USAC

E-rate Program

Beginner's Presentation:
Understanding the Basics

Fall 2010 Applicant Trainings

Washington, DC I Newark I Minneapolis I Los Angeles I Kansas City I Jacksonville I Portland I Dallas/Fort Worth

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Beginner's Presentation

Overview

- General information about E-rate
- Technology planning
- Requesting services (Form 470)
- Competitive bidding process
- Ordering services (Form 471)
- Application review & funding commitments
- Begin receiving services (Form 486)
- Invoicing USAC (Form 472 and Form 474)
- Deadlines

Beginner's Presentation

General Information about E-rate

General Information about E-rate

E-rate Organization

- Federal Communications Commission (FCC), an independent U.S. government agency, oversees the E-rate program
- Universal Service Administrative Company (USAC), a not-for-profit, administers the E-rate program along with three other programs
- Schools and Libraries Division (SLD) is the part of USAC with responsibility for E-rate

General Information about E-rate

E-rate Rules

- The FCC sets rules and policies through orders
  – Policies are defined in the text of orders

- USAC/SLD develops procedures for specific actions, such as how to process applications
  – USAC submits its procedures to the FCC for approval each year

General Information about E-rate

E-rate Timeline

- Commitments for E-rate are made by funding year (FY), which runs from July 1 through the following June 30

- USAC refers to the funding year as the year in which most services will begin
  – E.g., FY2010 is July 1, 2010 – June 30, 2011

General Information about E-rate

E-rate Budget

- Commitments are capped at $2.25 billion for each funding year

- This cap will be adjusted for inflation starting in FY2010

- Once each year, FCC can roll over unused funds from previous funding years into the current funding year

General Information about E-rate

E-rate Eligibility

- Who is eligible for E-rate funding?
  - Schools and school districts
    - Non-traditional facilities *(conditionally by state)*
  - Libraries and library systems
  - Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices

General Information about E-rate

E-rate Discounts & Determining Your Discount Percentage

- How large are the discounts on eligible products and services?
    - Discounts: 20% to 90% of eligible costs
- Discount level for a school or library depends on:
    1) Percentage of students who are eligible for National School Lunch Program (NSLP) in:
        - → (for a school) the school
        - → (for a library) the school district in which the library is located
    2) Urban or rural location of the school or library

General Information about E-rate

Calculate your discount percentage with our Discount Matrix

INCOME Measured by % of students eligible for NSLP	URBAN LOCATION Discount	RURAL LOCATION Discount
If the % of students in your school that qualifies for the NSLP…	…and you are in an URBAN area, your discount will be…	…and you are in a RURAL area, your discount will be…
Less than 1%	20%	25%
1% to 19%	40%	50%
20% to 34%	50%	60%
35% to 49%	60%	70%
50% to 74%	80%	80%
75% to 100%	90%	90%

General Information about E-rate

E-rate Categories of Service

- Priority 1 (P1) (funded first)
  - Telecommunications Services
  - Internet Access
- Priority 2 (P2) (funded beginning with neediest applicants first)
  - Internal Connections
  - Basic Maintenance of Internal Connections

General Information about E-rate

E-rate Forms

- How do I file a program form?
  - In general, you have three options:
    - File online, certify on paper
    - File online, certify online
    - File on paper, certify on paper
  - There are two versions of each online form: standard and interview

  Tip USAC encourages you to file online, because online filing speeds processing and reduces errors

General Information about E-rate

E-rate Letters

- Each time you file a program form, USAC sends you a letter
  - Letters are color-coded by funding year
    - 2008   Blue
    - 2009   Canary
    - 2010   Pink   etc.

Tip When storing documents, USAC encourages you to separate your program forms & letters by funding year to better organize them.

Beginner's Presentation

Technology Planning

Technology Planning

Technology Plan Elements

- You must write a technology plan that contains the following elements:
    1) Goals and strategies for using technology to improve education or library services
    2) Needs assessment
    3) Staff training
    4) Evaluation plan
    5) Budget (ONLY for Tech Plans for FY2010 and earlier)

    New Rule Starting for FY2011, if you are only requesting P1, a technology plan is **not** required

Technology Planning

Technology Plan Deadlines

- Your technology plan must be **approved** by a USAC-certified Technology Plan Approver when your services begin or at the time you file the Form 486—whichever date is **earlier**

Technology Planning

Acronyms and Terms

- Four elements: the four required topics you must address in your technology plan starting for FY2011

- Technology Plan Approver (TPA): the agency/person certified by USAC that approves your technology plan

Beginner's Presentation

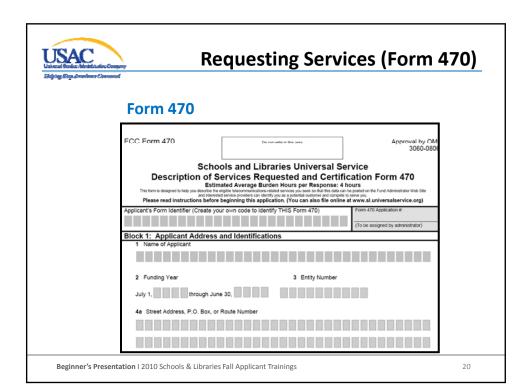**Requesting Services (Form 470)**

Requesting Services (Form 470)

The Purpose of Form 470

- Open a competitive bidding process
- Identify and describe your desired categories of service and the function of the services
- Describe the scope of your needs (e.g., a single school building, a library system, a state network)
- Notify potential bidders (service providers) of the types and quantities of services that you need

Note RFPs are **not** required by E-rate but may be used to describe specific needs and circumstances

Requesting Services (Form 470)

Form 470

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Requesting Services (Form 470)

Acronyms and Terms

- Billed Entity Number (BEN): an identification number assigned by USAC to each school or library building

- Personal Identification Number (PIN): a code assigned by USAC to applicants for use in certifying program forms online
  - USAC issues a PIN to every new authorized person filing a paper Form 470, 471, or 486

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Requesting Services (Form 470)

Acronyms and Terms

- Request for Proposals (RFP) – a bidding document (not required by E-rate) that provides detailed information about your services, locations, bid submission requirements, etc.
  - Some states or procurement agencies refer to these documents by other names, e.g., Invitation for Bids (IFB)

Requesting Services (Form 470)

Acronyms and Terms

- Form 470 Receipt Notification Letter (RNL) – a letter issued by USAC to the applicant that summarizes the information provided in the Form 470

- Allowable vendor selection/contract date (ACD) – the date 28 days after the Form 470 is posted to the USAC website

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Beginner's Presentation

Competitive Bidding Process

Competitive Bidding Process

Competitive Bidding Requirements

- You must ensure that the competitive bidding process is open and fair
  - You must keep all incoming bids/correspondence with bidders and prepare to evaluate bids equally

- All potential bidders have access to the information from your Form 470 and RFP, and they can respond to your requests

Competitive Bidding Process

Examples of Competitive Bidding Rule Violations

- The applicant has a relationship with a service provider that would unfairly influence the outcome of a competition or furnish the service provider with "inside" information

- Someone other than the applicant or an authorized representative of the applicant prepares, signs, and submits the Form 470 and certification

Competitive Bidding Process

More Examples of Competitive Bidding Rule Violations

- A service provider representative is listed as the Form 470 contact person and that service provider is allowed to participate in the competitive bidding process

- The Form 470 does not describe the desired products and services with sufficient specificity to enable interested parties to submit bid responses

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Competitive Bidding Process

Acronyms and Terms

- Bid – A service provider response to your Form 470 and/or RFP that contains services and prices and any other information you have requested

- Price as the primary factor – In evaluating bids, the price of the eligible products and services must be the most heavily-weighted factor in your evaluation of bids

Competitive Bidding Process

Sample Bid Evaluation Matrix

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE goods and services	*30*	15	30	25
Prior experience w/ vendor	*20*	20	0	20
Prices for ineligible services, products & Fees	*25*	20	15	25
Flexible Invoicing: 472 or 474	*15*	0	15	15
Environmental objectives	*5*	5	3	2
Local or in state vendor	*5*	5	5	5
Total	*100*	65	68	92

Competitive Bidding Process

Choosing a Service Provider

- After you close the competitive bidding process for your services (on or after the ACD):

  1) You can evaluate the bids received
  2) You can choose your service provider(s)
  3) You can sign a contract
  4) You can post a Form 471

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Beginner's Presentation

Ordering Services (Form 471)

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Ordering Services (Form 471)

The Purpose of Form 471

- Provide information on the service providers and eligible services you have chosen

- Identify the eligible schools and libraries that will receive services

- Include your discount calculation information

- Certify your compliance with program rules

Ordering Services (Form 471)

Form 471

FCC Form 471 | Do not write in this area. | Approval by OMB 3060-0806

Schools and Libraries Universal Service
Description of Services Ordered and Certification Form 471
Estimated Average Burden Hours per Response: 4 hours
This form asks schools and libraries to list the eligible telecommunications-related services they have ordered and estimate the annual charges for them so that the Fund Administrator can set aside sufficient support to reimburse providers for services.
Please read instructions before beginning this application. (You can also file online at www.sl.universalservice.org.)
The instructions include information on the deadlines for filing this application.

Applicant's Form Identifier
(Create your own code to identify THIS Form 471)

Form 471 Application#_____
(To be assigned by administrator)

Block 1: Billed Entity Information (The "Billed Entity" is the entity paying the bills for the services listed on this form.)

1 a — Name of Billed Entity

2 a — Funding Year: July 1, ____ through June 30, ____   3 — Billed Entity Number

4 a — Street Address, P.O. Box, or Route Number

City

State   Zip Code

b — Telephone Number   Ext   c — Fax Number

Ordering Services (Form 471)

Acronyms and Terms

- Funding Request Number (FRN) – the identification number assigned to a Form 471 Block 5 funding request

- Service Provider Identification Number (SPIN) – the identification number assigned by USAC to a service provider

- Service providers may have more than one SPIN in order to identify separate business units or states in which they operate

Ordering Services (Form 471)

Acronyms and Terms

- Item 21 Attachment (Item 21) – the description of services associated with a funding request (Item 21 on Form 471)
  - Item 21 attachments can be submitted online, by fax, email, or on paper

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Ordering Services (Form 471)

Acronyms and Terms

- Receipt Acknowledgment Letter (RAL) – a letter issued by USAC to the applicant and the service provider that summarizes the information provided in the Form 471

- Many of the entries on the form can be corrected after submission by using the RAL

- These corrections must be submitted to USAC no later than 20 days from the date of the RAL

Ordering Services (Form 471)

Acronyms and Terms

- Non-instructional facility (NIF) – a school building with no classrooms or a library building with no public areas
  - NIFs are eligible for Priority 1 services
  - NIFs are eligible for Priority 2 services only if necessary to provide effective transport of information to classrooms or public areas of libraries

Beginner's Presentation

Application Review & Funding Commitments

USAC **Application Review & Funding Commitments**

Acronyms and Terms

- Program Integrity Assurance (PIA) – the USAC group that reviews and makes funding decisions on program applications

- Funding Commitment Decision Letter (FCDL) – a letter issued by USAC to the applicant and the service provider that contains commitment decisions on funding requests

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USAC **Application Review & Funding Commitments**

During PIA review, USAC reviews your Form(s) 471 to:

- Check the eligibility of the schools and libraries and their discount levels
- Verify that the services you requested are eligible for discounts
- Give you an opportunity to make allowable corrections to your form
- In some cases, ask for additional verification of your compliance with program rules

USAC **Application Review & Funding Commitments**

Receiving Your Funding Commitment

- Following application review, USAC issues a Funding Commitment Decision Letter (FCDL) to both the applicant and the service provider(s)

- Applicants and Service Providers should carefully review their FCDL for details on approved or denied requests and your next steps

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Beginner's Presentation

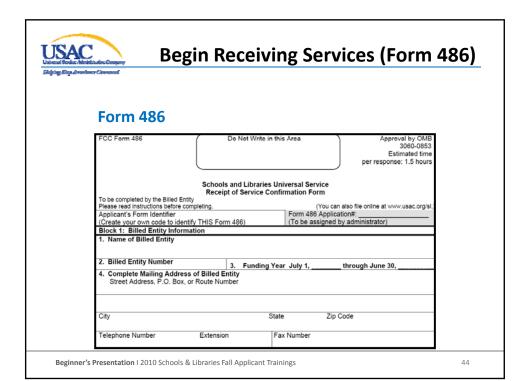## **Begin Receiving Services (Form 486)**

Begin Receiving Services (Form 486)

The Purpose of Form 486

- Notify USAC that your eligible services have started or been delivered and invoices for those services can be processed and paid

- Provide the name of the TPA that approved your technology plan

- Report your status of compliance with CIPA

Begin Receiving Services (Form 486)

Form 486

Begin Receiving Services (Form 486)

Acronyms and Terms

- Form 486 Notification Letter – a letter issued by USAC to the applicant and service provider after a Form 486 has been processed

- Children's Internet Protection Act (CIPA) – a law with specific requirements on Internet safety policies and filtering

Beginner's Presentation

Invoicing USAC (Form 472 and Form 474)

Invoicing USAC (Form 472 and Form 474)

Applicants have a choice between two methods of invoicing (receiving discounts on eligible services)

- Billed Entity Applicant Reimbursement (BEAR) Form 472 is filed by the applicant and approved by the service provider after the applicant has paid for the services in full

- Service Provider Invoice (SPI) Form 474 is filed by the service provider after the applicant has been billed for the non-discount portion of the cost of eligible services

Invoicing USAC (Form 472 and Form 474)

Requirements to fulfill before invoicing USAC

- *Applicants and Service Providers* receive an FCDL from USAC for the services being invoiced

- *Applicants* must file a Form 486 and receive a 486 Notification Letter

- *Service Providers* must file a Form 473
  - Form 473 can be filed after USAC has announced the opening of the application filing window

Slide 49

Invoicing USAC (Form 472)

Form 472

Slide 50

Invoicing USAC (Form 472 and Form 474)

Acronyms and Terms

- BEAR Notification Letter: a letter issued by USAC to the applicant and service provider after a BEAR has been processed
- Quarterly Disbursement Report: a report issued to the applicant detailing all invoicing activity (BEARs and SPIs) during the previous quarter
- Form 473 - Service Provider Annual Certification (SPAC): SPACs are used by the service provider each funding year to certify that it will comply with FCC rules concerning invoicing and documentation

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Deadlines

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Deadlines

Application Deadlines

- **Form 470** - Posted at least 28 days before the filing of the Form 471, keeping in mind the Form 471 application filing window opening and closing dates

- **Form 471** - Received or postmarked no later than 11:59 p.m. EST on the day of the close of the Form 471 application filing window (exact date will be posted on our website)

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Deadlines

More Deadlines

- **Form 486** - Received or postmarked no later than 120 days after the date of the USAC Funding Commitment Decision Letter or the service start date, whichever is later

- **Form 472/Form 474** - Received or postmarked no later than 120 days after the date of the Form 486 Notification Letter or the last date to receive service, whichever is later

- **Appeals** - Received or postmarked no later than 60 days after the date of USAC's decision letter

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Contacts

With questions, please contact us!

Phone: (888) 203-8100

Fax: (888) 276-8736

E-mail: Submit-a-Question

Website: www.usac.org/sl

Note For extra guidance, please consider our Helping Applicants to Succeed (HATS) initiative

Beginner's Presentation
Questions?

Thank you!