



The E-rate Program

PIA Review

Spring 2013 Service Provider Trainings

Overview

- Common PIA questions
- Item 21 Attachments
- Contracts
- Cost-Effectiveness
- Gifts
- Common Denial Reasons

What is PIA?

- **Program Integrity Assurance**
- Reviewers ensure that requests for funding meet program rules and requirements
 - Ask questions and request documentation
 - Make a funding decision on each funding request
 - Specialized teams conduct additional review for certain groups of applications (e.g., competitive bidding & cost-effectiveness)
 - Always provide final chance to refute modification or denial
- End result: issuance of the Funding Commitment Decision Letter

Common PIA Inquiries

- Provide further detail about the services delivered
- Provide documentation to support the discount rate
- Provide documentation to show the entity is eligible
- Provide cost-allocation information to “save” eligible part of FRN while removing costs for ineligible items
 - Cost allocations must be based on tangible criteria and reach a realistic result.
- Did the FCC Form 470 really establish the bidding for this FRN?
- Provide a copy of the contract to support contract dates, etc.

Item 21 Attachments

- Describes each of the specific services requested with price information
- Application window filing requirement
- Help your applicant by providing this information
- Online Item 21 attachment tool
 - Facilities review, eases burden on applicant
- Can also be submitted by email, fax, Submit A Question, or on paper (mail or delivery service).

What to include on the Item 21 attachment

- Priority One FRNs:
 - Line count and type of service
 - Broadband speed for each broadband circuit
- Internal Connections FRNs:
 - Make and model for each piece of equipment
 - Server use, equipment stored in rack/cabinet
- Basic Maintenance of Internal Connections FRNs:
 - List of the products/services being maintained

Contracts

- A contract must be signed and dated by the applicant after the Allowable Contract Date and prior to the FCC Form 471 certification postmark date.
- Tariffed or Month-to-Month service purchased under contract is contracted service
- A purchase order may be considered a contract **ONLY** if the state considers it a contract.
- Voluntary contract extensions are allowable only when the option is stated in the original provisions of the contract.

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.
- Multiple winners always require vendor selection justification

Cost-Effectiveness

- *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 applicants to help them understand the technical needs for this expensive solution.
- Applicant is hindered in selecting cost-efficient service if the service provider fails to provide the Lowest Corresponding Price.

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.

Lowest Corresponding Price

- Service providers are required to offer applicants their services at the lowest corresponding prices charged to other similarly situated customers throughout their geographic service area.
- Ensures schools and libraries in the E-rate program are not charged more for the same services because of their E-rate participation.
- Exceptions can be made if the provider can show that they face significantly higher costs to serve this customer due to volume, mileage from facility, and/or length of contract.
- Applies to all service providers and for all service arrangements (tariff, month-to-month and contracted services).

Gift Rule Exceptions and more

- Items worth \$20 or less, including meals, if the value of these items received by any individual does not exceed \$50 from one service provider per funding year.
- Gifts to family and friends when those gifts are made using personal funds of the donor and not related to a business transaction or relationship.
- Charitable donations not directly or indirectly related to an E-rate procurement, and not intended to circumvent any other FCC rule.
- Cure violations by promptly returning any item or paying the donor its market value
- Prizes at conferences are subject to the \$20/\$50 rule.

Common PIA Denial Reasons

- 15-day denials
 - Respond to USAC’s inquiries, ask for extensions or clarifications if needed.
 - Examples: Applicant failed to provide documentation to support the discount calculation, or to show services are eligible, or to demonstrate that they complied with the FCC’s competitive bidding rules, etc.
- Funding cap reached for Priority 2 services
- Item 21 attachment submitted/received after the extended deadline

Common PIA Denial Reasons

- Ineligible products and services requested
- Contract does not support the request (services or dates)
- Applicant did not comply with 28-day waiting period
- FCC Form 470 does not support the request
 - Applicants can post on the FCC Form 470 in either Priority 1 service category for Priority 1 services as long as the FCC Form 471 funding request matches the description of the services requested on the Form 470.
- Applicant failed to use price of eligible products and services as primary factor in their bid evaluation.

Questions?