Ways To Avoid E-rate Funding Denials

FY2007-08 (Year 10)

Presented By Wesley Fryer
Director of Education Advocacy
AT&T Oklahoma
(Modified Presentation originally created by Carol Chamberlain, Updated 11 September 2006)

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Agenda

- Application Process Review

- Top Reasons for Denials of Funding Requests

- Possible Ways to Avoid Denials

- Top Reasons for Invoice Rejections/Reductions

- Possible Ways to Avoid Rejections/Reductions

- E-rate Mindset and Updates

- E-rate Appeals and Audits

Note: Information in this presentation is based on information from Universal Service Administrative Company (USAC) School's and Library Division (SLD) website at http://www.universalservice.org/sl/ . The presentation is for informational purposes only and is intended to follow Proper Service Provider Assistance at:
http://www.universalservice.org/sl/providers/step01/proper-service-provider-assistance.aspx , as of the date shown below. Please refer to the SLD website for updates. This presentation is not intended to be comprehensive, and is not to be used as a substitute for legal advice or your own review of SLD requirements.

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http://teachdigital.pbwiki.com/erate

USAC
Universal Service Administrative Company

Helping Keep Americans Connected

Home | Need Help? Search

Schools and Libraries

● Schools and Library Applicants
● Service Providers

About the Schools and Libraries Program:

● Overview of the Program
● Overview of the Process
● Outreach and Training
● Site Visits
● Filing Appeals
● Understanding Audits

Schools and Libraries Tools:

● Apply Online
● Commitments
● Submit a Question
● Latest News
● Calendar/Reminders
● Required Forms
● Reference Area

Applicants

The Schools and Libraries Program of the Universal Service Fund makes discounts available to eligible schools and libraries for telecommunication services, Internet access, and internal connections. The program is intended to ensure that schools and libraries have access to affordable telecommunications and information services.

Service Providers

The Schools and Libraries Program reimburses telecommunications, Internet access, and internal connections providers for discounts on eligible services provided to schools and libraries. While schools and libraries apply for these discounts, USAC works in conjunction with service providers to make sure these discounts are passed on to program participants.

Latest News, Important Notices, and Reminders

ℹ Reminder: 2006 Fall Training

ℹ Reminder: The

... Order
... CC U6-54) [PDF, 233kb]
...st of correctable ministerial and clerical errors [PDF, 50kb]
What USAC is doing
What applicants need to do
Help and FAQs

🕐 Reminder: USAC Announces 2006 Schools and Libraries Training (4/28/06)

Hurricane Katrina Universal Service Fund Relief Information ●

www.universalservice.org/sl

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Application Process Review

1. Technology Plan

2. Form 470

3. Form 471

4. Program Integrity Assurance Review (PIA) and Funding Commitment Decision Letter (FCDL) Waves

5. Form 486

6. E-rate funding discounts one of two ways:
   1. Discounts on Bill * via
      - Service Provider Invoice (SPI) Form 474
   2. Reimbursement by Check via
      - Billed Entity Applicant Reimbursement (BEAR) Form 472

* (Pre-merger) AT&T has waiver to use AT&T Reimbursement Form (ARF) –
      - AT&T Corp. (Legacy AT&T) only, provides on-line reimbursement by check for payment toward bill of E-rate services

Reference Overview of the E-rate Process at:

http://www.universalservice.org/sl/about/overview-process.aspx

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20 Reasons for Funding Request Denials

1. **FRN cancelled** per applicant	1. **Form 470 Errors**. Wrong Service Indicated/Service Not Included/lacking info
1. **Funding Cap.** (2.25 Billion Cap) Due to discount level of Priority 2 request not funded	1. **Improper Vendor** involvement in bidding process
1. **Dollars reduced.** Discount corrected, ineligible services removed or FRN split	1. Vendor is **not Telecom Provider** and Service is for Telecom
1. **Incorrect/Inconsistent Category** of service on Form 470/471	1. **Price** was not primary factor in selecting Service Provider
1. **Contract compliance issue**. Contract signature not in window or expiration prior to end of current funding year	1. **Form 470 RFP Error.** Not available for 28 days or Released w/o notification
1. Funds not secured (appropriated) for **non-discount %**	1. **Service** denied. Duplicate or ineligible use of service
1. 470 and/or 471 **not certified in window.**	1. **Consortium / Consultant failed** to provide sufficient authorization
1. **30% Rule** violation. More than 30% of funding request is ineligible	1. Not compliant with **Tech Plan** requirement
1. **Documentation** (Item 21 attachments) **unclear** to determine eligibility	1. **Red Light Rule** Violation. Debt owed to government by customer/vendor
1. **Unknown.** No Reason provided by SLD	1. **FCC Registration Number** not provided

- **Data accumulated from FCDL comments obtained from SLD Data Retrieval Tool at:**
  http://www.sl.universalservice.org/funding/opendatasearch/Search1.asp

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Denial Reason and Possible Way to Avoid

Reason #1: **FRN cancelled** per applicant

- What this means: Applicant cancelled FRN. May be due to discovery of existence of one of the other Denial Reasons
    - Can happen during a PIA review, so the applicant chooses to cancel the FRN, realizing something is non-compliant and not correctible

- Possible Way to Avoid: Educate yourself on all Denial Reasons, so FRN is not subject to denial
    - Also you may contact your chosen Service Provider for FRN in PIA review to assist with questions
    - Reference Service Provider Assistance at:
        http://www.universalservice.org/sl/providers/step05/

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Denial Reason and Way to Avoid

Discount %

Reason #2: **Funding Cap (2.25 Billion Cap)** due to discount level of Priority 2 request not funded

- What this means: Based on demand of E-rate funds, funding cap will not provide for Internal Connections (IC) or Basic Maintenance on IC
  - Not all requests for Priority 2 services will necessarily receive support. Support in these categories begins with the most economically disadvantaged schools/libraries (higher discount %)
  - Reference Eligible Services Framework at: http://www.universalservice.org/sl/applicants/step06/eligible-services-framework.aspx

- Possible Ways To Avoid: This denial is unavoidable if your % discount is below % being funded when commitments reach the funding cap
  - If you have multiple entities, consider differences in discount % if file as single entities vs. multiple entities (shared disc %).
  - Reference Form 471 Block 4 for Calculation Discount Worksheet http://www.universalservice.org/_res/documents/sl/pdf/471_fy05.pdf
  - Requests between 90%-80% have the best chance of being funded, 70%-79% have a moderate chance of being funded and below 70% have a slim chance of being funded. Reference State Funding Reports at: http://www.universalservice.org/sl/tools/search-tools/search-commitments/state-reports.aspx

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Denial Reason and Way to Avoid

Reason #3: **Dollars reduced**. Discount corrected, ineligible services removed or FRN split

- What this means: Based on corrections or changes to funding requests in PIA review, the funding request dollars were reduced
  - Examples are discounts calculated incorrectly, ineligible components included in the request or the wrong SPIN used for a component of the request and must be split out of the original request

- Possible Ways To Avoid: Learn details of the E-rate program rules and eligible/ineligible services
  - Obtain current National School Lunch Program count for students and accurately calculate applicant discounts each year. Reference how to calculate your discount: http://www.universalservice.org/sl/applicants/step05/discount-matrix.aspx
  - Determine eligibility of your services requested. Reference: http://www.universalservice.org/sl/applicants/step06/
  - Break out ineligible components with assistance from Service Provider. Reference Cost Allocation Guidelines at:
    http://www.universalservice.org/sl/applicants/step06/cost-allocation-guidelines-products-services.aspx
  - Create separate FRNs (Block 5 on Form 471) for each Service Provider, each separate contract, each different service category, services billed separately and services based on different form 470s. Reference Form 471 Block 5 instructions at: http://www.universalservice.org/_res/documents/sl/pdf/471i_fy05.pdf

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Denial Reason and Way to Avoid

470   **471**

=
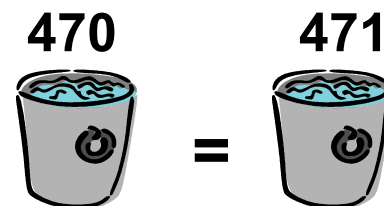
Reason #4: **Incorrect/Inconsistent Category** of service on Form 470 and/or Form 471

- What this means: Services requested and ordered must be placed under the correct category (bucket of service)– Telecommunications, Internet Access, Internal Connections or Internal Connections Maintenance
  - Also, the category of service on the Form 470 must be consistent with the category of service on the Form 471, or the service request can be denied
  - Reference Form 470 Block 2 (Summary Description of Services) and Form 471 Block 5, Item 11 (Category of Service) instructions at: http://www.universalservice.org/sl/tools/required-forms.aspx

- Possible Ways To Avoid: Review the Eligible Services List and place services under the correct category for both the Form 470 and Form 471
  - Reference Eligible Services List at: http://www.universalservice.org/sl/applicants/step06/eligible-services-framework.aspx

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Denial Reason and Way to Avoid

Reason #5: **Contract compliance issue**. Contract signature not in window or expiration prior to end of current funding year

- What this means: Applicants must wait 28 days after the Form 470 is posted or after public availability of RFP, whichever is later, before executing a contract. Also, except for services to be delivered under non-contracted tariffed or month-to-month, an applicant must sign a contract with the service provider before signing and submitting a completed (certified) Form 471
    - Reference How to Open a Competitive bid process at: http://www.universalservice.org/sl/applicants/step03/

- Possible Ways To Avoid: Make sure enforceable contract, according to federal and state law, is fully executed in window. Also, follow rules on multi-year contracts and contracts including voluntary extensions
    - Reference Contract Guidance at: http://www.universalservice.org/sl/applicants/step04/contract-guidance.aspx
    - File Form 470 early enough to allow time to review contracts, have approved, signed and dated by both parties in Allowable Contract window
    - Keep track of all contract expirations so a corresponding Form 470 can be submitted in time for appropriate contract renewals
    - Reference Form 500 to extend Contract Expiration date listed on Form 471 http://www.universalservice.org/sl/tools/required-forms.aspx

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Reason #5: Contract compliance issue (Cont'd)
Review Allowable Contract Date on Form 470

Form 470 Review   Page 1 of 8

FCC Form   Approval by OMB
                                                         3060-0806

470   Schools and Libraries Universal Service
                 Description of Services Requested
                 and Certification Form

                 Estimated Average Burden Hours Per Response: 4.0 hours

This form is designed to help you describe the eligible telecommunications-related services you seek so that this data can be posted on the Fund Administrator website and interested service providers can identify you as a potential customer and compete to serve you.

Please read instructions before beginning this application.   (To be completed by entity that will negotiate with providers.)

Block 1: Applicant Address and Identifications

Form 470 Application Number: 472390000548433
Applicant's Form Identifier: aisd470y9IC
Application Status: CERTIFIED
Posting Date: 11/04/2005
Allowable Contract Date: 12/02/2005
Certification Received Date: 11/04/2005

1. Name of Applicant:
   ALPINE INDEP SCHOOL DISTRICT
2. Funding Year: 3. Your Entity Number
   07/01/2006 - 06/30/2007   142087
4a. Applicant's Street Address, P.O.Box, or Route Number
   704 W SUL ROSS AVE
City   State   Zip Code
ALPINE   TX   79830-4430
b. Telephone number   C. Fax number
(432) 837- 7700   (432) 837- 7740
5. Type Of Applicant
   ○ Individual School   (individual public or non-public school)
   ○ School District   (LEA;public or non-public[e.g., diocesan] local district representing multiple schools)
   ○ Library   (including library system, library outlet/branch or library consortium as defined under LSTA)
   ○ Consortium   (intermediate service agencies, states, state networks, special consortia of schools and/or libraries)
6a. Contact Person's Name: Debbie Dodds
First, if the Contact Person's Street Address is the same as in Item 4 above, check this box. If not, please complete the entries for the Street Address below.
6b. Street Address, P.O.Box, or Route Number
   ○ 704 W SUL ROSS AVE
      City   State   Zip Code

http://www.eratemanager.com/app/sm/Show470.php?RecdNo=70245&ApplNo=47239000... 11/4/2005

Allowable Vendor Selection/ Contract Date = First Date applicant can sign contract

Provided by the SLD, this should be the 29th day after form 470 posting date. If applicant signs contract before that date, the SLD will deny the funding request.

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Denial Reason and Way to Avoid

Reason #6: Funds not secured (appropriated) for **non-discount %**

What this means: Applicants must certify on the Form 470 and Form 471 that they have secured access to the resources necessary to pay for:

- The non-discounted portion of the costs for requested eligible services within the funding year
- The ineligible products and services necessary to make effective use of the eligible services requested
- Reference Submitting Application for Support

  http://www.universalservice.org/sl/applicants/step07/

- "Secured Access" means that you can show that these funds are, or will be, part of your annual budget and can not come from your service provider(s)

  - Reference Obligation to pay non-discount portion
    http://www.universalservice.org/sl/applicants/step11/obligation-to-pay.aspx

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Reason #6: **Funds not secured (appropriated) for** non-discount % **(Continued)**

- Possible Ways To Avoid: Do not receive free or discounted services from a service provider that have the effect of providing a discount level greater than the discount allowed for E-rate support

  - Reference Free Services Advisory at:

    http://www.universalservice.org/sl/applicants/step06/free-services-advisory.aspx

- Secure access to all of the resources, including computers, training, software, maintenance, and electrical connections necessary to use the E-rate services purchased

  - Include in your Technology Budget funds for all services, products and support ineligible for E-rate funding and the non-discount share necessary for E-rate services. Reference Technology Planning at:

    http://www.universalservice.org/sl/applicants/step02/technology-planning/

  - Certify compliance on the Form 470, Item 23 and Form 471, Item 25

  - Reference Form 470/471 and instructions at:
    http://www.universalservice.org/sl/tools/required-forms.aspx

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Reason #6: Funds not secured (appropriated) for non-discount % (Continued)

Example Technology Budget Certification Form 471 Item 25

b ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any schools, including, but not limited to, elementary, secondary schools, colleges, or universities.

25 ☐ I certify that the entity I represent or the entities listed on this application have secured access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity, necessary to use the services purchased effectively. I recognize that some of the aforementioned resources are not eligible for support. I certify that the entities I represent or the entities listed on this application have secured access to all of the resources to pay the discounted charges for eligible services from funds to which access has been secured in the current funding year. I certify that the Billed Entity will pay the non-discount portion of the cost of the goods and services to the service provider(s).

a — Total funding year pre-discount amount on this Form 471
(Add the entries from Items 23I on all Block 5 Discount Funding Requests.)

b — Total funding commitment request amount on this Form 471
(Add the entries from Items 23K on all Block 5 Discount Funding Requests.)

c — Total applicant non-discount share
(Subtract Item 25b from Item 25a.)

d — Total budgeted amount allocated to resources not eligible for E-rate support

e — Total amount necessary for the applicant to pay the non-discount share of the services requested on this application AND to secure access to the resources necessary to make effective use of the discounts. (Add Items 25c and 25d.)

f ☐ Check this box if you are receiving any of the funds in Item 25e directly from a service provider listed on any of the Forms 471 filed by this Billed Entity for this funding year, or if a service provider listed on any of the Forms 471 filed by this Billed Entity for this funding year assisted you in locating funds in Item 25e.

26 ☐ I certify that all of the schools and libraries or library consortia listed in Block 4 of this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by a state or other authorized body, and an SLD-certified technology plan approver, prior to the commencement of service. The plans were written at the following level(s):

a ☐ an individual technology plan for using the services requested in this application; and/or

b ☐ higher-level technology plan(s) for using the services requested in this application; or

c ☐ no technology plan needed; applying for basic local, cellular, PCS, and/or long distance telephone service and/or voice mail only.

27 ☐ I certify that I posted my Form 470 and (if applicable) made my RFP available for at least 28 days before considering all bids received and selecting

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Denial Reason and Way to Avoid
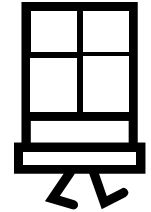
Reason #7: 470 and/or 471 **not certified in window**

- What this means: Both Form 470 and Form 471 must be certified by an authorized person to be considered complete and must be postmarked or submitted online prior to the close of the application filing window.
    - Reference Submitting Application for Support at: http://www.universalservice.org/sl/applicants/step07/

- Possible Ways To Avoid: Certify Form 470 and Form 471 forms when submit the forms and prior to the close of the 471 window
    - Form 471 window usually early November to early February preceding the start of the Funding Year (exact dates are posted on SLD website each year)
    2. On-line PIN certification: PINs are obtained from SLD and are associated with the authorized person at the entity. Reference PIN FAQs for applicants at:
        http://www.universalservice.org/sl/tools/search-tools/applicant-pin-faqs.aspx
    3. Mail Certification Page: Must be postmarked prior to close of 471 window
        - Reference Form 470/471 and filing instructions at:
        http://www.universalservice.org/sl/tools/required-forms.aspx

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Denial Reason and Way to Avoid
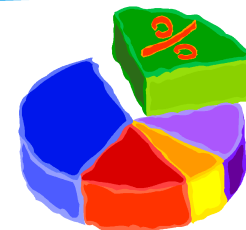
Reason #8: **30% Rule** violation. More than 30% of funding request is ineligible

• What this means: If 30% or more of the dollar amount of the funding request (in Form 471 Block 5) is for ineligible services (including services for ineligible entities or uses), SLD will deny the entire Block 5 funding request even if eligible components are part of the request

⁃ Reference 30% Rule at:
  http://www.universalservice.org/sl/applicants/step07/funding-requests.aspx

• Possible Ways To Avoid: Only seek support for eligible services

⁃ Review the Eligible Services List at:
  http://www.universalservice.org/sl/applicants/step06/eligible-services-framework.aspx
⁃ Cost Allocate ineligible items, entities and/or uses
⁃ Reference Cost Allocation Guidelines at:

  http://www.universalservice.org/sl/applicants/step06/cost-allocation-guidelines-products-services.asp
⁃ Don't put "for-sure eligibles" at risk by bundling with your "maybe-eligibles".
⁃ Don't put Priority 2 with Priority 1 requests unless you meet the "On Premise" Priority 1 Equipment conditions
⁃ Reference "Train the Trainer" Presentation on Eligible Services at:
  http://www.universalservice.org/_res/documents/sl/ppt/2004/43

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Denial Reason and Way to Avoid

? Item 21 Attachments
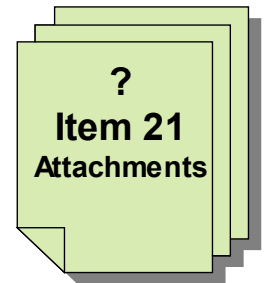
Reason #9: **Documentation** (Item 21 attachments) **unclear** to determine eligibility

- What this means: Each Form 471 Block 5 funding request must include a separate description of the products and services for which discounts are being sought, known as an "Item 21 Attachment"

  - Item 21 Attachments must be clear and complete to determine eligibility. Reference Item 21 Attachments at:
  http://www.universalservice.org/sl/applicants/step07/form471-attachments.aspx

- Possible Ways To Avoid: Be clear, correct and complete on the Form 471 Block 5 item 21 attachments

  - Obtain assistance from Service Providers in creating Item 21 attachment and for clarity in PIA reviews. Reference Service Provider Assistance:
  http://www.universalservice.org/sl/providers/step05/
  - Follow one of the Item 21 format examples on the SLD website
  http://www.universalservice.org/sl/applicants/step07/form471-attachments.aspx
  - Or use the On-line Item 21 attachment. Reference Apply on-line at:
  http://www.sl.universalservice.org/menu.asp
  - Use wording from Eligible Services List to describe services. Reference:
  http://www.universalservice.org/sl/applicants/step06/eligible-services-framework.aspx
  - Provide detailed Cost Allocation of eligible/ineligible services. Reference:
  http://www.universalservice.org/sl/applicants/step06/cost-allocation-guidelines-products-services.aspx

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Item 21 Attachment Example

Example for Telecommunications Services:
http://www.universalservice.org/_res/documents/sl/pdf/Item%2021%20Attachment--ExampleTS.pdf

Item 21 Attachment				
Applicant: Little Red School District Attachment: TS-1 BEN: 1234567 Application: 987654 Narrative description: T-1 lines for data and voice between District Office and (a) Little Red School, and (b) Little Yellow School.				
Quantity	Product or Service Description	Unit Cost	Extended Pre-discount Cost	
			Recurring	Non-Recurring
12	Monthly T-1 access (Little Red School)	$213.00	$2,556.00	
1	Installation cost for above	$720.00		$720.00
12	Monthly T-1 access (Little Yellow School)	$254.00	$3,048.00	
1	Installation cost for above	$800.00		$800.00
		TOTAL:	$5,604.00	$1,520.00

Denial Reason and Way to Avoid

Reason #10: **Unknown.** No Reason provided by SLD

- What this means: The PIA reviewer may have forgotten to list a denial reason and it is therefore unknown
  - The denial could be any of the other reasons listed.

- Possible Way to Avoid: Educate yourself on all denial reasons to learn how to avoid any denial

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Denial Reason and Way to Avoid

Form 470

Reason #11: **Form 470 Errors**. Wrong Service Indicated, Service Not Included or lacking info

- What this means: A variety of potential errors could be made on the associated form 470 that result in denials
  - Every service listed on a Funding Request must have an associated Form 470 for the same service as part of the Open, Competitive bid process and all services requested must be listed on a form 470
    - If you are wanting equipment bundled with a Priority 1 Services, you must list your request for "End-to-End" Service on the Form 470
    - Reference Forms requirements and instructions at:
      http://www.universalservice.org/sl/tools/required-forms.aspx

- Possible Ways To Avoid: In general, review SLD Form 470 requirements and instructions
  - Reference Form 470 and 470 filing information at:
    http://www.universalservice.org/sl/applicants/step03/   and

    http://www.universalservice.org/sl/applicants/step03/form470-filing-information.aspx

  - Attend a Form 470 Overview training session (*e.g.*: AT&T Webinar)
  - Call the SLD when you have questions on the Form 470 at 888-203-8100
  - Or Submit a question to the SLD at:
    http://www.slforms.universalservice.org/EMailResponse/EMail_Intro.aspx

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Reason #11: Form 470 Errors (Continued)

- ## Specific Form 470 Issues and Possible Ways to Avoid
  - Reference "Train the Trainer" on Top Reasons for Denials at:
    http://www.universalservice.org/_res/documents/sl/ppt/Top%20Ten%20Reasons%20for%20Funding%20Denials.ppt

Using the Wrong Version of the Form:

- Check the SLD web site to get the latest version of the Form 470. See lower right hand corner for OMB approval date

- Submit forms on-line to assure current version and help meet minimum processing standards. Reference Apply On-line at:

  http://www.sl.universalservice.org/menu.asp

Incomplete Information:

- Complete all of the Blocks of information and all of the items in the Blocks

- Include all of the pieces of your Application
  - Remember: Application and Certification page
  - SIGN and DATE your certification page.
    - Make sure the signature is original
  - Or use PIN certification, when have signature of authorized person on file from previous form

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Reason #11: Form 470 Errors (Continued)

Form 470 Issue on Item 7 (Description of Services Requested)

Form 470 Review   Page 2 of 8

Item 7- Can only request types of services checked.

7a. If Month-to-month or Tariff with no contract is only checked, that is all can request

7b. If contract is checked, that can be requested. Is multi-year and voluntary extension checked? Then that can be requested.

If not all checked? Can reissue a new Form 470, if need to correct.

http://www.eratemanager.com/app/sm/Show470.php?RecdNo=70245&ApplNo=47239000...   11/4/2005

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Reason #11: Form 470 Errors (Continued)

If Error on Form 470 discovered after it has been posted?

- Possible Ways to Correct:
  - "Bishop Perry" order allows some corrections within 15 days of receipt.
    - Reference Bishop Perry Order Correctable Errors at:

      http://www.universalservice.org/_res/documents/sl/pdf/List-of-Correctable-Ministerial-and-Clerical-Errors.pdf
  - Applicant can correct errors by resubmitting new Form 470
    - Applicant will have to wait until the new "Allowable Contract Date" (29th day after reposting) to sign contract

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Denial Reason and Way to Avoid

Reason #12: **Improper Vendor** involvement in bidding process
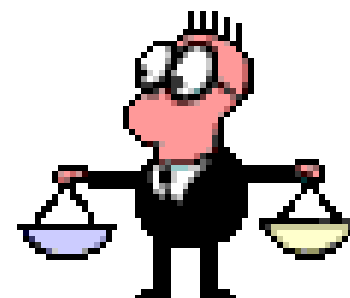
- What this Means: Service Providers aren't allowed to complete/sign form 470, be contact for bid responses or impede the open and fair competitive bid process in any way
    - "Fair" means that all bidders are treated the same
    - "Open" means there are no secrets and all bidders know what is required
    - Reference Opening a Competitive Bid Process at:
    - http://www.universalservice.org/sl/applicants/step03/
- Reference Inappropriate Roles for Service Providers at:
    http://www.universalservice.org/sl/providers/step01/inappropriate-roles-providers.aspx

- Possible Ways To Avoid: Applicants must ensure an open and fair competitive bidding process to receive E-rate support
    - Reference Run an Open and Fair Competitive Bid Process at:
        http://www.universalservice.org/sl/applicants/step03/run-open-fair-competition.aspx
    - Do Not delegate the evaluation role to anyone associated with a service provider.
    - Reference Proper Service Provider Assistance at:
        http://www.universalservice.org/sl/providers/step01/proper-service-provider-assistance.aspx

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Denial Reason and Way to Avoid

Reason #13: Vendor is **not Telecom Provider** and Service is for Telecom

- What this means: If you are seeking any telecommunications service, the Service Provider must:
  - Contribute to the Universal Service Fund, if applicable
  - Provide telecommunications services on a common carriage basis to be deemed a Telecommunications Carrier.
    - If they do not, then you cannot get E-rate discounts on telecommunications services from them
    - Reference Eligible Services Framework at http://www.universalservice.org/sl/applicants/step06/eligible-services-framework.aspx

- Possible Ways To Avoid: Verify that the Service Provider for your Telecom Services is an Eligible Telecom Provider
  - Do a SPIN Contact Search on the SLD website at:
  http://www.sl.universalservice.org/Forms/SPIN_Contact_Search.asp
    - The Eligible Telecom Provider column will have a "Y" if the provider is eligible to provide Telecom Services

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Denial Reason and Way to Avoid

Reason #14: **Price** was not primary factor in selecting Service Provider

- What this means: Applicants must select the most cost-effective bid of the products and services desired.
    - Price should be the "primary" factor when construction an evaluation of bid responses, but does not have to be the sole factor.
    - Reference Selecting Most Cost effective Service Provider at:

        http://www.universalservice.org/sl/applicants/step04/

- Possible Ways To Avoid: Applicants must construct an evaluation for consideration of bids received in response to the posting of the Form 470 that makes price the "primary" factor in the selection of a vendor
    - Reference Construct an Evaluation at:
        http://www.universalservice.org/sl/applicants/step04/construct-evaluation.aspx

Example of Bid Evaluation Matrix

- The following would be an acceptable weighting of the factors listed to use in evaluating bid responses, as price is weighted higher than any other single factor:

Factor	Weight
Price	30%
Prior experience	25%
Personnel qualifications	20%
Management capability	15%
Environmental objectives	10%
Total	100%

- Reference Construct an Evaluation at:

http://www.universalservice.org/sl/applicants/step04/construct-evaluation.aspx

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Denial Reason and How to Avoid

Reason #15: **Form 470 / RFP Error.** Not available for 28 days or Released w/o notification

- What this means: Applicants must wait 28 days after the Form 470 is posted to SLD website or after public availability of Request for Proposals (RFP), whichever is later, before selecting a vendor or executing a contract
  - Reference Open a Competitive Bid Process at: http://www.universalservice.org/sl/applicants/step03/

- Possible Ways To Avoid: Post both Form 470 *and* RFP for minimum of 28 days and Know your ***Allowable Contract Date*** (ACD)
  - Reference 28 Day Waiting Period at: http://www.universalservice.org/sl/applicants/step04/28-day-waiting-period.aspx
  - Check for ACD on Form 470 or Receipt Notification Letter
  - Don't enter into an agreement with a Service Provider before the ACD
  - Don't sign or submit your Form 471 before your ACD

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Denial Reason and Way to Avoid

Reason #16: **Service** denied. "Duplicate" or "Ineligible Use" of service

- What this means:
    1. Duplicative services are ineligible and defined as services that provide "… same functionality to the same population in the same location during the same period of time."
        - Reference Duplicative Services in Fifth Report & Order announcement at: http://www.universalservice.org/sl/tools/news-archive/2004/092004.asp#091304
    2. Ineligible Use means services are not for "Educational Purposes"
        - Reference Educational Purposes at: http://www.universalservice.org/sl/applicants/step06/educational-purposes.asp

1. Possible Way To Avoid "Duplicate" Service: Do not submit funding requests for redundant services
    - Example: Multiple T-1 lines are okay if supported by needs of the applicant, but not okay if the extra T-1 lines are only providing backup capability
    - If have new service replacing old service in same funding year, request only partial funding year for both, so that they don't cover the same period of time
    - Reference Train the Trainer presentation:http://www.universalservice.org/_res/documents/sl/ppt/2004/2

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Reason #16: Service **denied. "**Duplicate" or "Ineligible Use" of service (Continued)

2. Possible Way To Avoid "Ineligible Use": Do Not submit funding requests for Ineligible Use

- Reference Educational purposes at:
  http://www.universalservice.org/sl/applicants/step06/educational-purposes.aspx

Priority 1:

- Eligible activities are "integral, immediate, and proximate" to education of students or provision of library services to patrons

- Presumption is that activities on school or library property meet this standard

- Some offsite telecommunications activities may also be eligible:
  - School bus driver using a cellular phone
  - Connectivity to a mobile library van
  - Paging service for teachers on field trips

Priority 2:

- Internal connections in administrative or non-instructional buildings are only eligible if "essential for the effective transport of information to an instructional building of a school or to a non-administrative building of a library."

Denial Reason and Way to Avoid

L.O.A
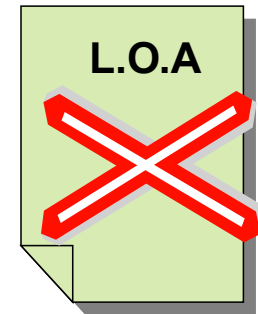
Reason #17: **Consortium / Consultant failed** to provide sufficient authorization

- What this means: Documentation is required that confirms person's (consortium or consultant) authorization to represent all of the entities featured on the Form 471
    - Evidence that establishes this authorization - and therefore, that establishes the relationship between the authorized person and the entities featured on the form - is generally a Letter of Agency (LOA)
    - Reference LOA Document requirements for Consortium/Consultants http://www.universalservice.org/sl/tools/reference/letters-of-agency.aspx

- Possible Way To Avoid: If you are using a consortium or consultant, be sure you have a signed and dated LOA that covers the entire funding year
    - Verify the LOA document meets all document requirements http://www.universalservice.org/sl/tools/reference/letters-of-agency.aspx

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Denial Reason and Way to Avoid

Approved Tech Plan

Reason #18: **Not compliant with Tech Plan** requirement

- What this means: Applicants are required to base requests for services purchased with E-rate discounts on an approved technology plan
  - The only exception is applicants who seek discounts for basic Telephone service only
  - Reference Technology Planning at:
    http://www.universalservice.org/sl/applicants/step02/technology-planning/default.aspx

- Possible Way To Avoid: Meet Technology Plan requirements:
  - Tech Plan must be written before Form 470 filing, cover all months of service and contain five specific elements as outlined on SLD website
  - Reference Develop a Technology Plan at:
    http://www.universalservice.org/sl/applicants/step02/
  - Have approved by a "certified tech plan approver" before the Form 486 is filed or discounted services start, whichever is earlier. Reference at:
    http://www.universalservice.org/sl/tools/search-tools/tech-plan-approver-locator.aspx

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Denial Reason and Way to Avoid
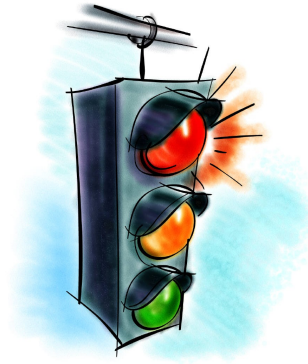
Reason #19: **Red Light Rule** Violation. Debt owed to government by customer/vendor

- What this means: USAC and the FCC will withhold action on any payment or application made by an entity that is delinquent in its non-tax debts
  - This is consistent with the Debt Collection Improvement Act of 1996
  - No disbursements will be made to an entity that owes other non-tax funds to the U.S. government
  - USAC is to dismiss outstanding funding requests if the relevant applicant or service provider has not paid the outstanding debt (or made other satisfactory arrangements) within 30 days of the COMMAD notice
  - Reference Red Light Rule in Fifth Report & Order announcement at: http://www.universalservice.org/sl/tools/news-archive/2004/092004.asp#091304

- Possible Way To Avoid: Keep current with non-tax funds owed to the US government
  - Entities that know their FCC Registration Number and CORES password can check their status by going to the Red Light Display System at www.fcc.gov/redlight
  - Reference Red Light Rule in Important Invoicing Deadlines at:
    http://www.universalservice.org/fund-administration/contributors/understanding-your-invoice/important-invoicing-deadlines.as

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Denial Reason and Way to Avoid

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FCC
RN

Reason #20: **FCC Registration Number (RN)** not provided

- What this means: Applicants and service providers are required to obtain at least one FCC RN for each Taxpayer Identification Number (TIN)
  - Not just Billed Entities but every entity
  - If you already have an FCC RN, you do not need to get another one.
  - You will need your Taxpayer Identification Number (TIN)
  - Reference in Fifth Report & Order announcement at: http://www.universalservice.org/sl/tools/news-archive/2004/092004.asp#091304

- Possible Way To Avoid: Obtain required FCC RN via :
  1. Applying online for an FCC RN from the FCC web site
  2. Filing a paper copy of the CORES Registration Form (Form 160)
     - Contact FCC RN Helpline at 1-877-480-3201
     - Reference PIA Updates Train the Trainer Presentation at
       http://www.universalservice.org/_res/documents/sl/ppt/2004/1

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SLD Invoice Rejections or Reductions

Did you know? Even if your Funding Request is approved , you can still lose all or part of your funding.

Top Reasons for Invoice Rejections or Reductions

1. Applicant does not start project for new service until funding commitment provided	
1. Invoice does not match funding request per item 21 attachment and no service substitution requested	
1. Service provider missed service delivery deadline and/or contract expiration was not extended	
1. Applicant submits the Form 486 late or does not submit	
1. Applicant or Service Provider missed Invoice Deadline	
1. SLD funding commitment adjustment (COMMAD)	
1. Wrong SPIN submitted with FRN	

· **Reference Invoice Error Codes at:**

http://www.universalservice.org/sl/providers/step09/invoice-error-codes.aspx

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Reduction Reason and Way to Avoid

Reason #1: Applicant does not start project for new service until funding commitment provided.

- **What this means:** FCDL may be delayed by months into the funding year, thereby causing the service not to be implemented or billed for the full funding year
  - Reference funding commitments at
    http://www.universalservice.org/sl/applicants/step09/default.aspx

- **Possible Way To Avoid:** Know when an E-rate project can begin and begin installation early when possible
  - Reference Priority 1 Timeline for Installation
    http://www.universalservice.org/sl/applicants/step06/priority-1-components-timeline-installation.aspx
  - **Priority 1 Services** – Construction and installation can begin 6 months (January 1) prior to the beginning of that funding year (July 1)
  - **Priority 2 Services** – Construction and installation can <u>not</u> begin until July 1 of funding year
  - Plan for implementation intervals and possibility of funding delays
  - Have a "Transition Plan" when applying for new services that are replacing an existing service

Rejection Reason and Way to Avoid

Reason #2: Invoice does not match funding request per item 21 attachment (Form 471) and no service substitution requested

- What this means: If Funding Request changes, Service Substitution request must be submitted prior to delivery of service

- Possible Ways To Avoid: If the product or service requested changes, Service Substitution Request must be submitted after receiving FCDL
  - Reference Service Substitution Guidance at
    http://www.universalservice.org/sl/about/changes-corrections/service-substitutions/default.aspx
  - Sometimes manufacturer will submit Global Service Substitution for model changes (no substitution request is required)

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Rejection Reason and Way to Avoid

Reason #3: Service Provider missed service delivery deadline or contract expired before delivery of service

- **What this means:** Must meet Service Delivery Deadline and must have enforceable contract at time of delivery of service:

- **Possible Ways To Avoid:** Meet Service Delivery Deadline:

  - **For Recurring services:** Install between July 1 - June 30
  - **For Non-recurring services:** Install between July 1 - September 30
  - Or, Submit Service Delivery Extension Requests <u>before</u> Service Delivery Deadline
    - Must Extend Contract Expiration date (Form 500), if non-recurring services deadline is extended
  - Reference Deadlines at: http://www.universalservice.org/sl/tools/deadlines/default.aspx
  - Reference Service Delivery Deadline Extension Requests http://www.sl.universalservice.org/reference/ServiceDeliveryDeadlines.asp
  - Reference Contract Extension via Form 500 at
  - http://www.universalservice.org/sl/tools/required-forms.aspx

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Rejection Reason and Way to Avoid

Reason #4: Applicant submits the Form 486 late or does not submit Form 486

- **What this means:** Form 486 must be submitted by applicant within 120 Days after date on FCDL or start of service, whichever is later, or funding will be rejected or reduced
  - Form 486 indicates services started (or desire to be started) and allows invoicing
  - If Form 486 submitted late, recurring services will be **prorated** from 120 days of the 486 date
  - If Form 486 not submitted, funding will not be received
  - Reference Form 486 Deadline at:
    http://www.universalservice.org/sl/applicants/step10/form486-deadlines.aspx

- **Possible Ways To Avoid:** Submit Form 486 (ASAP) for every FRN within 120 days after FCDL or start of service, whichever is <u>earlier</u>
  - Reference Form 486 and filing instructions at:
    http://www.universalservice.org/sl/tools/required-forms.aspx
  - Or File Form 486 on-line at: http://www.sl.universalservice.org/menu.asp

Rejection Reason and Way to Avoid

Reason #5: Applicant or Service Provider missed Invoice Deadline

- What this means: Invoices must be submitted within 120 days from last day of service or Form 486, whichever is later

- Possible Way To Avoid: When you receive FCDL choose your discount method and work with your Service Provider to assure invoice deadlines are met
  - Or, Submit Invoice Deadline Extension request before invoice deadline when meet required conditions
  - Reference Invoicing SLD for Discounts at:
    http://www.universalservice.org/sl/applicants/step11/
  - Reference Invoice Deadlines and Extension Requests
    http://www.universalservice.org/sl/applicants/step11/invoice-deadlines-extension-requests.aspx

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Reduction Reason and Way to Avoid

Reason #6: SLD funding Commitment Adjustment (COMMAD)

- What this means: During reviews of funding commitments (audits, appeals, whistleblower calls, etc.), USAC may discover that funds were committed in error and adjusts those funding commitments to ensure that no funds are used in violation of program rules
    - COMMADs can occur up to 5 years of last date to receive service
    - Reference Commitment Adjustments at: http://www.universalservice.org/sl/about/commitments-adjustments.aspx
    - Reference Document Retention Requirements: http://www.universalservice.org/sl/about/document-retention-requirements/default.aspx

- Possible Way To Avoid: Follow all E-rate rules and retain all E-rate documents for up to five years of last date to receive service
    - Reference Demonstrating Compliance with Program Rules at: http://www.universalservice.org/sl/about/audits/demonstrating-compliance.aspx

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Rejection Reason and Way to Avoid

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SPIN

Reason #7: Wrong SPIN submitted with FRN

- What this means: Can not submit invoice with the incorrect Service Provider Information Number (SPIN)
  - Reference SPIN search at:
    http://www.universalservice.org/sl/tools/search-tools/spin-contact.aspx

- Possible Ways To Avoid:
  - Submit <u>Corrective SPIN Change</u> for data-entry error on the Form 471
  - Submit <u>Operational SPIN Change</u> when you have a deliberate decision to change the service provider
    - Must meet certain conditions and additional information/certifications required
  - Reference SPIN Change Guidance: http://www.sl.universalservice.org/reference/SpinChange.asp

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E-rate Mindset

- SLD is now providing 15 calendar days to:
  - Correct ministerial/clerical errors on Form 470 or Form 471
  - File the required Form 470 and Form 471 certifications
  - Correct Form 470 application numbers on Form 471 without penalty of funding being denied in some circumstances
  - Reference what USAC is doing on Bishop Perry order
    http://www.universalservice.org/sl/tools/reference/what-USAC-is-doing.aspx

- Service Substitution Clarification – It is not necessary to request for moving of equipment within entities on same FRN

- E-rate Updates
  - New draft ESL for FY2007 posted and referenced at: http://www.universalservice.org/sl/tools/latest-news.aspx

- USAC's Schools & Libraries News Brief
  - You may subscribe or unsubscribe at:
    http://www.universalservice.org/sl/tools/news-brief/news-briefs.aspx

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Appeals Process

- Any appeal must be **filed within 60 days** of the issuance of the decision from USAC and must be **postmarked** within 60 days of that date
  - Reference Appeals Guidelines at :

    http://www.universalservice.org/hc/about/filing-appeals.aspx

- Two Ways to Appeal:

  1. <u>Write a letter to USAC</u> - Explain why you disagree with USAC's decision and what outcome you request

     http://www.universalservice.org/hc/about/filing-appeals.aspx#a#a

  4. <u>Write an Appeal directly to the FCC</u> – Skip Option A - Explain why you disagree with USAC's decision

     http://www.universalservice.org/hc/about/filing-appeals.aspx#b#b

- Encouraged to file with USAC first, if rejected file with FCC

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SLD Audits

Three Types of Audits:

1. Program Integrity Assurance Review
   - 15 Days Response Time to inquiries
   - Reference PIA Reviews at
     http://www.universalservice.org/sl/applicants/step08/d

2. On-Site Visit
   - 1 to 2 Day On-site Visit (Flexible)
   - 4 Hour On-site Visit
   - Reference On-Site Visits at
     http://www.universalservice.org/sl/about/site-visits/default.aspx

3. Selective Audit Review
   - 28 Day Response Time to inquiries
   - Reference Selected Audit Reviews at:
     http://www.universalservice.org/sl/about/audits/

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SLD Audits

Why are Audits Performed:

- Assist in the prevention of waste, fraud, and abuse

- Identify and recommend process improvement opportunities

- Quality assurance

- Proactively be part of the control environment

- Reference Audit Fact Sheet at
  http://www.universalservice.org/sl/about/audits/audit-fact-sheet.aspx

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SLD Audits

To Enhance Success of Audits:

- Maintain adequate support for competitive bidding requirements

- Retain copies of technology plan approval letters

- Assure Non-discounted share was paid by applicant

- Retain any applicable "Consultant" documentation

- Retain invoices used to calculate BEAR or SPI reimbursements

- Reference Documentation Check list
  http://www.universalservice.org/sl/about/audits/documentation-checklist.aspx

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SLD Audits

To Enhance Success of Audits:

- Adhere to Competitive Bidding Process on all Equipment and Services

- Retain Detail on Invoices and Packing Slips, *e.g.*
  - Serial Numbers
  - Quantity
  - Product descriptions
  - Product delivery information
  - On Invoice, show total amount and net amount (less what was paid by SLD)

- Complete BEAR or SPI by using one line per item on invoice

- Document, Document, and Document

- Reference Auditor's Observations
  http://www.universalservice.org/sl/about/audits/auditors-observations.aspx

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SLD E-rate Contact Information:

- Help-line: 1-888-203-8100

- Fax: 1-800-959-0733

- E-Rate Website:

    http://www.universalservice.org/sl/

- Submit A Question:

htttp://www.slforms.universalservice.org/EMailResp

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AT&T E-rate Director - SW Region MOKA

- MOKA E-rate Director

  Carol Chamberlain (314) 505-0500

  ch7564@att.com

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AT&T E-rate Invoice Service Centers:

- SWBT (Local Telecommunications): 800-759-8195

- Advanced Solutions Inc. (Frame Relay, ATM):

  800-759-8195

- SBC Long Distance: 866-879-9476

- SBC Internet Service: 214-576-4413

- SBC DataComm(Internal Connections):214-576-4555

- Cingular (Cellular): 678-893-1227

- American Messaging, Inc.: 248-538-1409

- AT&T (Pre-Merger): 908-234-5440

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SBC and AT&T SPINs

Southwestern Bell Telephone (SWBT)
Telecommunications Services - (Local Lines, Plexar, T-1, DS3, Opteman, OC1)
SPIN 143004662

SBC Advanced Solutions, Inc.
Advanced Telecommunications Services - (Frame Relay or ATM)
SPIN 143022137

SBC Long Distance
Telecommunications - Long Distance Services
SPIN 143008823

Cingular Wireless
Telecommunications - Cellular Services
SPIN 143025240

American Messaging, Inc.
Telecommunications – Paging
SPIN 143003128

SBC Internet Services
Internet Access – (DSL, DS1, DS3, ISP, firewall services, webhosting)
SPIN 143004611

SBC Datacomm, Inc.
Internal Connections (IC) and IC Maintenance - (Equipment, wiring, IC Services)
SPIN 143004812

AT&T (Pre-merger)
Telecommunications, Internet Access, Internal Connections and Basic Maintenance on IC

SPIN 143001192

Website for presentation handouts, referenced resources, & more:

http://teachdigital.pbwiki.com/erate