The E-rate Program

Myths and Misconceptions Debunked

Fall 2012 Applicant Trainings

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

Myths and Misconceptions Debunked

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

Technology Plan Timing

Misconception: *Technology plan approvals are always due July 1ˢᵗ*

- 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

Myths and Misconceptions Debunked

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 <u>not</u> 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

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

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

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

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

Myths and Misconceptions Debunked

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)

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

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)

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

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.

- <u>Eligible services</u>, entities, costs, discount levels, and other data entered on program forms should be carefully reviewed each funding year.

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.

Myths and Misconceptions Debunked

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.

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 <u>28-day waiting period</u>, competitive bidding, and other applicable rules must always be followed

Myths and Misconceptions Debunked

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

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

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

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.

FCC Form 471 Application Status

Misconception: The application status tool shows that my Form 471 has 16 different statuses.

- Look again. The first gray grid on the application status display lists each of the FCC Forms 471 you filed and its status. The second gray grid on the display is a "key," which explains what each status means.

PIA Myths and Misconceptions

Schools and Libraries Service Program
Services Ordered and Certification Form 471
Application Status Display

Billed Entity Number: 145909   Funding Year: 2012

For an explanation of your Application Status, please scroll down to the Explanation table below.

Form 471 Application Number	Applicant Form Identifier	Application Status
823363		Incomplete
823249	OpenTest1	Certified - In Window
823257		Incomplete
823254	TEST2	Initial Review

Application Status	Explanation
Canceled	Your Form 471 has been canceled. No further action will be taken on this form.
Incomplete	Block 1 of your Form 471 has been successfully data entered. However, no further action will be taken on this form until it is completed and certified (whether online or on paper) and moves to Certified - In Window status.
Complete	THIS STATUS IS FOR ONLINE FILERS ONLY: You have clicked the "Submit" button to file your Form 471, but the Block 6 certification process (whether online or on paper) has not been completed.
Certified - In Window	Your Form 471 was successfully certified within the filing window for the Funding Year and is awaiting assignment for Initial Review.
Certified - Out of Window	Your Form 471 was certified outside of the filing window for the Funding Year.
Initial Review	Your Form 471 has been assigned for Initial Review and is being reviewed by Program Integrity Assurance (PIA) for compliance with program rules. All applications must receive both an Initial Review and a Final Review. NOTE: Your Form 471 may return to Initial Review status at any time before a Funding Commitment Decision Letter is issued.
Available for Final Review	Your Form 471 review has completed Initial Review and is awaiting assignment for Final Review. All applications must complete both an Initial Review and a Final Review.
Final Review	Your Form 471 has been assigned for Final Review. All applications must receive both an Initial Review and a Final Review. NOTE: Your Form 471 may return to Final Review status at any time before a Funding Commitment Decision Letter is issued.
Available for Quality Assurance	Your Form 471 has completed Final Review. Your Form 471 may be assigned for Quality Assurance Review. Quality Assurance Review verifies that the Initial Review and Final Review procedures were properly performed.
Quality Assurance 1	Your Form 471 has been assigned for a first-level Quality Assurance Review. Quality Assurance Review verifies that the Initial Review and Final Review procedures were properly performed.
Quality Assurance 2	Your Form 471 has been assigned for a second-level Quality Assurance Review. Quality Assurance Review verifies that the Initial Review and Final Review procedures were properly performed.
Unable to Contact	Your Form 471 is on hold because PIA was unable to reach the Form 471 contact person. If you wish to have PIA re-contact you regarding your pending application, contact your PIA reviewer. If you don't know who your reviewer is, contact our Client Service Bureau at 1-888-203-8100.
Held for further review and other verification	Your Form 471 is on hold because we need to verify additional information. Once we have obtained the information for verification, we will continue to process your Form 471.
Awaiting Applicant Documentation	We have requested information or documentation and you have not responded to our latest inquiry. Please review our questions and provide the necessary information. Once we have obtained the necessary information, we will continue to process your Form 471.
Deferred	Your Form 471 is on hold. You were unavailable or you requested that PIA defer the Form 471 review during either our Summer or Winter deferral period. If you wish PIA to remove the hold and continue review, contact your PIA reviewer. If you don't know who your reviewer is, contact our Client Service Bureau at 1-888-203-8100.
FCDL Issued - 'xx/xx/xxxx'	We have issued a Funding Commitment Decision Letter (FCDL) on the date indicated that references one or more Funding Requests from this Form 471. If more than one FCDL has been issued, the date indicated is the date of the most recent FCDL.

Myths and Misconceptions Debunked

FCC Form 486 & Invoicing Misconceptions

Requirements Before Invoicing USAC

Misconception: I received my FCDL, so my grant check is in the mail as well

- Wrong: E-rate is not a grant program

- After USAC issues an FCDL, services must start, applicants must file an FCC Form 486, and service providers must file an FCC Form 473

- Applicants must then either pay for services in full and file an FCC Form 472 (BEAR) or ask the service provider to provide discounted bills

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

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.

Myths and Misconceptions Debunked

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

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

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)

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 $^{1/3}$ 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

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

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

Questions?