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## Selective Review News Brief Series – Competitive Bidding

May 29, 2008

This is the third in USAC's weeklong series of News Briefs on [Selective Review](#) topics.

**Question: I selected the lowest bid. Doesn't that mean it is automatically the most cost-effective?**

No. It is true that applicants must select the **most cost-effective bid** with the price of the eligible goods and services being the primary factor in the evaluation. However, selecting the bid with the lowest price may not meet the requirement that price be primary. For example, if "previous experience" was the factor weighted most heavily in your selection, price was not the primary factor. In that case, the bid you chose would not meet the FCC definition of most cost-effective even if it was the bid with the lowest price.

Remember that the price here is defined only as the price of the eligible goods and services. Other cost items (such as ineligible products and services, termination fees, and transaction costs) cannot be considered in evaluating the factor of price. They can, however, be included in the evaluation process in a different – and less heavily weighted – evaluation factor.

See [Construct An Evaluation](#) on the USAC website for more information.

**Question: Can we structure our bid evaluation using a multi-step evaluation process to select service providers? For example, we evaluate the service providers based on their experience level, then the bids are evaluated based on price.**

Applicants may use a multi-step bid evaluation process, but the price of the eligible goods and services must be the primary factor during EACH stage of the evaluation process.

**Question: I have tariffed or month-to-month services, but I was denied for not having a contract last year. Why was I denied?**

Tariffed services (e.g., local and long distance telecommunication services) and month-to-month services (e.g., monthly Internet services) are sometimes offered through state master contracts or other types of contracts. If you sign a contract for these services – or if you are buying from a state master contract – your services are contracted services and you must submit a copy of the relevant contract with your Selective Review response. If a state master contract was previously provided to USAC or if it is available on a website, you can explain to your Selective Reviewer how to locate it.

**Question: Our local procurement rules require service providers to attend a pre-bid conference before they can respond to my school district's Request for Proposals (RFP). If a service provider does not attend the conference, bid responses from that service provider will not be considered. Is this acceptable under E-rate rules?**

This is acceptable as long as potential bidders are informed of any criteria for disqualification, such as attendance at mandatory meetings, in your Form 470 and/or RFP. It is important that potential bidders are informed of any conditions that would lead to disqualification or elimination of bids so they have a reasonable period to comply with these conditions.

Remember that applicants must comply with any applicable state and local procurement rules **and** Program rules. When you are structuring your competitive bidding process, make sure you review your state and local procurement rules as well as Program rules.

If your organization has an elimination process in advance of your bid evaluation, it would be helpful to explain this process in your response to the Selective Review Information Request (SRIR).

**Question: I posted a Form 470 and did not receive any bids. Since we didn't receive responses to the Form 470, my library decided to issue an RFP to try to solicit some bids. Does the RFP have to be available for 28 days?**

Yes, the RFP MUST be available for at least an additional 28 days after it is issued before you select a service provider, execute a contract for contracted services, and sign and submit a Form 471.

**Question: I didn't receive any bids, so I selected my current service provider. Do I still need to provide bid documents?**

If you do not receive any bids, you should indicate on your Selective Review response "no bids received" and submit documents explaining how you selected your service provider(s). You should also submit copies of your RFP if you used one, selection criteria, evaluation sheets, and any correspondence with service providers.

- If you did not receive bids for tariffed services (e.g., local and long distance telecommunication services) or month-to-month services (e.g., monthly Internet services), you could decide to select your current service provider. You can provide a copy of a letter you sent to the service provider stating your intent to continue the service. You can also submit copies of bills or quotes to demonstrate that you have a current relationship with your service provider.
- If you did not receive bids for contracted services, you should submit an explanation of how you selected the service provider and determined that the service you chose was cost-effective.
- In either case, be aware that your state and local procurement rules may also determine how you should proceed. Applicants must always be in compliance with both their state and local rules AND applicable FCC rules.

**Question: I issued an RFP and I didn't receive any bids, so we extended the bid response due to date to allow more service providers to respond. Will my applications be denied?**

Extending the due date is not a Program rule violation. However, you must inform all potential bidders of changes to your request for services to include any changes to the RFP. They must be given a reasonable period to respond to changes in services requested and/or instructions. Not advising potential bidders of changes may result in your FRN being denied.

See [Run an Open and Fair Competitive Bidding Process](#) on the USAC website.

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