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Schools and Libraries News Brief

August 27, 2010

TIP OF THE WEEK: Service Providers: Beginning Tuesday, August 31st, USACwill no longer issue payments by paper check. Provide electronic banking information to USAC by filing an updated Form 498 as soon as possible. Payments withheld due to missing banking information will be released once the updated Form 498 is processed.

Commitments for Funding Year 2010

Funding Year 2010. USAC will release FY2010 Wave 15 Funding Commitment Decision Letters (FCDLs) August 31. This wave will include commitments for approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90%. As of August 27, FY2010 commitments total just under $1.14 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.

Service Substitutions, Part 1

A service substitution is a change in the products and/or services originally specified in the Item 21 attachment for Form 471. In certain limited circumstances, applicants or service providers may request a service substitution for all or part of a funding request. In some cases, service providers or equipment manufacturers may request a "global" service substitution that would apply to all applicants that listed a particular product or service.

Applicants and service providers may need to request a service substitution from USAC for a number of reasons. For example:

- The equipment manufacturer no longer offers the particular piece of equipment listed on the funding request.
- The particular piece of equipment listed on the funding request may still be available but regular maintenance on that equipment is difficult or impossible to obtain.
- The needs of the applicant, while still within the scope of the original request, have changed.
- The applicant wants to change – or has already changed – service providers, and the new service provider offers a different product, service, or configuration than that described in the original request.

Limitations on service substitutions

In order to be approved, a request for a service substitution must meet the following criteria:

- The substituted products and/or services must have the same functionality (see below) as the products and/or services contained in the original description of services.
- The requested service substitution must not violate any contract provisions or state or local procurement laws.
- The requested service substitution, if approved, would not result in an increase in the percentage of ineligible services or functions.

- The requested service substitution is within the scope of the Form(s) 470, including any Requests for Proposals (RFPs), that formed the basis for the original Form 471 funding request(s).

What does this mean? In general, a service substitution must fit into the scope of your original funding request and be consistent with that request. The original and the substituted products do not have to match exactly, item for item, but the overall substitution cannot involve a change in category of service or functionality.

Assume that the requested service substitution was submitted as a bid response to the original Form 470 and/or RFP. If the substituted products and/or services could have been considered as a valid response to that competitive bidding process, USAC can consider the request.

Note that the cost of the substituted products and/or services can be greater than the cost in the original request. However, USAC will not increase the amount of the funding commitment; the applicant must assume responsibility for any increase in cost. If the service substitution will result in a lower cost, USAC will reduce the funding request appropriately.

Determination of same functionality

The best way to determine if the substituted products and/or services have the same functionality as the originals is to review the functionality of both using the Eligible Services List. The main webpage for all Eligible Services Lists has both current and archived versions of the list for each funding year. When you are preparing your request, be sure to use the Eligible Services List for the funding year that matches the funding year of the original Form 471 funding request.

As an example, USAC would look at the following functional categories for its review of an Internal Connections service substitution request for FY2009 (you can see these categories in the column labeled "Function" on pages 10-15 of the FY2009 Eligible Services List):

- Cabling/Connectors
- Circuit Cards/Components
- Data Distribution
- Data Protection
- Interfaces, Gateways, Antennas
- Servers
- Software
- Storage Devices
- Telephone Components
- Video Components

Some of these functional categories are very limited; others are more extensive. If a service substitution is requested for Internal Connections, USAC would first review the request to verify that the substituted products fall into the same general functional category.

For example, these service substitution requests meet the requirement for same functionality:

- A network switch for a network router (Function: "Data Distribution")
- An Uninterruptible Power Supply for a tape backup (Function: "Data Protection")
- A telephone key system for a telephone PBX (Function: "Telephone Components")

In some cases, service substitutions may be approved even when the functional categories are not identical due to the varying ways in which technology is deployed. For example, an access point is a wireless networking component that is categorized in the Eligible Services List under the function of Data Distribution. Networking cable is categorized under the function of Cabling/Connectors. Yet, since both network cabling and wireless access points can accomplish the same function of connecting network components, USAC can approve a service substitution request to convert from one technology to the other. Thus, an exact match of functional categories, while it can assist review of service substitution requests, is not necessarily required.

However, USAC cannot approve service substitution requests unless FCC requirements for same functionality are met. For example, a service substitution request that seeks to change a funding commitment for eligible telephone components to a funding commitment for a network router cannot be approved, because core functionality is not the same. A data distribution component is not the same functionality as a voice telephone component.

Next week we will provide further guidance on service substitutions, including additional examples and deadlines.

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