

Before the Federal Communications Commission

Washington, DC 20554

March 27, 2013)
) **DA 13-363**
In the Matter of) **CC Docket 02-6**
Wireline Competition Bureau seeks comment on)
Revisions to Forms 472, 473, 474)

CSM Consulting, Inc. (“CSM”) is submitting these comments in response to the Commission’s request(s) for comment on the Forms 472, 473, and 474 in the proceedings noted above. CSM is an E-rate Management firm assisting applicants throughout the Country achieve and maintain compliance with the myriad of rules, regulations, timelines and documentation requirements associated with the E-rate program. We have been providing these services as a firm since 2003, though the firm’s principals have been involved in the program since its inception as applicants and coordinators for large school districts and county offices of education (also known as educational services agencies) in California. We have clients in seven states. In 2012, we filed approximately 2,700 funding requests on nearly 600 Form 471 applications for more than 300 clients every year as well as California’s statewide consortium application. Our client base consists solely of applicants including consortium and public, private and charter school systems ranging from 21 to 200,000 students. CSM manages approximately 45% of the total funding requested in California and approximately 10% of the total funding requested nationwide. Our staff members are highly versed in E-rate processes and routinely communicate with USAC administration on program compliance issues. CSM has been intimately involved in dozens of USAC audit processes over the last several years and many of our comments are tempered by our observations throughout those examinations. CSM is a member in good standing of the E-rate Management Professionals Association (E-mpa™), with 5 Certified E-rate management professionals on staff. We are proud to submit our comments to these important proceedings and welcome the opportunity to present our ideas and observations based on our depth of experience in the day-to-day operations required of a successful E-rate application process.

Form 472

For the Form 472, we notice that there are only certification changes to the draft version of the form to bring it into compliance with other forms for the E-rate program. However, this misses the opportunity to address several of the long standing issues with the form—most notably where and how to send the reimbursement to the applicant. We will first address the items on the current form, and then offer suggestions on additions to the Form 472 that will improve it.

On the Form 472, page 2, column 10 there seems to be a confusion in the use of the term FRN. In the E-rate program, there are 2 different terms using the acronym FRN. There is the Funding Request Number, a seven digit number that is assigned from the Form 471 and applies to the individual funding request. There is also an acronym FRN for FCC Registration Number, a 10 digit number required for conducting business with the FCC. The correct term you are looking for on the BEAR Form 472 is the Funding Request Number (FRN) which is a 7 digit number. The column information currently says:

Funding Request
Number (FRN)
(10 digits)
(from Funding
Commitment
Decision Letter)

When it should really state that the FRN is a seven (7) digit number

Funding Request
Number (FRN)
(7 digits)
(from Funding
Commitment
Decision Letter)

Applicant Reimbursement Information:

One of the more ambiguous sections of the Form 472 has always been where to send the applicant reimbursement after the service provider processes the BEAR payment. A service provider could send the reimbursement to the address for the Billed Entity, to the location of a previously filed form, to an accounting office, a credit to future bills, the address on the most recently filed Form 486 or to a consultant. This grey area has led to payments being misdirected—both intentionally and unintentionally.

A better way to design the Form 472 would be to include several fields for the applicant to identify exactly where and how the reimbursement should be sent to the applicant. This issue has been discussed for many years. Most notably, the State E-rate Coordinators Alliance (SECA) commented on this issue in 2005 during the previous comment period for the Form 472:

We believe that a service provider should not be required to guess where its customer wants its reimbursement check sent. If remittance information was included in the Form 472 itself, this information could be passed to the service provider by the SLD in the BEAR Notification Letter or captured directly by the service provider during the BEAR acknowledgment process.¹

A new section of the form should be added to specifically identify where the applicant wants the funds to go, not just the presumption that the funds will go to the address and contact person at the top of the form. Reality dictates that unless the applicant specifies how to reimburse, that there are multiple ways for the reimbursement to get misdirected. While adding new fields would be a slight burden on both the applicant and service provider (about 5 minutes per form) – the clarity it provides will reduce the confusion that may take hours to unravel, and ultimately result in long-term system efficiencies.

Both the Applicant Reimbursement fields and the method of reimbursement fields should be added in the same section of the Form 472.

While we are discussing improvements to the Form 472, it is also worthwhile to consider, given the advances in banking over the last 5-10 years, that it may be time to send BEAR reimbursements directly to the applicant and not as the pass through from the administrator to the service provider to the applicant. After the applicant submits the BEAR, and the service provider signs it, the system administrator would electronically deposit the reimbursements with the applicant, providing a traceable transaction. A mechanism would need to first be worked out to protect applicant banking information, though eventually it would accelerate the return of funds to the applicant (thereby enabling them to make better use of the funds within their own school or library) and eliminate several administrative processes.

Form 472 Certifications

We thank the Commission for adding new certifications regarding the standardization of the Five Year records retention across all program forms.

¹ State E-Rate Coordinators Alliance (SECA) Comments on Proposed Revisions To FCC Forms 472, 473, and 474. CC Docket 02-6. Submitted March 19, 2005.

Form 473 (Service Provider Annual Certification)

In general, CSM applauds the inclusion of new certifications on the Form 473 for five year record retention, the gift prohibitions, and the no kick-back provisions, that lead to a better functioning program.

However, there are two certifications that should be changed slightly to clarify program rules: Certification #9 (Service Provider Invoice Forms submitted) and Certification #20 for (Lowest Corresponding Price). Details of the proposed changes are as follows.

Certification #9 Service Provider Invoice

Consistent with program rules and directives specifying that goods and services must be delivered before they can be invoiced, we propose strengthening Certification #9 to include a notation that services must be delivered before they can be invoiced. (e.g. Priority Two Basic Maintenance services can only be billed on a time and materials basis after the services are delivered.)

Certification #9 currently reads:

9. *I certify that the Service Provider Invoice Forms (FCC Form 474) that are submitted by this service provider contain requests for universal service support for services which have been billed to the service provider's customers on behalf of schools, libraries, and consortia of those entities, as deemed eligible for universal service support by the fund administrator.*

We propose adding the words "delivered and" to the certification, which would now read as follows:

9. *I certify that the Service Provider Invoice Forms (FCC Form 474) that are submitted by this service provider contain requests for universal service support for services which have been **[delivered and]** billed to the service provider's customers on behalf of schools, libraries, and consortia of those entities, as deemed eligible for universal service support by the fund administrator.*

Certification #20 Lowest Corresponding Price

There is significant confusion in the E-rate community as to when the Lowest Corresponding Price Rule is enforceable. (Is it during bidding, is it when services are delivered? Is it at invoice date? Is it applicable to Month to Month services or only contracts? etc.) Given that the Lowest Corresponding Price rule is included in the Code of Federal Regulations section under Telecommunications for Ordering of Goods and Services, it is clear that the FCC intended the Lowest Corresponding Price to be applicable to the competitive bidding process, not when the invoices are paid, which may be several months or years

after the original competitive bidding process. Therefore, the certification for Lowest Corresponding Price should be modified to indicate that the lowest corresponding price rule “during competitive bidding” as required by the Commission’s rules at 47 C.F.R. § 54.511(b).

Currently, the draft certification reads as follows:

20. I certify that this Service Provider is in compliance with and has taken reasonable steps to implement the lowest corresponding price rule as required by the Commission’s rules at 47 C.F.R. § 54.511(b).

The certification for Lowest Corresponding Price should be clarified to say:

20. I certify that this Service Provider is in compliance with and has taken reasonable steps to implement the lowest corresponding price rule [during competitive bidding] as required by the Commission’s rules at 47 C.F.R. § 54.511(b).

Form 474

CSM reserves comment on the Form 474 (Service Provider Invoice) since it only represents applicants except to say that it supports the FCC’s desire to bring all program forms into compliance with program rules.

Respectfully submitted,

/s/ Kimberly M. Friends

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