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Schools and Libraries News Brief

February 18, 2011

FY2011 WINDOW COUNTDOWN

Days to window close	34
Last day for a Form 470 to be POSTED and still timely file a Form 471	Feb. 24, 2011
Forms 470 filed to date	30,171
Forms 471 filed to date	6,423

TIP OF THE WEEK: If you have not yet submitted your Form 470, do so as soon as possible. The last possible day to post a Form 470 for FY2011 and still timely file a Form 471 is February 24, 2011. At this point, we strongly recommend that you file online.

Commitments for Funding Year 2010

Funding Year 2010. USAC will release FY2010 Wave 39 Funding Commitment Decision Letters (FCDLs) February 22. This wave includes commitments for approved Priority 2 requests (Internal Connections and Basic Maintenance of Internal Connections) at 81% and above and denials at 79% and below. As of February 18, FY2010 commitments total over \$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.

Cost Allocation and Basic Maintenance Contracts

A number of applicants and service providers have posed questions about cost allocation as it relates to basic maintenance contracts. We have recently been advised by the FCC on how to proceed with cost-allocation for basic maintenance contracts and therefore we provide the guidance below to applicants and service providers regarding issues that may arise for FY2011 applications.

We understand that certain applicants may have existing contracts that include maintenance services that were eligible as basic maintenance of internal connections (BMIC) and that are now ineligible in the FCC's Sixth Report and Order ([FCC 10-175](#)). The FCC has instructed USAC that these schools and libraries that have an existing, multiyear contract will be permitted to cost-allocate the maintenance services that are ineligible and will not need to re-bid their contracts. This is similar to the procedure set forth in the Third Report and Order ([FCC 03-323](#), released December 23, 2003) which permitted parties that were affected by changes to the BMIC eligibility requirements at that time to utilize cost-allocation for existing signed contracts. See Third Report and Order, para. 24, n. 47. Therefore, parties affected by the change to the BMIC eligibility requirements per the Sixth Report and Order will be permitted to utilize cost-allocation to seek funding for the eligible BMIC. This guidance is applicable to all multiyear contracts that were in existence as of the effective date of the Sixth Report and Order. Note that the burden is on the applicant to provide USAC with a cost-allocation for the eligible services.

Here are the types of contracts that include basic maintenance that may or may not require removal or cost-allocation for FY2011 funding requests:

1. **Contracts that contain both basic maintenance and maintenance services that do not meet the definition of basic maintenance.** The services that would not be considered basic maintenance can be removed, and schools and libraries can receive funding for the eligible basic maintenance services. (Example: A maintenance contract includes both eligible repair and upkeep services and an ineligible 24-hour network monitoring service. Schools and libraries can receive E-rate discounts on only the eligible repair and upkeep services.)
2. **Contracts that contain Internal Connections and maintenance services that do not meet the definition of basic maintenance.** The services that would not be considered basic maintenance can be removed and the eligible Internal Connections and basic maintenance on that product can be funded. (Example: A contract contains the purchase of an eligible router, basic maintenance on the router and an ineligible 24-hour network monitoring service. Schools and libraries can receive E-rate discounts on only the router and the basic maintenance on the router.)
3. **Contracts that consist entirely of basic maintenance that maintains both eligible and ineligible equipment.** The basic maintenance can be cost-allocated; the basic maintenance for the eligible equipment can be funded. (Example: A basic maintenance contract covers an eligible router and three ineligible monitors. Schools and libraries can receive E-rate discounts on only the cost of the basic maintenance supporting the eligible router.)
4. **Contracts that consist entirely of basic maintenance that maintains partially eligible equipment.** The basic maintenance can be cost-allocated. The eligible percentage of the equipment determines the percentage of the basic maintenance that can be funded. Example: A contract for \$1,000 for software patches and bug fixes covers two identical routers that are used for both eligible and ineligible purposes. For purposes of E-rate discounts, one router is 50% eligible and the other is 33% eligible. The applicant could apply for \$415 in pre-discount costs ($\$500 \times .50 = \250 for basic maintenance on the first router and $\$500 \times .33 = \165 for basic maintenance on the second router.)]

Service Provider Training Scheduled for May

USAC will hold two one-day training sessions for service providers in May. The materials covered will be the same at both sessions. The dates and locations are:

- Tuesday, May 3 at the Los Angeles Airport Marriott in Los Angeles, California
- Thursday, May 12 at the Renaissance Concourse Atlanta Airport Hotel in Atlanta, Georgia

[Registration information](#) – including an online registration form – has been posted on the USAC website. The information includes details on the locations of the conference hotels and how to make hotel reservations at the negotiated conference rate.

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