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Schools and Libraries News Brief

August 13, 2010

TIP OF THE WEEK: SERVICE PROVIDERS: If you have not already provided electronic banking information to USAC by filing an updated Form 498, do so as soon as possible. After August 31, 2010, USAC will no longer issue payments by paper check.

Commitments for Funding Years 2010 and 2009

Funding Year 2010. USAC will release FY2010 Wave 13 Funding Commitment Decision Letters (FCDLs) August 17. This wave will include commitments for approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90%. As of August 13, FY2010 commitments total just under \$1.07 billion.

Funding Year 2009. USAC will release FY2009 Wave 63 FCDLs August 18. This wave will include commitments for approved Priority 2 requests at 78% and above and denials at 69% and below. As of August 13, FY2009 commitments total just under \$2.77 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.

Fall Applicant Training Registration Continues

The [Fall 2010 Applicant Training page](#) on the USAC website has information on how to register and how to make hotel reservations for the six training sessions that are still open. Please cancel your registration if your plans change.

For questions, cancellations, or requests for information, you can continue to email [USAC Training](#).

Non-recurring Services and Contracts, Part 1

Services provided under the E-rate program can be divided into recurring and non-recurring services.

Recurring services, such as monthly telephone services or Internet access:

- Are usually delivered continuously during all or part of the funding year.
- End no later than June 30, the last day of the funding year.
- Are reported in Items 23A - 23E of a Form 471 Block 5 funding request.
- **NOTE:** Basic Maintenance of Internal Connections is always considered a recurring service. This is true even if there is a single payment for these services.

Non-recurring services, such as installation of telephone service, cabling and wiring for Internet access, and Internal Connections equipment:

- Are usually delivered and installed once or at specific times.
- End no later than September 30 following the funding year, although some extensions of this deadline are automatic and others can be granted under certain circumstances.
- Are reported in Items 23F - 23H of a Form 471 Block 5 funding request.
- **NOTE:** If you are making monthly payments to purchase equipment, you should NOT report those costs as recurring services. Doing so will set your last date to receive service as June 30 without the possibility of an extension. If you have reported monthly costs for what is truly a non-recurring service, be sure to correct your Form 471 before USAC issues an FCDL with a commitment for that service.

The additional three-month period (July 1 – September 30) for the delivery and installation of non-recurring services enables work to be completed during the summer when schools are not

in session. However, many applicants and service providers sign contracts for non-recurring services that expire on June 30 even though those services can be delivered and installed after that date.

This is important because USAC will not pay invoices for eligible non-recurring services delivered or installed after the last day to receive service (the service delivery deadline), or the last day your contract is valid (the contract expiration date), whichever is earlier.

If additional time is needed for the installation or delivery of non-recurring services, the applicant most likely will need to complete two separate processes:

1. Filing a service delivery extension request to extend the service delivery deadline.
2. Extending the existing contract and then filing a Form 500 to notify USAC of the extended contract expiration date.

We will discuss service delivery extension requests this week and contract extensions next week.

Requesting a service delivery deadline extension for non-recurring services

In general, non-recurring services must be delivered and installed on or before the September 30 following the close of the funding year. In some situations, the service delivery deadline can be extended for an additional year. These extensions can occur either automatically or upon request, and a Funding Request Number (FRN) may receive more than one extension.

A one-year extension of the September 30 deadline **occurs automatically** if:

- USAC issues an FCDL on or after March 1 of the funding year with a positive funding commitment for that FRN.
- USAC issues a [Service Provider Identification Number \(SPIN\) change](#) approval on or after March 1 of the funding year for the SPIN featured on that FRN.
- USAC issues a [service substitution](#) approval on or after March 1 of the funding year for that FRN.

A one-year extension of the September 30 deadline **can be requested** if:

- The applicant submits documentation to USAC **on or before the service delivery deadline** that the service provider was unable to complete delivery and installation for reasons beyond the service provider's control, or
- The applicant certifies to USAC **on or before the service delivery deadline** that the service provider has been unwilling to complete delivery after USAC withheld payment for those products and services on a properly submitted invoice for more than 60 days after submission of the invoice.

Applicants can request an extension by following the guidance in the [Service Delivery Deadlines and Extension Requests](#) document on the USAC website. If an applicant requests a service delivery extension, USAC will review the information submitted and, if appropriate, approve the extension.

USAC cannot consider service delivery extension requests submitted or postmarked after the service delivery deadline on record for the FRN, which is generally September 30 following the close of the funding year.

Next week we will discuss extending your contract and reporting the new contract expiration date to USAC.

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