

What To Do and How To Do It

Mel Blackwell and John Noran

Service Provider Training
Schools and Libraries Division

May 8, 2008 – Miami • May 14, 2008 – Salt Lake City

Simplified Timeline

- November before the funding year
 - FCC issues Eligible Services List
 - Applicant (AP) writes a technology plan
 - AP files Form 470 to open a competitive bidding process
- December before the funding year
 - Service provider (SP) submits bids
 - SP files Form 473 to certify compliance

Simplified Timeline

- January before the funding year
 - AP waits 28 days after Form 470 posting, selects SP, signs a contract if appropriate
 - AP files Form 471 to provide service details and request funding from USAC
- February before the funding year
 - Form 471 filing window closes
 - Forms filed after this date will probably not receive funding commitments

Simplified Timeline

- March before the funding year
 - USAC provides demand estimate to FCC
- April - June before the funding year
 - USAC reviews Forms 471 and starts issuing funding commitments
 - AP receives approval of technology plan from USAC-certified approver
 - If eligible, AP files Form 486 early to notify USAC that services will start in July

Simplified Timeline

- July 1 – funding year starts
 - SP can start delivery and installation of services
 - AP technology plan must be approved before start of services
 - AP must be compliant with Children’s Internet Protection Act before start of services

Simplified Timeline

- During the funding year
 - SP continues to deliver and install services
 - AP or SP can invoice USAC for services already delivered
 - USAC must have issued funding commitment
 - AP must have notified USAC that services have started by filing Form 486
 - Note that USAC may adjust service start date due to program compliance issues
 - SP must have filed Form 473

Simplified Timeline

- June 30 – end of funding year
 - SP must complete delivery of recurring services

- September 30 after the funding year
 - SP must complete delivery of non-recurring services if no extension
 - AP must request extension of non-recurring service delivery deadline if needed
 - Some extensions are automatic

Simplified Timeline

- October 28 after the funding year
 - Invoices for recurring services must be submitted to USAC
 - AP or SP should request extension if needed
- January 28 after the funding year
 - Invoices for non-recurring services must be submitted to USAC
 - AP or SP should request extension if needed

Rules, Policies, Procedures

- Rules, policies and procedures can be difficult to understand
 - Rules – CFR Title 20, Title 47, Part 54
 - Policies – from FCC Orders
 - Procedures – developed by USAC
- One-page handout should clarify common activities that are allowed or encouraged, not allowed, or questionable
- Also refer to brochure and list of acronyms

Forms 498 and 499

- Maintain up-to-date information on the Form 498
 - Applicants use this information to
 - Contact you
 - Search for SPINs
 - Identify telecommunications carriers
 - Check to see if you filed a Form 473
 - Submit updates online if possible

Forms 498 and 499

- You must be a common carrier to offer telecommunications services
 - Service providers that provide these services File Form 499-A to get a 499 Filer ID and may have an obligation to contribute to the Universal Service Fund
 - 499 Filer ID must also be featured on Form 498

Forms 498 and 499

- **Telecommunications Services FRNs**
 - USAC cannot make a positive commitment on a telecom FRN if the featured service provider is not eligible to provide telecommunications services
 - Applicants are cautioned to use the SPIN Contact Search tool to verify the status of their chosen provider and can change to an eligible SPIN during PIA review

Training for Applicants

- You can provide information to applicants about products or services – including demonstrations – before the applicant posts the Form 470
- Once the Form 470 has been filed, you are limited to the role of bidder

Training for Applicants

- You can provide training to applicants on E-rate if your training does not give an unfair advantage
 - Your training can include neutral information, including references to USAC, state, and public websites and training materials
 - Ask yourself if the content of the same training provided by a competitor would concern you

Technology Planning

- Do not prepare an applicant's technology plan or RFP
 - Form 470 is based on the technology plan
 - Input into the technology planning process can therefore be seen to influence the competitive bidding process, which the applicant is responsible for keeping open and fair
 - Input into the RFP can also be seen as influencing the competitive bidding process

Technology Planning

- Do not provide technical advice or assistance to applicants preparing technology plans or RFPs in a manner that gives an unfair advantage
 - The competitive bidding process is based on the technology plan
 - Advice or assistance that gives an unfair advantage may prevent the competitive bidding process from being open and fair

Competitive Bidding

- Do not prepare, sign, submit, or post a Form 470 and/or Form 470 certification
 - Form 470 is an applicant form, posted by the entity responsible for the competitive bidding process
 - Any service provider involvement with this process (other than as a bidder) is contrary to program rules

Competitive Bidding

- Do not serve as the Form 470 contact or have your contact information on the Form 470
 - Service provider contact information on the Form 470 is an indication of possible service provider involvement in the preparation of the Form 470
 - At the very least, funding commitments will be held up while USAC investigates

Competitive Bidding

- Do not participate in the competitive bidding process except as a bidder
 - Service providers should not:
 - Design or prepare the Form 470 or RFP
 - Plan the competitive bidding process
 - Disqualify bids
 - Design the bid evaluation process
 - Evaluate bids
 - Choose the winning bid

Competitive Bidding

- You can get information on posted Forms 470 from the USAC website
 - Form 470 Search Posted tool
 - Search for, locate, and review individual forms
 - Form 470 Download Reports tool
 - Download information from all blocks or selected blocks
 - Search returns comma-delimited files which you can open as spreadsheets

Competitive Bidding

- Maintain open communication with applicants to ensure a responsive bid and comply with state and local rules and regulations, including any requirements contained in the Form 470/RFP
 - Review all reasons specified for bid disqualification
 - Participate in appropriate activities during the bidding process, such as vendor conferences, question submissions, etc.

Competitive Bidding

- Do not provide free services and/or gifts to ensure bid selection
 - The value of price reductions, promotional offers, and “free” services must be deducted from the pre-discount cost
 - Costs, trade-in allowances, and discounts must be fairly and appropriately derived
 - Contributions to and grants from a nonprofit cannot be earmarked for particular applicants

Competitive Bidding

- Separate the costs of eligible E-rate products and services from ineligible ones
 - In general, USAC provides discounts only on eligible services
 - Applicants may lack the technical expertise to identify eligible and ineligible functions and uses
 - In the absence of other information, USAC will rely on existing documents to determine eligibility

Competitive Bidding

- Provide cost allocations for eligible and ineligible products and services offered in the same package
 - Do not bundle together to “hide” ineligible costs
 - To meet the definition of “ancillary use”:
 - Ineligible features must be insubstantial and inseparable
 - Cost of the ineligible features cannot be determined
 - Most cost-effective means of obtaining the eligible functionality

Competitive Bidding

- Do not offer pricing that is not cost-effective (e.g., prices two times greater than the prices available from commercial vendors)
 - Applicants must choose the most cost-effective bid, with price being the primary factor AND
 - Applications are also reviewed for the cost effectiveness of each request

Contracts and Form 471

- Negotiate a contract with an applicant if selected as the most cost-effective bid
 - Make sure both you and the applicant understand the terms and conditions of the contract and review any contingencies
 - Contracts are not required for services provided under tariff or month-to-month arrangements
 - USAC presumes Priority 2 services are contracted services

Contracts and Form 471

- Sign and date contracts before the Form 471 is submitted
 - Program rules do not require service providers to sign and date contracts, but state or local rules may
 - Applicants must wait to sign until after the 28-day competitive bidding period ends
 - Applicants must sign contracts before signing and submitting a Form 471

Contracts and Form 471

- Assist applicants with preparation of the Item 21 Attachment – description of services
 - Applicants may not have technical expertise to prepare clear and accurate description of services, network diagrams, etc.
 - Invoice review relies on this description
 - Ask applicant for a copy of final submission

Contracts and Form 471

- Assist applicants with answers to technical questions during PIA review
 - Applicants may not have technical expertise to clearly and accurately answer Program Integrity Assurance (PIA) questions asked during the application review process
 - If you talk with PIA directly, include the applicant or provide details or a summary of any communication to the applicant

Service Delivery

- **Remind applicants to submit Forms 486 after services start**
 - USAC will not pay invoices for an FRN until a Form 486 featuring that FRN has been successfully processed
 - Work with applicant to determine the definition of service start date
 - Ask about applicant compliance with technology planning and the Children’s Internet Protection Act (CIPA)
 - Remember that USAC may change the service start date to comply with program rules

Service Delivery

- Deliver and install products and services during the funding year (with extensions)
 - Recurring services
 - 12 months (July 1 — June 30)
 - Non-recurring services
 - 15 months (July 1 — September 30)
 - Extensions can be automatic or requested
 - Automatic: FCDL, service substitution approval, or SPIN change approval dated on or after March 1 results in an additional year

Customer Bills

- Do not waive or forgive the applicant's non-discount share of the costs for eligible services
 - Requiring applicants to pay a share of the cost helps prevent waste, fraud, and abuse by encouraging effective use of services
 - Program rules require applicants to pay their non-discount share of the cost of products and services

Customer Bills

- Do not set up a “foundation” that “grants” money for an applicant’s non-discount share
 - In this situation, the applicant is not truly paying its non-discount share

Invoicing

- Submit a Service Provider Annual Certification (SPAC) Form 473 each year before invoicing USAC for services
 - Service providers can submit as early as the opening of the Form 471 filing window
 - Form 473 must be approved before USAC can process an invoice (BEAR Form 472 or SPI Form 474)
 - Read certifications carefully because they apply to invoices (both BEARs and SPIs) submitted for the funding year

Invoicing

- Two invoicing methods
 - Service Provider Invoice (SPI) Form 474
 - Filed by service provider after billing applicant for non-discount share
 - Billed Entity Application Reimbursement (BEAR) Form 472
 - Filed by applicant after applicant pays for services in full
 - First invoice sets method for FRN

Invoicing (SPI)

- Invoice USAC for discounts using SPI Form 474 on approved, eligible products and services that have been provided
 - Bill the applicant for the non-discount share before submitting a SPI Form
 - Allow plenty of time for the first SPI Form on an FRN to be processed
 - Respond promptly to USAC requests

Invoicing (BEAR)

- Review and approve BEAR Form 472
 - Remind applicants that they must pay your bill in full before submitting a BEAR Form
 - USAC recommends that you review the information on each BEAR Form as appropriate before you approve the form
 - Online BEAR – you can approve individual line items or the entire form
 - Pass a BEAR reimbursement along to the applicant within 20 days after you receive it

Invoicing (BEAR)

- Do not wait more than 20 days to reimburse an applicant after receiving a BEAR check
 - You may need to remind your customers that the Data Retrieval Tool shows when a payment is approved, not when the payment is received by a service provider
 - USAC always pays BEARs by check

Invoicing (BEAR)

- Do not withhold a BEAR reimbursement for any reason
 - BEAR reimbursements are pass-throughs to applicants, not assets
 - Bankruptcies and cash flow issues are not valid reasons for withholding BEAR reimbursements

Invoicing

- Do not urge applicants to submit a service certification with incorrect information
 - Service certifications provide evidence to USAC that applicants have actually received services
 - Service certifications must be received and reviewed by USAC before invoices are paid
 - USAC relies on the information provided to correctly pay invoices

Questions?