

Important Information



- Funds For Learning uses its best efforts to ensure that all of the E-rate-related information that it provides is accurate, current, and complete as of the date of original presentation. However, because of the dynamic nature of E-rate program rules, regulations, and procedures, FFL can neither warrant nor guarantee the accuracy, currency, or completeness of this information.

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E-rate Review and Update: FY2017

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Agenda



- E-rate Program Introduction
- Strategic Planning for FY2017
- Product and Service Eligibility
- Competitive Bidding, Vendor Selection, and Contracting
 - › Live demo: FCC Form 470 in E-rate Productivity Center (EPC)
- Applying for E-rate Discounts
 - › Discount rate calculation, filing the Form 471
- E-rate Invoicing and Payment Process

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About Funds For Learning



- Focused exclusively on E-rate compliance
- Experience preparing \$1.5 billion requests
- Nationwide client base since 1997
- FFL clients represent over 11,000 sites
 - › FY2015: \$156 million requested; 13,661 detail request lines

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E-rate Program Introduction



About the E-rate



- Largest single source of ed-tech funding in US for K-12 schools
 - › Public, private, and charter schools (nearly all participate)
 - › Public libraries also qualify
 - › Funds provide **discounts** on eligible purchases
- Annual program cap: ≈ \$3.9 billion (inflation adjusted)
 - › Unused funds may “roll over”
 - › FY2017: \$4B+ total availability

About the E-rate



- Who's in charge?
 - › Federal Communications Commission (FCC)
 - › Universal Service Administrative Company (USAC)
 - › Schools and Libraries Division (SLD)
- Source of funds: Universal Service Fund
 - › Telephone bill surcharge
 - › Not part of federal budget

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Discount program




- Not a grant: E-rate is a discount program
- Category 1 discounts: 20% - 90%
 - › Telecommunications Services
 - › Internet Access
- Category 2 discounts: 20% - 85% discounts
 - › Internal connections (and maintenance)
 - › Managed internal broadband service ("managed Wi-Fi")
 - › Subject to 5-year funding cap per site

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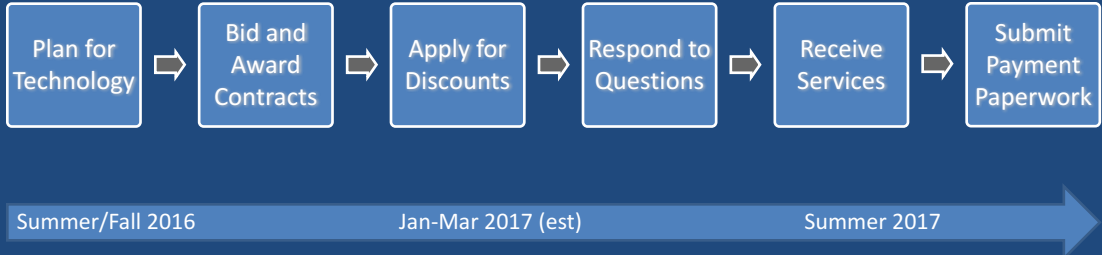

Applicant Requirements



- Comply with Children’s Internet Protection Act
 - › Filtering and monitoring of activities
 - › Acceptable use policy
 - › Education regarding appropriate online behavior
- Budget for portion of service and pay invoices
- Submit all paperwork on time
- Be responsive to USAC inquiries
- Keep good records

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Applicant Steps



```
graph LR; A[Plan for Technology] --> B[Bid and Award Contracts]; B --> C[Apply for Discounts]; C --> D[Respond to Questions]; D --> E[Receive Services]; E --> F[Submit Payment Paperwork]
```

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E-rate Opportunity



- Provides access to 21st century technologies
 - › Increases opportunities for anytime/anywhere personalized learning
 - › Boosts communication among parents, teachers & admin
 - › Enhances safety and security
- Enhances purchasing power, allows budgets to stretch farther
- Positively impacts students, teachers and parents

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E-rate Challenge



- Stringent rules, procedures, deadlines, and forms
- Process 'improvements' create new learning curves
- Lengthy timelines to receive funding and keep paperwork
 - › Projects are delayed pending funding award
- Failures result in repayment, fines, and/or incarceration

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Arkansas: By the Numbers



- FY2016: **\$47.4M** requested
 - › \$39M C1, \$8.1M C2
 - › \$8.4M committed; \$37.6M pending
 - › DIS Application: \$19.1M
- Largest FY2016 total requested: Little Rock (\$2.1M)
- Smallest FY2016 total: Carroll and Madison Library (\$388.80)

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Strategic Planning



Successful Applicants Have a Plan



- Strategic **planning** is key to E-rate success:
 - › Define needs
 - › Dates and deadlines
 - › Resource allocation
 - › Annual budgets
 - › Ongoing training
- Write it down! Store your E-rate strategic plan with program compliance documents

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Effective Planning: Determining Needs



- Forecast for needs starting **July 1, 2017** through June 30, 2018
- Consider initiatives that may require increased service levels
 - › Internet speed/bandwidth
 - › Wireless network coverage, density, speed
 - › WAN bandwidth and/or upgrades

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Effective Planning: Establish a Timeline



- Set a **target date** for filing your Form 471 and work backwards:
 - › Form 471 prep time
 - › Contract negotiation, approval, and signature
 - Board/city approval? Review meeting schedules!
 - › Bid evaluation / scoring proposals
 - › 28 day open bidding process
 - › Form 470 prep time
 - › Strategic planning and determination of needs
- Consider vacations, holidays, other deadlines

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Effective Planning: Timelines



- Don't forget prior years' funding applications!
 - › Deadlines for service delivery
 - Most projects must be complete by either June 30 or September 30
 - › Deadlines for payment paperwork
 - Only a single 120 day extension!

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Effective Planning: Know Who's Responsible



- Understand inter-departmental needs
 - › Who is involved in the decision-making process?
 - › What is their schedule from now until May?
- What if you win the lottery?
 - › Consider internal knowledge transfer! Who has your back?

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Effective Planning: Budgets



- Remember that voice service is being **phased out**
 - › FY2017 discount on voice: your discount **-60%**
 - › Voice special features, cellular data/text plans ineligible
- Mission-critical services: budget 100%
 - › E-rate discounts can be reimbursed
 - No restriction on the use of reimbursement funds

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Demonstrating Compliance



- “Getting funded” is the wrong goal
 - › Being **compliant** is where you should aim
 - › Requires knowledge of the rules *and* a plan to follow them
- Past success is no predictor of future performance
 - › E-rate has no statute of limitations
- A funding disbursement subjects you to review or audit
 - › No statute of limitations

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Documenting Compliance



- E-rate *is* document retention
 - › Need “hard documentation” as well as institutional knowledge
 - › Prepare (and save) a document retention policy
- For every number, fact, or figure on a Form:
 - › “How can I prove it?”
 - › Can you verify the date of your backup documents?
 - › Can you find others’ work, and can they find yours?
- Retention requirement: 10 years from last date of service

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Product and Service Eligibility



Eligible Services List



- Defines what products and services qualify for discounts
 - › Focused on broadband **connectivity and infrastructure**
 - › Eligibility defined by **functionality**
- FY 2017 list finalized on September 12
 - › Subject to annual review and comment period
- Not listed in the ESL? Assume it is not eligible

Eligibility Conditions



- Listed on ESL alone is not enough
 - › Must support educational purposes
 - › Must be used by eligible users, in eligible locations
- Matches description given to USAC
- Ineligible items removed from request

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Service Categories



- Two funding categories:
 - › Category 1 (“C1”): *service to the building*
 - Telecommunications and Internet access
 - › Category 2 (“C2”): *service within the building*
 - Internal connections, managed internal broadband and basic maintenance

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Category 1 Discounts



- Broadband connectivity:
 - › Internet access
 - Transport and bandwidth
 - › Wide area networks
 - Point-to-point connectivity between schools and campuses
 - › Transport technology can be copper, fiber, satellite, wireless, etc.

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Category 1: Fiber




- Fiber optic WANs have three classifications:
 - › **LIT:** vendor-owned fiber, electronics, and management
 - › **DARK:** vendor-owned fiber, applicant-owned electronics and mgmt
 - › **SELF-PROVISIONED:** applicant-owned fiber, electronics, and mgmt
- Dark/self-provisioned requires lit fiber bid and comparison
 - › Application process can be a bit more complicated
- “Special Construction Charges” also eligible

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Category 1: Voice




- Eligible voice services
 - › Analog lines (POTS/Centrex)
 - › Interconnected VoIP
 - › Long distance
 - › Cellular voice (excluding data and text message plans)
 - › Circuits dedicated to voice (i.e. SIP trunks, PRIs)

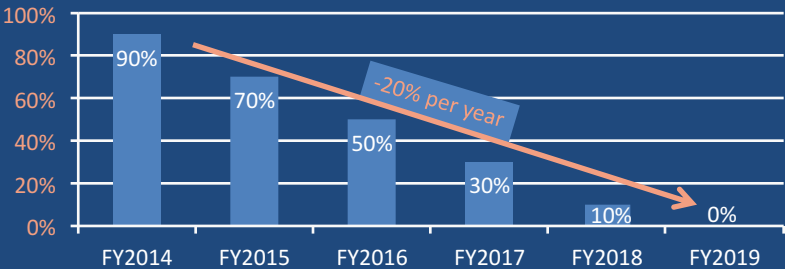
- 60 percentage point reduction in FY 2016

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Category 1: Voice Phase-down



- Standard discount less 60%
- Separate service designation on Form 471
- Requires separate funding request (FRN)



Fiscal Year	Discount Percentage
FY2014	90%
FY2015	70%
FY2016	50%
FY2017	30%
FY2018	10%
FY2019	0%

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Category 2 Purchases and Services



- Connectivity *within* buildings
- Three categories:
 - › Internal Connections
 - › Managed Internal Broadband Service
 - › Basic Maintenance of Internal Connections
- Subject to five-year C2 funding cap

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Category 2: Internal Connections



- Basic LAN infrastructure
 - › Switches
 - › Routers
 - › Wireless access points (WAPs) and controllers
 - › Structured cabling and installation
- “Cloud” LAN infrastructure
 - › Wireless controllers in the cloud, etc.

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Category 2: Internal Connections



- Caching components
 - › “Caching stores information locally so that the information is accessible more quickly than if it must be transmitted across a network from a distance.”
 - › WAN and Internet bandwidth optimization
- “Basic” firewalls
 - › Excludes advanced security features: IPS, anti-X, filtering, NAC, etc.

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Category 2: Internal Connections



- Additional infrastructure for eligible equipment
 - › Cabling conduit, raceways, connectors, patch panels, consumables
 - › Equipment racks for eligible equipment
 - › Uninterruptible Power Supply (UPS) for eligible equipment
- Installation and configuration charges

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Category 2: Internal Connections



- Additional charges
 - › Shipping
 - › Taxes
 - › Most fees
 - › Training services (limited to eligible users only)

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Category 2: Managed Internal Broadband



- “Managed Wi-Fi” and other managed LAN services
- Vendor manages on-campus network(s)
 - › Applicant-owned or leased equipment, or a combination
 - › Includes 24/7 network monitoring, management, maintenance
- Limited to management of eligible IC equipment only
- Deducted from overall Category 2 budget cap

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Category 2: Basic Maintenance



- Repair and upkeep of eligible components
 - › Specify type/location of equipment; keep logs
 - › Break-fix billing preferred
- Basic technical support
 - › Software bug fixes/patches/minor updates
 - › Configuration changes
 - › Online or telephone support
 - › Labor, issue resolution

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Category 2: Basic Maintenance



- “Unbundled Warranties” ineligible
 - › Advance hardware replacement ineligible
 - › Hardware repair: break/fix or “per incident” only
- Contracts may be fixed-price (or charged annually)
 - › Must have “proof that work was done”

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Ineligible Services



- Content or applications
 - › Curriculum subscriptions, “cloud” apps, website hosting, e-mail
- Most network monitoring or management services
 - › Exception: managed internal broadband services
- Mobile data plans
 - › Exception: most cost-effective means of access

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Ineligible Products



- Voice Hardware
 - › PBX equipment, VoIP systems, Unified Communications
- Servers and storage
 - › Only exception: servers for caching
- Video Hardware
 - › CODEC, conferencing endpoints, MCUs

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Ineligible Products



- End-user devices
 - › Telephone handsets – even if bundled, monitors, speakers, cameras, projectors, whiteboards
- End-user workstations
 - › Laptops, desktops, tablets
- End-user applications (cloud or premise)
 - › Learning management systems, social learning systems, student information systems, web conferencing

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Ineligible Products



- Non-critical infrastructure
 - › Wireless tracking
- “Advanced” network security
 - › IDS/IPS, NAC, anti-virus, anti-spam, deep packet inspection
- Content filtering
 - › Required for CIPA compliance, but not eligible
- Non-LAN components
 - › Surveillance, physical security, gateways, authentication

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Cost Allocations



- E-rate discounts available only for eligible goods/services
- Mixed eligible/ineligible use items requires cost split
 - › Must be based on “fair and reasonable” qualitative criteria
- Cost-allocations apply to equipment type and use
 - › No discount for ineligible features

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Eligible Users and Locations



- Products and services must “serve” eligible users
- Category 1 services eligible at all locations
- Category 2 services eligible in “areas of instruction” only
 - › “Hub” sites can house equipment for locations served
 - › Will use part of the C2 budget for each site

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Category One vs. Category Two



- Rule of thumb:
 - › WIDE area network (WAN) equipment: Category One
 - WAN: separate campus or school
 - › LOCAL area network (LAN) equipment: Category Two

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Category One



- Connections between separate schools
 - › Anytown Middle School to Anytown High School
 - › Can be on the same property, across the street, or across town
- Connections between multiple campuses of a single school
 - › One school that has buildings “miles apart”

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Category Two



- Connections between buildings on a single campus
 - › Anytown MS to Anytown MS' cafeteria on the same block
 - › Anytown MS to expansion classrooms across the street
 - › Anytown MS to any Anytown MS building not "miles apart"

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Category 2 Budgets



Discounts for On-Campus Networks



- Category 2 funds **will be** available in FY2017
- Funded by rollover from prior years
- FCC uses “budgets” to cap each applicants’ C2 support
 - › Cap designed to spread out funding
 - › Approx. 25% fully utilized; 30% have not yet applied

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Category 2 Budget Caps



- Calculated on building-by-building basis
 - › Cap is cumulative, applied over 5 years
 - › No sharing of cap between sites
- Pre-discount factor multiplied by discount rate
 - › School @ \$150/student; library @ \$2.30 or \$5.00/sq-ft (\$9,200 min)
- No budget for NIFs

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Category 2 Budget Caps



- Caps are in effect for **five years**
 - › No more “two-in-five” rule
 - › Clock starts in FY with first funding request
- Caps adjust annually
 - › Student population increase = cap increase
 - › Decreases can occur (no repayment required)

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Category 2 Budget Caps




- Shared infrastructure (hubs):
 - › Cost must be divided among sites served
- Allocation methods:
 - › Per site (total number of sites served)
 - › Student count (enrollment at each site served)
 - › Other ‘fair and reasonable’ method

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Calculating Category 2 Caps



- For each school site:
 1. Determine FY2017 site enrollment (example 300 students)
 2. Enrollment * \$150 (300 * \$150 = \$45,000)
 3. Multiply by discount rate (example 80%; \$45,000 * 80% = \$36,000)
 4. Subtract approvals from prior years (if applicable)

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Calculation Examples



Enrolled:
300
students

×

\$150 per
student

×

Discount
Rate:
80%

=

FY15,16
Approved:
\$0

=

Site cap:
\$36,000

Enrolled:
400
students

×

\$150 per
student

×

Discount
Rate:
60%

=

FY2015
Approved:
\$10,000

=

Site cap:
\$26,000

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Competitive Bidding and Vendor Selection



Procurement Process Summary



- **All** E-rate discounted services must be competitively bid:
 - › Exemption for “low cost” Internet: 100/10 speed @ \$3,600/yr or less
- Evaluate bids received
- Sign contracts and service agreements

FCC Form 470



- Posted on USAC's website
 - › Describes products and services requested
 - › Includes attachments (RFPs) and other information
 - › Includes contact information
- Filed at any time during the year
 - › FY2017 Form 470 can be filed now
 - › Arkansas applicants: you can be the first!

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FCC Form 470




- Bidding period is **28 days** from the date the Form 470 is filed
 - › "Allowable Contract Date" marks end of 28 day period
 - › RFP should also be open for 28 concurrent days
- Document retention
 - › Keep copies of all bids received (even losing bids)
 - › Keep records of communication(s) with bona fide respondents

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Form 470 Scope



- The 470 sets the overall scope of a funded project
- <some scope>
 - › Competitively bid via Form 470
 - › Contracted
 - › Requested via Form 471
 - › Purchased
 - › Discounted with E-rate funds
- Deviations from original scope can cause denial

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Form 470 Step 1: Line Items



Category One	Category Two
Transport Only - No ISP Service Included	Antennas, Connectors, and Related Components
Cellular Data Plan/Air Card Service	Cabling
Cellular Voice	Caching
Dark Fiber	Firewall Service and Components
Internet Access & Transport Bundled	Racks
Internet Access: ISP Service Only	Router
Lit Fiber Service	Switches
Other (*)	UPS/Battery Backup
Self-provisioning	WAP
Voice Service (Analog, Digital, Interconnected VOIP, etc)	Wireless Controller

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Form 470 Step 2: Service Descriptions



- Line item selections are not enough
- Describe needs:
 - › In detail
 - › Without too much detail
- Remember that 470s aren't binding
 - › You are not obligated to purchase all (or any) services on the Form

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Form 470 Step 2: Service Descriptions



- E-rate no longer requires technology plans; **but:**
 - › Consider expected growth over life of contract (and funding year)
- Dictate how you want pricing broken out on bids
 - › Binary disqualification factors? List them!
- Consider potential questions from service providers

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Competitive Bidding Conduct



- Applicants expected to treat all vendors equally
 - › Bid requests may not be vendor-specific
 - › No inside information or special advantages
- “Fair and open” competitive bid process
 - › Vendors should not assist with Form 470 or RFP preparation
 - › Vendors should not assist with vendor selection
 - › No gifts – including meals!

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Vendor Communications with Applicants




- USAC guidance: vendors can...
 - › Have pre-bid discussions
 - › Discuss product offerings with applicants
 - › Present product demonstrations
- Applicants should document activities to prove compliance
 - › Maintain correspondence
 - › Keep copies of promotional materials, handouts, etc

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Evaluating bids



- Cost of **eligible** services must be the highest weighted factor
- Two ways of evaluating bids:
 - › “Binary” disqualification criteria (must be disclosed)
 - › Subjective criteria (evaluated on a “matrix”)
- Memorialize the selection in writing:
 - › Scoring worksheets, committee meeting notes, etc – use **dated** docs
- Know and follow state and local bid evaluation rules!

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Sample Vendor Evaluation Matrix



Criteria	Available Points
Cost of eligible goods and/or services	30
Cost of ineligible portion	25
Prior experience with vendor	15
In-state preference	10
Compatibility with existing infrastructure	20
	100 possible points

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Contracts



- Legally binding agreement required
 - › After 28-day period but prior to funding request (Form 471)
 - › Should include extension/renewal terms
 - › Exception: Month-to-month and tariff services
- Should contain detailed scope of work
 - › Service parameters, equipment make, model and quantity
 - › Billing terms, service logs, etc.
- May be contingent upon funding commitment

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Contracts



- Applicants may use state contracts
 - › File Form 470 and consider state contract terms/pricing as “bid”
- E-rate allows contracts with voluntary extensions
 - › Contracts must have a **final** end date after extensions are used
- E-rate allows multi-year contracts
 - › Check state and local procurement regulations

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Form 470: Live Demo



Applying for E-rate Discounts



Funding Applications



- Forms 471 filed during annual “filing window”
 - › Window *typical* dates: January – March
 - › FY 2017 window: TBD
- USAC publishes all non-confidential data
 - › May opt out for existing contracts; new contracts may NOT opt out
- Be prepared for vendors and others to scrutinize your costs

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Funding Applications



- FCC Form 471:
 - › Contact information
 - › Discount rate calculation
 - › For each service:
 - Vendor selected
 - Contract details (length, expiration, etc)
 - Detailed description of service (line items)
 - Contracted and/or anticipated eligible cost of services
 - › Regulatory certifications

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Filing the FCC Form 471



- Forms are filed in EPC
- Information required:
 - › “Profile” – all sites, schools with NSLP and enrollment info
 - Completing profile allows discount rate calculation
 - › Contracts – details about procured contracts
 - Award and expiration dates, extensions, bids received, attachments, etc
 - › FRNs (Funding Request Numbers)
 - Pick a contract, fill in recurring and non-recurring charges

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Calculating the E-rate Discount




- Discount rate calculated based on:
 - › District-wide NSLP eligibility; and
 - › Urban or rural location defined by US Census data
- All district sites receive same discount rate

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E-rate Discount Matrix



Percent of Students Eligible for NSLP	Category One Discount Rate		Category Two Discount Rate	
	Urban	Rural	Urban	Rural
Less than 1%	20%	25%	20%	25%
1% - 19%	40%	50%	40%	50%
20% - 34%	50%	60%	50%	60%
35% - 49%	60%	70%	60%	70%
50% - 74%	80%	80%	80%	80%
75% - 100%	90%	90%	85%	85%

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Sample Discount Calculation



<i>Ford Indep. School Dist 1</i>	Enrollment	NSLP
Fiesta Elementary	300	250
Focus Elementary	300	200
Mustang Middle School	500	190
Taurus High School	500	160
Total	1,600	800

E-rate Discount Rate = **80%**

$$\frac{800}{1,600} = 50\%$$

NSLP Eligible

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Methods to Calculate K-12 NSLP Eligibility



- Actual student participation rates
- Surveys of families
 - › NSLP % based on actual number of returned forms
- Community Eligibility Provision
 - › CEP school districts use same method for E-rate
 - › # of directly certified students * multiplier (1.6 for FY2016)

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EPC: “Manage Organization”



- **All** sites which receive service should be listed in profile
 - › Be sure to include NIFs
 - › To add or remove sites, call/e-mail USAC
- It is **critical** that site physical addresses be accurate
 - › Double-check service addresses on vendor invoices; correct as needed

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EPC: “Manage Connectivity Questions”



- New information requested on a **per-site** basis:
 - › Download and upload speed (Internet or WAN)
 - › Predominant connection type (MC)
 - › How sufficient is the quality of the Wi-Fi at this location? (MC)
 - › What is the biggest barrier to having a robust internal network in your classrooms at this location (MC, with “other” option)

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EPC: Entering Contracts



- Enter nickname and contract number
- Upload copy (Y/N)
- State contract? Multiple award schedule? (Y/N)
- “Piggy backing?” (Y/N)
- Number of bids received (required)
- Associated Form 470 (FY2016 or prior year)
- Account number

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EPC: Entering Contracts



- Contract vendor (identified by SPIN)
- Contract award date
- Voluntary extensions? (Y/N)
 - › If yes: number of extensions, expiration date if all are exercised
- Pricing confidentiality (Y/N)

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Creating an FCC Form 471



- Step through Form creation wizard
 - › Sites and discount rate will pull from “Manage Organization”
 - › Connectivity questions will pull in from “Manage Connectivity ?s”
 - › Select contracts from Contracts section when creating FRNs
 - › Enter line item:
 - Pick function/type
 - Recurring/non-recurring costs
 - Sites receiving services

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Interacting with USAC



Program Integrity Assurance (PIA)



- All funding applications are individually reviewed by USAC
 - › You may receive questions from USAC staff
- Every aspect of the application can be questioned
- No “schedule” or way to anticipate when PIA will start
 - › Be sure to keep lines of communication open and **have a backup!**
 - › Questions will come through EPC

PIA Best Practices



- BE RESPONSIVE!
 - › Acknowledge receipt of communications immediately
- “Just the facts, ma’am.”
 - › Keep answers concise and to the point
 - › Try to understand what program rule is being evaluated
- Don’t expect that the reviewer is an E-rate or tech expert

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PIA Best Practices



- Be mindful of previous years’ applications
 - › Multi year contracts? Your answers can be applied retroactively
 - › You may receive the **exact** same questions as in previous years
 - › Past success is not an indicator of future success
- Problems?
 - › Request to speak to a PIA supervisor
 - › Request additional time to respond

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Other Potential Reviews



- Selective Review (“SRIR”)
 - › Detailed, applicant-level review
 - › Competitive bidding process
 - › Budget and other resources
- Cost-effectiveness evaluation of goods and services
- Beneficiary and Contributor Audit Program (BCAP)
- Special compliance reviews

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Invoicing and Payment



Invoicing and Payment



- **October 28:** Invoice deadline for FY2015 recurring services
 - › AR applicants have approximately \$14M remaining
- Steps in getting paid:
 - › Review funding request status
 - › Confirm service delivery
 - › Collect and review bills and invoices
 - › Prepare BEARs for reimbursement

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Review Funding Request Status



- Check every funding request (FRN)
 - › Verify invoicing method (BEAR or SPI)
 - Confirm preference with service providers
 - › Verify funding commitment
 - › Verify FCC Form 486

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Two Payment Methods



- **BEAR:** Billed Entity Applicant Reimbursement (FCC Form 472)
 - › Applicant pays vendor bills in full
 - › FCC Form 472 is filed
 - › USAC issues discount payment to applicant

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Two Payment Methods



- **SPI:** Service Provider Invoice (FCC Form 474)
 - › Vendor applies discount or credit to applicant invoices
 - › Vendor submits SPI
 - › USAC issues payment of discounted amount to vendor
 - › Optional: service certifications

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Review FRN Details



- Check available balance (previous disbursements)
- Ensure FCC Form 486 was filed
- Check invoice deadlines

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Confirm Service Delivery



- E-rate services are **recurring** or **non-recurring**
- Each type of service has a specific **delivery timeframe**
 - › Discounts are only available when services were delivered within appropriate dates

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Recurring Services



- Services delivered on a recurring basis
 - › Can be billed monthly, quarterly, annually
- Most Category One services, as well as BMIC and MIBS
- Service delivery timeframe: July 1 to June 30
 - › **FY2016:** July 1, 2016 to June 30, 2017

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Non-Recurring Services



- One-time purchases
- Most Internal Connections, as well as some C1 setup costs
- Service delivery timeframe:
 - › Internal Connections: April 1 – September 30
 - › Category One: January 1* - September 30

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Review Services Delivered



- Each FRN has an **Item 21** detailing services requested
- If services delivered do not match Item 21, a **service substitution** request may be required
- Payment can be denied for non-matching services

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Service Substitutions



- Changes to the products and/or services on a funding request
- Four requirements:
 - › Same functionality
 - › Allowed by state and local purchasing rules
 - › Within the scope of original bid/procurement
 - › No increase in ineligible products or services

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Service Substitutions



- Substitution process
 - › Applicant sends request letter to USAC
 - › May be submitted any time after the RAL
 - › Provide list of original and replacement parts
 - › Original list should match Item 21 Attachment
 - › Processing time: 45-60 days
- Quantities and prices can fluctuate
 - › Funding amounts will not increase, but can decrease

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Review Invoices



- Remember: E-rate is a **discount** program
- Disbursements are based on costs of services incurred
 - › Vendor bills are frequently requested/reviewed by USAC
- Identify ineligible costs

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Review Invoices



- Check billing and service delivery **addresses**
- Check **dates** that services were performed (or products shipped)
- For BEARs, check that bills were **paid** (or are scheduled to be paid shortly)

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Form 472 (BEAR) Preparation



- Required information:
 - › Applicant contact information
 - › SPIN of company billing applicant
 - › Line items:
 - Form 471 application number
 - FRN
 - Customer Billed Date or Shipping Date
 - Pre-discount amount of eligible services billed
 - Discount rates
 - › Regulatory Certifications

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Form 474 (SPI) Best Practices



- Review invoices for ineligible services
- Ensure that discounts/credits are appropriately applied
- Send in service certifications as needed

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Invoice Deadlines



- BEARs and SPIs are always due **120 days** from service delivery deadline
 - › Standard invoice deadline for recurring services: October 28
 - › Standard invoice deadline for non-recurring services: January 28
- Extension may be requested
 - › Only one extension allowed (120 days) – NO EXCEPTIONS
 - › Must be requested before original deadline expires

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Obligation to Pay



- Applicants must pay the non-discount portion
 - › Applicants must show they have “secured access” to non-discount portion prior to funding request
 - › Non-discount amount cannot be waived/forgiven or remain unbilled by vendor
 - › Failure to demonstrate compliance carries significant consequences

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Payment Paperwork Review



- Invoice reviews
 - › USAC asks for copies of vendor bills to confirm charges
- Service certifications to confirm service delivery
- Payment Quality Assurance (PQA) mini-audits

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Document Retention – Service Delivery



- Service delivery:
 - › Purchase orders/requisitions
 - › Shipping documentation
 - › Installation and configuration work orders
 - › Maintenance logs (BMIC requests)
 - › Service substitutions and approvals
- Documentation should be dated and should include location information when applicable

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Document Retention - Invoicing



- Payments and invoicing:
 - › FCC Form 472 (BEAR)
 - › Payment records
 - › Vendor invoices to applicant
 - › BEAR reimbursement payments

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FCC Form 498



- Required Information:
 - › Name and address (should be in EPC already)
 - › General financial contact (name)
 - › Federal employer identification number
 - › Dun and Bradstreet number (DUNS)
 - www.dnb.com
 - › Remittance contact
 - Can be same as general financial contact

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FCC Form 498



- Required information (continued):
 - › Name of financial institution
 - › Account number for ACH transfer
 - › ACH financial institution transit number
 - › Billed Entity Number (should be in EPC already)
 - › Principal Communication Type
 - Select “School/Library or other Billed Entity Recipient”

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Odds and Ends



Appeals



- Did something go wrong? Denied and disagree?
- Appeals submitted to USAC first, then to FCC
 - › Must be submitted within **60 days** of decision being appealed

FCC Form 500



- General purpose E-rate Form:
 - › Update Contract Expiration Date (in the event of extension)
 - › Request C2 installation deadline extension
 - › Cancel or reduce funding commitment
 - › Equipment transfer notification

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FY2017: What You Can Do NOW



- **File FCC Form 498 for BEAR payments**
- Verify EPC user access and roles
- Add, remove, or edit school sites and NIFs
 - › Be sure to verify physical addresses
- File FCC Form 470
- *Starting next month:*
 - Enter NSLP information in site profile (“Manage Organizations”)
 - Select vendors, negotiate contracts, complete EPC “Contracts” section

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Support for Arkansas Schools
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E-rate Review and Update: FY2017

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