

[Back](#)

Selective Review News Brief Series – Budget and Technology Planning

May 12, 2009

This is the first in a series of three short News Briefs to help you understand key aspects of the Selective Review process.

Budget

You will be asked to provide USAC with evidence that you have sufficient funds to pay your non-discount share of E-rate expenses prior to the date that you certified your Form 471 for the current funding year.

In order to demonstrate that you have sufficient funds to pay your non-discount share, you will be asked to provide USAC with a final and approved budget that shows your total revenues and expenses for the current funding year. On your budget, you must indicate the expense line from which your non-discount share will be paid.

If you don't have a final and approved budget or if your budget is still being developed, you must submit the following **two items**:

1. A signed and dated letter from a school or library official (e.g., superintendent or chief financial officer) that explains 1) what phase of the budget approval process you are in; 2) whether your share of funding is contingent upon any outside action (e.g., voter approval, board approval, state legislation, etc.); and 3) whether in the absence of such outside approval, you anticipate being able to pay your share. Please make sure that the letter you submit identifies the specific amount of money you will have available to pay your non-discount share.
2. Any **ONE** of the following:
 - A draft budget covering the current funding year showing the budget timeframe along with both revenue and expense line items.
 - A dated resolution – signed, if possible – of a governing Board authorizing the filing of the Form(s) 471 for a given dollar amount, for specific services and/or products, and within a particular timeframe. The resolution should specify the funding year, the fiscal year, or the school year for which the payment is authorized.
 - A reasonable expectation of a donation, such as a signed and dated donor or commitment letter to the applicant that specifies the level and commitment of funds and the timing of their delivery. The letter must specifically state that the resources are for the applicant's non-discount share. Also, these donated funds cannot be provided by any vendors or service providers.

Please remember that if you request to increase your funding amount and/or add entities to any of your funding requests through the [Receipt Acknowledgment Letter \(RAL\) correction process](#) or during PIA review, your budget should reflect the additional funds necessary to pay the non-discount share for the new funding amount.

NOTE TO CONSORTIA/SCHOOL DISTRICT APPLICANTS: Sometimes the selective reviewer may request a copy of the consortium or school district budget, although the consortium or school district is not undergoing a Selective Review. This is because a school or library associated with the consortium or school district is undergoing a Selective Review. The reviewer must determine whether the funding source of the school or library undergoing the Selective Review is independent of the consortium or school district. Often the consortium or school district will provide a copy of its budget and a statement indicating that the school's funding source is independent from the consortium or school district in order to resolve this issue.

Technology Plan

The Federal Communications Commission (FCC) requires applicants to base requests for E-rate services on an approved technology plan. An approved technology plan sets out how information technology and telecommunications infrastructure will be used to achieve educational goals, specific curriculum reforms, or library service improvements. The only exception to this rule is that applicants who seek discounts solely for basic telephone service do not need a technology plan.

An approved technology plan must contain the following five elements:

- Clear goals and a realistic strategy for using telecommunications and information technology to improve education or library services;
- A professional development strategy to ensure that staff know how to use these new technologies to improve education or library services;
- An assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services;
- Sufficient budgetary resources to acquire and support the non-discounted elements of the plan: the hardware, software, professional development and other services that will be needed to implement the strategy; and
- An evaluation process that enables the school or library to monitor progress toward the specified goals and make mid-course corrections in response to new developments and opportunities as they arise.

Creation date

During a Selective Review, you will be asked to provide a copy of your technology plan. USAC will review your plan to ensure it contains sufficient detail to support the services being requested on your Form 470. In addition, the technology plan creation date must be prior to the date your Form 470 was posted. If your Form 470 is filed by the state and you are purchasing products or services from a state master contract, your technology plan creation date must be prior to the certification postmark date of your Form 471. USAC considers the technology plan to be "created" or written when it first contains the five required elements listed above. It is helpful to your reviewer if you place the creation date month and year on your technology plan cover page.

Please note that you are not required to have your technology plan approved until discounted services start or you file Form 486, whichever is earlier.

Missing elements

If your technology plan is missing one of the five required elements, your reviewer will notify you of this deficiency. You can update your technology plan with the missing element and submit the updated section as part of your response to the Selective Review questions. If you fail to provide the missing element during your review, any funding requests for services other than basic telephone service will be denied.

Expiring technology plan

Your technology plan must cover the entire funding year. However, if your technology plan expires prior to the end of the funding year, you will need to provide USAC with a new technology plan that covers the remaining portion of the funding year. The new technology plan should be created before the last day of coverage provided by the expiring technology plan.

Technology plan budget vs. final and approved budget

Remember that your technology plan budget and your final and approved operating budget are not the same. Your technology plan budget demonstrates that you have the necessary financial resources to acquire items like hardware, software, and other services needed to implement your technology strategy. It can be a projection of your future costs, since the technology plan budget can cover a three-year period.

USAC does not expect you to update your technology plan budget annually. However, the final and approved operating budget that demonstrates that your school, library, school district, or library system has the necessary financial resources to operate on a day-to-day basis should be updated annually. Your technology plan budget cannot be submitted as proof that you have a final and approved operating budget.

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[Back](#)