

E-Rate Post-Commitment Process

2023 Applicant and Service Provider Training

November 7, 2023



Universal Service
Administrative Co.

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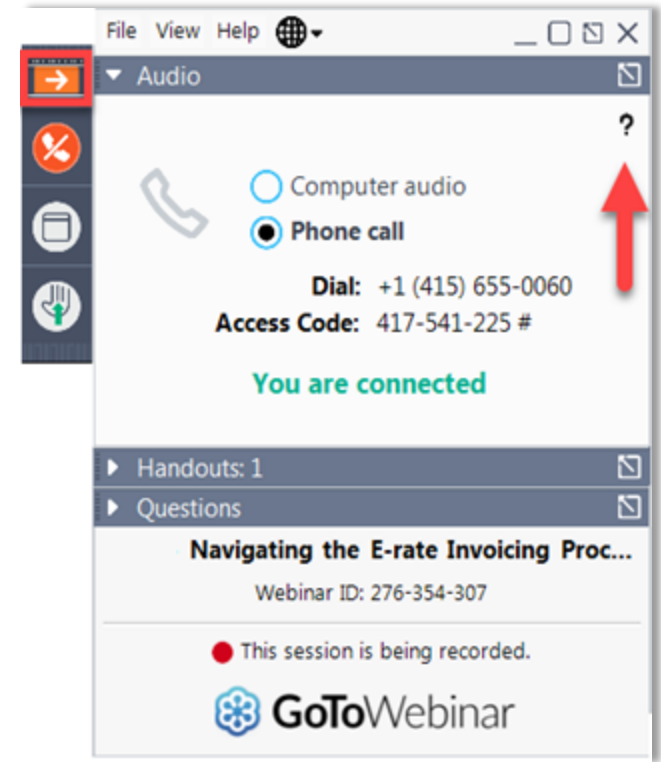
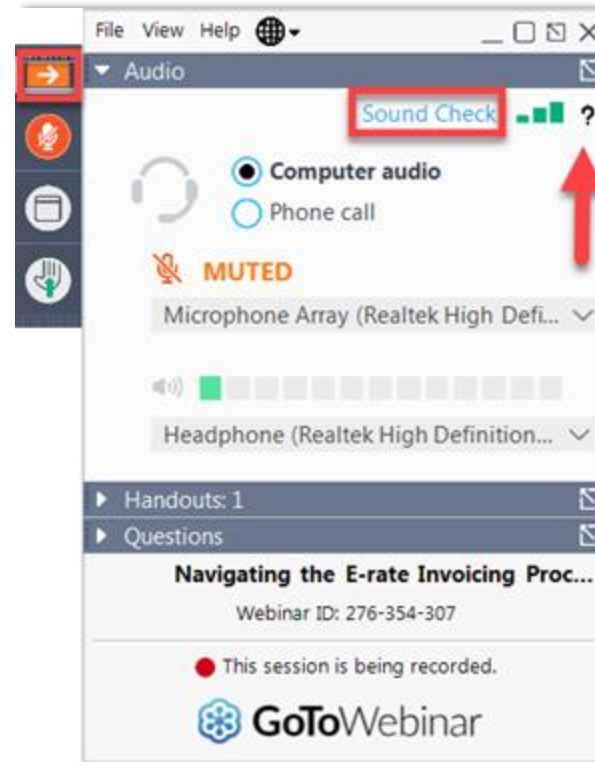
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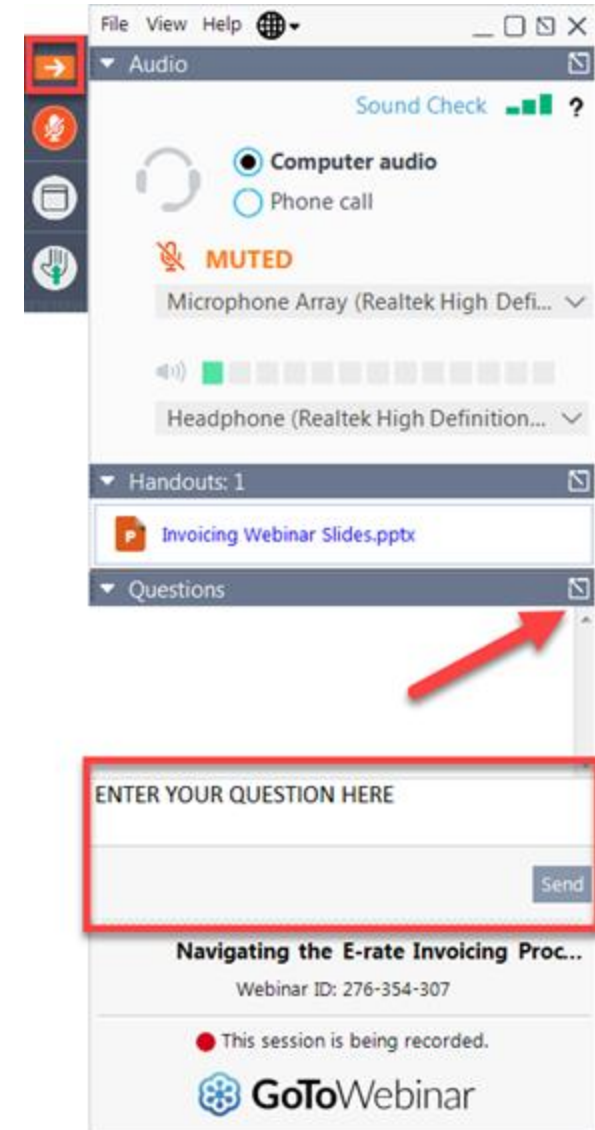
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MEET THE TEAM



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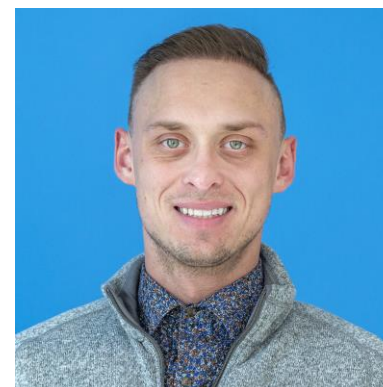
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Agenda

- Post-Commitment Overview
- Start Services
- Children's Internet Protection Act (CIPA)
- Post Commitment Changes
- Update Service Provider Information
- Update Services
- FCC Form 500
- Appeals
- Commitment Adjustment
- Key Takeaways
- Resources
- Q & A

Post-Commitment Overview

Post-Commitment

Once an applicant receives their Funding Decision Commitment Letter (FCDL), they begin the “Post-Commitment” part of the E-Rate process. These are the three steps of the Post-Commitment process:

- Starting Services
- Invoicing USAC
- Any change requests

Starting Services

When Can My Services Start?

- Services can start no earlier than July 1. This is the earliest date for which USAC will fund recurring services.
 - In this instance, July 1 is said to be the "Service Start Date."
 - Installation may occur as early as May 25 before the funding year, but the official **Service Start Date** will be July 1.
- In some cases, services may start after July 1, but before June 30 of the funding year.
 - For instance, if equipment and services are delivered on August 7 of the funding year, the Service Start Date will be August 7.

The FCC Form 486

Applicants file the FCC Form 486 to:

- Notify USAC that **services have started** for the Funding Request Numbers (FRNs) listed on their FCC Form 471.
- Report current status of their compliance with the **Children's Internet Protection Act (CIPA)**.

When do I file FCC Form 486?

- The FCC Form 486 MUST be certified no later than 120 days after the **Service Start Date (SSD) reported on the FCC Form 486** or 120 days after the date of the **Funding Commitment Decision Letter (FCDL)**, whichever is later.

What If I File the FCC Form 486 Late?

If you miss the FCC Form 486 deadline, USAC will adjust your Service Start Date to a date 120 days before the date you certified your form.

- Your funding commitment may be **reduced** to reflect the reduction in Months of Service.
- If your Service Start Date is adjusted after you have invoiced and been reimbursed, you may have to return funds to USAC.

Example of an Adjusted FCC Form 486 Due to Late Filing

- If you received the commitment decision from USAC on May 1, 2024 and the **service start date** on the FCC Form 471 is July 1, 2024, you have 120 days from July 1, 2024 to certify the FCC Form 486. This gives you a deadline of **October 29, 2024**.
- If you file the FCC Form 486 on **December 22, 2024**, (past the FCC Form 486 certification deadline) the **service start date** will be adjusted to August 24, 2024 (December 22, 2024 minus - 120 days). Your recurring services **before the service start date will not be funded**.
- If you wish to appeal a USAC decision adjusting your **service start date** based on a late FCC Form 486, you must first file the appeal with USAC, not the FCC.

Timeline for delivery of equipment and services

- **Recurring services** (e.g., monthly internet access) must be delivered during the funding year (July 1 – June 30).
- **Non-recurring services** (e.g., equipment installations) can generally be installed through September 30 following the close of the funding year.
 - Delivery and installation can start before the funding year
 - The September 30 deadline can be extended, either automatically or by request.

FCC Form 486 Notifications

- After submitting the FCC Form 486, you and your service provider will receive two notifications:
 - An initial notification in the E-Rate Productivity Center (EPC) confirming that you certified the form.
 - The FCC Form 486 Notification Letter, indicating your form completed review, and informing you of USAC's decision.
- After USAC has approved your FCC Form 486 and services have started, you or your service provider may begin invoicing USAC for the discounted amount of the costs of the approved equipment and services.

FCC Forms 486 Urgent Reminder Notification

- An urgent reminder letter is issued to applicants that appear to have **missed the deadline to certify** based on the service start date reported on the FCC Form 471.
 - The letter is delivered in the EPC News Feed.
 - Applicants have 15 days from the date of the letter to submit and certify the FCC Form 486 without penalty (if the service start date reported on the FCC Form 471 was the actual service start date).

Children's Internet Protection Act (CIPA)

Children's Internet Protection Act (CIPA)

- Requires that schools and libraries enforce certain safety measures preventing minors from accessing obscene content on the internet.
- Entities must Keep Records
 - Schools and libraries must [maintain documentation](#) demonstrating their CIPA compliance.
 - Maintain documentation showing CIPA compliance for all funding years
 - In the first year, they may show work toward CIPA compliance unless granted a waiver for the 2nd year. They must be compliant by the 3rd year.
- **Three requirements** of CIPA compliance are:
 - Internet Safety Policy
 - Technology Protection Measure/Public Notice
 - Public Notice and Hearing or Meeting

Internet Safety Policy

- The Internet Safety Policy must address:
 - Access by minors to inappropriate subject matter on the internet;
 - The safety and security of minors when using electronic mail, chat rooms, and other forms of direct electronic communication;
 - Unauthorized access, including hacking and other unlawful activities by minors online;
 - Unauthorized disclosure, use, and dissemination of personal information regarding minors; and
 - Measures designed to restrict minors' access to information and subject matter that is harmful to minors.

Internet Safety Policy (cont.)

- **Additional requirements for schools:**
 - Must also include monitoring online activities of minors.
 - Must educate minors about appropriate online behavior, including:
 - Interacting with other individuals on social networking websites and in chat rooms
 - Cyberbullying awareness
 - Response

Technology Protection Measure (e.g., Internet Filter)

- You must specifically block or filter internet access.
 - Entities **must enforce** operation of the technology protection measure during use of its computers with internet access.
 - The person with authority for the administration of the school or library may authorize disabling the internet filter during use by an adult to enable access for bona fide research, or other lawful purpose.
 - The local community (school board, local educational agency, library, or other authority) decides what content is inappropriate for minors.

Public Notice

- You must provide **public notice** and hold at least **one public hearing or meeting** to address the internet safety policy.
- For private schools, public notice means notice to your constituent group.
- Additional meetings are not necessary – even if the policy is amended – unless those meetings are required by state or local rules, or by the policy itself.



Required CIPA Documentation

- Entities must [maintain documentation](#)
 - Indicating their CIPA compliance
 - Demonstrating their internet safety policy, along with any updates to the policy.
 - Showing the policy's adoption. For example, approval in the minutes of the required hearing or meeting, or documented adoption by a school or library board.

Documentation for Technology Protection Measure

- A description of the filter.
- A report or other relevant documentation on the school's or library's use of their internet filter
 - The documentation must show that the internet filter was installed and functioning properly during the funding year in which the entity was CIPA-compliant.

For example:

- Filter provided by service provider:
 - A school could provide archived internet access reports from the internet service provider of internet sites blocked, or bills from the service provider verifying the filter was fully functional.
- School purchased its own filter:
 - A school must provide logs from their IT staff, showing hours the filter was in use.

What documents should you retain?

Documentation that the school or library gave **public notice** and held a **public hearing or meeting** on the policy.

For example:

- A copy of a website announcement for a regular school or library board meeting open to the public where the policy was discussed.
- An advertisement in a local newspaper of a county government hearing or meeting where the policy appeared as an agenda item.
- Copy of the minutes of the hearing or meeting, and the date on which the hearing or meeting occurred.

Post-Commitment Changes

Post-Commitment Notifications

E-Rate communicates decisions regarding post-commitment changes through a **Revised Funding Commitment Decision Letter**. Examples include:

- Decisions on Appeals
- Service Provider Identification Number (SPIN) Changes
- Decisions on Service Substitution requests
- Decisions on filed FCC Forms 500

For **2016 and later** funding years, these notifications are delivered through the E-Rate Productivity Center (EPC)

For **FY2015 and previous** funding years:

- Paper letters for appeal decisions and FCC Forms 500.
- Email notifications for SPIN changes and service substitutions.

Update Service Provider Information

Changing Service Provider Information

There are two situations that may require a change to the **Service Provider Identification Number** (SPIN Change) on your FCC Form 471.

- An **Operational SPIN Change** is a deliberate decision made by the applicant to change their service provider. Some restrictions may apply.
- A **Corrective SPIN Change** corrects data entry errors or reflects a merger or acquisition. Unless a data entry error occurs, Corrective Spin Changes result from actions not initiated by the applicant.

Operational SPIN Change

- Request this as soon as you are aware of the need for a change, and under the following conditions:
 - If allowed under state and local procurement rules.
 - If allowed under the terms of the contract between the applicant and the original service provider.
 - If you have notified the original service provider of your intent to change SPINs.
 - If the reason to change is recognized by program rules as legitimate (e.g., breach of contract, unable to provide service, but NOT simply lower price).
 - The new service provider must be the runner-up in your original bid evaluation process.
- When to file:
 - before your [invoicing deadline](#).

Corrective SPIN Change

A change to correct service provider information can be made in the case of

- Data entry errors
- Mergers and acquisitions
- Other changes not initiated by the applicant

When to file:

- On or before the last date to invoice
- Service providers may file in the case of a merger, acquisition, or consolidation.

Note – if you need to correct service provider before you receive a funding commitment, you may 1) file a Receipt Acknowledgement Letter (RAL) modification, or 2) notify your Program Integrity Assurance (PIA) reviewer of the need for correction.

Update Services

Service Substitutions

- Services invoiced to E-Rate must match your Funding Commitment Decision Letter (FCDL).
- A Service Substitution is how you fix a discrepancy discovered after receiving said FCDL.
- The substituted equipment and services:
 - Must have the same functionality as equipment and services approved on the original FCC Form 471.
 - Must not violate any contract provisions, or state or local procurement laws.
 - Must not result in an increase in the percentage of ineligible services or functions.
 - Must be within the scope of the establishing FCC Form 470, including any request for proposal (RFP) documents, for the original equipment and services.

Service Substitutions

Filing a Service substitution **cannot** increase the funding commitment, even if the substitution results in a change in the pre-discount price for the supported service.

- E-Rate program **funding is based on** the lower of:
 - The pre-discount price of the originally requested equipment or service
 - The pre-discount price of the new, substituted equipment or service

Service Substitutions (Continued)

When to file:

- Service Substitutions can be filed after USAC has issued the FCDL, if the applicant needs to make a change to equipment or services.
 - For example: The original bandwidth changed from 50 MB to 500 MB as reflected in the actual contract.
- Service Substitutions must be submitted before the Service Delivery Deadline (SDD). The request should include a detailed narrative explaining the need.
- Service providers can file a “global” Service Substitution to replace one piece of equipment or service with another across all FRNs, usually because the equipment or service is being discontinued.

FCC Form 500

FCC Form 500: Adjusting Approved Funding

An applicant can file an [FCC Form 500](#) to request specific changes to their funding commitments after USAC issues the FCDL. The FCC Form 500 should be filed **as soon as the applicant is aware** of new circumstances that require adjustment to their FRN(s).

Examples of these changes include:

- Modifying the Contract Expiration Date (CED) listed on your FCC Form 471.
- Changing the Service Start Date (SSD) listed on your FCC Form 486.
- Canceling a Funding Request Number.
- Requesting an extension of the Service Delivery Deadline (SDD) for non-recurring (one-time) services.
- Notifying USAC about equipment transfers that occurred prior to July 1, 2021.

Watch a recording of the [E-Rate Equipment Transfers](#) webinar for more information.

FCC Form 500: Adjusting Approved Funding (Continued)

The FCC Form 500 can also be used to reduce the amount of funding allotted to a Funding Request Number.

Example of funding reduction:

- If you do not use all of your Category Two funding commitment, you can submit an FCC Form 500 to return funds to your Category Two budget.

After successfully processing the FCC Form 500, USAC issues a revised funding commitment decision letter (RFCDL).

Appeals

What is an Appeal?

- An [appeal](#) is a request for review filed by a program participant who disagrees with a USAC decision.
- Program participants – applicants or service providers – have 60 days to appeal a USAC decision.
 - Appeals for 2016 and later are filed in EPC.
 - To appeal a decision from 2015 or prior, create a customer service case in EPC.

What to Include in Your Appeal

- Applicant (Billed Entity Number) or service provider (Service Provider Identification Number)
- Contact information including name, address, telephone number, and email address of the person who can discuss the appeal with USAC in detail
- Nickname for the appeal (to help you identify the appeal)
- Funding year of the decision being appealed
- FRNs associated with the appeal
- The USAC decision that you're appealing

What to Include in Your Appeal (cont.)

- A narrative that explains precisely the USAC decision(s) being appealed and what specific relief is being sought.
- Documentation of USAC's decision (e.g., a copy of USAC's decision letter).
- Supporting documentation such as forms and previous correspondence.
- If the program participant fails to submit the missing information to USAC within the time prescribed, USAC will review the appeal with the information on file, which may result in the denial of the appeal.

Appeal Decisions

- Appeals may be granted under the following limited circumstances:
 - When the appeal makes it clear that USAC made an error in its initial review (for example, the PIA reviewer made an error).
 - When the filer provides USAC with new information and/or documentation it did not provide when the original request was made.
 - When USAC receives policy clarification or when a new policy impacts the original decision.
- If you are seeking a waiver of a Federal Communication Commission (FCC) rule, you must file a waiver directly with the FCC.
 - For example, requests to consider FCC Forms 471 filed after the window close must be directed to FCC as a window waiver request.

Appeals Notifications

- After filing an appeal, you will receive an Appeal Confirmation Letter.
- If an appeal reviewer has questions or requires additional information, they will reach out through EPC.
- USAC issues its appeal decision in a Revised Funding Commitment Decision Letter (RFCDL).
- If the applicant or service provider does not agree with the USAC decision in the RFCDL, they can file an appeal with the FCC.

Commitment Adjustments

Commitment Adjustment and Recoveries

USAC may conduct a review that may result in adjusting an applicant's commitment or monetary recovery from the applicant and/or service provider:

- Audits
- Payment Quality Assurance (PQA)
- Invoicing
- Appeals
- Heightened Scrutiny
- Program Integrity Assurance (PIA)

Commitment Adjustment and Recoveries

- As a result of these review/audits, USAC may discover that certain funds were committed and/or disbursed in error.
- The FCC requires USAC to rescind commitments and recover funding that has been improperly disbursed.
- USAC refers to this process as the Commitment Adjustment or “COMAD” process.
- Commitment Adjustment Letters (COMAD Letter) or Recovery of Improperly Disbursed Funds Letters (RIDF Letter) are issued with all relevant details of the review/audit that resulted in the adjustment to the applicant's commitment or request to return program funds.
- If an adjustment or recovery action is necessary, a COMAD or RIDF letter will be issued to the applicant or service provider.

How To Resolve A COMAD or RIDF

- **Commitment Adjustment (COMAD) Letter with no recovery:** No monetary recovery is being sought by USAC. The applicant does not need to take further action unless it wishes to appeal. The commitment will be adjusted and no longer available for disbursement.
- **Commitment Adjustment (COMAD) with Monetary Recovery Letter:** The commitment will be adjusted and previously disbursed funds must be returned. The applicant and/or service provider should return the programs funds requested in the letter.
- **Recovery of Improperly Disbursed Funds (RIDF) Letter:** The commitment remains the same, but the previously disbursed funds must be returned. The applicant and/or service provider should return the disbursed funds.
- If the Applicant or service provider disagree with the COMAD Letter or RIDF Letter received, they have 60 days to appeal that decision to USAC.

If You Don't Respond to a COMAD Letter with Monetary Recovery and Demand Payment Letter

- All pending applications will be held.
- All invoices submitted will be held and/or subject to rejection.
- Applicant/Service provider will not be able to participate in E-Rate or ECF until COMAD resolved.
- Debt could be sent to Treasury.

Compliance Letters

Compliance Letter

- Issued to applicants for program violations during program reviews/audits
- Require applicants to update their **Policy and Procedures** to ensure proper mitigation steps are in place to prevent future **program violation** related to the findings
- **Result in a hold on all FCC Form 471 decisions and invoices** until the updated policy and procedures have been provided to USAC and accepted.
- Lack of response in providing updated Policy and Procedures within the **60-Day timeline** may result in **denial of any pending FCC Forms 471 and/or invoices**

Key Takeaways

Key Takeaways

- CIPA services require a **public notice** and at least **one public meeting** to address the internet safety policy.
- The earliest **service start date** is July 1 of the funding year.
- Post-commitment fun are provided in **Revised Funding Commitment Decision Letters** in EPC.
- Post-commitment SPIN changes must be filed on or before the **last date to invoice**.
- Service substitutions **cannot increase funding** commitment and must be filed before the last day to receive service.

Key Takeaways (cont)

- You can submit an FCC Form 500 to **return funds** to your **Category Two budget**.
- You have **60 days to respond** to the CAL/RIDF or to a denied appeal.
- If you disagree with a post commitment **decision**, you must first **file an Appeal** with USAC in EPC.
- If you are seeking a waiver of an FCC rule, you must file a waiver directly with the FCC.
- Maintain E-Rate related documentation for **10 years after the date of installation**, and equipment transfer documentation for **up to 5 years after the transfer**.
- Applicants that receive **Audit Compliance letters** from E-Rate are required to provide Policies and Procedures.

Resources

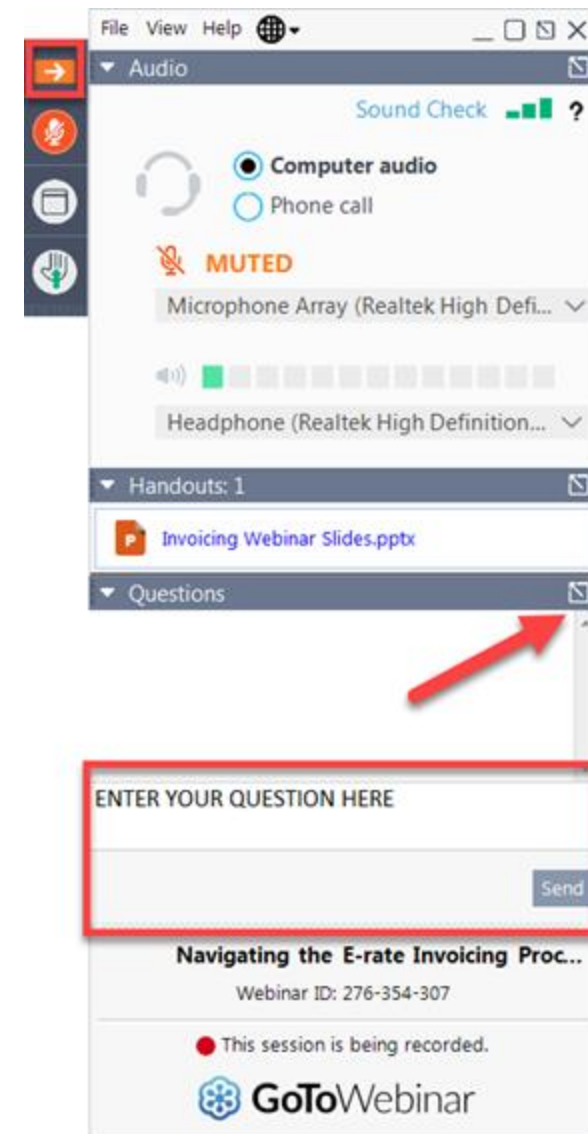
Resources

On the USAC website you can find detailed information on:

- [Category Two \(C2\) Budgets](#)
- [Transfer of Equipment](#)
 - [Webinar Recording: E-Rate Equipment Transfers](#)
- [Document Retention](#)
- [Glossary of terms](#)

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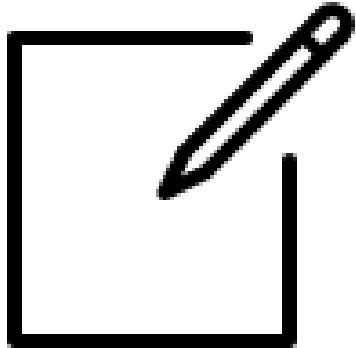
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