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## Schools and Libraries News Brief

June 29, 2007

### TIP OF THE WEEK:

If you intend to file Form 472, 473, 474, 479, 486, or 500 on paper, download and fill out a complete copy of the revised (April 2007) version of the form from the [Required Forms](#) section of the website. This includes the service provider signature page (Page 4) of the Billed Entity Applicant Reimbursement (BEAR) Form 472.

### Commitments for Funding Year 2007

**Funding Year 2007.** USAC will release FY2007 Wave 9 Funding Commitment Decision Letters (FCDLs) July 3. This wave will include commitments for approvals of Priority 1 requests (Telecommunications Services and Internet Access) at all discount levels and approvals of Priority 2 requests (Internal Connections and Basic Maintenance) at 90%. As of June 29, FY2007 commitments total just under \$458 million.

On the day after the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

### Invoicing Tips

Tomorrow, June 30, is the last day to receive discounted recurring services for FY2006. The following day, July 1, is the first day to receive discounted services for FY2007. Because both applicants and service providers may be preparing invoices to USAC, we are providing some tips below to facilitate the invoicing process and reduce errors.

There are two methods for invoicing USAC:

- **BEAR Form** – The *applicant* files a Billed Entity Applicant Reimbursement Form 472 to request reimbursement for the discount portion after it has paid for services in full.
- **SPI Form** – The *service provider* files a Service Provider Invoice Form 474 to request reimbursement for the discount portion after it has billed the applicant for the non-discount portion.

Applicants and service providers should talk through the invoicing process and any outstanding issues before the first invoice is sent to USAC. This way, applicants are not surprised by entries for SPI Forms in the [Quarterly Disbursement Report](#) and service providers are not surprised by applicants asking them why they haven't approved online BEAR Forms.

### Setting the invoicing mode

The first invoice that USAC processes under a particular Funding Request Number (FRN) sets the invoicing mode for that FRN. In general, the invoicing mode cannot be changed once it is set. Note that the first invoice that USAC processes sets the invoicing mode even if it does not result in a payment.

The [Data Retrieval Tool](#) reports three statuses for invoicing mode:

- BEAR – USAC has received and successfully processed a BEAR Form for the FRN.
- SPI – USAC has received and successfully processed a SPI Form for the FRN.
- NOT SET – USAC has not yet successfully processed an invoice form for the FRN.

On the Form 470, applicants can check a box in each category of service (Items 8c, 9c, 10c, and 11c) to indicate that they:

- Prefer discounts on their bills (SPI Form)
- Prefer reimbursement after paying bills in full (BEAR Form)
- Have no preference

Checking one of these boxes may assist service providers interested in submitting bids for your posted services. However, it does not do more than this. Specifically:

- Checking a box does not lock you into an invoicing mode. For example, you can check the box for SPI Forms and then later agree with your service provider that you will submit BEAR Forms.
- Checking a box does not inform the winning service provider of your preference of invoicing mode. In fact, because this information is not included in the [Form 470 Download Reports tool](#) results, a service provider would have to review each individual Form 470 cited in Item 12 of each Form 471 for each of its customers to know what their preferences were at the time those Forms 470 were filed.

Therefore, it is important for applicants to communicate with service providers before invoicing begins.

### **Retaining documentation**

Applicants and service providers are required to maintain documentation related to the application for, and receipt and delivery of, discounted services for a period of five years after the last day of service delivered. Documents related to the preparation of invoices, such as customer bills (the bills the service provider sends to the applicant), are included in this requirement.

The end of a funding year is a good time to gather together any documents that relate to the preparation of invoices for any services delivered during the funding year. This way you can determine which services have not yet been included on an invoice to USAC and finish up your invoicing for the funding year. Even if you will be doing this work closer to the invoice deadline (in general, October 29 for FY2006 recurring services), reviewing your files now for completeness will make your work easier in the future.

### **Filing forms**

USAC encourages the use of the online BEAR Form and SPI Form. Filing online is safe and secure. Because the system has edits built in, you can avoid many common errors that cause additional processing time or require follow-up contact with you. You can find links to online filing on the [Required Forms](#) section of the website. PDF versions of these forms are also available.

Please note: The previous PDF version of the BEAR Form (dated October 1998) used for paper filing included fill-in, print-out functionality. In other words, you could open the form on your computer, type information into the form, print out the result, and mail the completed form to USAC. This functionality has now been added to the revised (dated April 2007) version of the BEAR Form.

### **Service provider tips for online BEAR Forms**

- Review your Form 498 contact information and make any necessary updates. The [SPIN Contact Search tool](#) reflects the information USAC currently has on file from your Form 498, and applicants rely on that information to prepare forms and to contact you. If you have questions, please call the Customer Resource Management Center at 1-888-641-8722 for assistance. (Choose the "Form 498" option rather than the "Schools and Libraries" option.)
- Service providers do not have to wait for an email from USAC informing them that there are BEAR Forms waiting for certification online. A service provider that logs in to the [E-file System](#) on the same day each week can check for BEAR Forms awaiting certification and process them in plenty of time. Again, call the number above if you have difficulty logging in to or using the online system.
- Check online BEAR Forms for errors before approving them. Remember that you can approve individual lines instead of the entire form.
- If you approve the entire form, make sure to check the appropriate box. If you simply submit the form without approving certain lines or all lines by checking the appropriate approval boxes, you will in effect reject the form and the applicant will have to file it again.

### **Specific tips for paper filing**

Some common errors that occur on paper forms are easily avoided. Applicants and service providers should keep the following in mind when filing:

- Provide complete and accurate contact information.
- Verify that the FRN you cite in each line corresponds to the correct Form 471 Application Number.
- Use the discount percentage approved for the FRN. You can find the discount on the Funding Commitment Report attached to the FCDL.
- Don't report a Customer Billed Date AND a Shipping Date to Customer on the same line. (These are columns 11 and 12 on the SPI Form and columns 12 and 13 on the BEAR Form.) In general, the Customer Billed Date is used for recurring services and the Shipping Date to Customer is used for non-recurring services.
- If you are using the Customer Billed Date field, enter the first date services were provided for the period covered in that line. DO NOT automatically enter the service start date for that FRN.
- Enter the eligible undiscounted amount from the customer bill (or the total from all bills you are aggregating on one line) and calculate the discount amount using the approved discount percentage. This way you can easily demonstrate the connection between the customer bill and the amount on the invoice form sent to USAC. If this is the last invoice for the funding year and the cost of services received exceeds the original pre-discount request, USAC will not disburse more than the commitment amount.

As an example, assume the following:

- The applicant applied for and was approved for a discount level of 80% on a single FRN for local telephone service.
- The local telephone service costs \$750.00 per month for 12 months of FY2006. The pre-discount cost for the year is therefore \$9000.00 and the funding commitment is 80% of that amount, or \$7200.00.
- USAC has already been invoiced for discounted services for the first six months of the funding year. Note that for this example the invoicing method could be set to BEAR or SPI, and the number and timing of invoices does not matter as long as USAC is not invoiced twice for the same service during the same period. (The applicant could have submitted six BEAR Forms – one each month with one month of service on each. The service provider could have submitted two SPI Forms – one each quarter with three months of service on each.)
- An invoice is being prepared for USAC for discounts on the last six months of service, from January 2007 through June 2007.

Below are two examples of correct entries for the Block 2 of the BEAR Form or SPI Form. (The SPI Form column for Bill Frequency is not shown here.)

If you report one month of service per line item:

Form 471 Number	FRN	Customer Billed Date	Shipping Date	Total (Undiscounted) Amount	Discount Amount
xxxxxxx	xxxxxxxxxx	01/2007		\$ 750.00	\$ 600.00
xxxxxxx	xxxxxxxxxx	02/2007		\$ 750.00	\$ 600.00
xxxxxxx	xxxxxxxxxx	03/2007		\$ 750.00	\$ 600.00
xxxxxxx	xxxxxxxxxx	04/2007		\$ 750.00	\$ 600.00
xxxxxxx	xxxxxxxxxx	05/2007		\$ 750.00	\$ 600.00
xxxxxxx	xxxxxxxxxx	06/2007		\$ 750.00	\$ 600.00

If you report all six months of service per line item:

Form 471 Number	FRN	Customer Billed Date	Shipping Date	Total (Undiscounted) Amount	Discount Amount

xxxxxxx	xxxxxxxxxxx	01/2007		\$ 4500.00	\$ 3600.00
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Note that, as discussed above, the Shipping Date column is blank and that each line contains the appropriate date for the first day of service specific to that line. Note also that the Customer Billed Date is not 07/2006, the month in which service first started for the FRN.

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