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Universal Service
Administrative Co.

Schools and Libraries Program News Brief

February 17, 2017

TIP OF THE WEEK: Invoices from both applicants and service providers for FY2015 recurring services must be submitted on or before February 27, 2017 if USAC has approved an invoice deadline extension. USAC will not be able to pay invoices for these services submitted after that date.

Commitments for Funding Years 2016 and 2015

Funding Year 2016. USAC is scheduled to release Funding Year (FY) 2016 Wave 35 Funding Commitment Decision Letters (FCDLs) on February 23. This wave includes commitments for approved applications for all service types and at all discount levels. As of February 17, FY2016 commitments total over \$2.18 billion.

On the date the FCDLs are issued, you can access your FCDL notification from the **Notifications** section of your landing page in the E-rate Productivity Center (EPC).

Funding Year 2015. USAC will release FY2015 Wave 73 FCDLs on February 22. This wave includes commitments for approved requests for all service types and at all discount levels. As of February 17, FY2015 commitments total over \$3.31 billion.

The day after the wave runs, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool. FCDLs for FY2015 will continue to be printed and mailed to applicants and service providers, and emailed to service providers who have signed up to receive electronic notifications.

FCC Grants Two Limited Waivers of the Category of Service Classification Standards Established by the FY2017 Eligible Services List

In Order [DA 17-151](#) ("Waiver Order"), released February 8, 2017, the FCC granted two limited waivers of the category of service classification standards established by the [FY2017 Eligible Services List \(ESL\)](#).

These waivers apply to applicants in the following situations:

- 1. Applicants with pre-existing contracts for connections that were classified as Category Two services when they were bid, and the contract was entered, but would be considered Category One services under the FY2017 ESL.**

Prior to the FY2017 ESL, connections between different schools and libraries that did not cross a public right-of-way were generally considered Category Two services. For the reasons explained in the [FY2017 ESL](#) and the [Waiver Order](#), such connections would now be considered Category One services.

This situation presented complications for some applicants that entered multi-year contracts for such connections when they were classified as Category Two services. Program rules allow applicants to continue seeking support for services provided under multi-year contracts without rebidding the services each year of the contract. Program rules also require, however, that services must be accurately categorized and described in the competitive bidding process, and that those categories and descriptions match those on the associated funding requests on the FCC Form 471. That would not be possible for the connections at issue, since they were originally bid as Category Two services, and, per the FY2017 ESL, would now be eligible for Category One support.

To assist such applicants, the FCC has waived the obligation to apply the FY2017 ESL classification standards to connections currently delivered pursuant to a multi-year contract: (a) that was entered prior to the issuance of the FY2017 ESL pursuant to an E-rate compliant competitive bidding process; and (b) for connections that were classified as Category Two services at the time the applicant posted the establishing FCC Form 470 for the contract, but would now be classified as a Category One service under the FY2017 ESL standards.

What this waiver means for you:

Multi-year contracts for connections that satisfy the following criteria do not have to be terminated and re-bid as a Category One service:

- You entered into the contract prior to September 12, 2016 – the issue date of the FY2017 ESL.
- The pre-existing multi-year contract was entered subsequent to an E-rate compliant competitive bidding process.
- The connections covered by the multi-year contract were classified as Category Two services at the time you posted the establishing FCC Form 470, but would now be classified as Category One services based on the FY2017 ESL.

Connections provided under such contracts may continue to be classified as Category Two services on FCC Forms 471 for the life of the contract.

This waiver does not apply to voluntary extensions. Program rules generally allow applicants to exercise voluntary extensions of contracts without rebidding the services provided under them. That allowance **does not** apply to the connections addressed by the Waiver Order. Connections that were classified as Category Two services at the time a contract with voluntary extensions was entered, but would now be Category One services pursuant to the FY2017 ESL, must be rebid as Category One services at the end of the original term of the contract.

2. Connections between different schools and/or libraries that share a single building.

According to the FY2017 ESL, connections between each school or library in the shared building are classified as Category One services. As such, applicants seeking support for applicant-owned inside wiring would need to follow program rules for self-provisioned networks, which include additional competitive bidding requirements that do not apply when the inside wiring is classified as a Category Two service. Further, identifying the intra-building Category One components of a single building network for each school or library presents challenges for which neither the FCC nor USAC has yet provided guidance.

The FCC has, therefore, waived the requirement to classify connections between different schools and libraries sharing a single building as Category One services for FY2017 only.

What this waiver means for you:

- For FY2017 applications ONLY, connections between different schools and/or libraries sharing a single building may be classified as Category Two services.
- Schools or libraries sharing a single building can also seek bids and apply for discounts on these connections as Category One services if they have determined that they can do so in compliance with E-rate program rules and the ESL for the applicable funding year.

Reminder: The costs of Category Two services must be allocated appropriately to the Category Two budgets of the entities sharing the services.

As you determine your next steps in light of the Waiver Order, please keep the following guidelines in mind:

- These waivers are limited in nature; they apply specifically to the situations and the funding years described above.
- It is important to correctly classify eligible services as either Category One or Category Two on program forms.
- Requests for services must be limited to those identified on the ESL as eligible for the appropriate funding year.
- Applicants must seek bids for these eligible services in sufficient detail on the FCC Form 470, and requests for discounted services on the FCC Form 471 must match the services detailed on the FCC Form 470.
- Because the E-rate program is funded on a year-to-year basis, including services on a multi-year contract does not guarantee that those services will continue to be eligible in a subsequent funding year.
- The eligibility and/or categorization of services included in a multi-year contract may change from funding year to funding year, due to changes in program rules or changes to the ESL for the funding year in question.

Before issuing the FY2018 ESL, the FCC will seek comment on the eligibility category that should apply to inside wiring between different schools and libraries that share a single building. The FCC sought comment on the FY2017 ESL, and no party submitted comments on the proposed definition of campus and the category of service classifications for connections. Those with thoughts on this should prepare and submit comments when the next opportunity to do so in an FCC proceeding arises.

EPC Profile Update Reminders

February 26, 2017 at 11:59 PM EST is the last day and time applicants can update their profile information in EPC. On February 27, profile information will be locked and – at noon EST – the filing window will open.

Profile information that will be locked includes all information that can be edited through the "Manage Organization" and "Manage Organization Relationships" options. Applicants can continue to create contract records and provide answers to connectivity questions after February 26, even though those functions are also located in applicant profiles.

For more information, refer to last week's [SL News Brief](#).

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