



The E-rate Program

Understanding the Basics

Fall 2011 Applicant Trainings

Overview

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

Understanding the Basics

General E-rate Information

E-rate Organization

- Federal Communications Commission (FCC), an independent U.S. government agency, established and 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

E-rate Rules

- Congress directed the FCC to establish the E-rate program in 1996
- 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

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

E-rate Budget

- The FCC has set the E-rate fund at \$2.25 billion for each funding year. However, beginning in FY 2010, the cap is now adjusted for inflation each year
- Once each year, FCC can roll over unused funds from previous funding years into the current funding year

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

E-rate Discounts

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

Discount Matrix

| INCOME <i>% of students eligible for NSLP</i> | URBAN LOCATION <i>Discount</i> | RURAL LOCATION <i>Discount</i> |
|---|---|--|
| If the % eligible is... | ...and you're in an URBAN area, your discount will be... | ...and you're 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% |

E-rate Categories of Service

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

E-rate Forms

How do I file a program form?

- In general, you have three options:
 1. File online, certify on paper
 2. File online, certify online
 3. File on paper, certify on paper
- Two versions of each online form: *standard and interview*

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

E-rate Letters

Each time you file a program form, USAC sends you a letter

- Letters are color-coded by funding year

2011

Blue

2012

Canary

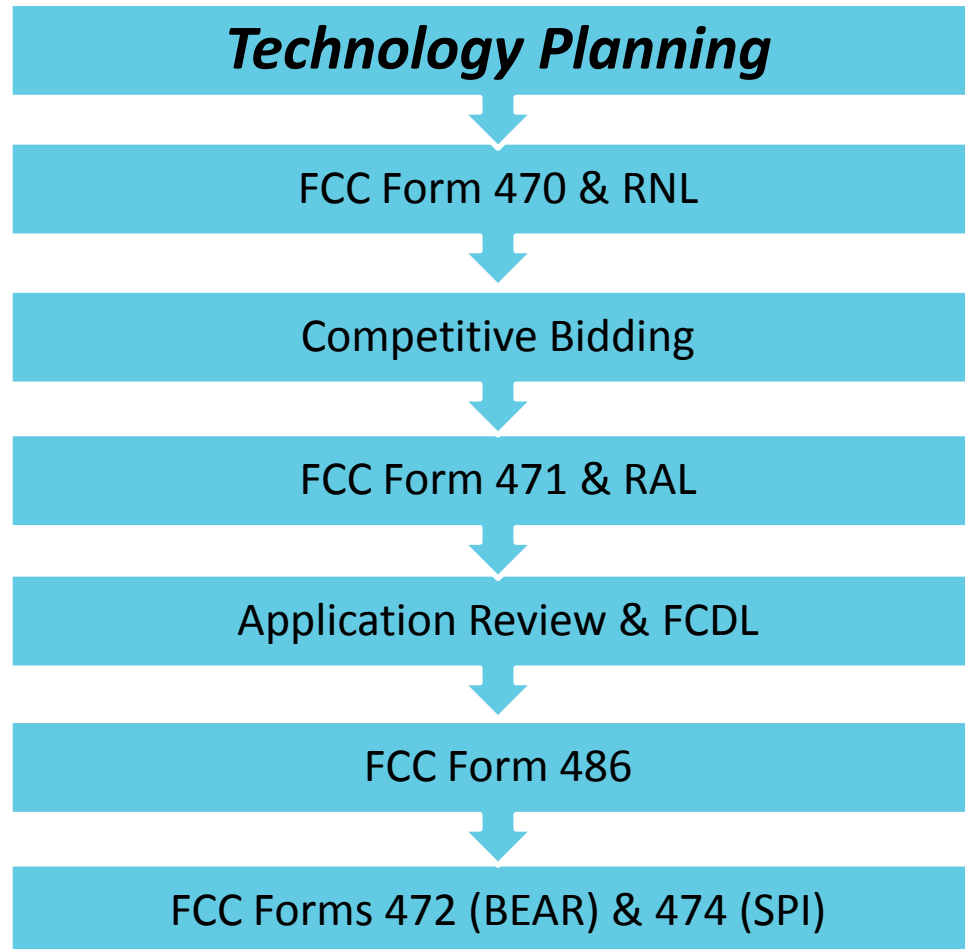
2013

Pink

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

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Technology Planning



Tech Plan Elements

A technology plan must contain 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

***Note* Starting with FY2011, if you are only requesting P1 services, a technology plan is not required**

Tech Plan Deadlines

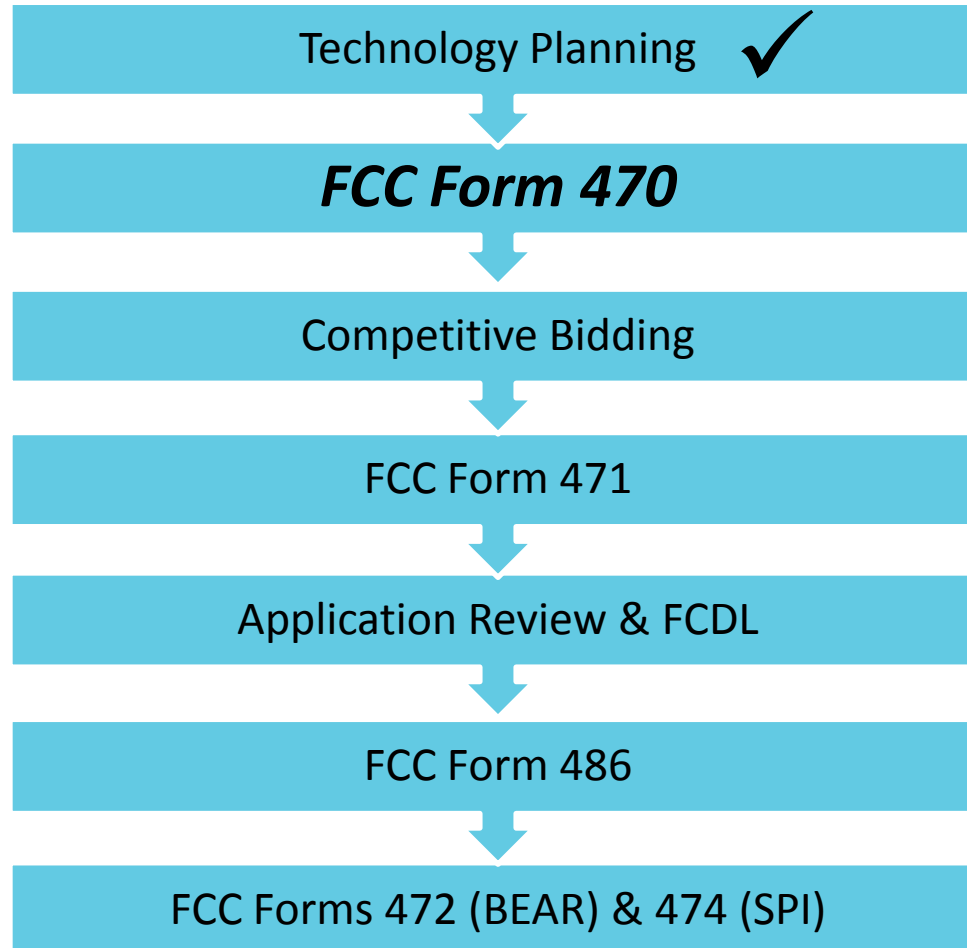
- Your technology plan must be **approved** by a USAC-certified Technology Plan Approver on or before the date when you begin receiving services or at the time you file the FCC Form 486 - whichever date is **earlier**

Acronyms & Terms

- **Four elements:** the four required topics you must address in your technology plan
- **Technology Plan Approver (TPA):** the agency/person certified by USAC that approves your technology plan

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Requesting Service (FCC Form 470)



FCC Form 470 Purpose

- Open a competitive bidding process
- Identify and describe desired categories of service and function of the services
- Describe scope of your needs
- Notify potential bidders 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

Acronyms & 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 FCC Form 470, 471, or 486

Acronyms & Terms

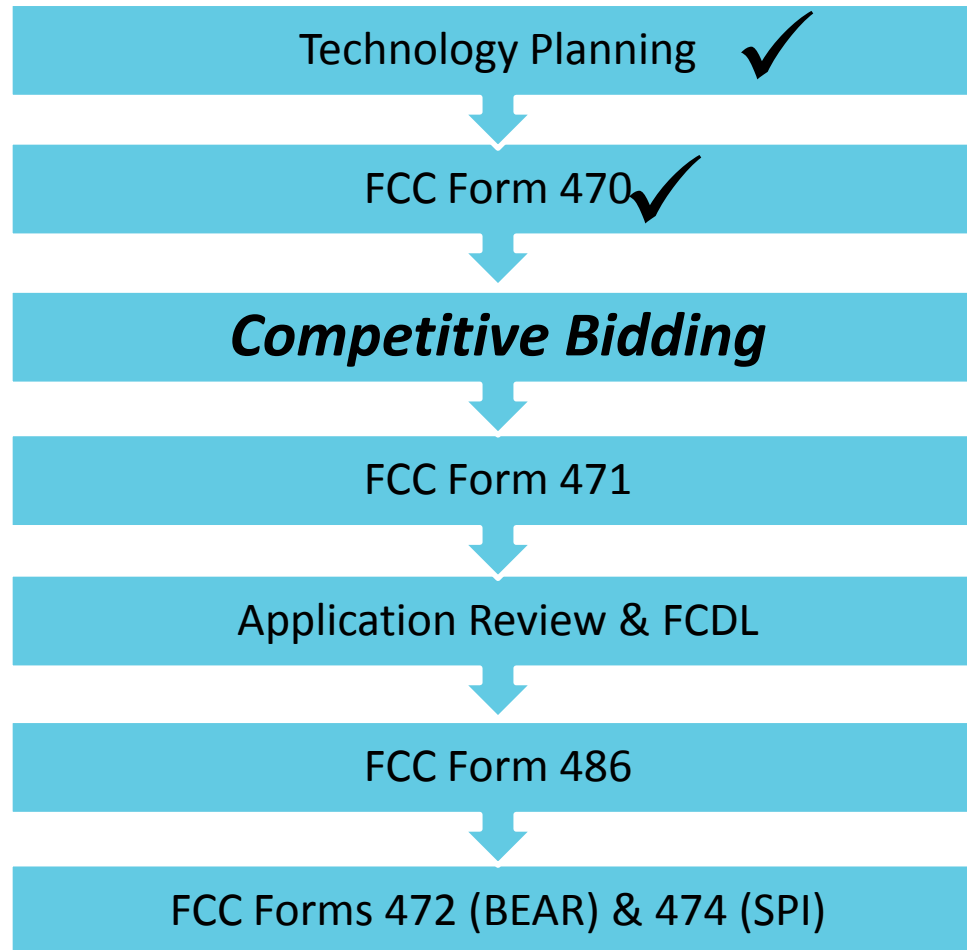
- **Request for Proposals (RFP):** a bidding document (not required by E-rate) that provides detailed information about your services, locations, bid submission requirements, etc.
 - Some states or procurement agencies refer to these documents by other names, e.g., Invitation for Bids (IFB)
 - If an RFP is required by your state/local procurement rules, you must issue one.

Acronyms & Terms

- **FCC Form 470 Receipt Notification Letter (RNL):** a letter issued by USAC to the applicant that summarizes the information provided in the FCC Form 470
- **Allowable Vendor Contract Date (ACD):** the date 28 days after the FCC Form 470 is posted to the USAC website

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Competitive Bidding



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 FCC Form 470 and RFP, and they can respond to your requests

Examples of Rule Violations

1. 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
2. Someone other than the applicant or an authorized representative of the applicant prepares, signs OR submits the FCC Form 470 and certification

Examples of Rule Violations

3. A service provider representative is listed as the FCC Form 470 contact person and that service provider is allowed to participate in the competitive bidding process
4. The FCC Form 470 does not describe the desired products and services with sufficient specificity to enable interested parties to submit bid responses

Acronyms & Terms

- **Bid:** A service provider response to your FCC 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

Bid Evaluation Matrix *(sample)*

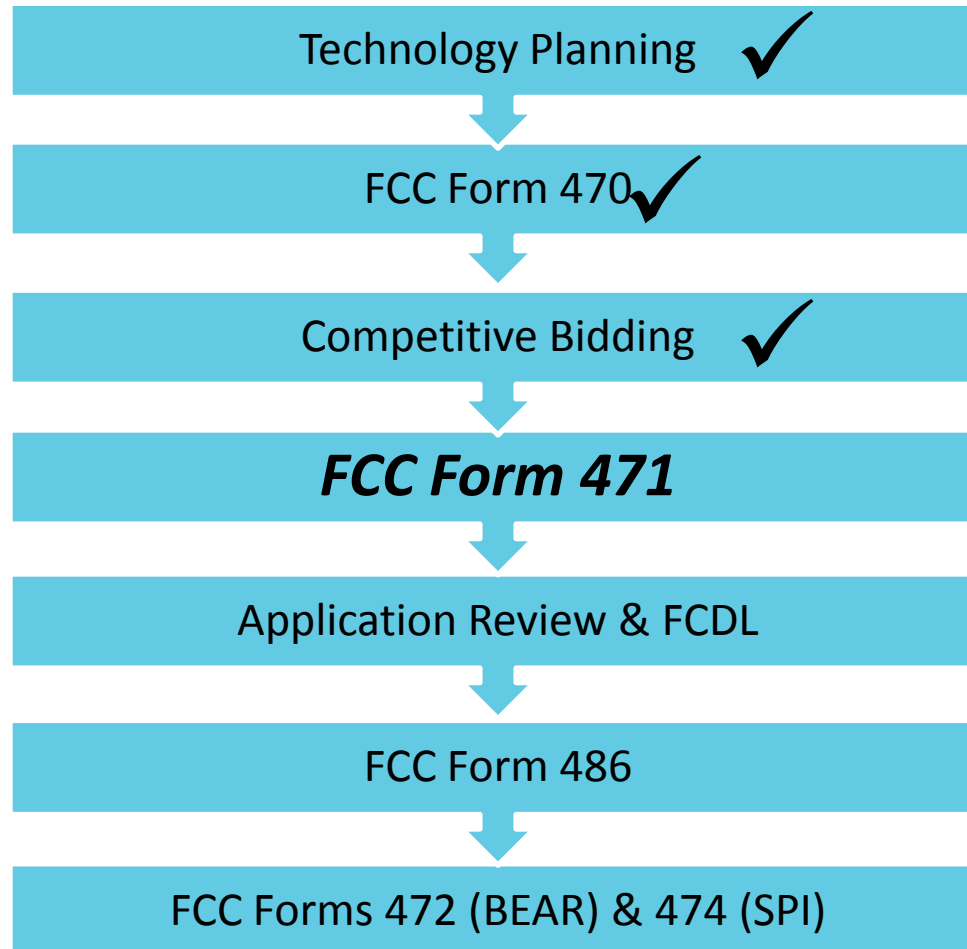
| Factor | Points Available | Vendor 1 | Vendor 2 | Vendor 3 |
|---|------------------|-----------|-----------|-----------|
| Price of the ELIGIBLE goods and services | 30 | 15 | 30 | 25 |
| Prior experience w/ vendor | 20 | 20 | 0 | 20 |
| Prices for ineligible services, products & fees | 25 | 20 | 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 |

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 submit an FCC Form 471

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Ordering Services (FCC Form 471)



FCC Form 471 Purpose

- Provide information on the service providers and eligible services you have chosen
- Identify the eligible schools and libraries that will receive services
- Calculate and report how much support you seek for the year
- Include your discount calculation information
- Certify your compliance with program rules

Acronyms & Terms

- **Funding Request Number (FRN):** the identification number assigned to an FCC 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

Acronyms & Terms

- **Item 21 Attachment (Item 21):** the description of services associated with a funding request
 - Item 21 attachments can be submitted online, by fax, email, or on paper
 - Your attachment(s) must be submitted by the close of the application filing window

Acronyms & Terms

- **Receipt Acknowledgment Letter (RAL):** a letter issued by USAC to the applicant and the service provider that summarizes the information provided in the FCC Form 471
 - Many of the entries on the form can be corrected after submission by using the RAL
 - Ministerial and clerical errors can be corrected until USAC issues the Funding Commitment Decision Letter

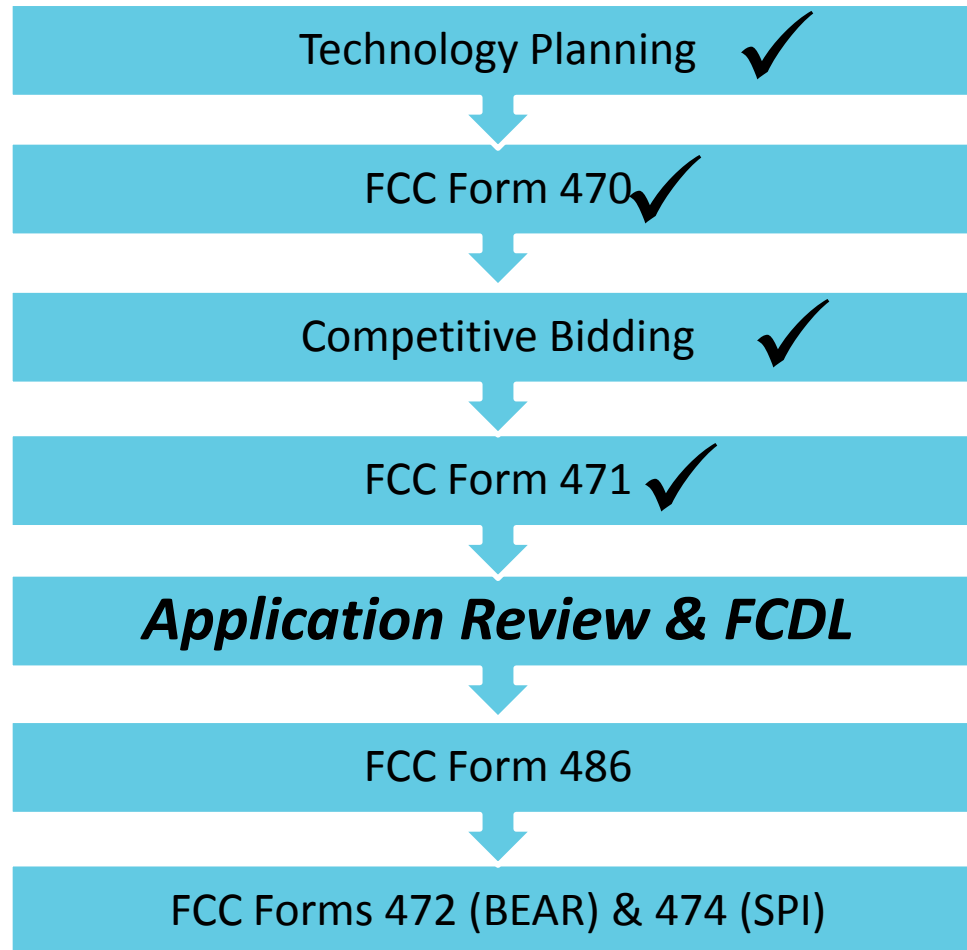
Acronyms & Terms

- **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

Understanding the Basics

Application Review & Funding Commitments

Application Review/Commitments



Acronyms & 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

Application Review/Commitments

During PIA review, USAC reviews FCC 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

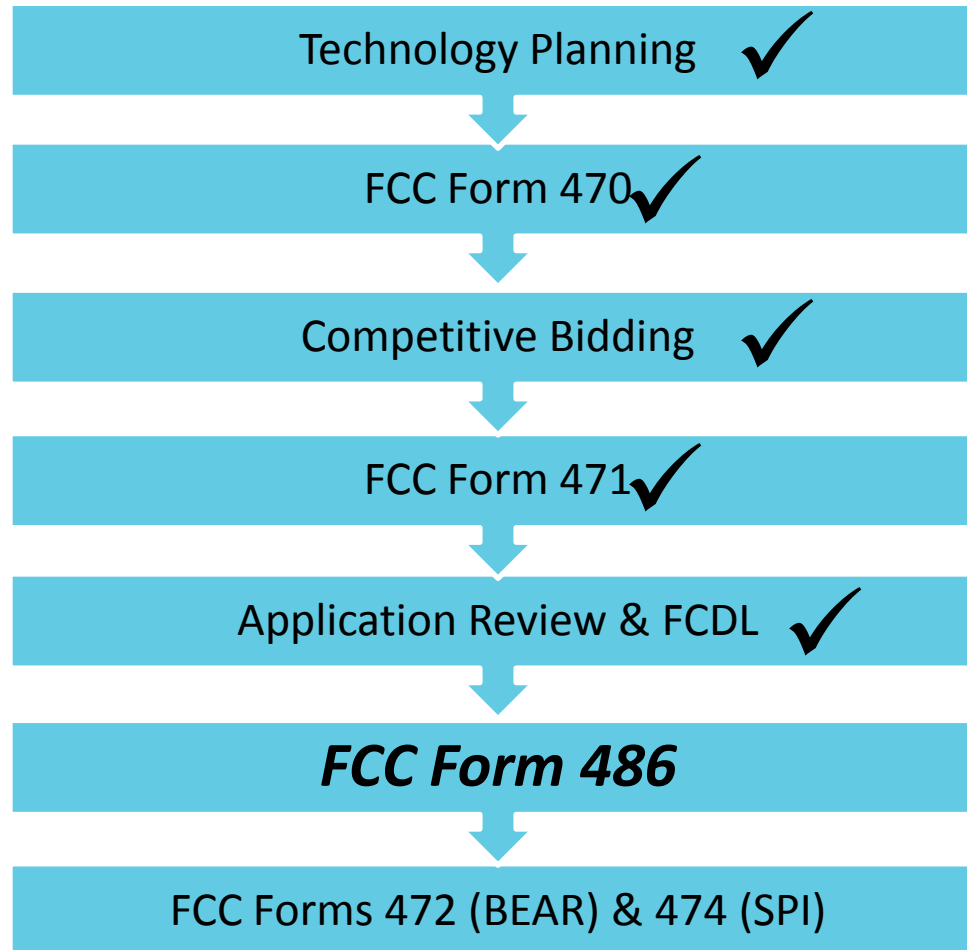
Receiving Your Funding Commitment

- Following application review, USAC issues an 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

Understanding the Basics

Begin Receiving Services (FCC Form 486)

Begin Receiving Services



FCC Form 486 Purpose

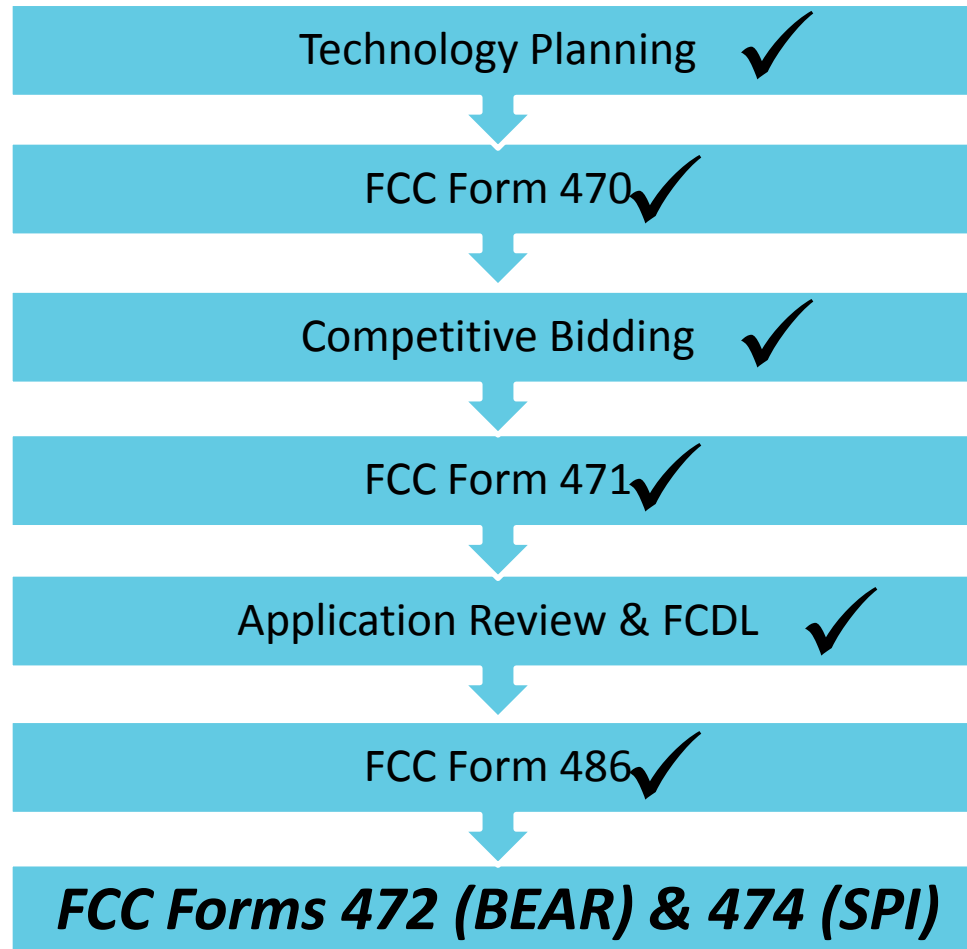
- Notify USAC that your eligible services have started or been delivered and invoices for those services can be processed and paid
- Provide the name of the TPA that approved your technology plan
- Report your status of compliance with CIPA

Acronyms & Terms

- **FCC Form 486 Notification Letter:** a letter issued by USAC to the applicant and service provider after an FCC Form 486 has been processed
- **Children’s Internet Protection Act (CIPA):** a law with specific requirements on Internet safety policies and filtering

Understanding the Basics

Invoicing USAC (FCC Forms 472 & 474)



2 Methods of Invoicing

- **Billed Entity Applicant Reimbursement (BEAR)** FCC 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)** FCC 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

Note Applicants can choose their method of invoicing; service providers cannot force applicants to use a particular method.

Requirements Before Invoicing USAC

- *Applicants and Service Providers* receive an FCDL from USAC for the services being invoiced
- *Applicants* must file an FCC Form 486 and receive an FCC 486 Notification Letter
- *Service Providers* must file an FCC Form 473 each funding year
 - FCC Form 473 can be filed after USAC has announced the opening of the application filing window

Acronyms & Terms

- **BEAR Notification Letter:** letter issued by USAC to the applicant and service provider after a BEAR is processed
- **Quarterly Disbursement Report:** report issued to the applicant detailing all invoicing activity (BEARs and SPIs) during the previous quarter
- **FCC 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

Application Deadlines

- **FCC Form 470** - Posted at least 28 days before the filing of the FCC Form 471, keeping in mind the FCC Form 471 application filing window opening and closing dates
- **FCC Form 471** - Received or postmarked no later than 11:59 p.m. EST on the day of the close of the FCC Form 471 application filing window (exact date will be posted on our website)

More Deadlines

- **FCC 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
- **FCC Form 472/ FCC Form 474** - Received or postmarked no later than 120 days after the date of the FCC Form 486 Notification Letter or the last date that the applicant can receive service from the provider in the funding year at issue, whichever is later
- **Appeals** - Received or postmarked no later than 60 days after the date of USAC's decision letter

Understanding the Basics

Questions?

With questions, please contact us!

Phone: (888) 203-8100

Fax: (888) 276-8736

Website: www.usac.org/sl

Thank you!