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Universal Service
Administrative Co.

Schools and Libraries Program News Brief

June 16, 2017

TIP OF THE WEEK: Service providers can now register for the service provider training session to be held Tuesday, July 25, 2017 in Dallas, Texas. To register for the training or reserve a hotel room at the conference, visit the [2017 Service Provider Training](#) page on the USAC website.

Commitments for Funding Years 2017 and 2016

Funding Year 2017. USAC released Funding Year (FY) 2017 Wave 3 Funding Commitment Decision Letters (FCDLs) earlier today. This wave includes commitments for approved applications for all service types and at all discount levels. As of June 16, FY2017 commitments total over \$184 million.

Funding Year 2016. USAC is scheduled to release Wave 51 FCDLs on June 19. This wave includes commitments for approved applications for all service types and at all discount levels. As of June 16, FY2016 commitments total over \$2.74 billion.

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

Webinar Reminder

Next Tuesday, June 20 at 3:00 PM EDT, USAC is offering a webinar on the FCC Form 486.

You can [register now](#) for the webinar, or you can use this registration link to sign in once the webinar has started. If you register in advance of the webinar, we will send you a reminder before the webinar starts. You will also be able to access a recording shortly after the live webinar has concluded, either by clicking the above link or by visiting the [Online Learning Library](#) on the USAC website.

Please note that the FCC Form 486 for FY2017 is not yet available in EPC. We expect it to be ready in time for FY2017 invoicing, and you can always review the recorded webinar to help you complete the form.

Guidance on Mixed Eligibility of Equipment

Applicants may need additional information to determine if equipment located on their premises would be considered eligible under Category One or Category Two. We are providing the following guidance to assist applicants to properly categorize their service requests on FCC Forms 470 and 471.

Q1: Is it appropriate to request Category One support for on-premises equipment?

Applicants may seek Category One support for equipment that constitutes Network Equipment. Network Equipment is limited to modulating electronics needed to light fiber and other equipment necessary to make a Category One broadband service functional.

The Eligible Services List (ESL) provides representative examples but does not comprehensively list all equipment that constitutes Network Equipment. In the FY2016 ESL, however, the FCC observed that fiber optic transceivers, network switches, network routers, and other modulating and routing electronics are examples of Network Equipment.

Q2: What if the on-premises equipment makes a Category One broadband service functional and enables a Local Area Network (LAN) to receive connectivity? For example, fiber to a school may terminate into a router that is then connected to the school's LAN via a series of switches. The terminating router or switch must interface with the LAN for the LAN to receive connectivity. Would that terminating device be classified as a Category One service or a Category Two internal connection?

The answer depends on the configuration of the networks involved. In most cases, the connection providing Category One broadband connectivity to a school would terminate into one device, and that device would serve as a demarcation point between the last mile circuit [e.g., a connection to a school district Wide Area Network (WAN) or a dedicated connection between a school and an internet service provider's Point of Presence (PoP)] and the school LAN. In that case, the terminating router or switch would be Network Equipment eligible for Category One support, because without it, the needed broadband connectivity could not be delivered to the school (i.e., the Category One broadband service would not function). The mere fact that the device also interfaces with the school's LAN and ultimately enables the LAN's connectivity does not preclude the school from requesting Category One support for the cost of the device.

Accordingly, in the example provided above, the router into which the Category One fiber service terminates is Network Equipment. It is necessary so that Category One broadband service to the school can function. That remains true even though the router is connected to the school's LAN via a series of switches.

The "series of switches," however, would *not* be Network Equipment. The purpose of those devices is to enable the functionality of the LAN. They are not necessary to deliver Category One broadband service to the school.

The demarcation points for different schools and libraries may vary based on the configurations of their networks. If you have questions about whether equipment involved in a particular network configuration would constitute Network Equipment eligible for Category One support or internal connections eligible for Category Two support, please call the Client Service Bureau (CSB) at (888) 203-8100 with your request. A USAC staff member will then contact you to discuss the specific facts necessary to make that determination.

Q3: In the example above, would the school have to cost-allocate the charges for the terminating device between its Category One and Category Two functions, and submit a separate funding request for each category?

In the example above, cost allocation between the Category One and Category Two functions of the terminating device would not be required if:

1. Purchasing the device is the most cost-effective means of making the Category One broadband service to the school function, and
2. A price for the components of the device that enable the school's LAN to receive connectivity (i.e., the Category Two function) cannot be isolated from the price of the components that enable broadband connectivity to the school (i.e., the Category One function).

Under those circumstances, the components of the device that interface with the school's LAN and enable the LAN's connectivity would be ancillary, and the school may seek a discount based the full cost of the terminating device in a Category One funding request.

If, however, a price for the components of the device that enable the school's LAN to receive connectivity can be isolated from the price of the components that enable the Category One service, those charges should be cost-allocated out of the Category One funding request.

Selective Review Overview

Each year, some applicants undergo a selective review as part of USAC's review of their FCC Form 471. Selective review is a separate component of the Program Integrity Review (PIA) review process. The purpose of selective review is to verify that the applicant followed the required competitive bidding process and that it has the necessary resources to make effective use of the requested services.

Selective reviews take place at the billed entity level. If you as the billed entity are chosen for a selective review, we will review all the FCC Forms 471 that you certified for the funding year.

In this issue, we will cover the process of receiving the selective review notification and the deadline for responding. Next week we will cover the response process in more detail.

1. USAC issues the selective review questions.

If your billed entity is chosen for a selective review, the contact person on your forms will receive an email from portal@usac.org notifying them that the Selective Review Information Request (SRIR) is available in EPC. The subject line will include the FCC Form 471 application number (or one of them, if the billed entity certified more than one) and the words "E-rate Review Information."

You can access the SRIR by clicking the link provided in the email. After you log in to EPC, you will be able to access the SRIR.

2. You confirm receipt of the SRIR.

The reviewer is required to confirm with the contact person that the SRIR has been received. You can confirm receipt by calling or emailing the reviewer using the reviewer's contact information featured on the email notification.

3. You respond to the selective review request and provide the appropriate documentation.

You can enter answers to the selective review questions in the fields provided in the SRIR in EPC. In general, the questions are the same for all applicants.

For answers that also require documentation, you can upload documents or files by clicking the "Choose File" link or the "+Add Document" link and following the instructions.

If USAC has additional or follow-up questions, we will contact you with another inquiry through EPC detailing the information needed.

4. You can request an extension if needed.

As with other review inquiries, you can request an extension of time to respond by choosing the appropriate extension option in the SRIR. Your first request is granted automatically for an additional seven days. The contact person can ask for a second extension, but that extension must be approved by USAC.

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