2016 Service Provider Training

Introduction to E-rate

June 20, 2016 | Los Angeles
June 30, 2016 | Atlanta

- Common questions about E-rate
- Filing an FCC Form 498/SPIN and general contact information
- Competitive bidding process – applicants certify an FCC Form 470
- Applicants file an FCC Form 471/request services
- Filing an FCC Form 473/annual certification
- Application review/funding commitments
- Services start – applicants certify an FCC Form 486
- Invoicing USAC – FCC Form 474, applicants file FCC Form 472

- **What is a funding year?**
  - A funding year (FY) runs from July 1 to the following June 30.
    - FY2016 runs from July 1, 2016 to June 30, 2017.
  - 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.
    - In some cases, delivery can start before July 1.

What is EPC?

- The E-rate Productivity Center (EPC) is the online portal for E-rate service providers, applicants, and consultants.

- Currently, service provider functionality in EPC is limited.

  - Service providers can create users in their EPC accounts and access certain information on applicants, consultants, and certified program forms.

  - FCC Form 473, Service Provider Annual Certification Form, and FCC Form 474, Service Provider Invoice Form, will continue to be filed through the E-file System.

- USAC will continue to roll out additional functionality in EPC.

- Who can apply for funding?
  - 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 is indexed to inflation each year starting in FY2016.
  - FCC can roll over unused funds from prior funding years.

- What services are eligible for FY2016?
  - 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 five-year Category Two budget
      - For schools, the budget is calculated at $150 pre-discount per student
      - For libraries, the budget is calculated at $2.30 or $5 pre-discount per square foot ($5 pre-discount per square foot for libraries in large urban areas)

- How large are the discounts? (continued)
  - Discounts are based on school district-wide calculations and urban or rural status
    - For schools, the calculation is based on the percentage of students eligible for the National School Lunch Program (NSLP)
    - For libraries, the calculation is based on the percentage of students eligible for NSLP in the public school district in which the main library branch is located
    - For school districts and library systems, more than 50% of their schools or libraries must be rural for the district or system to be considered rural.

■ How long should records be retained?

- Keep <u>all</u> documents pertaining to the delivery of service and that demonstrate compliance with statutory or regulatory requirements for at least ten years after the last date to receive service.

- Some examples of documents to retain:

  - Bidding documents

  - 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 and Billed Entity Identification Number and General Contact Information Form
  - Original and revisions can be done online.
    - Can be submitted by company officer or general contact.
    - Must be certified by company officer.
  - Helpline: (888) 641-8722

  Note: Applicants must file this form if they want to be paid directly after invoicing USAC.

- 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.
  - This information populates your EPC profile.
  - 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

E-File

version 8.0

E-File Sign In

User ID (email address):

Password:

Forgot password?

RESOURCES FOR FORM FILING

Access all FCC Forms, instructions, and user guides on the Forms page of the public website.

Watch our form-filing demo videos in the Online Learning Library

IMPORTANT SYSTEM NOTICE - This system is the property of the Universal Service Administrative Company (USAC) and is to be used to assist individuals with managing their entity's involvement in federal universal service programs. This system may be accessed by authorized users only. By logging in, the user represents himself or herself as an authorized user. This system is monitored, recorded and subject to audit. Any unauthorized use or misuse of this system is strictly prohibited and subject to legal action, including criminal prosecution and civil penalties. Use of this system indicates acceptance of these terms and system monitoring and recording.

☐ **Click the box to accept.**

Login   Reset

New users, please select from the options below:

- **New Service Provider**
- **Add FCC Form 498 Company Officer**
- **New Contributor/Registration In Progress**
- **Add FCC Form 499 Company Officer**
- **New RHC Applicant**

- **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.

- **2017 Eligible Services List**
  - Proposed ESL released June 3, 2016
  - Comments being sought
    - Comments due July 5, 2016
    - Reply comments due July 20, 2016
  - 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.

- FCC Form 470 exemption
  - Applicants seeking to purchase commercially available business-class Internet access services that offer bandwidth speeds of at least 100 Mbps downstream and 10 Mbps upstream at a pre-discount cost of $3,600 or less per year (including any one-time installation and equipment charges).
    - The $3,600 annual cost is per school or library.
    - Applicants cannot average the cost of the services across a number of schools or libraries.

- **Changes to the FY2016 FCC Form 470 process:**
  - 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.
  - Service providers are under no obligation to allow this payment arrangement.

- 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.

Competitive Bidding

- 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.

- Service providers:
  - Can review posted FCC Forms 470 and/or download summary information.
  - Can respond to FCC Forms 470/RFPs.
  - Must 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) rule.

- Lowest Corresponding Price (LCP)
  - Service providers are required to offer and charge applicants the lowest corresponding price, which is the lowest price that the service provider charges to non-residential customers who are similarly situated to a particular school, library, or library consortium for similar services.

- LCP (continued)
  - Ensures that service providers do not charge schools and libraries more for the same services because of their E-rate participation.
  - Exceptions can be made if the provider can show that they face significantly higher costs to serve this customer due to volume, mileage from facility, and/or length of contract.
  - Applies to all service providers and for all service arrangements (tariff, month-to-month and contracted services).

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.
    - 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.
  - For FY2016, the extended application filing window:
    - Closed May 26, 2016 for schools and school districts
    - Will close July 21, 2016 for libraries, library systems, and consortia
- 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 Receipt Acknowledgment Letter (RAL), which summarizes the information on the form.
  - Applicants and service providers receive their RALs in the News feed in their EPC accounts.
    - For service providers, there is a link in the News item to the funding commitment report information.
  - USAC will not issue paper RALs for FY2016 and future funding years.

- 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).
  - The FCDL and related information will appear in EPC.
  - "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

- For FY2016, the FCC Form 473 will be available through the E-file System.

- 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 after applicant has paid for service in full; USAC reimburses the applicant (starting July 1, 2016).
  - First invoice for an FRN sets the invoicing method (SPI or BEAR) for that FRN.

- 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.

- Assist the applicant in responding to USAC requests if needed.
  - Service checks
  - Other documentation

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

Questions?

Thank you!