E-rate Program

Introduction to E-rate

June 2, 2015 – Phoenix
June 16, 2015 – Tampa

- Common questions about E-rate

- Filing an FCC Form 498/SPIN and general contact information

- Competitive bidding process - applicants posting an FCC Form 470

- Applicants filing an FCC Form 471/request services

- Filing an FCC Form 473/annual certification

- Application review/ funding commitments

- Services start – applicants filing an FCC Form 486

- Invoice USAC – FCC Form 472 or FCC Form 474

- ■ What is a funding year?
  - – A funding year (FY) runs from July 1 to the following June 30.
    - • FY2015 runs from July 1, 2015 to June 30, 2016.
  - – Recurring services (e.g., monthly telecom services and Internet) must be delivered by June 30.
  - – Non-recurring services (e.g., equipment and installations) must be delivered and installed by the September 30 following the funding year, and this deadline can be extended.

Common Questions

- Who can apply?
  - Eligible schools and school districts
  - Eligible libraries and library consortia
  - Consortia of eligible entities (e.g., regional consortia, statewide networks)

- **How much money is available?**
  - Starting with FY2015, there is a $3.9 billion funding cap for each funding year.
  - This funding cap will be indexed to inflation each year starting in FY 2016.
  - FCC can roll over unused funds from prior funding years.

- What services are eligible for FY2015?
  - Category One
    - Telecommunications Services
    - Voice Services (subject to phase down)
    - Internet Access
  - Category Two
    - Internal Connections (IC)
    - Managed Internal Broadband Services (MIBS)
    - Basic Maintenance of Internal Connections (BMIC)

- How large are the discounts?
  - Category One discounts can range from 20 – 90% of the cost of eligible services
  - Category Two discounts can range from 20 – 85% of the cost of eligible services
    - Applicants are subject to a pre-discount 5-year Category Two budget of $150 per student for schools and $2.30 or $5 per sq. ft. for libraries, depending on library location
  - Discounts are based on district-wide calculations:
    - Percentage of students eligible for the National School Lunch Program (NSLP) and
    - Urban or rural status

- How long should records be retained?
  - Keep <u>all</u> records pertaining to the application process for at least ten years after the last date to receive service.
  - Some examples of documents to retain:
    - Contracts
    - Copies of filed FCC forms, letters and other communications from USAC
    - Customer bills/bill information
    - Filed requests (e.g., appeals, service substitutions, global SPIN changes)

- **FCC Form 498** – Service Provider Identification Number and 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: (888) 641-8722

- **Why is an FCC Form 498 important to you?**
  - Establishes user IDs and passwords for online updates, submissions, access, etc.
    - Company officer and general contact can set up additional users and their level of access.
  - Populates SPIN Contact Search database that applicants use to contact you and find your SPIN.
  - Provides electronic remittance information USAC uses to pay invoices.

Request/Update SPIN

E-File Login Page

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 a final list for the upcoming funding year.

- **2016 Eligible Services List**
  - Proposed ESL released May 21, 2015
  - Comments being sought
    - Comments due June 22, 2015
    - Reply comments due July 6, 2015
  - File in WC Docket No. 13-184

- 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.

- Applicants post an FCC Form 470 and may issue an RFP to open a competitive bidding process.
    - Process must be open and fair.
    - Applicants must wait at least 28 days after the later of the FCC Form 470 or RFP posting before selecting a service provider, signing a contract (if applicable), and filing the FCC Form 471.
    - Applicant must choose the most cost-effective solution with the price of the eligible products and services as the primary factor in the evaluation.

- **New FCC Form 470 exemptions**
  - Applicants seeking to purchase commercially available business-class Internet access services that cost $3,600 or less per year (including any one-time installation and equipment charges).
  - Master contracts for Category Two equipment designated as preferred master contracts by the FCC.
    - FCC must re-evaluate designation every two years.
    - FCC has not designated any preferred master contracts for FY2016.

- Changes to the FCC Form 470 process for FY2016:

  - Applicants may enter into an installment payment plan (up to four years) with their service provider for the non-discount portion of Category One special construction charges.

  - Applicants must indicate on their FCC Form 470 that they want to enter into a payment plan for their non-discount portion of special construction charges.

- Changes to the FCC Form 470 process for FY2016 (continued):

    - Applicants that intend to seek support for special construction charges for dark fiber must also solicit proposals for lit fiber.

    - For dark fiber, equipment and maintenance costs for lighting the dark fiber must be included in the FCC Form 471.

- Changes to the FCC Form 470 process for FY2016 (continued):
  - Applicants must solicit bids for both service and construction on the same FCC Form 470 if they intend to seek support for self-construction of network facilities.
  - Applicants may post a second FCC Form 470 if they do not receive any bids on an FCC Form 470 that was only posted for service.

Competitive Bidding

- Service providers can:
  - Review posted FCC Forms 470 and/or download summary information.
  - Respond to FCC Forms 470/RFPs.
  - Review and follow applicant requirements and local and state procurement rules.
    - Pay attention to any specific requirements, including reasons for bid disqualification.
  - Must comply with Lowest Corresponding Price (LCP)

Competitive Bidding

- Service providers MUST 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

- Do not assist or help the applicant in any way during the competitive bidding process.
  - This prohibition includes providing clerical or data entry assistance.

- If applicants ask you for assistance:
  - Refer them to existing sources of information, e.g., USAC or state website, state or local competitive bidding rules or regulations

FCC Form 471 (Applicants)

- After applicants choose a service provider, they file the FCC Form 471.
- Application filing window
  - A period of about 75 days when FCC Forms 471 are filed for the upcoming funding year.
- Each chosen service provider can assist the applicant with completing much of the information required for the FCC Form 471.

- The applicant and each service provider listed on a funding request on the FCC Form 471 will receive a copy of the <u>Receipt Acknowledgment Letter (RAL)</u>, which summarizes the information on the form.
  - Service providers can review the RAL information and notify the applicant of any necessary corrections.
  - Note: The RAL process will be different for FY2016.

FCC Form 471 (Applicants)

- Service providers can assist applicants with the FCC Form 471, especially with the description of services and costs.

- This assistance can include information on:
  - Cost allocations
  - Equipment locations
  - Product and service descriptions
  - Schedule of installations
  - Network diagrams

FCC Form 471 – Tips

- 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 any documentation submitted to USAC on products and services.

- Allow applicants to choose the invoicing method – FCC Form 474 (SPI) or FCC Form 472 (BEAR).

- Review the RAL information and notify applicant of errors.

- Applicants undergo review of their FCC Forms 471 by Program Integrity Assurance (PIA).
  - Service providers can assist with:
    - Specific questions on products and services, eligible uses, network/configuration questions.
  - Service providers cannot assist with:
    - 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).
  - "Funded": fully funded or funded with reductions (for example, after ineligible products or services have been removed)
  - "Not funded": denied in total

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?

- **FCC Form 473** – Service Provider Annual Certification (SPAC) Form

  - Must be filed for each funding year you provide services under the E-rate program.

  - In general, this form can be filed for the upcoming funding year after the filing window opens.

  - Must be on file with USAC before an invoice will be paid for that funding year.

  - Contains certifications of compliance with E-rate program rules.

Annual Certification - Tips

- If you plan to participate in the E-rate program in the upcoming funding year, file the 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(s)
  - Status of technology plan, if required. (Note: Tech plans are not required for FY2015 and beyond.)
  - Status under the Children's Internet Protection Act (CIPA)
- FCC Form 486 must be successfully processed – which includes passing any USAC reviews – before USAC will pay invoices for an FRN.

- Encourage applicants to file an 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 compliance with CIPA.

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

- Two invoicing methods, chosen by the applicant:
  - FCC Form 474 (SPI Form) is filed by service provider after billing applicant for non-discount share; USAC reimburses the service provider.
  - FCC Form 472 (BEAR Form) is 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 within 20 business days.
  - First invoice for an FRN sets the invoicing method (SPI or BEAR) for that FRN.

- Invoicing for FY2016:

  - For FCC Form 472 (BEAR Form): Applicant that pays the full cost of the E-rate supported service to the service provider will receive direct reimbursement from USAC.

  - FCC Form 474 (SPI Form): Process remains unchanged.

- Bill the applicant for the non-discount share.
  - Program rules require the applicant to pay the non-discount share.
  - The expectation is that the applicant will pay your bill within 90 days.
- 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 a BEAR Form.

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

- Review the BEAR Form before you approve it.

- Provide BEAR reimbursements 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)
  - Trainings and Outreach
    - Service Provider Conference Calls
    - Schools and Libraries News Briefs
  - Search Tools
  - Latest News

Questions?