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August 1, 2014

Please continue to check the [E-rate Modernization Order web page](#) for links to additional information.

**TIP OF THE WEEK:** The Client Service Bureau will only discuss information that is not publicly available on an FCC Form 471 with the contact person or the authorized person identified on that form. If you are not the contact person in Item 6a or the authorized person in Item 41 of the FCC Form 471, be prepared to provide evidence of the FCC Form 471 applicant's authorization to discuss the form.

### Commitments for Funding Years 2014, 2013, and 2012

**Funding Year 2014.** USAC will release Funding Year (FY) 2014 Wave 13 Funding Commitment Decision Letters (FCDLs) on August 6. This wave includes commitments for approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. As of August 1, FY2014 commitments total over \$1.61 billion.

**Funding Year 2013.** USAC will release FY2013 Wave 61 FCDLs on August 7. This wave includes commitments for approved Priority 1 requests at all discount levels. As of August 1, FY2013 commitments total over \$2.08 billion.

**Funding Year 2012.** USAC will release FY2012 Wave 89 FCDLs on August 5. This wave includes commitments for approved Priority 2 requests (Internal Connections and Basic Maintenance) at 90 percent and denials at 89 percent and below. As of August 1, FY2012 commitments total just under \$2.86 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.

### E-rate Modernization Order – Community Eligibility Provision (CEP)

In July 2012, the FCC's Wireline Competition Bureau (Bureau) provided formal guidance to USAC on the impact of the CEP on the E-rate program (DA 12-1196, rel. July 31, 2012). That guidance was applicable for the several most recent funding years, including funding year 2014, which started July 1, 2014 and ends June 30, 2015. In the guidance letter, the Bureau stated that, pending further guidance, schools utilizing the CEP may use the National School Lunch Program (NSLP) eligibility data that they previously submitted to USAC regarding participation in the NSLP for the most recent funding year in which such schools did not participate in community eligibility to determine discounts on services received under the E-rate program.

More recently, on July 23, 2014, as part of the *E-rate Modernization Order*, the Commission addressed the NSLP CEP (FCC 14-99, paras. 225-229) and provided further guidance on a going forward basis. Effective funding year (FY) 2015, which starts on July 1, 2015, the Order allows schools and school districts participating in the CEP to use the same approach for determining their E-rate discount as they use for determining their NSLP reimbursement rate.

Therefore, beginning with applications for funding year 2015, schools utilizing the CEP should calculate their student eligibility for free or reduced priced lunches by multiplying the percentage of directly certified students by the CEP national multiplier. Schools and school districts should then use the resulting number for that school when calculating the district-wide calculation in the same manner as schools using NSLP data. Because applicants have already put in their E-rate applications for funding year 2014 (school year 2014-2015), they should have used the July 2012 Bureau guidance in calculating their discounts for FY 2014.

Because applicants have already put in their E-rate applications for funding year 2014 (school year 2014-2015), they should have used the July 2012 Bureau guidance in calculating their discounts for FY2014. The recent guidance in the *E-rate Modernization Order* is effective for FY2015 and beyond.

## **FCC Form 486 Notification Letters**

FCC Form 486 Notification Letters are issued to applicants and service providers after FCC Forms 486 have been certified by applicants and successfully processed by USAC. Invoices cannot be paid for an FRN until USAC issues an FCC Form 486 Notification Letter for that FRN.

USAC issues FCC Form 486 Notification Letters once each week for all FCC Forms 486 successfully processed since the last batch of letters was issued.

- Each applicant letter summarizes the information for all FRNs on a single FCC Form 486.
- Each service provider letter summarizes the information for all FRNs that feature that service provider's SPIN on all FCC Forms 486. If a service provider has more than one SPIN, USAC will issue one service provider letter for each SPIN.
- You can view a [sample of the applicant letter](#) and a [sample of the service provider letter](#) on the USAC website.

USAC must sometimes adjust the service start date reported on the FCC Form 486 to comply with program rules. For example:

- If an applicant must be compliant with the Children's Internet Protection Act (CIPA) but does not come into compliance until after the service start date reported on the FCC Form 486, USAC will adjust the service start date to the date the applicant came into compliance with CIPA.
- If an applicant must have an approved technology plan but the technology plan is not approved until after the service start date reported on the FCC Form 486, USAC will adjust the service start date to the date the technology plan was approved.

If USAC adjusts a service start date, the adjusted date will appear on the FCC Form 486 Notification Letter with an asterisk and an explanation of the reason for the adjustment.

## **Technology Plan Approval (TPA) review of FCC Form 486**

USAC may review an FCC Form 486 for compliance with the program requirements for technology planning before the form can be successfully processed. If an FCC Form 486 undergoes TPA review, USAC does not issue an FCC Form 486 Notification Letter until all compliance issues have been resolved. In addition, USAC may have to adjust the reported service start date as described above.

If the technology plan covering the requested services meets program requirements and USAC can verify the approval of the technology plan, the FCC Form 486 passes TPA review and moves to a certified status. If not, one of the following can occur:

1. The FCC Form 486 does not pass TPA review but USAC can still process FRNs for services that do not require a technology plan.
2. The FCC Form 486 fails TPA review and USAC issues an FCC Form 486 Rejection Letter.
3. The applicant cancels the FCC Form 486.

Each of these situations is described below.

### **1. FRNs that contain services for which a technology plan is not required.**

Starting with FY2011, Priority 1 (P1) services do not require a technology plan. For the discussion below, we refer to FRNs that contain only P1 services – and therefore do not require a technology plan – as "P1 FRNs." Similarly, FRNs containing Priority 2 (P2) services – which do require a technology plan – are referred to as "P2 FRNs."

NOTE: If you are filing an FCC Form 486 for a funding year before FY2011, you should refer to the technology plan requirements for that funding year to determine which services must be covered by a technology plan. For funding years before FY2011, FRNs containing services requiring a technology plan would be treated the same way as the "P2 FRNs" in the discussion below.

- If the FCC Form 486 will not pass TPA review but it features one or more P1 FRNs, USAC will give the applicant the option to remove the P2 FRNs. If the P2 FRNs are removed, USAC can then process the FCC Form 486.
- If an FRN contains both P1 and P2 services, the applicant has two options: (1) separate the commingled services into a P1 FRN and a P2 FRN and remove the P2 FRN from the FCC Form 486 or (2) entirely remove the P2 services from the FRN, essentially cancelling the P2 services. After the P2 services are removed, USAC can then process the FCC Form 486. In either case, the applicant may be required to provide a cost allocation to identify the P2 services.
- If it is possible to correct the problem that prevented the FCC Form 486 from passing TPA review and the applicant does so (e.g., the applicant's technology plan is later approved by a USAC-certified technology plan approver), the applicant can then submit another FCC Form 486 featuring the P2 FRNs.

### **2. FCC Form 486 Rejection Letter**

If the FCC Form 486 fails TPA review, USAC will reject the FCC Form 486 and notify the applicant with an FCC Form 486 Rejection Letter. (USAC does not issue a copy of this letter to the service provider.) The FCC Form 486 Rejection Report attached to the letter provides the reason(s) for the rejection and also identifies any P1 FRNs.

- Applicants will have 20 days from the date of the FCC Form 486 Rejection Letter to certify a new FCC Form 486 featuring only the P1 FRNs. NOTE: This generally occurs when either (1) the applicant chose not to exercise one of the options mentioned in Item 1 above or (2) USAC was unable to contact the applicant during the TPA review.
- If it is possible to correct the problem that caused USAC to reject the FCC Form 486 and the applicant does so, the applicant can then submit a new FCC Form 486 for the P2 FRNs.

### **FCC Form 486 Cancellation Letter**

If USAC – in consultation with the applicant – cancels an FCC Form 486, USAC will issue an FCC Form 486 Cancellation Letter to the applicant stating that the form has been canceled. USAC will also issue a

letter to each SPIN referenced on an FRN from that FCC Form 486. As above, the applicant can later submit a new FCC Form 486.

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