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Schools and Libraries News Brief

April 10, 2009

TIP OF THE WEEK: Monitor the preferred mode of contact (telephone, fax, or email) you indicated on your Form 471 in case PIA attempts to contact you with questions on your application. If your contact information has changed, follow the guidance in the [Contact Information Change procedure](#) to update it as soon as possible.

Commitments for Funding Year 2008

Funding Year 2008. USAC will release FY2008 Wave 47 Funding Commitment Decision Letters (FCDLs) April 14. This wave will include commitments for approved Internal Connections and Basic Maintenance requests at 88% and above and denials at 86% and below. As of April 10, FY2008 commitments total just under \$2.22 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.

Service Provider Training Registration Available

[Online registration for service provider training](#) is now available on the [Schools and Libraries area](#) of the USAC website. You can also find the agenda, hotel locations, and information on how to make hotel reservations. Training sessions will be held:

- Tuesday, May 5 at the Hilton Tampa Airport Westshore in Tampa, Florida
- Tuesday, May 12 at the Wyndham Phoenix in Phoenix, Arizona

The posting also includes a telephone number to call if you have questions about the training.

In addition, both locations will offer a beginners session prior to the general session for those service providers that are new to the program or that would like to get a quick review of the application process.

Expanded Eligibility of Web Hosting for FY2009

In past funding years, the portion of web hosting services that provided access to intranet or password-protected webpages was considered ineligible for E-rate funding. USAC has listened to feedback from both applicants and service providers on this issue, and agreed with commenters that the current status of these services warranted further review. Consequently – and after consultation with the Federal Communications Commission – USAC will now consider this access eligible beginning with FY2009 applications.

This change will allow an opportunity for both applicants and service providers to get the benefits of this decision now and also to plan ahead and adjust their future needs and products accordingly. However, this will mean some extra work during the current review of applications. Below is a discussion of what USAC plans to do and what applicants and service providers should do to take advantage of this new guidance.

Service providers

USAC has identified the service providers whose offerings include intranet web hosting and/or password-protected web pages. These service providers fall into two categories:

- **Service providers that have already provided a cost allocation to USAC that includes the percentage of services devoted to intranet web hosting and/or password-protected webpages.** USAC will ask these service providers to provide an updated eligibility percentage and rationale to support the allocation.
- **Service providers that have not provided a cost allocation to USAC for these services.** USAC will send these service providers a request to provide a cost allocation

that identifies these services as eligible along with a rationale for the allocation.

For both types of contacts, USAC will also provide a spreadsheet with the customary eligible and ineligible features of web hosting services. Service providers can enter the costs of the features and the spreadsheet will calculate the overall percentage of the eligibility of the web hosting services.

Eligible features and services include:

- Provision of website traffic (bandwidth)
- Provision of disk space for storing applicant-provided content
- Provision of FTP transfer capacity so that files can be maintained

Ineligible features and services include:

- Webpage design/creation
- Access to software applications (e.g., blogs, homework, chat, student information systems, content management systems)
- Access to storage features such as "virtual hard drives"
- Access to content creation/editing features including templates

Once a service provider has completed its submission, USAC will review the submission and make a revision to the eligibility percentage of the web hosting services as appropriate. That determination will then apply to FY2009 Funding Request Numbers (FRNs).

First, service providers should check their records:

- If you do not provide access to intranet or password-protected webpages and therefore did not submit a cost allocation that allocates out these services, respond to USAC's request and indicate that there is no change in your services.
- If you did use such a cost allocation, respond to USAC's request described above. If you are providing a cost allocation for the first time or you disagree with USAC's proposed cost allocation based on information you have previously submitted, be sure to include your rationale for identifying and separating out the eligible and ineligible costs.

Second, communicate any changes in your proposed cost allocation to your customers. They will find this information useful during PIA review.

If you need to contact USAC about your revision – or if you believe you should be contacted but you don't hear from USAC by May 1 – you can [email the services team](#) and describe your situation.

Applicants

USAC has queried FY2009 Internet Access FRNs to identify those that include web hosting services. USAC will reach out during Program Integrity Assurance (PIA) review of the applications featuring those FRNs to verify that the correct cost allocation is applied.

- If you did not apply for discounts on access to intranet or password-protected webpages, inform your PIA reviewer. This will expedite your PIA review process.
- If you did apply for discounts on access to intranet or password-protected webpages, contact your service provider to verify that the funding request cost allocation is still accurate.

It would be helpful to ask for a revised or original cost allocation from your service provider, and to suggest that this information be provided to USAC as well. You can then calculate the adjustment you would propose to make to your funding request so that you are prepared to provide it to your PIA reviewer.

If you utilized a cost allocation to remove the cost of these services and you identified this in your Item 21 attachment and/or on your Block 5 funding request, your PIA reviewer will request that you verify the cost allocation. You can adjust your FRN to include the costs of these services as eligible.

As an example, imagine that three different applicants applied for the same web hosting services that cost \$100 per month. The services include 80% eligible services, 10% access to

intranet or password-protected webpages which is now eligible, and 10% ineligible services. Here are three different scenarios of what the associated FRN for Internet Access could look like:

Scenario 1:

- Monthly charges: \$100.00
- Ineligible monthly charges: \$20.00
- Eligible monthly pre-discount amount: \$80.00
- The Item 21 attachment describes both the eligible and ineligible web hosting services in detail, including pricing information.

Scenario 2:

- Monthly charges: \$80.00
- Ineligible monthly charges: \$0.00
- Eligible monthly pre-discount amount: \$80.00
- The Item 21 attachment shows that the monthly cost of all web hosting services is \$100.00 and describes the eligible services in detail, but notes only that 20% of the services are ineligible with no further description.

Scenario 3:

- Monthly charges: \$80.00
- Ineligible monthly charges: \$0.00
- Eligible monthly pre-discount amount: \$80.00
- The Item 21 attachment contains no information on the services other than the description "web hosting."

In all three cases, PIA will be alerted by the fact that the FRN includes web hosting services and will ask if any of those services allow access to intranet or password-protected webpages. Upon receipt of appropriate cost allocation information from the applicant and/or service provider, PIA will adjust the FRN as appropriate to include all eligible services.

Note that if the applicant makes no indication that the services include web hosting and the associated service providers did not provide a revised cost allocation or any indication of web hosting services in their product descriptions, PIA will not know to reach out to the applicant for more information.

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