



## The E-Rate Program

### Understanding the Basics

Fall 2012 Applicant Trainings

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### Understanding the Basics

#### Overview

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

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### Understanding the Basics

## General E-rate Information

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## 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 Program (SL) is the part of USAC with responsibility for E-rate

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## General E-rate Information

### E-rate Rules

- Congress directed the FCC to establish the E-rate program in 1996
- The FCC sets rules and policies through orders
- USAC and the Schools and Libraries Program develop procedures for specific actions, such as how to process applications

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## General E-rate Information

### E-rate Timeline

- Commitments for E-rate are made by the 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., FY2012 is July 1, 2012 to June 30, 2013

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## General E-rate Information

### 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

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## General E-rate Information

### 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

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## General E-rate Information

### E-rate Discounts

- How large are the discounts on eligible products and services?
  - Discounts are 20-90 percent of eligible costs
  - Discount level for a school or library depends on:
    - 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
    - Urban or rural location of the school or library

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## General E-rate Information

### Discount Matrix

INCOME % of students eligible for NSLP	URBAN LOCATION Discount	RURAL LOCATION Discount
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%

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## General E-rate Information

### 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

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## General E-rate Information

### E-rate Forms

- How do I file a program form?
  - Three options:
    - File online, certify on paper
    - File online, certify online
    - 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

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## General E-rate Information

### 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 and letters by funding year to better organize them

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## Understanding the Basics

# Technology Planning

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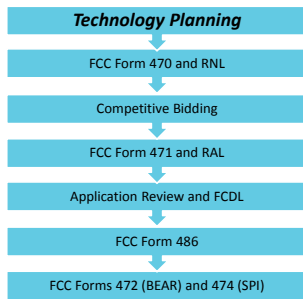
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## Technology Planning




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## Technology Planning

### Tech Plan Elements

- A technology plan must contain the following elements:
  - Goals and strategies for using technology to improve education or library services
  - Needs assessment
  - Staff training
  - Evaluation plan
- Note: Starting with FY2011, if you are only requesting P1 services, a technology plan is not required

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## Technology Planning

### 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

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## Technology Planning

### Acronyms and 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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## Understanding the Basics

# Requesting Service (FCC Form 470)

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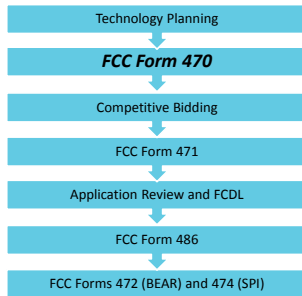
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## Requesting Service




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## Requesting Service

### 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 may be used to describe specific needs and circumstances

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## Requesting Service

### 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 FCC Form 470, 471, or 486

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## Requesting Service

### 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)
  - If an RFP is required by your state/local procurement rules, you must issue one

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## Requesting Service

### Acronyms and 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 Selection/Contract Date (ACD): the date which marks 28 days after the FCC Form 470 is posted to the USAC website

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## Understanding the Basics

# Competitive Bidding

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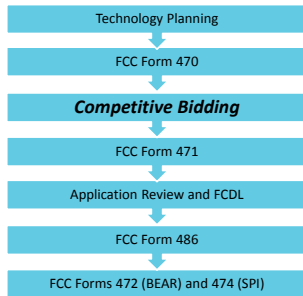
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## Competitive Bidding




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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
  - Evaluate bids equally
  - All potential bidders have access to the information from your FCC Form 470 and RFP (if you filed one), and they can respond to your requests.

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## Competitive Bidding

### Examples of 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 or submits the FCC Form 470 and certification

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## Competitive Bidding

### Examples of Rule Violations

- 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.
- The FCC 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

### Acronyms and 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 of eligible products and services 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

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## Competitive Bidding

### 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 and 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
<b>Total</b>	<b>100</b>	<b>65</b>	<b>68</b>	<b>92</b>

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## Competitive Bidding

### Choosing a Service Provider

- After you close the competitive bidding process for your services (on or after the ACD), you can:
  - Evaluate bids received
  - Choose your service provider(s)
  - Sign a contract
  - Submit an FCC Form 471

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## Understanding the Basics

# Ordering Services (FCC Form 471)

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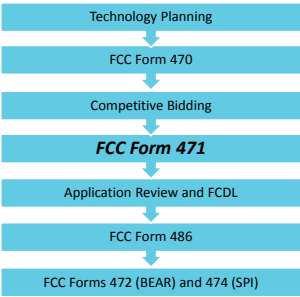
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 **Ordering Services**



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    A[Technology Planning] --> B[FCC Form 470]
    B --> C[Competitive Bidding]
    C --> D[FCC Form 471]
    D --> E[Application Review and FC DL]
    E --> F[FCC Form 486]
    F --> G[FCC Forms 472 (BEAR) and 474 (SPI)]
  
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 **Ordering Services**

**FCC Form 471 Purpose**

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

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 **Ordering Services**

**Acronyms and Terms**

- Funding Request Number (FRN):
  - The identification number assigned to each FCC Form 471 Block 5 funding request
- Service Provider Identification Number (SPIN):
  - The identification number assigned by USAC to a service provider
  - **Note:** A service provider may register multiple SPINs to use for separate business units or states in which they operate

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## Ordering Services

### Acronyms and Terms

- Item 21 Attachment (Item 21):
  - The description of services (including price) associated with a funding request
  - Can be submitted online, by fax, email, or on paper
  - Attachment(s) are part of the FCC Form 471 and they should be submitted by the close of the application filing window to ensure that the FCC Form 471 is treated as on time

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## Ordering Services

### 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 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 letter containing USAC's decisions on your funding requests

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## Ordering Services

### 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

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## Understanding the Basics

# Application Review and Funding Commitments

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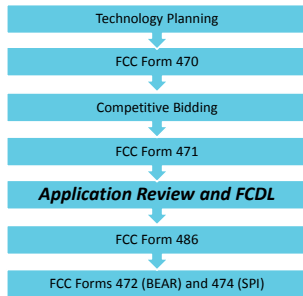
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## Application Review/Commitments



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## Application Review/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):
  - Letter issued by USAC to the applicant and the service provider that contains decisions on their funding requests

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## Application Review/Commitments

### PIA and USAC Reviews, FCC Form(s) 471

- Verify eligibility of the schools and libraries and their discount levels
- Verify that the services requested are eligible for E-rate 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

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## Application Review/Commitments

### 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 (such as the deadline for filing an appeal)

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## Understanding the Basics

# Begin Receiving Services (FCC Form 486)

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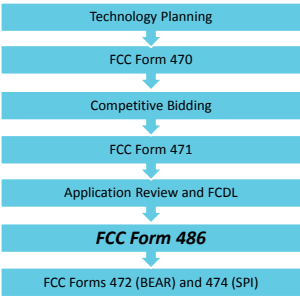
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## Begin Receiving Services



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    A[Technology Planning] --> B[FCC Form 470]
    B --> C[Competitive Bidding]
    C --> D[FCC Form 471]
    D --> E[Application Review and FCDL]
    E --> F[FCC Form 486]
    F --> G[FCC Forms 472 (BEAR) and 474 (SPI)]
    
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## 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

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## Begin Receiving Services

### Acronyms and 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

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## Understanding the Basics

# Invoicing USAC (FCC Forms 472, 474)

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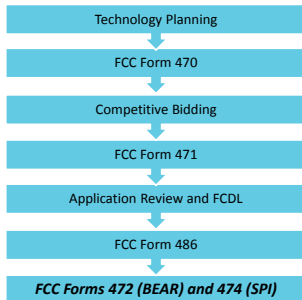
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## Invoicing USAC



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## Invoicing USAC

### Two 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 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

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## Invoicing USAC

### 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

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## Invoicing USAC

### Acronyms and Terms

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

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## Understanding the Basics

### Deadlines

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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 PM ET on the day of the close of the FCC Form 471 application filing window (exact date will be posted on our website)

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## Deadlines

### More Deadlines

- FCC Form 486 - Received or postmarked no later than 120 days after the date of the FCDL 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

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## Contacts

### With questions, please contact us!

**Phone:** (888) 203-8100

**Fax:** (888) 276-8736

**Website:** [www.usac.org/sl](http://www.usac.org/sl)

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**Questions?**

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**Thank you!**

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## The E-rate Program

### Welcome E-rate Participants

Fall 2012 Applicant Trainings

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## The E-rate Program

### Overview

- FCC FY 2012 Rollover Order impact
- What will E-rate FY 2013 look like?
- Training agenda highlights

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## The E-rate Program

### FCC FY 2012 Rollover Order

- Enough money for all Priority 1 (P1) applications
- Enough money for all Priority 2 (P2) applications at 90%
- Deny all P2 at 89% and below for lack of funds
- Largest first wave in history
- To date, 80% of apps completed
- To date, 42% of dollars committed
- By EOY, 99% of P1 and 93% P2 done

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## E-rate Program Overview

### What will FY 2013 look like?

- More of the same, probably
- High demand for P1, maybe more than last year
- Stress on P2 funding
- Uncertain rollover amounts
- Window dates TBD

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## E-rate Program Overview

### Training Agenda Highlights

- Eligible Services List
- Program Compliance
- Audit Process
- Myths and Misconceptions Debunked
- Changes and Corrections

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## Questions?

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**Thank you!**

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## The E-rate Program

### Eligible Services

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### Eligible Services

#### Overview

- Eligible Services List (ESL) Order
  - Format changes for Priority One services
  - Reduced burdens for the FCC Form 470
- Priority One (P1)
- Priority Two (P2)
- Miscellaneous
- Dark fiber
- Equipment transfers, disposals, and trade-ins

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## Eligible Services

### Eligible Services List (ESL) Order

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## Eligible Services List Order

### Overview

- No changes to overall eligibility of products and services
- Format changes to the ESL
  - Background: Some regulatory and procedural information are relocated to Special Eligibility Conditions
  - Priority One services are consolidated into one list
  - New information about service category selection for Priority One services on FCC Form 470

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## Eligible Services List Order

### FY 2012 ESL - Consolidated List of P1 Services

- Priority One services are no longer separated by regulatory category (Telecommunications Services, Telecommunications, and Internet Access)
  - Consolidation is to make ESL more user-friendly
    - There are no changes to FCC rules and requirements
  - Consolidated list includes services that can be requested as Telecom Services or Internet Access on the FCC Form 471 (e.g., voice mail, interconnected VoIP, fiber) depending on the type of service provider

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## Eligible Services List Order

### ESL Order – Other highlights

- FCC Form 470 Guidance
  - Sufficient for applicants to check off one Priority One service category (Telecom Services or Internet Access)
    - Description of the services requested or RFP must contain enough detail for service providers to identify services and formulate bids (no change from current requirement)
    - Service providers should review entire Priority One section

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## Eligible Services Priority One

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## Priority One

### Telecommunications Services

- Digital Transmission Services
  - Digital Subscriber Line (DSL)
  - Primary Rate Interface (PRI)
  - T-1, T-3
  - Satellite service

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## Priority One

### Not Eligible as Telecom Services

- Broadcast "Blast" messaging
- Monitoring services for 911, E911 or alarm telephone lines
- Services to ineligible locations
- End-user devices
  - Cell phones, tablet devices, netbooks and computers

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**Priority One**

**Internet Access (IA)**

- Support for IA includes charges to access the Internet and costs for the conduit to the Internet
- Other eligible Internet Access services include:
  - E-mail service
  - Wireless Internet access
  - Interconnected VoIP
  - Web hosting

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**Priority One**

**Not Eligible as Internet Access**

- Costs for Internet content
  - Subscription services such as monthly charges for on-line magazine subscriptions
- Internet2 membership dues
- Website creation fees
- Web-based curriculum software
- Software, services or systems used to create or edit Internet content

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Eligible Services

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**Priority Two**

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**Internal Connections**

- Support for equipment and cabling onsite that transport info to classrooms or public rooms of a library
- Subject to the Two-in-Five Rule
  - Entities can only receive funding every two out of five years

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**Internal Connections**

Eligibility	Product - Function
Eligible	Router - Data Distribution Switch - Data Distribution E-mail Server - Servers VoIP Gateway - Telephone Components
Conditionally Eligible *	Tape Drive - Data Protection Uninterruptible Power Supply (UPS) - Data Protection
Not Eligible	Application/Archive Server - Servers

Conditions:  
\*Eligible if used with eligible equipment.  
Cost Allocation may be utilized if supporting ineligible equipment

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**Basic Maintenance of Internal Connections (BMIC)**

- Support for basic maintenance of eligible internal connections
- Such as:
  - Repair and upkeep of hardware
  - Wire and cable maintenance
  - Basic tech support
  - Configuration changes

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### Priority Two

#### Basic Maintenance of Internal Connections

- Agreements or contracts must state the eligible components covered, make, model, and location
- Service must be delivered between July 1-June 30
- Two-in-Five Rule does not apply to BMIC

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### Priority Two

#### BMIC Updated Guidance

- Standard manufacturer warranties of no more than three years remain eligible
  - If there is a cost associated with the warranty, then the warranty is not eligible
- Support for BMIC is limited to actual work performed under the contract

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### Priority Two

#### BMIC Updated Guidance

- Applicants may make estimates based on:
  - Hours per year of maintenance
  - History of needed repairs and upkeep and
  - Age of eligible internal connections
- Applicants using the factors listed above must submit a bona fide request
- It is not reasonable to estimate an amount that would cover the full cost of every piece of eligible equipment

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## Priority Two

### BMIC Updated Guidance

- Flat rate contracts may be eligible however, applicants may only invoice for services actually delivered/work performed
- Exceptions that will not require demonstration that work was performed are:
  - Software upgrades and patches
  - Bug fixes and security patches and
  - Online and telephone based technical support

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## Eligible Services

# Miscellaneous

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## Miscellaneous

### Miscellaneous Charges

- Miscellaneous charges can apply to all service categories and are funded in the same category of the service they are supporting
- Training is eligible when included as part of the contract and performed coincidentally with the installation of the new service/product or in a reasonable time thereafter
  - Training for end-users or professional development is not eligible

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## Miscellaneous

### Miscellaneous Charges

- Taxes, surcharges and other similar reasonable charges are eligible for discount. This includes but is not limited to :
  - Universal service fund
  - Excise Tax
  - 911
  - Local Number Portability and
  - Telephone relay service

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## Miscellaneous

### Miscellaneous Charges

- Other charges that are not eligible include but are not limited to:
  - Universal service administration fee
  - Interest or finance charges
  - Late payment fees and
  - Termination fees

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## Eligible Services

### Dark Fiber

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#### Leased Dark Fiber as Priority One

- Leased dark fiber added as Telecommunications starting with the FY2011 Eligible Services List
- Allows for the lease of dark fiber as a Priority One service, from any entity
- On the FCC Form 470, file for either Telecom or Internet Access (**per the ESL Order**)
- On the FCC Form 471, select the Telecom box if the dark fiber is provided by a telecom carrier
  - In all other cases, select the Internet Access box

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#### Leased Dark Fiber as Priority One

- Dark fiber must be lit immediately
- Does not allow for unneeded capacity or the warehousing of dark fiber for future use
- Maintenance costs of dark fiber and installation costs to hook up the dark fiber are eligible
  - This includes charges for installation within the property line
- Modulating electronics for leased dark fiber are not eligible

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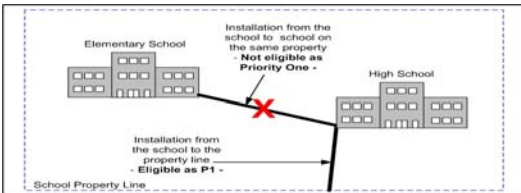
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#### Leased Dark Fiber as Priority One

- Installation costs to hook up the dark fiber are eligible from the eligible entity to the property line



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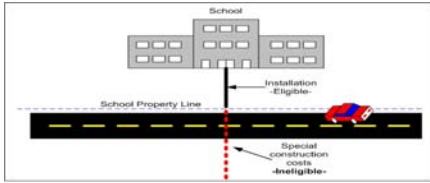
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Dark Fiber as Priority One

- Special construction charges to build out connections from applicants' facilities to an off-premise fiber network are not eligible



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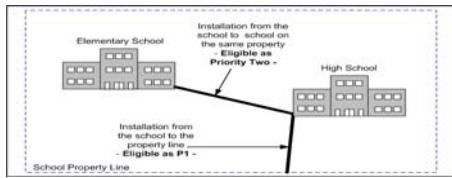
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Dark Fiber as Priority Two

- Installation and fiber costs between two eligible buildings, not crossing a public right-of-way, are considered Internal Connections



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Eligible Services

**Equipment Transfers,  
Disposal and Trade-in**

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## Equipment Transfers

### Equipment Transfer Rules

- In general, equipment may not be transferred for money or any other thing of value
- A no-cost transfer may occur three years or more after the purchase of the equipment to other eligible entities
- No equipment transfer may occur prior to three years from the date of purchase, unless the eligible entity is permanently or temporarily closing

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## Equipment Transfers

### Equipment Transfers Less Than Three Years

- Notify USAC
- Both the closing entity and the recipient must retain records of the transaction
  - The recipient must also be an E-rate eligible entity
  - Include the reason for the transfer
- Records must be kept for five years after the date of the transfer

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## Disposal of Equipment Rules

### Disposal of Equipment Rules

- As of January 3, 2011, applicants can dispose of obsolete equipment, but no sooner than five years after the date the equipment is installed
- Resale for payment or other consideration is allowable no sooner than five years after the equipment is installed
- Resale or disposal is prohibited before the five years have passed

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## Trade-ins and Exchanges

### Trade-ins and Exchanges

- Trade-ins of equipment can be permitted if the E-rate funded equipment to be traded in has been installed for five years
  - This limitation does not apply for equipment not funded through E-rate

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## Questions?

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## Thank you!

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## The E-rate Program

# Program Compliance

### Fall 2012 Applicant Trainings

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## Program Compliance

### Overview

- Know Your Role
- Technology Plans
- Fair and Open Competition
- Lowest Corresponding Price
- Contracts
- Pre-Commitment Issues
- Gifts and Donations
- Document Retention

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## Know Your Role

- **Applicants**
  - Write tech plan (Priority 2 services only), file FCC Form 470 and write RFP, evaluate bids, select provider, document the competitive process, file FCC Form 471 and Item 21, get tech plan approved, file FCC Form 486, select invoice method, file BEARs, ensure CIPA compliance, retain documentation.
- **Service Providers**
  - Respond to FCC Forms 470/RFPs, assist with preparing Item 21 attachments, provide technical answers on questions regarding specific goods and services requested, but NOT on competitive bidding; file SPIs and/or approve BEARs; file SPAC, retain docs.
- **Consultants**
  - Follow the role of their client – either applicant or service provider, obtain a consultant registration number, retain docs.

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## Technology Plans

### Technology Plan Requirements for Priority 2 Services

- Created by schools or libraries **only** (no service provider involvement).
- Contains sufficient detail to support and validate the services requested and covers the funding year.
- Must follow FCC rules **and** state or local technology plan requirements .
- Four Required Elements:
  - Goals and Strategies; Professional Development; Needs Assessment; and Evaluation.
- Plans must be approved prior to start of service or filing of FCC Form 486, whichever is earlier.

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## Fair and Open Competition

### The Competitive Bidding Process

- Must conduct a **fair and open** competition and bid evaluation process.
- Avoid conflicts of interest:
  - Applicant consultant ↔ Service Provider
  - Applicant ↔ Service Provider
    - Single person cannot mitigate the conflict of interest created when they perform both roles.
- Follow all rules – FCC and state/local.
- See [6<sup>th</sup> Report and Order](#) for more details .

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## Fair and Open Competition

### Only Applicants Can

- Determine the types of service the applicant will seek on an FCC Form 470.
- Prepare or assist with filling out the FCC Form 470.
- Sign, certify and/or submit the FCC Form 470.
- Negotiate with prospective bidders.
- Run the competitive bidding process.
- Service providers are specifically prohibited from assisting with or conducting any of these activities on behalf of applicants.

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## Fair and Open Competition

### Applicants Cannot

- Have a relationship with service providers that would **unfairly influence** the outcome of the competition.
- Have ownership interest in a service provider's company competing for services.
  - Applicant's consultants cannot have a financial interest in the service providers bidding on the service sought.
- Share information about the bid with potential bidders ("inside information") that they don't provide to all bidders.
- Fail to describe the desired products and services with sufficient specificity to enable interested parties to bid.

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## Fair and Open Competition

### Applicants Cannot

- Violate their own ethical regulations policy.
- Solicit gifts or accept gifts (including meals, travel and entertainment) worth \$20 or more or exceed \$50 per school or library employee from any single service provider participating in or seeking to participate in the E-rate program per funding year.
- Accept charitable donations that:
  - have a relationship to the competitive bid and would circumvent FCC competitive bidding rules or influence the E-rate competitive bidding process;
  - function as inducements to make additional purchases of eligible products or services.

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## Fair and Open Competition

### Applicants Can

- Have pre-bidding discussions with service providers:
  - Discuss service provider's product offerings;
  - Learn about new technologies from potential providers;
  - Attend product demonstrations.
- Receive **de minimis** items from providers:
  - Modest refreshments, not offered as a part of a meal;
  - Items with little intrinsic value such as certificates and plaques.

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## Fair and Open Competition

### FCC Form 470

- Indicates the services and categories of service which entities are seeking.
- Must be based on tech plan for Priority 2 services.
- Must be posted for at least 28 days.
- Indicates if you are planning/have issued an RFP.
- Indicates any special requirements and/or disqualification factors.
- Indicates who will be receiving the services.

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## Fair and Open Competition

### Requests for Proposal

- FCC rules refer to RFPs generically, but they may have a variety of names (Request for Quotes, Scope, or Statement of Work).
- FCC rules do not require RFPs, but state and local procurement rules may.
- Must be based on entities' tech plan (if Priority 2 services).
- Must be available to bidders for at least 28 days
  - Applicants must count 28 calendar days from whichever document (FCC Form 470 or RFP) was posted or available last
    - **Example:** RFP posted on December 1, Form FCC 470 posted on December 15, **December 15 starts the 28-day clock.**

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## Fair and Open Competition

### FCC Form 470 and RFP Issues

- Post for the correct category of service
  - PIA can switch the category of services on the FCC Form 471 FRN during application review if applicants make a mistake on their FCC Form 471.
- Provide sufficient detail on FCC Form 470 for the desired products/services.
  - Cannot provide **generic descriptions** (e.g., all eligible telecom services, Digital Transmission Services).
  - Cannot provide **laundry lists** of products and services.

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## Fair and Open Competition

### FCC Form 470 and RFP Issues

- If you break a contract to switch to a new provider, that new vendor cannot pay the applicant's termination charges or fees. The cost of the charges or fees must be paid by the applicant, and cannot be required or requested on the FCC Form 470 and/or RFP.
- If a procurement is cancelled, you cannot reuse the original FCC Form 470 if you wish to seek new bids for the services sought.
- Remember to fulfill your local procurement obligations, including posting in a newspaper, if required.

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## Fair and Open Competition

### FCC Form 470 and RFP Issues

- Third party entities
  - Non-state agencies that conduct the competitive bidding and contract negotiations on behalf schools or libraries must have a Letter of Agency to act on behalf of applicants.
- If multiple vendors are selected, applicants must conduct a **mini-bid** to award contract following FCC rules for vendor selection (e.g., price of eligible products and services is primary factor, etc.) but do not have to post a new FCC Form 470.
  - Must document and retain records of this process.

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## Fair and Open Competition

### FCC Form 470 and RFP Issues

- New requirement for FY 2013 FCC Forms 470 and RFPs
  - Commission's competitive bidding rules prohibit applicants from including a particular manufacturer's name, brand, product or service in an FCC Form 470 or request for proposals (RFPs) unless they also use the words "or equivalent" in such a description.
    - "XYZ manufacturer's high-speed router model 345J or equivalent" meets new requirement.
  - Applicants must carefully consider all of the bids received before selecting a winning bidder.

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## Fair and Open Competition

### Imposing Restrictions

- Set some eligible services requirements
  - Applicants may require service providers to provide services that are compatible with one kind of system over another (e.g., Cisco **compatible**).
- Bidder disqualification criteria must be spelled out in FCC Form 470 and/or RFP and be available to all.
- Applicants cannot state that the procurement is subject to sole source bidding and therefore exempt from the FCC's competitive bidding requirements.

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## Fair and Open Competition

### Bid Evaluation

- Retain all vendor selection documentation:
  - Winning and losing bids, correspondence, memos, bid evaluation documents, etc. for at least 5 years after the last day of service delivery.
- Price of the eligible goods and services must be the primary factor or most heavily weighted overall if the evaluation is multi-tiered.
  - [USAC sample evaluation](#) matrix available.
- Evaluation begins after 28-day waiting period ends.

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## Fair and Open Competition

### Most Cost Effective

- Selecting the winning bidder:
  - Price of the **eligible** goods and services must be the primary factor.
  - Other factors, including other price factors, can be considered as well, but they cannot be weighted equally or higher than the cost of the eligible goods and services.
  - See [Construct An Evaluation](#) for weighting samples.

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## Fair and Open Competition

### Cost Effectiveness

- Solution must be cost-effective (not just *the most* cost-effective)
  - *Ysleta Order*, para. 54: Routers priced at two or three times greater than the prices available from commercial vendors would not be cost-effective, absent extenuating circumstances.
  - Receiving only one bid does not automatically make it cost-effective.
  - Applicants must be able to demonstrate why a solution with higher than average pricing is cost-effective.
  - Service Providers may work with the applicant to help them understand the technical needs for this expensive solution.

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## Fair and Open Competition

### Free Services

- Can't use E-rate to get free ineligible items.
- Must deduct the value of the free ineligible items, discounts, trade-ins etc., from the pre-discount amount in order to get equal comparison between offerings.
- A proportionate cost allocation is required between eligible and ineligible components.
- Cost of eligible goods and services cannot be inflated to cover the "free" ineligible items.

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## Fair and Open Competition

### Free Services Examples

#### Example: Discount rebate

- Cost for product = \$100 pre-discount
- Rebate of 20% is available
- Can **ONLY** apply for \$80 (\$100\*80%) pre-discount

#### Example: Free products included in a bid

- Vendor A: \$10,000 products includes \$1,000 of free ineligible products (Deduct \$1,000 free products)
- Vendor B: \$8,000 for eligible products – no free products
- Must compare and apply for these pre-discount costs:
  - Vendor A: **\$9,000** (\$10,000 -\$1,000) to Vendor B: **\$8,000**

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## Lowest Corresponding Price

### What is the Lowest Corresponding Price (LCP) rule?

- 47 CFR § 54.500(f): Lowest corresponding price is the lowest price that a service provider charges to non-residential customers who are similarly situated to a particular school, library, or library consortium for similar services.

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## Lowest Corresponding Price

### What is the Lowest Corresponding Price (LCP) rule? (cont.)

- 47 CFR § 54.511(b): Providers of eligible services shall not charge schools, school districts, libraries, library consortia, or consortia including any of these entities a price above the lowest corresponding price for supported services, unless the Commission, with respect to interstate services or the state commission with respect to intrastate services, finds that the lowest corresponding price is not compensatory.

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## Lowest Corresponding Price

### What is the purpose of the LCP rule?

- To ensure that service providers do not charge schools and libraries in the E-rate program more than they would charge their other customers for the same services.
- To ensure that any lack of experience in negotiating in a service market does not prevent applicants from receiving competitive prices.

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## Lowest Corresponding Price

### What is “similarly situated”?

- Service providers are required to offer schools and libraries their services at the lowest corresponding prices throughout their geographic service areas. The “geographic service area” is the area in which a service provider is seeking to serve customers with any of its E-rate services.

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## Lowest Corresponding Price

### What is “similarly situated”? (cont.)

- Service providers may not avoid the obligation to offer the lowest corresponding price to schools and libraries for interstate services by arguing that none of their non-residential customers are identically situated to a school or library or that none of their service contracts cover services identical to those sought by a school or library.

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## Lowest Corresponding Price

### What is “similarly situated”? (cont.)

- The Commission will only permit providers to offer schools and libraries prices above prices charged to other similarly situated customers when those providers can show that they face demonstrably and significantly higher costs to serve the school or library seeking service. Factors that could affect the cost of service – volume, mileage from facility, and length of contract.
- Similar services include those provided under contract as well as those provided under tariff.

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### Lowest Corresponding Price

#### Who is responsible for ensuring the LCP is provided?

- All service providers regardless of the size of the company!
- The applicant is not obligated to ask for the LCP, but must receive it!

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### Lowest Corresponding Price

#### Who is responsible for ensuring the LCP is provided? (cont.)

- A service provider's obligation to provide the LCP is not tied to a response to an FCC Form 470 or RFP. The service provider must charge a rate that is the LCP – it is not sufficient merely just to offer the LCP in a bid response. If a service provider does not know that a school or library is participating in E-rate and therefore does not offer the LCP rate, the service provider must actually charge the LCP once they realize the school or library is participating in the E-rate program.

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### Lowest Corresponding Price

#### Who is responsible for ensuring the LCP is provided? (cont.)

- Note: A service provider should be aware of a school's or library's participation in E-rate prior to the funding year as the service provider receives a copy of the FCC Form 471 Receipt Acknowledgment Letter (RAL) for the FRNs on which they are cited. At the very least a service provider will know when they receive a copy of the FCDL.

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### Lowest Corresponding Price

#### What can a school or library do if they think they did NOT get LCP?

- 47 CFR § 54.504(c)(1): Schools, libraries, consortia including those entities may request lower rates if the rate offered by the carrier does not represent the lowest corresponding price.

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### Lowest Corresponding Price

#### What can a service provider do if it thinks the LCP is not enough for the service?

- 47 CFR 54.504(c)(2): Service providers may request higher rates if they can show that the lowest corresponding price is not compensatory, because the relevant school, library, or consortium including those entities is not similarly situated to and subscribing to a similar set of services to the customer paying the lowest corresponding price.

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### Lowest Corresponding Price

#### Commission orders also mandate:

- There is a rebuttable presumption that rates offered within the previous three years are still compensatory.
- Promotional rates offered by a service provider for a period of more than 90 days must be included among the comparable rates upon which the lowest corresponding price is determined.

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**Contracts**

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**Contracts Overview**

- A contract must be signed and dated by the applicant prior to the FCC Form 471 certification postmark date.
  - Applicants must not sign a contract before the Contract Award Date (CAD).
  - Service providers may sign before the CAD.
  - When state and/or local contract law doesn't require a signature and/or date, the applicant will be given the opportunity to complete a certification statement to that effect.
- A purchase order may be considered a contract **ONLY** if your state considers it a contract.

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**Contracts**

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**Voluntary Contract Extensions**

- Are allowable when the option for contract extensions is stated in the original provisions of the contract.
- Applicant must rebid the services (i.e., file a new FCC Form 470) if contract extensions are not stated in the contract or RFP.
- If a contract is extended post-commitment, applicants must notify USAC by filing an FCC Form 500.

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**Contracts**

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**State Master Contracts**

- A state master contract (SMC) is competitively bid and put in place by a state government for use by multiple entities in that state.
- **Single winner:** Single vendor wins the bid.
- **Multiple winners:** State awards contract to several bidders.
- **Multiple Award Schedule (MAS):** State awards contract for same goods and services to multiple vendors that can serve the same population.

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## Contracts

### State Master Contracts

- Multiple winners always require vendor selection justification
- If multiple vendors can provide the services to applicants, then the applicant must conduct a **mini-bid** based on FCC rules.
  - Applicants do not need to file another FCC Form 470.
  - But they must comply with all FCC Rules regarding vendor selection (e.g., price of the eligible products and services must be primary factor, cost-effectiveness, etc.).
- Contract Award Date = Date applicant decides to purchase off State Contract.

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## Pre-Commitment Issues

### Necessary Resources

- You must have the required funds, expertise, and other resources to use the E-rate purchase effectively, such as:
  - End user computers or hardware
    - Must have reasonable plans to fully utilize all internal connections for which you are requesting discounts (e.g., 2-year plan to get computers for all network drops)
  - Software or apps to run on the computers
  - Staff trained on how to use the technology.
  - Is there sufficient electrical capacity?
  - Can the applicant maintain all of the equipment?

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## Pre-Commitment Issues

### Paying Non-Discount Share

- All E-rate applicants must pay their non-discount share.
- Service providers cannot give the money (directly or indirectly) to pay for the non-discount share.
  - Cannot be a charitable donation from the provider or an entity with which the service provider has a relationship.
  - Funds cannot come from the service provider or an entity controlled by the service provider.
  - Service provider bills can't be ignored or waived.
  - If applicant can't show proof of payment during invoice review, invoice may be denied.

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## Pre-Commitment Issues

### Payment Plans

- Applicants are required to pay their share at the same time that USAC pays the discount amount.
  - Service Provider certifies that the invoices they submit are for services that “have been billed to service provider’s customers.”
  - Deferred payment plans that allow the applicant to pay after USAC has paid will jeopardize a funding request.
  - FCC Rules include a presumption that the non-discount share will be paid within 90 days.

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## Gifts and Donations

### Gifts

- Receipt or solicitation of gifts by applicants from service providers (and vice versa) and potential service providers is a competitive bidding violation.
- Service providers may not offer or provide any gifts or thing of value to applicant personnel involved in E-rate.
- Gift prohibitions are always applicable, not just during the competitive bidding process.
- Must always follow FCC rules. May also have to follow state/local rules.
- Counted per funding year.

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## Gifts and Donations

### Gift Rule Exceptions

- “Modest refreshments not offered as part of a meal, items with little intrinsic value intended for presentation, and items worth \$20 or less, including meals, may be offered or provided, and accepted by any individuals or entities subject to this rule, if the value of these items received by any individual does not exceed \$50 from one service provider per funding year.” See 47 C.F.R. § 54.503(d)(1).
- Single source = all employees, officers, representatives, agents, contractors, or directors of the service provider.

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## Gifts and Donations

### Gift Rule Exceptions Examples

- A service provider has offered a school district employee lunch at a local sandwich shop three times during the course of the year. The value of the school district employee's meal is \$9 each time. The total value of the gifts is \$27. No other gifts are received by this employee from this provider. The meals fall in the \$20 per instance and \$50 per year exception and there is no rule violation.

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## Gifts and Donations

### Gift Rule Exceptions Examples

- A library employee and his spouse are invited by a service provider to attend a play, tickets to which have a face value of \$30 each. The aggregate market value of the gifts offered on this single occasion is \$60, \$40 more than the \$20 amounts that may be accepted for a single event or presentation. The employee may not accept the gift of the evening of entertainment. He and his spouse may attend the play only if he pays the full \$60 value of the two tickets.

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## Gifts and Donations

### Gift Rule Exceptions

- Gifts to family and friends when those gifts are made using personal funds of the donor (without reimbursement from the employer) and are not related to a business transaction or business relationship are exempt. See 47 C.F.R. § 54.503(d)(3).
- Gift rules are not intended to discourage companies from making charitable contributions, as long as those contributions are not directly or indirectly related to an E-rate procurement. See 47 C.F.R. § 54.503(d)(4).

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## Gifts and Donations

### Gift Rule Exceptions Examples

- A service provider's spouse is the town librarian. The service provider employee may give the librarian a birthday gift exceeding \$20, as long as it is not reimbursed by the company, and is being given based on their personal relationship.
- Three service provider employees invite a tech director to join them at a golf tournament at their company's expense. The entry fee is \$500 per foursome. The tech director cannot accept the gift even though he has an amicable relationship with the service provider employees. Since the fees are paid by the company, it is the business relationship, not the personal relationship, that is the motivation behind the gift.

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## Gifts and Donations

### Curing Violations

- Promptly return any tangible item to the donor, or pay the donor its market value, or, if perishable, the item may be given to an appropriate charity or shared within the office or destroyed. See CFR 2635.205(a).
  - To avoid public embarrassment to the seminar sponsor and E-rate service provider, the Superintendent did not decline a barometer worth \$200 given at the conclusion of her speech on the district's education initiatives. The Superintendent must either return the barometer or promptly reimburse the provider \$200 to cure the violation.

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## Gifts and Donations

### Curing Violations Examples

- With approval from the recipient's supervisor, a floral arrangement sent by a service provider may be placed in the office's reception area.
- A district employee wishes to attend a charitable event to which he has been offered a \$300 ticket by a service provider. Although his attendance is not in the interest of the district, he may attend if he promptly reimburses the donor the \$300 face value of the ticket.

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## Gifts and Donations

### Charitable Contributions

- Gift rules are not intended to discourage charitable donations as long as the donations:
  - Are not directly or indirectly related to E-rate procurement activities or decisions, and
  - Are not given with the intention of circumventing competitive bidding or other FCC rules.

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## Gifts and Donations

### Allowable Charitable Contributions

- Paid-for-exchange services at market rates, such as the purchase of advertising space, is neither a gift nor a charitable donation as long as it is not intended to influence the competitive bidding process.
  - For example, service providers purchasing advertising space on the high school football score board, for which they pay market rates, would not cause any violations.

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## Gifts and Donations

### Potentially Allowable Charitable Contributions

- Cash, equipment, including sporting, musical or playground equipment, *may* be permissible if they benefit the school or library as a whole and broadly serve an educational purpose.
  - For example, a donation of books for a literacy campaign, given to a school by an E-rate service provider, would be an acceptable donation that benefits the school and broadly serves an educational purpose.

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## Gifts and Donations

### Unallowable Charitable Contributions

- Donations given for the purpose of influencing the competitive bidding process are rule violations if the donation comes directly from the service provider or is solicited and/or accepted indirectly through a non-profit organization.

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## Gifts and Donations

### Gifts Solicited or Accepted Indirectly

- “A gift which is solicited or accepted indirectly includes a gift: (1) Given with the employee’s knowledge and acquiescence to his parent, sibling, spouse, child, or dependent relative because of that person’s relationship to the employee, or (2) Given to any other person, including any charitable organization, on the basis of designation, recommendation, or other specification by the employee except as permitted for the disposition of perishable items or payments made to charitable organizations in lieu of honoraria.” See 5 C.F.R. § 2635.203(f).

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## Gifts and Donations

### Gifts Solicited or Accepted Indirectly

- Donations made indirectly through a third party, such as a non-profit, would be prohibited if the organization is used as a shell to disguise a directed gift.
  - A service provider directing its foundation to provide a cash donation equal to the value of the applicant’s non-discount share is a prohibited donation.
- Service provider cannot direct the donation and must relinquish control of the gift once provided to a non-profit.

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## Gifts and Donations

### Gifts Solicited or Accepted Indirectly

- Example:
  - An employee who must decline a gift of a personal computer pursuant to this rule may not suggest that the gift be given instead to one of five charitable organizations, whose names are provided by the employee.
  - A service provider cannot donate computers to raffle with the caveat that they go to E-rate recipients, or specific individuals or schools, or a subset of schools and libraries.

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## Gifts and Donations

### Unallowable Charitable Contributions

- Service providers cannot offer special equipment discounts or equipment with service arrangements to E-rate recipients that are not currently available to some other class of subscribers or segment of the public.
  - Free cell phone with purchase of service contract must be available to non-E-rate customers as well.
- Donations to cover the applicant's non-discount share.

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## Gifts and Donations

### Unallowable Charitable Contributions

- Travel expenses such as airfare, meals, lodging, etc. unless the meal falls below the \$20/\$50 thresholds.
- Example:
  - A service provider offers to pick up the travel and lodging costs for an applicant to attend a customer appreciation event in another state. This gift is not allowable under the gift rules.

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## Gifts and Donations

### Unallowable Charitable Contributions

- Equipment for a specific individual or group of individuals associated with or employed by an E-rate participant.
  - Service provider may not give a gift to a teacher who helps draft a district’s technology plan, even if that teacher does not ultimately help select the E-rate service provider.

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## Gifts and Donations

### Prizes at Conferences and Training Sessions

- Raffle tickets, prizes, or door prizes that have a retail value of over \$20 violate the gift rules unless the event is open to the public.
  - “Open to the public” means the event is free of charge and that members of the public at large typically attend such a gathering.
    - Free Community 4<sup>th</sup> of July celebration could qualify.
    - State District IT Directors meeting would not qualify.

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## Gifts and Donations

### Widely Attended Gatherings

- “Widely attended gatherings” allow for free attendance and meals or refreshments at that event. See 5 C.F.R. § 2635.203(g)
  - Gathering is widely attended if:
    - Employee’s attendance must be in the interest of the agency (i.e., school or library) and further its programs and operations, and
    - It is expected that a large number of persons will attend, and
    - Persons with a diversity of views or interests will be present.

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## Gifts and Donations

### Conferences – Permissible Actions

- Food, refreshments, instruction and documents given to all attendees at Widely Attended Gatherings are permissible.
- Trainings offered by state, regional or local government bodies or non-profits or trade associations that include those bodies are not considered vendor promotional training.
  - Vendor promotional training means training provided by any person for the purpose of promoting its products or services, and such trainings are not exempt from the gift rules. See 5 C.F.R. § 2635.203(g).

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## Gifts and Donations

### Conferences – Permissible Actions

- Service providers can host, sponsor, or conduct E-rate training, as long as they do not provide any gift that exceeds the gift exceptions.
  - Service providers cannot help with preparation or completion of forms, or determining the services listed on the FCC Form 470 and/or RFP.

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## Gifts and Donations

### Conferences – Impermissible Actions

- Training or conference regarding one or a few vendors services would not meet the definition of a Widely Attended Event even if many people attended.
  - Travel expenses, lodging, meals, and entertainment associated with the event would be considered gifts and therefore violations.
  - Free attendance when it would otherwise cost to attend is also a violation.
- Meals at a Widely Attended Gatherings not provided to all attendees would be subject to gift limits.

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## Gifts and Donations

### Conferences – Registration Fees

- Service providers can offer an “educational discount” on the attendance fee to a Widely Attended Event as long as it is available to **all** employees of schools and libraries.
- Applicants cannot accept free attendance, paid by a service provider, even if the school or library has assigned the employee to attend the event.
- A Service provider cannot pay for or reimburse expenses for an applicant to speak at a conference on behalf of that service provider, or in any other setting, e.g., newspaper or magazine.

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## Gifts and Donations

### Representation on Boards

- Employees who are required by law to sit on the governing board of a governmental agency that acts as a service provider do not violate the gift rules when they accept meals or travel expenses required to execute their official position and duties on that board.
- Service providers may sit on a school’s fundraising board, as long as that does not unduly influence the competitive bidding process or provide them with inside information.

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## Gifts and Donations

### Timelines for Compliance

- Requirement for fair and open competitive bidding has always been in effect.
- Rules from 6<sup>th</sup> Report and Order went into effect January 3, 2011.
- New applicants, or applicants that are applying for the first time for a category of service, must be in compliance with rules six months prior to the posting of their first FCC Form 470.
- Dollar limits of \$20/\$50 are calculated per funding year.

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## Document Retention

### Document Retention Timeframes

- Five years from last date of service delivered.
  - FY 2013: this is at least **June 30, 2019**.
- Any document from a prior year that supports current year must be kept until 5 years from last date of service as well.
  - E.g., Contract from 2009 for recurring services, used to support FY 2013 FRNs, must be kept until at least **June 30, 2019**.
- Documents may be retained in electronic format or paper.

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## Document Retention

### Applicants must retain

- Copies of bids.
- Contracts signed with service providers.
- Correspondence with service providers regarding bidding process.
- Copies of bid matrix or decision process for selecting winning bid.
- Proof of delivery of the service.
- Documentation of any service down time.
- Logs of maintenance performed.

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# Questions?

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**Thank you!**

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## The E-rate Program

# Audit Readiness & Success

Fall 2012 Applicant Trainings

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## Audit Readiness & Success

### Overview

- Beneficiary and Contributor Audit Program (BCAP)
- Payment Quality Assurance (PQA)
- Document Retention
- Common Audit Findings
- Success Tips

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## Audit Readiness & Success

# Beneficiary and Contributor Audit Program (BCAP)

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## BCAP

### What are BCAP Audits ?

- BCAP audits are conducted to determine compliance with FCC & program rules, for example:
  - Eligibility                   ▪ Competitive bidding
  - Discount                    ▪ Tech planning (if applicable)
  - Disbursements            ▪ CIPA (if applicable)
  - Delivery, installation & effective use of services
  
- Generally site visits occur at the applicant's location. Some audits may be conducted from USAC's offices
  - Although an audit takes several weeks, most site visits take **3 to 5 days**
- Generally performed by USAC's Internal Audit Staff

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## BCAP

### What are BCAP Audits?

- Auditees are selected randomly
  - Applicant size, complexity of services funded, discount percent and geographic locations are factors considered
  - Specific funding year, FCC Form 471, and FRN(s) are selected *(note: not all FRNs on an FCC Form 471 may be audited)*

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## Audit Readiness & Success

# Payment Quality Assurance (PQA)

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## PQA

### What is PQA?

- Payment Quality Assessment (PQA) is a program that assesses the rate of improper E-rate disbursements, specifically:
  - The eligibility of program beneficiaries,
  - The calculation of support performed by USAC, and
  - The beneficiary documentation supporting the funding disbursed
- PQA measures E-rate payments **made** during the **current calendar year** are compliant with the Improper Payments Elimination and Recovery Act (IPERA)
- **Assessment**, not an audit. Assessment is similar to a **condensed** desk audit. No on-site visits occur.

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## PQA

### What is PQA?

- The PQA program was designed in response to the requirements of the Improper Payment Elimination and Recovery Act of 2010 (IPERA), that requires each federal agency to review the programs and activities it administers and identify those that may be susceptible to significant improper payments.
- Per IPERA, an Improper Payment is defined as *“any payment that should not have been made or that was made in an incorrect amount.”*

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## PQA

### What is PQA?

- Payments to be assessed are selected on a line item basis, therefore a beneficiary may be selected for more than one assessment throughout the program year
- Recent payments are selected and USAC verifies that each payment was made properly
  - A statistical sample of payments (meeting IPERA standards) is obtained within the population of payments
  - There is not a *de minimis* amount for the payment selected

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## Audit Readiness & Success Document Retention

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### Document Retention

#### Retain, Retain

- USAC prepared documentation checklists for applicants and service providers to use when preparing for an audit or PQA review. These lists are located on USAC's website as [BCAP Checklist](#) and [PQA Checklist](#)
- Documentation must be retained for **5 years** from **last date service delivery** and can be in electronic format or paper
- Applicants & service providers must retain **ALL** documentation that shows compliance with all FCC rules

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### Document Retention

#### Retain, Retain cont'd

- Any document from a **prior year** that supports current year activities must be kept for a period of 5 years after the last day of service delivered
  - E.g., Contract from 2005, used to support FY 2013 recurring service FRNs, must be kept until at least **June 30, 2019**

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### Document Retention

#### Required Documents to Retain

- Technology Plan (drafted & approved)
- Technology Plan Approval Letter
- RFPs or similar documents
- All bid responses & correspondence
- Bid evaluation (score sheets)
- Contracts, service agreements, addendums, etc.
- Eligibility (school charter, accreditation)
- Consortium LOA
- Discount (NSLP, survey, direct cert.)
- Item 21 attachment
- Budget
- CIPA compliance documents
- Purchase requisitions, POs, Packing Slips, customer bills
- Delivery & installation records
- Maintenance logs
- Inventory records
- Payments (canceled checks, credit card receipts, ACH transactions)

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### Document Retention

#### Required Documents to Retain cont'd

- USAC approved SPIN changes and/or service substitutions (request, supporting documentation, and approval)
- USAC approved invoice deadline extension, service delivery and service substitution (request, supporting documentation, and approval)
- Retain documents used to prepare the FCC Forms
- Retain FCC Forms and letters received from USAC (e.g., FCC Forms 470, 471, 486)

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### Document Retention

#### Provide Timely Responses

- Applicants have **2-3 weeks** to provide response to BCAP announcement letter
- Applicants have **10 days** to provide a response to PQA notification
- **TIPS:**
  - Always acknowledge receipt of letter/notification
  - Inform USAC when your contact person or information changes
  - Request a deadline extension, if you need more time to respond
  - Provide complete responses

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## Document Retention

### Responding to PQA

- Make sure you are submitting the correct documentation, especially when a disbursement selected for review is from the [current year](#), and payment is for a [previous funding year](#)
- When corresponding by email, please be sure to have the full case ID (e.g. SL-2012-xx-Case-xxx) on the [subject line](#)
- When sending documents by fax, make sure the case ID is on the [cover page](#)
- PQA processors are available by phone to assist participants with understanding and fulfilling program requirements

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## Audit Readiness & Success

# Common Audit Findings

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## Common Audit Findings

### Most Common Audit Findings

- Missing documentation
- Invoice errors
  - over billing, ineligible services, eligible services not approved in PIA review, billing before services delivered
- Services not delivered or installed
- Competitive bidding violations
- Contracts
- Ineligible entities
- Discount calculations

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## Audit Readiness & Success

# Success Tips

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## Success Tips

### Invoices & Payments

- Ensure invoices submitted are for eligible entities and from eligible service providers
- Compare invoice to approved FRN to ensure disbursements are for approved eligible services/products and funding
  - Remove ineligible costs & services/products from SPI/BEAR
- Ensure installation/service delivery dates are within the allowable time period to receive services

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## Success Tips

### Invoices & Payments cont'd

- Applicants must pay their non-discount share
- Service providers must bill applicants for the non-discount share of the services or products
- Service providers must reimburse applicants for BEAR payments in a timely manner

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### Success Tips

#### Delivery and Installation

- Applicants should make sure they can demonstrate that equipment was received and installed
- Delivery and installation dates must be recorded
- Inventory log/asset registry should include
  - Equipment Location
  - Transfers (date and new location)
  - Equipment/serial numbers
  - Make/model
  - Disposal date
- Applicants should be able to demonstrate maintenance or service was performed

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### Success Tips

#### Contracts

- Contracts must be signed and dated by the applicant on or prior to the FCC Form 471 certification postmark date
  - Service provider signature is not required

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### Success Tips

#### Discount Calculations & Eligibility

- Don't rely on state or school district website to maintain National School Lunch Program (NSLP) data for you. Data on these websites can be refreshed or removed
- Libraries must use the NSLP data in which the library is located and NOT the **population served** by the library

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### Contact Information

**PQA Contact Information**

E-mail: [PQA@usac.i-sight.com](mailto:PQA@usac.i-sight.com)

Phone: (866) 348-5943      Fax: (877) 549-9036

**BCAP Contact Information**

E-mail: [auditingquiry@usac.org](mailto:auditingquiry@usac.org)

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## Questions?

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## Thank you!

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## The E-rate Program

### Myths and Misconceptions Debunked

Fall 2012 Applicant Trainings

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### Myths and Misconceptions

#### Overview

- Technology planning misconceptions
- Eligible services myths
- FCC Forms 470 and 471 misconceptions
- Competitive bidding and contracts misconceptions
- PIA myths and misconceptions
- FCC Form 486 and Invoicing misconceptions
- Post-commitment misconceptions

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### Technology Planning Misconceptions

#### Technology Plan Timing

*Misconception: I need to draft my tech plan each funding year before I file my FCC Form 470 for all services*

- Fact: Tech plans are **no longer required** for Priority One (Telecom and Internet Access) but **are** still required for Priority Two (Internal Connections and Basic Maintenance)
- Fact: Tech plans can be approved for more than one year, so your services may still be covered by your approved plan
- Fact: If P2 services are all included in a current tech plan, and the plan covers at least part of the upcoming funding year, then a new draft tech plan is not needed prior to posting an FCC Form 470

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## Technology Planning Misconceptions

### Technology Plan Timing

*Misconception: Technology plan approvals are always due July 1<sup>st</sup>*

- Not necessarily. Applicants requesting Priority 2 services must have an approved plan that covers at least part of the upcoming funding year prior to the **start of service** or the **filing of the FCC Form 486**, whichever comes first
- If P2 services starting after July 1 are not covered by an existing tech plan, the new tech plan must be approved before the **start of service** or the **filing of the FCC Form 486**, whichever comes first

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## Eligible Services Myths

### Internet Access – Off-campus Use

*Myth: I can provide Internet access to my students and staff at home (for educational purposes – of course)*

- Not true. Off-campus Internet access is not an E-rate eligible service
- The FCC’s “Learning on the Go” is a **pilot** program, which allowed up to \$10M to support interactive off-premise (home) wireless device connectivity for the **20** schools and libraries chosen to participate
  - Pilot program is not accepting any new applicants

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## Eligible Services Myths

### Understanding the Two-in-Five Rule

*Myth: If a school in my district or branch in my system uses a year under the Two-in-Five Rule, it counts for the district/system as a whole*

- Wrong. The Two-in-Five Rule applies to the entities listed on the Block 4 worksheet cited on the Internal Connections funding request (i.e., the individual schools, libraries, and/or non-instructional facilities listed on the worksheet). Entities can use **two** years within any five-year period, looking back and looking forward from that year
- If the entity is a NIF, then the schools or libraries on the Block 4 worksheet have used a year under Two-in-Five

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## Eligible Services Myths

### Understanding the Two-in-Five Rule (continued)

*Myth: I received a commitment for Internal Connections, but I will get this year back if I don't invoice for any equipment.*

- Partially correct but missing a crucial step: USAC considers you to have used a year of Two-in-Five if you have an Internal Connections **commitment**
- When **no disbursements** have been made on Internal Connections funding requests, you can get a year back **if** (and only if) you file an FCC Form 500 to cancel the unused FRN

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## Eligible Services Myths

### Understanding the Two-in-Five Rule (continued)

*Myth: I can receive discounts on a PBX this year and switches for each of the following two years because they are different types of Internal Connections*

- Not true. The Two-in-Five Rule applies regardless of the type of Internal Connections services received
- If the first-year PBX and the second-year switch requests are funded, USAC would deny the third-year request for violating the Two-in-Five Rule

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## Eligible Services Myths

### Service Provider Identification Numbers

*Myth: USAC issued a SPIN to my service provider, so the service provider is certified by USAC and all their services are eligible for discounts*

- False. The Service Provider Identification Number (SPIN) is a unique number assigned by USAC for identification and tracking purposes **only**
- USAC does not provide blanket approvals for a service provider's offerings, but reviews requests based on that year's [Eligible Services List](#) and other factors

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## FCC Forms 470 and 471 Misconceptions

### FCC Form 470 Timing

*Myth: I should wait for the FCC Form 471 filing window to open before filing my FCC Form 470*

- False. You can file the FCC Form 470 for a funding year as soon as that funding year becomes available online
  - Generally this occurs about a year before the start of the funding year (e.g., FY2013 starts July 1, 2013, and the FY2013 FCC Form 470 became available online in July 2012)

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## FCC Forms 470 and 471 Misconceptions

### Filing Multiple Forms

*Misconception: I need to file an FCC Form 470 every year.*

- YES... If you intend to purchase services under a tariffed or month-to-month basis, you must post a new FCC Form 470 each year **\*However\***
- NO... If you have purchased services under a multi-year contract or a contract with voluntary extensions, you do not have to file a new FCC Form 470 for the life of the contract.
- Remember: You MUST file an FCC Form 471 every year – even if you have a multi-year contract

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## FCC Forms 470 and 471 Misconceptions

### Filing Multiple Forms

*Misconception: I can apply for P1 and P2 services on one FCC Form 471*

- We recommend that you don't. If P1 and P2 services are combined on the same FCC Form 471, USAC cannot issue commitments on the P1 services until a funding decision can be made on the P2 services
- However, you don't have to file P1 services from different providers on separate FCC Forms 471 – you can put them all on the same form, just on separate FRNs (same for P2)

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## FCC Forms 470 and 471 Misconceptions

### Discount Calculations

*Misconceptions: All my students or patrons at my entity are impoverished so I can claim a 90% discount level, and I'm rural because I can see cows from my office window*

- Wrong and wrong.
  - Use National School Lunch Program numbers or an [alternate discount mechanism](#) to determine your discount, and **retain your documentation**
  - Use the [urban/rural status](#) to determine your status
  - Use the [discount matrix](#) to determine your discount

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## FCC Forms 470 and 471 Misconceptions

### Transitional Errors

*Misconception: I'm new to E-rate and don't understand the forms, so I can just copy information from the FCC Forms 470 and 471 my entity filed last year that USAC approved.*

- Don't do this without making sure the information is accurate. Copying information from a past year's forms could result in inaccurate or dated information.
- [Eligible services](#), entities, costs, discount levels, and other data entered on program forms should be carefully reviewed each funding year.

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## FCC Forms 470 and 471 Misconceptions

### Transitional Errors (PINs)

*Misconception: I'm new to E-rate and I don't have a PIN, so I'll call the Client Service Bureau and request one; or I'll just use the PIN from my former boss's PIN mailer.*

- Wrong. PINs cannot be requested. An authorized person who does not have a PIN must file an FCC Form 470, 471, or 486 on paper – or file online and submit a paper certification page – before USAC can issue a PIN to that authorized person.
- Even more wrong. PINs are considered equivalent to a handwritten signature and are specific both to an authorized person and to a Billed Entity. Don't use them interchangeably between authorized persons or Billed Entities.

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## Competitive Bidding and Contracts Misconceptions

### State Master Contracts

*Myth: My state posted an FCC Form 470 and signed contracts with three service providers as a result. I can just pick any one of the three to complete my FCC Form 471.*

- Wrong. You must **conduct a bid evaluation** for all three service providers able to provide services under these contracts (a “mini-bid”) and choose the most cost-effective solution.
- However, you don’t need to post an FCC Form 470 just to conduct this mini-bid.

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## Competitive Bidding and Contracts Misconceptions

### Choosing a Service Provider

*Myth: There is only one service provider who serves my region, so I can just claim sole source and not bother with a competitive bidding process.*

- Wrong. The **28-day waiting period**, competitive bidding, and other applicable rules must always be followed

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## PIA Myths and Misconceptions

### PIA Correspondence

*Myth: I put my Billed Entity Number on everything I sent to PIA during review – that should be enough for them to figure out who I am and match my documents with my application*

- Wrong: The more identifying information you provide, the better:
  - FCC Form 471 application number(s)
  - Funding Request Numbers
  - Item 21 attachment number(s)
  - Contact information, especially phone and email
- We may have trouble identifying individual pages if they get separated

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## PIA Myths and Misconceptions

### PIA Correspondence

*Myth: PIA asked me for documentation, so I'll keep working on it and tell my reviewer when I'm ready to send it*

- Wrong: Don't hope that PIA can read your mind - communicate with your PIA reviewer
- PIA asks for the information within 15 days – be sure to request an extension if you need it by notifying your PIA Reviewer and receiving a confirmation

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## PIA Myths and Misconceptions

### Item 21 Attachments

*Myth: The Item 21 is not really due until PIA asks for it.*

- False. Beginning with FY2011, Item 21 attachments must be filed by the deadline
  - FRNs without timely filed Item 21 attachments will not be funded

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## PIA Myths and Misconceptions

### Funding Commitment Decision Letters (FCDL)

*Misconception: My FCDL states that my FRN is 'As Yet Unfunded.' Since it hasn't been denied, where is my funding?*

- "As Yet Unfunded" indicate that your FRN is approved for funding when funding becomes available, which has not yet occurred for your discount level.

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## FCC Form 486 & Invoicing Misconceptions

### Certifying CIPA Compliance on FCC Form 486

*Misconception: I filter all my computers and wrote an Internet safety policy, therefore I am CIPA compliant*

- Not quite – there are other components to CIPA, for example:
  - Public hearing or meeting about the Internet safety policy for which reasonable public notice was provided
  - SCHOOLS – You should have already amended your Internet safety policy to provide for the education of minors about appropriate online behavior
- Be sure to review the [CIPA](#) guidance on the USAC website

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## FCC Form 486 & Invoicing Misconceptions

### Understanding Invoicing Reductions and Denials

*Misconception: Once my BEAR has been denied I will have to appeal the decision to get my funding*

- No, if you correct the problem identified on the BEAR Notification Letter, you can simply resubmit the BEAR Form.
- If you don't understand why your BEAR Form was denied or reduced, [submit a question](#) or call the Client Service Bureau.

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## Post-Commitment Misconceptions

### FCC Form 500

*Misconception: When I have unused funds from my commitment, I should leave the money where it is in case I need it later for something else*

- No, unused commitment funds cannot be transferred to other years or FRNs
- **PLEASE** file an [FCC Form 500](#) to return any unused funds to USAC so that they can be used for other commitments

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## Post-Commitment Misconceptions

### Document Retention

*Misconception: I must keep hard copies of all my documentation*

- Applicants and service providers are required to keep documentation (hard copies **or** electronic) for a period of at least five (5) years from last date of service
- If you have a multi-year contract, keep copies of relevant documents (including the contract) for **five years after the last date of service delivery** covered by that contract

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## Post-Commitment Misconceptions

### Operational SPIN Change Reminders

*Misconception: I found a new service provider who is cheaper, so I did a SPIN change. Now USAC and I both spend less, so everybody wins.*

- You can't do a SPIN change just to get a cheaper price – there must be a legitimate reason to change providers (e.g., breach of contract, unable to perform)
- Moreover, the new service provider must have received the next highest point value in the original bid evaluation (unless only one or no bids were received)

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## Post-Commitment Misconceptions

### Extensions

*Misconception: I need to extend my contract, service delivery deadline and invoice deadline, so I'll just file an FCC Form 500 for all three.*

- 33 <sup>1</sup>/<sub>3</sub> percent correct (best case scenario)
  - **If** you can extend your contract (\*hint: read your contract\*) and you do so, filing an FCC Form 500 reports the new expiration date to USAC
  - You must, however, file separate extension requests for the other two deadlines, totaling three submissions to USAC

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## Post-Commitment Misconceptions

### Appeals

*Misconception: I just had my FCC appeal approved, so where is my check? Are you out of money for that funding year?*

- First, read the remand order carefully – USAC may have been directed to do additional work before taking an action
- Second, you are responsible for following the remainder of the application process, e.g., timely filing an FCC Form 486 and 472
- Third, if the appeal is old, verify the contact information USAC has on file by calling CSB

\*Note: You can still receive funding for an older funding year

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## Post-Commitment Misconceptions

### Appeals

*Misconception: I was audited; I don't agree with the audit findings, so I plan to appeal them.*

- Audit findings are not appealable, because no determination (e.g., a necessity to recover funds) has been made by USAC
- If USAC issues a COMAD or RIDF letter following an audit, that is the appealable event

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## Questions?

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# The E-rate Program Changes and Corrections

Fall 2012 Applicant Trainings

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## Changes and Corrections

### Overview

- Ministerial and clerical errors
- SPIN changes
- Service substitutions
- Invoice deadline extensions
- Service delivery deadline extensions

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## Changes and Corrections

### General guidelines

- Provide contact information in case we have questions
- Use the appropriate document(s) on the USAC website as a guide when preparing your request, and include all pertinent information noted in the document(s)
- Include evidence of your authorization, for example:
  - Be the contact person or authorized person on the form
  - Email your request from your entity's domain name
  - Provide a consultant letter of agency or similar document
- Submit your request before the deadline

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## Ministerial and Clerical Errors

### Ministerial and clerical (M&C) errors

- M&C errors “include only the kinds of errors that a typist might make when entering data from one list to another, such as mistyping a number, using the wrong name or phone number, failing to enter an item from the source list onto the application, or making an arithmetic error.” (Order [FCC 11-60](#), released April 14, 2011)
- Examples of allowable and non-allowable errors can be found in the Ann Arbor Order ([DA 10-2354](#), released December 16, 2010) and in the [Ministerial & Clerical Errors](#) web page on the USAC website

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## Ministerial and Clerical Errors

### Submitting corrections

- Submit M&C corrections to an FCC Form 470 using the process described in the Receipt Notification Letter (RNL) by email, fax, or online
  - NOTE: There are only a few allowable corrections to FCC Forms 470, as changes to some fields could affect the competitive bidding process
    - For example, if you add a category of service or make a significant change to the scope of a project, then your revised FCC Form 470 will be posted as a new form.

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## Ministerial and Clerical Errors

### Submitting corrections (continued)

- Submit M&C corrections to an FCC Form 471 using the process described in the Receipt Acknowledgment Letter (RAL) by email, fax, or online
- M&C corrections can also be made during the PIA review process
  - Remember that PIA reviewers can identify some – but not all – potential M&C errors

NOTE: RAL corrections will be made to the version of the FCC Form 471 displayed on the USAC website as the “Current” view

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### Ministerial & Clerical Errors

#### Don't forget to include ...

- If the information to be corrected does not appear on the RAL, include a printout of the information with corrections (e.g., an annotated Block 4 worksheet) or a separate page that provides the corrected information
- Supplemental documentation, ideally dated on or before the FCC Form 471 certification date, that establishes that the error was truly an M&C error
- Note, you cannot "correct" a Block 4 worksheet simply to remove lower-discount entities after the Priority 2 funding threshold is set

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### Ministerial & Clerical Errors

#### DEADLINE:

- M&C corrections must be received or postmarked before the FCDL is issued
- Corrections after this date must be addressed through the appeals process

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### SPIN Changes

#### SPIN change requests

- SPIN change requests are filed to change the Service Provider Identification Number (SPIN) associated with a particular Funding Request Number (FRN)
  - A corrective SPIN change request (pre- or post-commitment) – fixes a data entry error, reflects a merger or acquisition, or corrects information that was not a result of an applicant action
  - An operational SPIN change request (post-commitment only) – changes the actual service provider

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## SPIN Changes

### Submitting requests

- Submit pre-commitment corrective SPIN changes via a RAL correction or to your reviewer during PIA review
- Submit all post-commitment SPIN changes through [Submit a Question](#) (choose "SPIN Changes" from the Topic Inquiry menu) or by fax or mail
  - You can submit an attachment using [Submit a Question](#) if you need more space to provide all necessary information
- **DEADLINE:** Requests must be received or postmarked no later than the last day to submit an invoice

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## SPIN Changes

### Don't forget to include ...

#### Corrective SPIN changes

- A list of specific information to include can be found in the [Corrective SPIN Change](#) document on the USAC website
- Provide a short description of the reason the SPIN is incorrect
- If possible, include documentation supporting the change (e.g., merger or acquisition announcement)

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## SPIN Changes

### Don't forget to include ...

#### Operational SPIN changes

- A list of specific information to include can be found in the [Operational SPIN Change](#) document on the USAC website
- If any service was provided by the original SPIN, clearly indicate the dates, charges, and other pertinent information for both the original and new SPINs

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### SPIN Changes

**Don't forget to include ...**

Operational SPIN changes (continued)

- A statement that:
  - The change is allowed under your applicable state and local procurement rules
  - The change is allowable under the terms of any contract between you and the original service provider
  - You have notified the original service provider of your intent to change service providers

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### SPIN Changes

**Don't forget to include ...**

Operational SPIN changes (continued)

- For FRNs from FY2011 and future funding years:
  - A statement of your legitimate reason to change service providers (e.g., breach of contract or unable to provide service)
  - A copy of your bid evaluation OR a statement that you received only one or no bids

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### SPIN Changes

**Don't forget to include ...**

Operational SPIN changes (continued)

- For FRNs from FY2011 and future funding years, it is helpful to provide a copy of the following:
  - Your bid evaluation document
  - Documentation, if any, to support your legitimate reason for changing service providers

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## Service Substitutions

### Service substitution requests

- Service substitutions are changes in the products and/or services specified and approved in the FCC Form 471 and Item 21 attachment
  - Global service substitutions can be requested by the service provider if one make or model of equipment is being discontinued/replaced by another
  - Other service substitutions must be requested by the applicant

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## Service Substitutions

### Submitting requests

- Submit your request through [Submit a Question](#) (choose “Service Substitutions” from the Topic Inquiry menu) or by fax or mail
  - You can submit an attachment using [Submit a Question](#) if you need more space to provide all necessary information
- **DEADLINE:** Request must be received or postmarked by the last day to receive services

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## Service Substitutions

### Don't forget to include ...

- A list of specific information to include can be found in the [Service Substitutions](#) document on the USAC website
- A “From” and “To” list, i.e., a list of the products and services originally approved and a similar list of the products and services now desired
- An explanation of any reduction in cost (USAC will reduce the funding commitment if the cost of the new products and services is lower than the original)

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### Service Substitutions

#### Don't forget to include ...

- Statements that:
  - The substituted products or services have the same functionality as that contained in the original proposal
  - The substitution does not violate any contract provisions or state or local procurement laws
  - The substitution does not result in an increase in the percentage of ineligible services or functions
  - The requested change is within the scope of and consistent with the establishing FCC Form 470 and any RFPs issued for the original services

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### Invoice Deadline Extensions

#### Invoice deadline extension requests

- Applicants and service providers can request an extension of the deadline to file invoices
  - FCC Form 472 (BEAR Form)
  - FCC Form 474 (SPI Form)
- After the invoice deadline has passed, an extension request must be filed with and granted by USAC before an invoice can be processed
- More than one extension can be granted for an FRN

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### Invoice Deadline Extensions

#### Submitting requests

- Submit your request through [Submit a Question](#) (choose "Invoice Deadline Extension Request" from the Topic Inquiry menu) or by fax or mail
- The applicant or the service provider can prepare and submit a request
- **DEADLINE:** Requests should be received or postmarked no later than 120 days after the last day to invoice
  - Requests submitted after this date should include a detailed explanation of the reason for the delay

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## Invoice Deadline Extensions

### Don't forget to include ...

- A list of specific information to include can be found in the [Invoice Extensions](#) document on the USAC website
- Provide the reason and an explanation for the request:
 

<ul style="list-style-type: none"> <li>• Authorized service provider changes</li> <li>• Authorized service substitutions</li> <li>• No timely USAC notice</li> <li>• USAC errors that result in a late invoice</li> </ul>	<ul style="list-style-type: none"> <li>• Documentation requirements that necessitate third-party contact</li> <li>• Natural or man-made disasters</li> <li>• "Good Samaritan" BEAR Forms</li> <li>• Circumstances beyond the service provider's control</li> </ul>
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## Service Delivery Extensions

### Service delivery deadline extension requests

- In general, service providers have until September 30 following the close of a funding year to deliver and install non-recurring services
  - Some extensions of this deadline can occur automatically (see next slide)
  - Others must be requested by either the applicant or the service provider due to specific circumstances

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## Service Delivery Extensions

### Service delivery extension requests (continued)

- One-year extensions occur automatically (and need not be requested) if USAC issues one of the following on or after March 1:
  - Funding Commitment Decision Letter (FCDL)
  - Operational SPIN change approval
  - Service substitution approval
- You should follow up with USAC if you believe you should have received an extension but you do not see the extended date on the [FRN Extension Table](#)

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## Service Delivery Extensions

### Service delivery extension requests (continued)

- Extensions can be requested if the service provider:
  - Was unable to complete delivery and installation for reasons beyond the service provider’s control
  - or
  - Was unwilling to complete delivery and installation after USAC withheld payment for those services on a properly submitted invoice for more than 60 days after submission of the invoice

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## Service Delivery Extensions

### Submitting requests

- Submit your request through [Submit a Question](#) (choose “Invoice Implementation Extension Request” from the Topic Inquiry menu) or by fax or mail
  - The applicant or the service provider can prepare and submit a request
- **DEADLINE:** Requests MUST BE received or postmarked on or before the last date to receive service
  - USAC cannot process late requests
  - FCC Form 500 CANNOT be used to extend the service delivery deadline

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## Service Delivery Extensions

### Don’t forget to include ...

- A list of specific information to include can be found in the [Service Delivery](#) document on the USAC website
- The applicant or service provider must provide documentation or other support for either the service provider’s inability or unwillingness to complete delivery and installation

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