E-rate Program

Beginners Presentation

May 10, 2012 - Atlanta I May 15, 2012 - Los Angeles

Application Process

- Request / update SPIN – FCC Form 498
- Review Eligible Services List
- Applicants write technology plans
- Applicants file FCC Form 470 to open competitive bidding process / Service providers submit bids
- Applicants file FCC Form 471
- File annual certification – FCC Form 473
- Application review / Funding commitments
- Services start – applicants file FCC Form 486
- Invoice USAC – FCC Form 472 or FCC Form 474

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Overview

- Funding Year – July 1 to June 30
  - Recurring services must be delivered by June 30.
  - Non-recurring services must be delivered and installed by September 30, and this deadline may be extended under certain circumstances.

- $2.25 billion cap, indexed to inflation starting with FY2010
  - Cap is $2.27+ billion for FY2010, $2.29+ billion for FY2011
  - FCC can roll over unused funding from prior years
  - Priority 1 services (Telecommunications Services, Telecommunications, and Internet Access) funded first
  - Priority 2 services (Internal Connections and Basic Maintenance) funded for neediest applicants first, starting with 90% discount level, then 89%, etc.

- Applicants can be:
  - Eligible schools and school districts
  - Eligible libraries
  - Consortia of eligible and ineligible entities (but only eligible entities can receive discounts)
- Applicants must meet deadlines during several parts of the application process
  - Not meeting a deadline can result in reduction or denial of funding

- FCC Requirement:

  – Keep all records pertaining to the application process for at least five years after the last date to receive service

Apply for a SPIN

- [FCC Form 498](#) – Service Provider Identification Number and General Contact Information Form
  - Original must be filed on paper
  - Revisions can be done online
    - Can be submitted by company officer or general contact
    - Must be certified by company officer
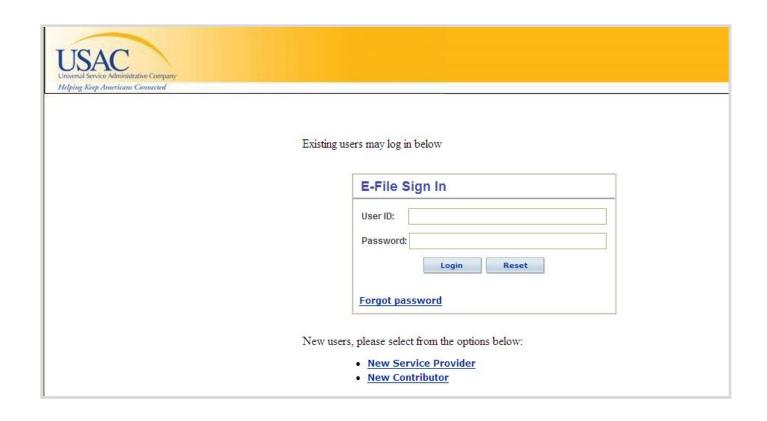 - Helpline: 1-888-641-8722

- Why is FCC Form 498 important to you?
  - Establishes user IDs and passwords for online updates, submissions, etc.
  - Populates SPIN Contact Search database that applicants use to contact you and find your SPIN
  - Provides remittance information USAC uses to pay invoices

- **E-File System**
  - Once your FCC Form 498 has been successfully processed, USAC will set up a user ID and password for:
    - General contact (Block 2 email)
    - Company officer (Block 15 email)
  - General contact and company officer can then set up additional users and their levels of access

Apply for a SPIN

Telecom Providers

- If you want to provide telecommunications services
  - Provide service on a common carriage basis
    - Allow customer to transmit information of its own design and choosing without change in form or content
    - Provide that capability for a fee directly to the public
  - File FCC Form 499-A (and if required FCC Form 499-Q)
    - See next slide for exemptions from filing

Telecom/Internet Providers

- If you want to provide interconnected Voice over Internet Protocol (VoIP) services as an ISP:

  - Must also file FCC Form 499-A

- Some entities exempt from filing Form 499-A are still eligible to provide these services (see FCC Form 499-A Instructions for a description of these entities). For example:

    - Providers with *de minimis* contribution levels
    - Certain public safety and local governmental entities
    - Certain non-profit entities

Eligible Services List

- **Eligible Services List** (ESL) process
  - USAC sends draft ESL to FCC each year
  - FCC issues a Public Notice with draft ESL
    - Comment period
    - Reply comment period
  - FCC reviews comments and reply comments
  - FCC issues final list for upcoming funding year (no changes made during funding year)

- Why is the ESL process important to you?
  - Descriptions of eligible services are set for the funding year once the final ESL is issued
  - You have an opportunity to provide input in advance of the final ESL
  - Suggesting replacement or additional language that is considered and/or adopted may help both you and your customers with eligible service determinations

Applicant Tech Plans

- Applicants write technology plans
  - Starting with FY2011, not required for Priority 1 services
  - Must be "created" (written) before applicants file their first applicant program form (FCC Form 470)
  - Must cover all 12 months of the funding year for which funding is requested
  - Can be approved for up to three years
  - Must be approved by a USAC-certified technology plan approver before services start or the third applicant program form (FCC Form 486) is filed, whichever is earlier

- Why is technology planning important to you?
  - Not following program rules can lead to:
    - Denial of funding
    - Rejection of FCC Form 486
    - Rejection of invoices (FCC Form 472 / FCC Form 474)
  - Funding denial, nonpayment of invoices, or recovery of disbursed funds can occur:
    - During the review of an application
    - During the review of an invoice
    - As a result of an audit

- If applicants ask you for assistance:
  - Refer them to existing sources
    - USAC website
    - State department of education or state library
    - Public websites
    - Other applicants
  - Either offer no advice or NEUTRAL technical advice

- Applicants post FCC Form 470 and may issue an RFP
  - Opens a competitive bidding process
  - Process must be open and fair
  - Applicant must wait 28 days before selecting a service provider, signing a contract (if applicable), and filing the second applicant program form (FCC Form 471)
  - Applicant must choose the most cost-effective solution with the price of the eligible products and services as the primary factor
  - If an applicant posts for and then signs a multi-year contract, a new FCC Form 470 does not need to be posted for those services for the life of the contract

- **What is a service provider's role in the competitive bidding process?**
  - Review posted FCC Forms 470 and/or download summary information
  - Respond to FCC Forms 470/RFPs
  - Review applicant requirements and local and state procurement rules, including reasons for possible bid disqualification

- **What happens if USAC finds out the competitive bidding process is not open and fair?**

  - This would violate program rules and can lead to funding denials

    - USAC will investigate suspected noncompliance, which will take time and can hold up decisions on other applications

- What should a service provider AVOID in the competitive bidding process?

DO NOT:

- Prepare, sign, post or file an FCC Form 470
- Design the evaluation process
- Participate in the review/evaluation of bids
- Provide free services, kickbacks, gifts, or other inducements to ensure bid selection
- Bundle eligible and ineligible costs to hide the ineligible costs

Competitive Bidding – Tips

- If applicants ask you for assistance:
  - Refer them to existing sources.

- Review all requirements set out by the applicant and follow them.

- Do not assist or help the applicant in any way during the competitive bidding process, including clerical or data entry assistance.

- After applicants choose a service provider, they file the second applicant program form (FCC Form 471)

- Application filing window – a period of about 75 days each winter when FCC Forms 471 can be filed for the upcoming funding year (timely filed forms are considered for funding first)

- Each chosen service provider can assist the applicant with completing much of the information required (FCC Form 471, including the Item 21 Attachment)

- The applicant and each service provider featured on the FCC Form 471 receives a copy of the Receipt Acknowledgment Letter (RAL), which summarizes the information on the form
  - The applicant can use the RAL to make corrections to the FCC Form 471
  - Service providers can review the RAL and notify the applicant of any incorrect information that can be corrected

- FCC Form 471 provides details about each service requested by individual Funding Request Numbers (FRNs). Each FRN features:
  - Service provider name and SPIN
  - Contract number or tariffed/month-to-month designation (T/MTM)
  - Service start/end dates or contract expiration date
  - Individual recipient of the service or a list of schools and/or libraries that will share the service
  - Description of service (Item 21 Attachment)

- Service providers can assist applicants to complete much of the necessary information on Item 21 attachments, for example:
  - Cost allocations
  - Equipment locations
  - Product and service descriptions
  - Schedule of installations
  - Network diagrams

- Keep your FCC Form 498 contact information updated

- Offer assistance to applicants with product and service descriptions as part of the FCC Form 471 application process

- Ask for a copy of the final Item 21 Attachment submitted to USAC

- Consult with applicants on the invoicing method – FCC Form 474 (SPI) or FCC Form 472 (BEAR)

- Review the FCC Form 471 Receipt Acknowledgment Letter (RAL) and notify applicant of errors

- Applicants undergo application review by Program Integrity Assurance (PIA)
    - Service providers can assist with:
        - Specific questions on products and services
        - Questions on eligible and ineligible uses
        - Network and configuration questions
    - Service providers cannot assist with:
        - Questions on the technology planning process
        - Questions on the competitive bidding process

- Offer to help applicants with technical questions on products and services

- Offer to help with cost allocations

- Remember that the ultimate responsibility for the application review rests with the applicant

  - If for some reason you talk to PIA without the applicant, communicate your response to the applicant

- After USAC reaches a funding decision, both the applicant and the service provider receive a [Funding Commitment Decision Letter (FCDL)](). Funding decisions include:

  - Funded, which includes reductions

  - Not funded, which can mean denied in total or for threshold (i.e., no $ left for Priority 2 at that discount level)

  - As yet unfunded, which is only for Priority 2 services

Funding Commitments – Tips

- Review [Funding Commitment Decision Letter (FCDL)](#) details for each applicant

- Help applicants prepare for start of services
  - Do you need details from the applicant?
  - Does the applicant need details from you?

- If funding is reduced or denied, discuss with the applicant a possible appeal of the USAC decision

- FCC Form 473 – Service Provider Annual Certification (SPAC) Form
  - Must be filed each funding year
  - In general, filing is enabled when FCC Form 471 window opens
  - Must be on file with USAC before an invoice will be paid for that funding year
  - Contains program rule certifications

Annual Certification - Tips

- If you plan to participate in the program in the upcoming funding year, file FCC Form 473 early so you don't forget

- Read the certifications carefully and be sure you can certify truthfully

- Check the SPIN Contact Search tool to verify that we have received and processed your form (funding year shows in SPAC column if an FCC Form 473 is on file for that year)

- **Applicant files FCC Form 486 to indicate:**
  - Service Start Date for each FRN
  - Status of technology plan
  - Status under the Children's Internet Protection Act (CIPA)

- **USAC reviews some FCC Forms 486 for compliance with program rules**
  - FCC Form 486 must be successfully processed before USAC will pay invoices for an FRN

- Encourage applicants to file FCC Form 486 early if they are eligible

- Notify applicants if services have started and no FCC Form 486 has been filed

- If you are concerned, ask applicants about the status of their technology plans and compliance with CIPA

- Reach an understanding about the definition of the service start date for each FRN

- Two invoicing methods:
  - Service Provider Invoice (SPI) FCC Form 474
    - Filed by service provider after billing applicant for non-discount share
  - Billed Entity Applicant Reimbursement (BEAR) FCC Form 472
    - Filed by applicant with service provider's approval after applicant has paid for service in full
    - USAC sends funds to the service provider who then reimburses the applicant no later than 20 business days after receipt of USAC's reimbursement payment.
  - First invoice for an FRN sets the invoicing method for that FRN.

- Bill the applicant for the non-discount share
  - Program rules require the applicant to pay the non-discount share (expectation is that it will be paid within 90 days)
- Allow plenty of time for the first SPI to be processed by USAC
- Respond promptly to USAC requests
  - Service checks
  - Other documentation

- Bill the applicant for the full cost of the eligible products and services

- Remind the applicant to pay your bill in full before submitting BEAR

- Remind the applicant not to wait until the last minute to file a BEAR

- Review the BEAR before you approve it

- Pass a BEAR reimbursement to the applicant no later than 20 days after you receive it

- USAC home page – www.usac.org
  - Service Providers (FCC Form 498 and payments)
  - Schools & Libraries (program guidance)
    - Trainings and Outreach
      - Service Provider Conference Calls
      - Schools and Libraries News Briefs
    - Search Tools
    - Latest News

USAC Website – www.usac.org

Schools and Libraries home page

Service Providers (FCC Form 498 and payment information)

SL Home Page – www.usac.org/sl

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Questions?