatically approved.

**EXAMPLE 3:** The applicant is unable to begin the Basic Maintenance service until USAC issues a funding commitment. However, in this case, the \$12,000 cost of the contract is specifically defined as 120 hours of maintenance at \$100 per hour. On January 1, USAC issues an FCDL funding the Basic Maintenance FRN. The service provider starts service on January 1 and charges the hourly rate specified in the contract for each maintenance visit.

- USAC will pay the discount for services actually provided at the contracted hourly rate. If the applicant receives 120 hours of service on or before June 30, USAC can be invoiced for the entire funding commitment of \$10,800.
- If the applicant receives less than 120 hours of service on or before June 30, the balance of the funding commitment **cannot** be carried over into the subsequent funding year and USAC will only pay discounts on the hours of service actually provided on or before June 30.

#### 4. Using a Form 500 to return funds that the applicant will not use

After the final invoice for an FRN has been submitted to and paid by USAC, the applicant should check to see if any funds remain on the FRN. If so, the applicant should reduce the commitment amount on each FRN to make those unneeded funds available for new commitments for other applicants for that funding year.

To reduce a commitment amount, an applicant files a [Form 500, Adjustment to Funding Commitment and Modification to Receipt of Service Confirmation Form](#). On the second page of the form, the applicant provides the FRN in Item 5B and enters the reduced commitment amount (the amount actually invoiced to and paid by USAC for that FRN) in Item 5I. After USAC processes the form, the funds not used by the applicant become available for new funding commitments.

Please note, however, that applicants should not reduce funding commitments until they are sure that they will not need those funds. If the service provider is filing SPI Forms for an FRN, the applicant should verify with the service provider that all invoices to USAC have been submitted and paid before filing a Form 500.

Form 500 is not yet available online, so applicants cannot take advantage of the warning and informational messages that USAC provides on its online forms. However, the Client Service Bureau will contact the applicant if it cannot process the information supplied on the form and give the applicant an opportunity to make corrections.

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[Back](#)