

# E-Rate Workshop for Applicants

## Funding Year 2007-08

**Presented By Wesley Fryer**  
**Director of Education Advocacy**  
**AT&T Oklahoma**

(Modified Presentation originally created by Carol Chamberlain,  
Updated 11 September 2006)



# E-Rate Workshop Agenda

- E-rate Overview
- Eligible Services
- Application Process
- Other Considerations
  - Deadlines
  - Contracts
  - Service Substitutions
  - SPIN Changes
  - Record Keeping
  - Top Reasons for Denials
- Contact Information

**Find all these resources!**

**teachdigital.pbwiki.com**

<http://teachdigital.pbwiki.com/erate>

*Helping Keep Americans Connected*



## 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
- Search Tools

### 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

	<b>Reminder:</b>	<a href="#">2006 Fall Training &amp; Registration Dates</a> (03/03/06)
	<b>Reminder:</b>	<a href="#">The Schools and Libraries Program</a> (02/27/06)
		<a href="#">What USAC is doing</a>
		<a href="#">What applicants need to do</a>
		<a href="#">Help and FAQs</a>
	<b>Reminder:</b>	<a href="#">USAC Announces 2006 Schools and Libraries Training (4/28/06)</a>

Hurricane Katrina Universal Service Fund Relief Information



# E-Rate Overview

- The Telecommunications Act of 1996 expanded the Universal Service Fund to help fund telecommunications products and services for K-12 schools and libraries
- \$2.25 billion/year funding cap
- The Universal Service Administrative Company (USAC) was designated by the FCC to oversee the fund
- The Schools and Libraries Division (SLD) of the USAC oversees the Education Rate (E-rate) program.
- E-rate funding runs July 1 - June 30

# Overall Eligibility Issues

- Eligibility is determined by who uses services, where and for what purpose
- Users and locations of services must be “integral, immediate and proximate” to the education of students or the provision of library services or patrons
- Services must be used for “educational purposes”
- Services must not be sold, resold or transferred in return for compensation

# Eligible Entities

- All K-12 Public or Private Non-profit Schools, except those with endowments of \$50M or more
- All Public and Private Non-profit libraries
- Consortia consisting of eligible and non-eligible entities, however only eligible entities will receive E-Rate discount funds

# Eligible Non-Instructional Buildings

Non-instructional Facilities (NIFs) that can receive Priority 1 services:

- **SCHOOLS:**

- Administrative Buildings  
garages

- Cafeteria offices

- Bus barns and

- Athletic Facilities

- **LIBRARIES:**

- Administrative buildings

- Interlibrary loan facilities

- Bookmobile garages

- Library technology centers



# Eligibility and Discount Matrix

Discounts to Schools and Libraries are based on the number of students eligible for National School Lunch Program (NSLP) and their classification of Urban or Rural.

<b>% of Students</b>	<b>Discount</b>	
	<b><u>Urban</u></b>	<b><u>Rural</u></b>
<b><u>Eligible</u></b>		
<b>less than 1%</b>	<b>20%</b>	<b>25%</b>
<b>1 – 19%</b>	<b>40%</b>	<b>50%</b>
<b>20 - 34%</b>	<b>50%</b>	<b>60%</b>
<b>35 - 49%</b>	<b>60%</b>	<b>70%</b>
<b>50 – 74%</b>	<b>80%</b>	<b>80%</b>
<b>75 – 100%</b>	<b>90%</b>	<b>90%</b>

**Applicants must pay their non-discount portion.**

# Eligible Services

Eligible applicants can receive funding for 20-90% of costs in these four categories of service:

## Priority 1:

1. Telecommunications
2. Internet Access

## Priority 2:

1. Internal Connections
2. Basic Maintenance on Eligible Internal Connections

Eligible Service List found on the SLD E-rate Website at:  
<http://www.universalservice.org/sl/tools/eligible-services-list.aspx>

# Eligible Services - Telecom

## Telecommunications

- Most services sold by a telecommunications provider are eligible for E-rate funding including monthly recurring charges for services, usage, installation, taxes and surcharges
- Examples – Local lines, T-1s, Plexar, Wide Area Networks, Long Distance, Cellular Service
- Not eligible: payphone service, directory listings and advertising, services to residences and end-user equipment such as phones and fax machines

# Eligible Services – Internet Access

## Internet Access

- Basic Internet access is eligible for E-rate funding as well as e-mail accounts, firewall service, and webhosting.
- Must be compliant with Children’s Internet Protection Act (CIPA)
- Not eligible: fees for online content (i.e., databases & video streaming) or filtering.

# Eligible Services – Internal Connections

## Internal Connections

- Equipment on the library or school Local Area Network (LAN), such as routers, switches, hubs, servers, videoconferencing equipment, PBX, operating system software, cabling, installation of eligible products and project management
- Must be compliant with Children's Internet Protection Act (CIPA)
- Not eligible: application software and end-user equipment such as computers.

# Eligible Services – Internal Connections

- **2 Out of 5 Year Rule:** Individual schools or libraries are eligible to be funded for internal connections two out of five years
  - Site specific: a district or library system may be funded each year for different sites
  - Started FY 2005-06
- **Basic Maintenance is exempt** from the 2 out of 5 year rule and can apply annually
- **No Transfer for 3 Years:** Equipment bought with E-rate funds must stay at that site for three years (unless site is closed)

# Eligible Services – Basic Maintenance on IC

## Basic Maintenance on Internal Connections:

- Basic maintenance on eligible equipment is eligible for discount.
- Products and services generally eligible:
  - Repair and upkeep of eligible hardware
  - Wire and cable maintenance
  - Basic technical support
  - Configuration changes.
- Not eligible: On-site technical support, 24-hour network monitoring, network management, and help desks (beyond basic maintenance of only eligible components).

# Eligible Services - VoIP

## Voice-over-IP (VoIP)

- Ineligible as Priority 1 - VoIP Services
  - FCC needs to make a regulatory decision on VOIP as a service
    - Is VoIP Service unregulated Internet Data Service or regulated Telecom Service?
    - Will VOIP pay universal service fees and other regulatory costs?
- Eligible as Priority 2 - VoIP Internal Connections
  - Purchases of non-desktop equipment and other important network components
    - Examples: VOIP Call Manager, IP - Call Server, LAN Switches, Wiring
- Ineligible: End-user VoIP equipment (e.g.: phones)



# Eligible Services - Priority 1 Installation Cost

## One-time Installation Charges for Priority 1 Services

- Telecom and Internet Access installation charges involving construction of facilities (including conduit or buried cable) are eligible under the following conditions:
- One-time charges do not exceed \$500K
  - If so, charges must be amortized for at least three (3) years
- Service Provider remains the owner of the facilities
  - Service Provider has the right, but not the obligation, to remove the facilities should Customer terminate its agreement
  - Facilities cannot be transferred to customer or another provider

Reference Wide Area Network Fact Sheet:

<http://www.universalservice.org/si/applicants/step06/wide-area-network-fact-sheet.aspx>

# Priority 1 Leased Bundled Services

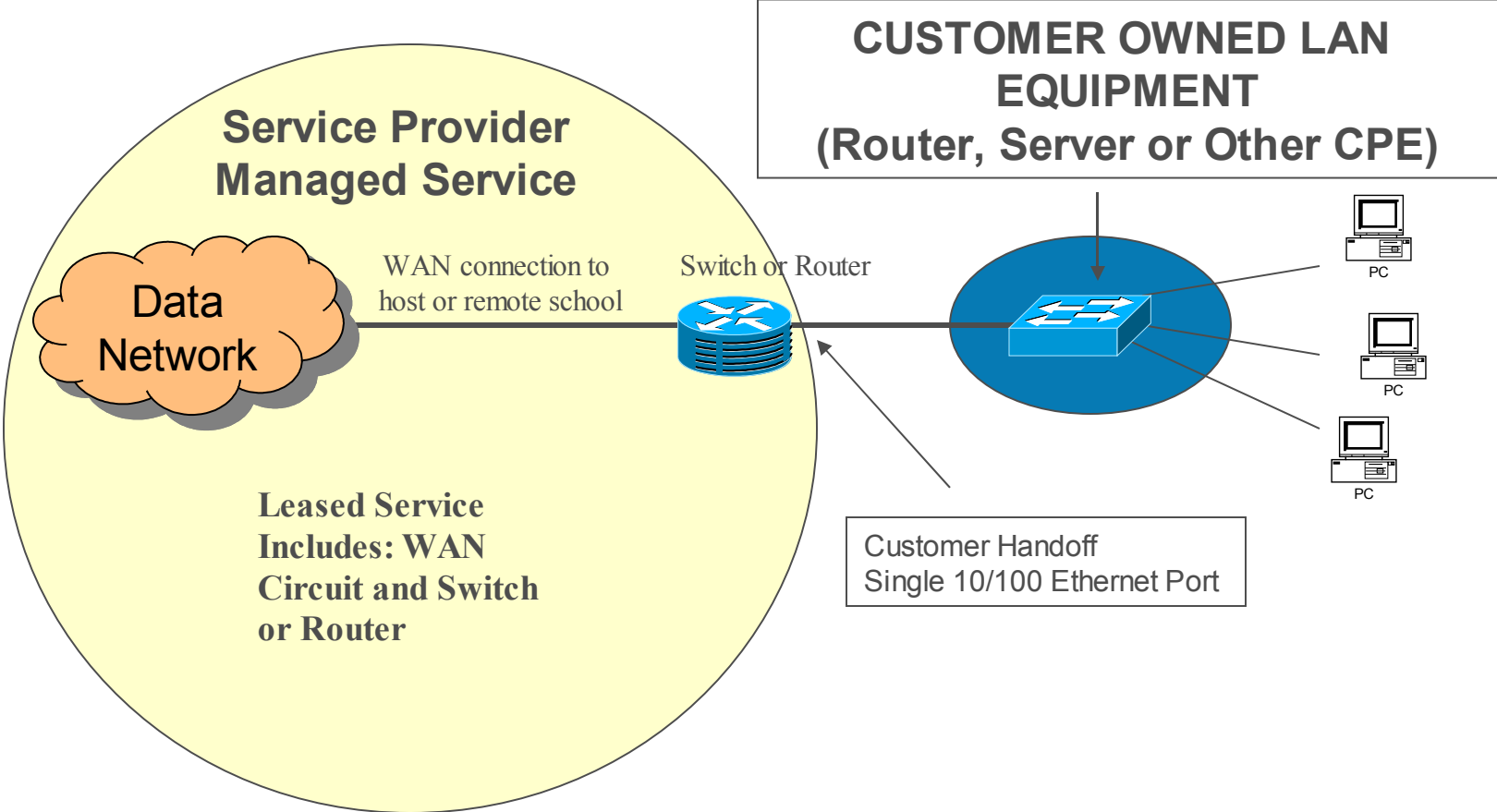
## “On-Premise” Priority 1 Equipment

- Equipment located at the applicant site can receive funding as part of a telecommunications or Internet access service in certain limited conditions
  - Example: Router bundled with T-1
- Among Key Conditions:
  - Same Service Provider that provides the Priority 1 service must provide the equipment and own and maintain it
  - The school/library can never own the leased equipment
  - The equipment must be directly related to the end to end provision of the e-rate eligible service
  - The equipment cannot be used by the school or library for any other purpose beyond the telecom or internet access service

Reference On-Premise Priority 1 Equipment at :

<http://www.universalservice.org/si/applicants/step06/on-premise-priority1-equipment.aspx>

# On-Premise Priority 1 Equipment Example



E-Rate can Cover the Managed Service Portion as a Leased Priority 1 Service

# Application Process

- **Technology Plan** – What is my plan?
- **Form 470** – What services do I want?
- **Form 471** – What services did I order?
- **Form 486** – When did services start?
- **Form 472 or Form 474** – How do I receive reimbursements or discounts?

# New Oklahoma DOE Suggested Technology Plan “Minimum Required Components”

**“All federal programs now require long-range strategic  
technology plans for program participation.”**

1. Strategies for improving academic achievement and teacher effectiveness
2. Goals
3. Steps to increase accessibility
4. Promotion of curricula and teaching strategies that integrate technology
5. Professional development
6. Technology type and costs
1. Coordination with other resources
2. Integration of technology with curricula and instruction
3. Innovative delivery strategies
4. Parental involvement
5. Collaboration with adult literacy service providers
6. Accountability measures
7. Supporting resources

<http://title3.sde.state.ok.us/technology/technologyplanning.htm>

# Technology Plan

## What is My Plan?

- Tech Plan must be written before form 470 is submitted and include all E-rate services that will be requested
- Exception is Basic local and long distance
- Vendors should not help write or approve Technology Plan
- Technology Plan must be approved by an E-rate Technology Plan approver by the time services start
- Certified Tech Plan Approvers are listed at:  
<http://www.universalservice.org/si/tools/search-t>

## Form 470

### What Services Do I Want?

- Description of services being requested and certification form – can stand alone or also as part of a larger Request For Proposal (RFP)
- Lists all services plan to order as identified in tech plan
- Filed at any time during year and posted on SLD website for Service Provider bids
- Can be filed once for multi-year contracts, but 470 must indicate intent to sign multi-year contract
- Must wait 28 days after POSTING of Form 470 to select service provider, sign contract/agreement, and submit Form 471
- Maintain an open, competitive bid process
- “Price must be the primary factor” in decision criteria

# Form 470

## Decision-Making Matrix Example

Citation from SLD website: \_

<http://sl.universalservice.org/whatsnew/reminders%2Df470.asp#F470R2>

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

<b><u>Factor</u></b>	<b><u>Weight</u></b>
<b>Price</b>	<b>30%</b>
<b>Prior experience</b>	<b>25%</b>
<b>Personnel qualifications</b>	<b>20%</b>
<b>Management capability</b>	<b>15%</b>
<b>Environmental objectives</b>	<b><u>10%</u></b>
<b>Total</b>	<b>100%</b>



# Form 471

## What Services Will I Order?

- “Request for Funding and Certification”
- Cannot be submitted until 29<sup>th</sup> day or later, after posting Form 470
- Contracts must be signed by both parties prior to filing a Form 471
- Must be filed during Application Window: For FY2007, likely to be Nov. 2006 – Feb. 2007
- Separate 471 Forms recommended for:
  - Priority one (Telecom and Internet access)
  - Priority two (I.C. and Basic Maintenance)

# Form 471 – Block 4

## BLOCK 4

Discount calculation worksheet:



- **National School Lunch information**
- **Alternate discount mechanisms on SLD website.**  
<http://sl.universalservice.org/reference/alt.asp>

# Form 471 – Block 5

Block 5 is the actual funding request.

- Most applicants create more than one Block 5. WHY?
  - Different categories of service
  - Each Service Provider needs a separate Block 5
  - Separate contracts with SAME service provider.
  - Internal audit reasons
- Each Block 5 becomes a separate FRN (Funding Request Number)
- Important to list correct SPIN (Service Provider Identification Number) for each FRN

# Form 471 Attachments



## Item 21 Attachment to Block 5

- Spells out, line-by-line what the applicant wants
- It is the “heart” of the funding request
- Narrative overview or description and line item detail of products/ services requested and cost
- Additional details, such as equipment location
- See samples on SLD site:

<http://sl.universalservice.org/reference/form471item21attachments.asp>

# Form 471 Attachments

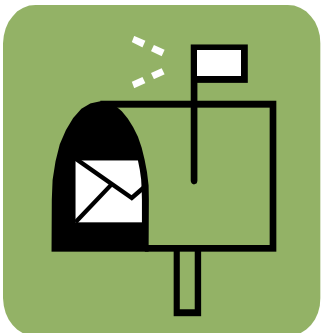
## BLOCK 6 -- Certifications and Signatures



- More certification
- Total budget information (including staffing, training)
- **IMPORTANT!** Person signing and certifying must read and understand what they are signing. They will be held liable.
- See examples of form 471 on SLD website at:  
[http://sl.universalservice.org/data/pdf/TTT2004/FY2005\\_471\\_2004TTW.pdf](http://sl.universalservice.org/data/pdf/TTT2004/FY2005_471_2004TTW.pdf)

# Funding Commitment Decision Letters

- After Form 471s are submitted they go through a Program Integrity Assurance (PIA) review process before funds are committed
- Funding Commitment Decision Letters (FCDLs) are issued in “waves” for all 471 reviewed.
- Provides instructions on filing Form 486 and for appealing decisions. See a sample funding letter at [http://www.sl.universalservice.org/data/pdf/FY2002\\_FCDL.pdf](http://www.sl.universalservice.org/data/pdf/FY2002_FCDL.pdf)



# Form 486 Filing Information

## Purpose:

- Form 486 notifies the Schools and Libraries Division (SLD) that the Billed Entity and/or the eligible entities are ready to receive services
- Authorizes payment of invoices from the service provider(s) or applicant
- Indicates approval of Technology Plans, as required
- Indicates compliance with the Children's Internet Protection Act (CIPA)

# Getting the Money



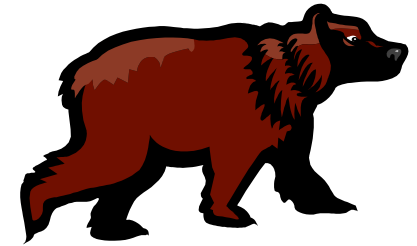
Applicant has the choice:

1. Pay bill in full and submit a Billed Entity Applicant Reimbursement (BEAR) form 472 to the SLD OR
2. Have the service provider discount services on the bill. The service provider will then submit a SPI (Service Provider Invoice) form to the SLD

Service provider must permit the applicant prior to the submission of the Form 471 to choose the Method of Payment — BEAR v. SPI — for discounted services.



# Form 472 - BEAR



## Form 472 (BEAR Form)

- Filed by applicant to request reimbursement for services already received and paid in full.
- USAC may request Service Certification .
- Applicant must have already received bill from service provider and paid in full BEFORE submitting BEAR Form.
- Includes Certifications in Block 4. Certifications must be submitted as part of the complete BEAR submission and these certifications must include the signature of Service Provider.
- Without signature of Service Provider, BEAR will be returned to the Applicant.

# Other Considerations

- Deadlines
- Contracts
- Service Substitutions
- SPIN Changes
- Record Keeping
- Top Reasons for Denials

# Deadlines

- Deadlines for every form. Timetable found at:  
<http://www.sl.universalservice.org/applicants/duedates.asp>
- Deadlines for Delivery of Service:
  - **Recurring services** - must be delivered July 1 - June 30 of the relevant Funding Year
  - **Non-recurring services** - must be delivered and installed July 1 - September 30 of that Funding Year
- Extensions of the deadline for delivery and installation of non-recurring services may occur in certain conditions:
  - **Service Delivery Deadline Extension Requests**  
<http://www.sl.universalservice.org/reference/ServiceDeliveryDeadlines.asp>
  - **Invoice Deadline Extension Requests**  
<http://www.sl.universalservice.org/reference/InvoicingDeadlines.asp>

# Contract Considerations

## Contracts need to be signed if :

2. Existing Contract is expiring before the end of Funding Year (June 30) and applicant wants to renew or sign new contract; or,
3. New services are being sought under contract

## Contracts do **not** need to be signed if services are:

3. Month-to-Month or non-contracted tariffed services; or,
4. Under an existing multi-year e-rate contract that is not expiring that funding year (Note: a new Form 470 does not need to be filed, but a 471 does)

# Contract Guidance

- Contract Guidance is posted on the E-rate website at: [http://www.sl.universalservice.org/reference/contract\\_guidance.asp](http://www.sl.universalservice.org/reference/contract_guidance.asp)
- Contracts must be signed after posting the form 470 a minimum of 28 days and must be signed by both parties
- E-rate applicants must sign a contract with the service provider before signing and submitting a completed (certified) Form 471" (except for services to be delivered under non-contracted tariffed or month-to-month)
- This applies to all services/products: Telecom, Internet Access Internal Connections and Basic Maintenance on IC

# Service Substitution

If changes in services/products are made to a funding request, a service substitution request must be submitted by the applicant

## Criteria for Service Substitution request:

- 1. Must have the same functionality as the services or products contained in the original proposal.**
- 2. Does not result in an increase in the funding commitment. The total amount may be higher, but will only be funded at the amount originally approved.**
- 3. Does not violate any contract provisions or state or local procurement laws**
- 4. Does not result in an increase in the percentage of ineligible services or functions.**
- 5. Has to be consistent with the establishing Form 470 posting and original RFP, if any.**

# SPIN Changes

## Corrective vs. Operational

### Corrective SPIN Change:

- Correcting a data-entry error on the Form 471.
- Reflecting a merger or new company.

### Operational SPIN Change

- Deliberate decision to change the service provider.
- Additional information/certifications required.

### Spin Change Guidance

<http://www.sl.universalservice.org/reference/SpinChange.asp>

# Required Recordkeeping

- Technology plan and approval letter
- Application documentation
  - NSLP data
  - Budget for Item 25 resources
  - Item 21 attachments
  - PIA submissions
  - All forms and attachments
- Bids and evaluations (incl. losing bids or “no” bids)
- Contracts
- Delivery, testing, and asset inventory records
- Invoices and proof of payment





# SLD E-rate Contact Information:

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

- Fax: 1-800-959-0733

- E-Rate Website:

[www.universalservice.org/sl/](http://www.universalservice.org/sl/)

- Submit A Question:

[www.slforms.universalservice.org/EMailResponse/EN](http://www.slforms.universalservice.org/EMailResponse/EN)

## **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

# 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**

# 20 Reasons for Funding Request Denials

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

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

**Website for presentation handouts,  
referenced resources, & more:**

<http://teachdigital.pbwiki.com/erate>

<http://teachdigital.pbwiki.com/erate>