

E-RATE

The E-rate Program

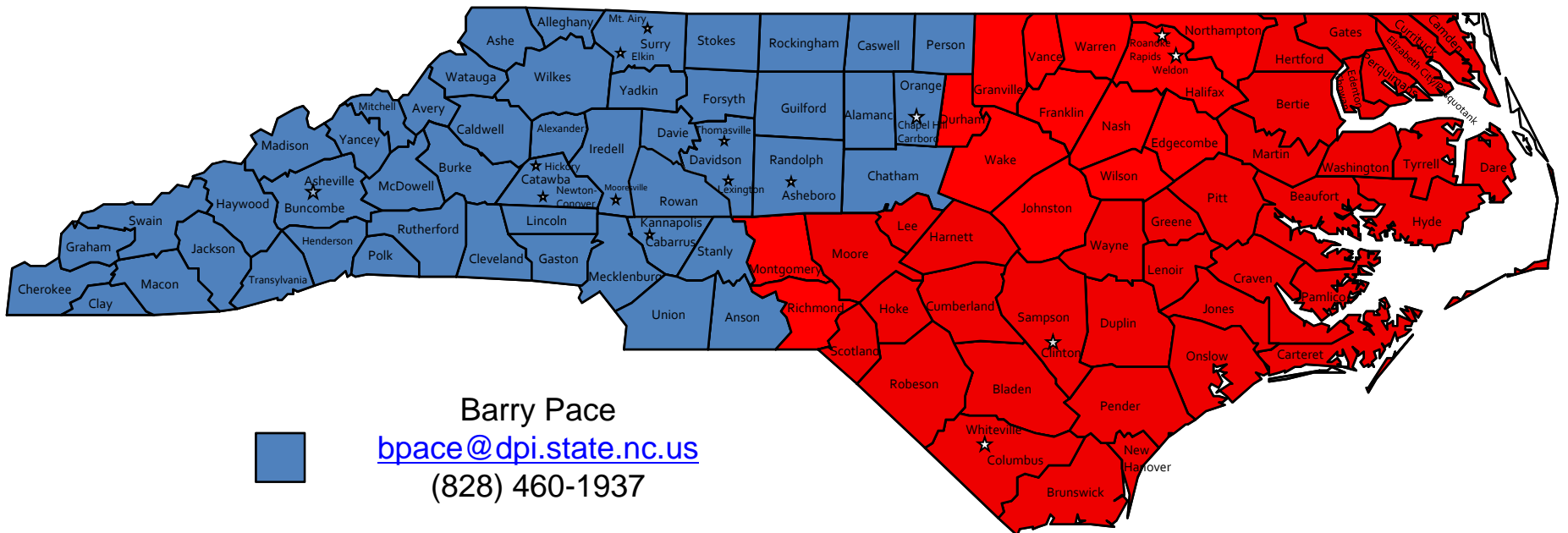
Understanding the Basics

Fall 2011 Applicant Trainings



NCDPI help

E-RATE



■ Barry Pace
bp@dpi.state.nc.us
(828) 460-1937

■ Jeannene Hurley
jhurley@dpi.state.nc.us
(252) 624-9878

www.ncpublicschools.org/erate

Top Denial Reasons	Percent Denied
Ineligibility Ineligibility entity Ineligible use	23% 3% 2%
Lack of proof of applicant share	17%
Applicant unresponsive or insufficient documentation	14%
Competitive Bidding 28-day Rule violation Service Provider Involvement Price was not the primary factor	13% 6% 3% 3%
No signed contract	12%
Form 470 problems 470 not certified No 470 filed Requested service not 470	11% 5% 3% 2%
Service provider is not an approved telecom provider (no Y in the box)	2%
No Tech Plan	1%

NCDPI Services

E-RATE

- Regional Specialists (E-rate & Network)
- Training and Orientation
- Technology Plan Guidance
- Form Review (470, 471, 486, 472)
- PIA Assistance
- Selective Review and Audit Assistance
- SLD and FCC Appeals
- Listserv Newsletters and Updates
- Website: www.ncpublicschools.org/erate



Understanding the Basics

E-RATE

Introduction

- General information about E-rate
- Technology planning
- Requesting services (FCC Form 470)
- Competitive bidding process
- Ordering services (FCC Form 471)
- Application review & funding commitments
- Begin receiving services (FCC Form 486)
- Invoicing USAC (FCC Form 472 and FCC Form 474)
- Deadlines



E-RATE

Understanding the Basics

General E-rate Information



General E-rate Information

E-RATE

E-rate Organization

- Federal Communications Commission (FCC), an independent U.S. government agency, established and oversees the E-rate program
- Universal Service Administrative Company (USAC), a not-for-profit, administers the E-rate program along with three other programs
- Schools and Libraries Division (SLD) is the part of USAC with responsibility for E-rate



General E-rate Information

E-RATE

E-rate Rules

- Congress directed the FCC to establish the E-rate program in 1996
- The FCC sets rules and policies through orders
 - Policies are defined in the text of orders
- USAC/SLD develops procedures for specific actions, such as how to process applications



General E-rate Information

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E-rate Timeline

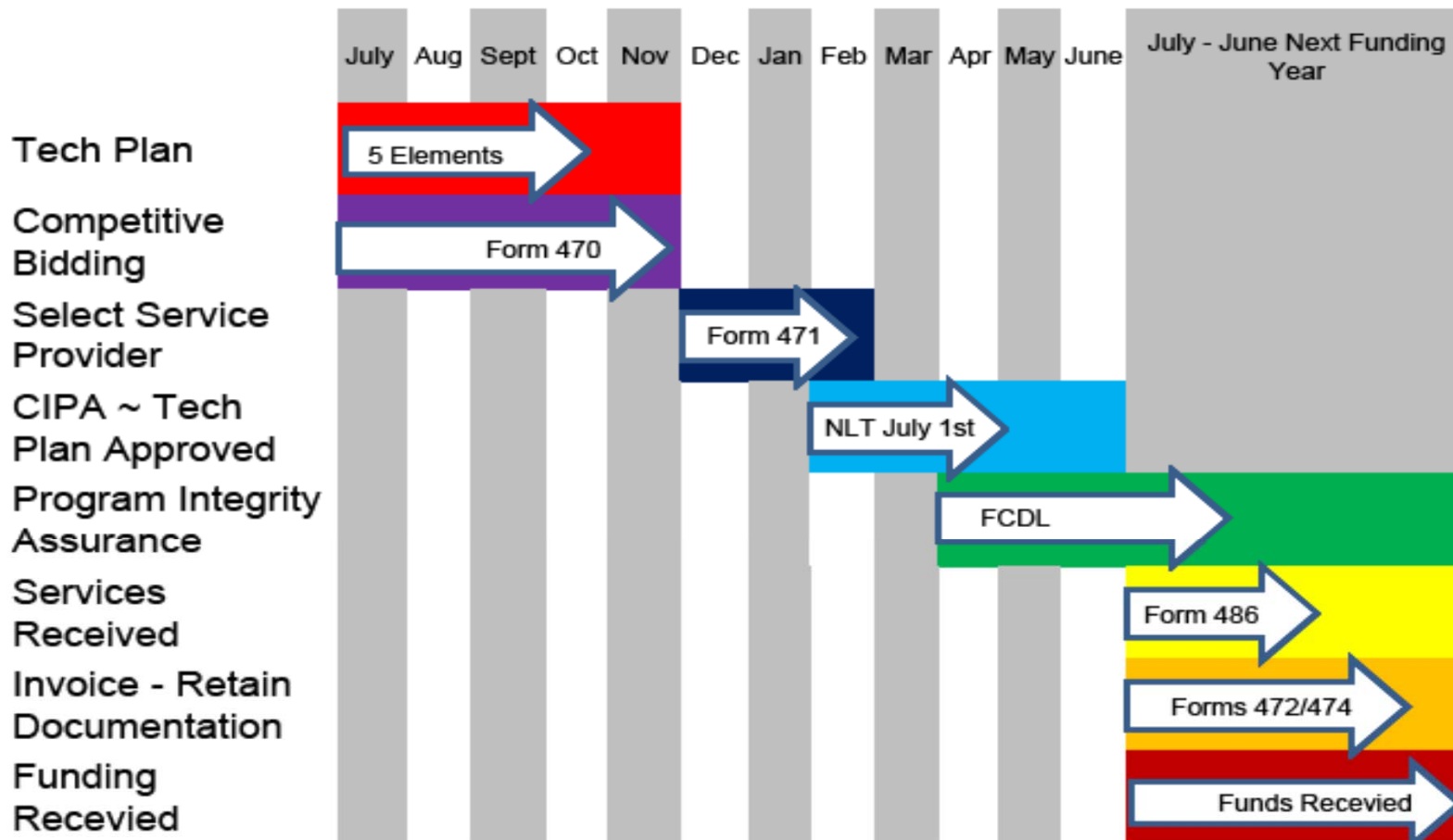
- Commitments for E-rate are made by funding year (FY), which runs from July 1 through the following June 30
- USAC refers to the funding year as the year in which most services will begin
 - E.g., FY2010 is July 1, 2010 – June 30, 2011



Timetable

E-RATE

E-Rate Timeline



General E-rate Information

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E-rate Budget

- The FCC has set the E-rate fund at \$2.25 billion for each funding year. However, beginning in FY 2010, the cap is now adjusted for inflation each year
- Once each year, FCC can roll over unused funds from previous funding years into the current funding year



E-RATE

<u>Funding Year</u>	<u>Funding Threshold % for Internal Connections</u>
1998	70%
1999	All approved requests funded
2000	82%
2001	86%
2002	81%
2003	70%
2004	81%
2005	80%
2006	86%
2007	81%
2008	88%
2009	77%
2010	All approved requests funded
2011	90% currently



General E-rate Information

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E-rate Eligibility

Who is eligible for E-rate funding?

- Schools and school districts
 - Non-traditional facilities (*conditionally by state*)
- Libraries and library systems
- Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices



General E-rate Information

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E-rate Discounts

How large are the discounts on eligible products and services?

- Discounts= 20% to 90% of eligible costs

Discount level for a school or library depends on:

- 1) Percentage of students who are eligible for National School Lunch Program (NSLP) in:
 - (for a school) the school
 - (for a library) the school district in which the library is located
- 2) Urban or rural location of the school or library



General E-rate Information

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Discount Matrix

INCOME <i>% of students eligible for NSLP</i>	URBAN LOCATION <i>Discount</i>	RURAL LOCATION <i>Discount</i>
If the % eligible is...	...and you're in an URBAN area, your discount will be...	...and you're in a RURAL area, your discount will be...
Less than 1%	20%	25%
1% to 19%	40%	50%
20% to 34%	50%	60%
35% to 49%	60%	70%
50% to 74%	80%	80%
75% to 100%	90%	90%



General E-rate Information

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E-rate Categories of Service

- **Priority 1 (P1):** funded first
 - Telecommunications Services
 - Internet Access
 - Telecommunications
- **Priority 2 (P2):** funding starts with neediest applicants
 - Internal Connections
 - Basic Maintenance of Internal Connections



General E-rate Information

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E-rate Forms

How do I file a program form?

- In general, you have three options:
 1. File online, certify on paper
 2. File online, certify online
 3. File on paper, certify on paper
- Two versions of each online form: *standard and interview*

Note USAC encourages you to file online, because online filing speeds processing and reduces errors



General E-rate Information

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E-rate Letters

Each time you file a program form, USAC sends you a letter

- Letters are color-coded by funding year

2011

Blue

2012

Canary

2013

Pink

Note When storing documents, USAC encourages you to separate your program forms & letters by funding year to better organize them.



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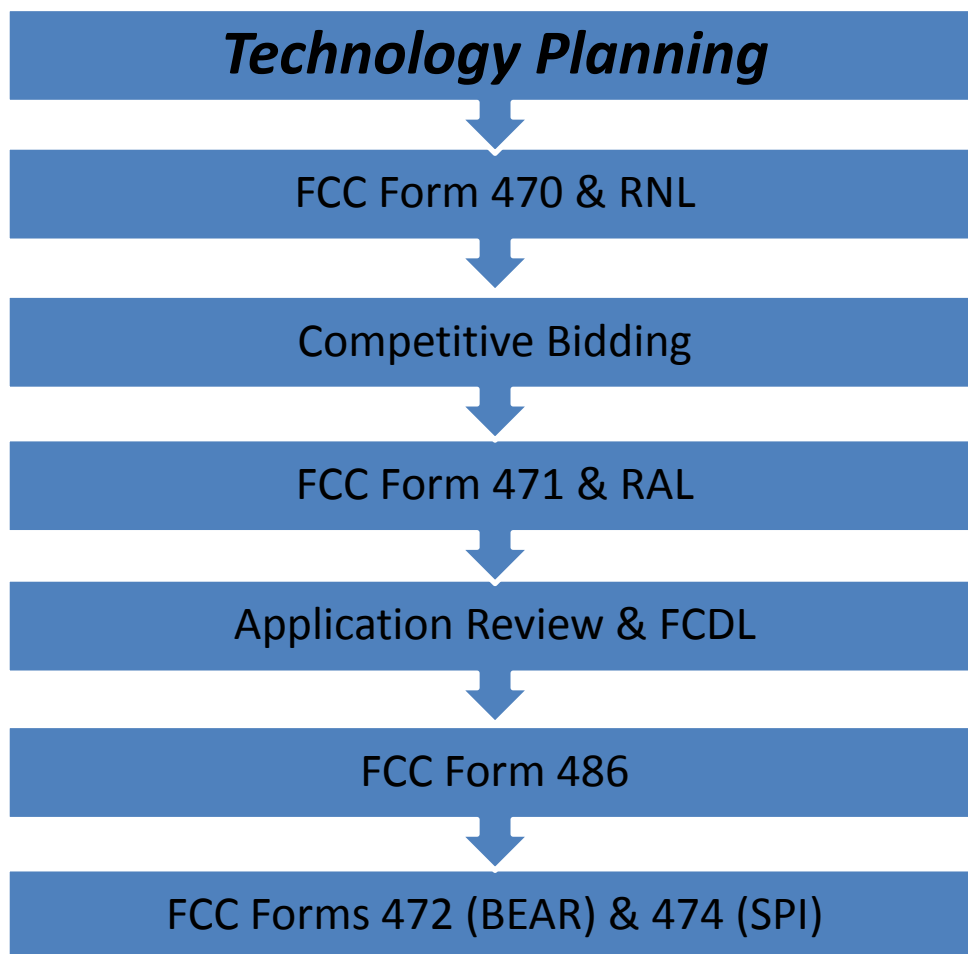
Understanding the Basics

Technology Planning



Technology Planning

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Tech Plan Elements

A technology plan must contain the following elements:

- 1) Goals and strategies for using technology to improve education or library services
- 2) Needs assessment
- 3) Staff training
- 4) Evaluation plan

Note Starting with FY2011, if you are only requesting P1 services, a technology plan is not required for E-rate



Tech Plan Deadlines

- Your technology plan must be **approved** by a USAC-certified Technology Plan Approver on or before the date when you begin receiving services or at the time you file the FCC Form 486 - whichever date is **earlier**
- **DRAFT Technology Plans due Nov. 15, 2011 by 5:00 PM**



Acronyms & Terms

- **Four elements:** the four required topics you must address in your technology plan
- **Technology Plan Approver (TPA):** the agency/person certified by USAC that approves your technology plan
- **NCDPI is the only USAC approved Technology Plan Approver for North Carolina Public Schools**



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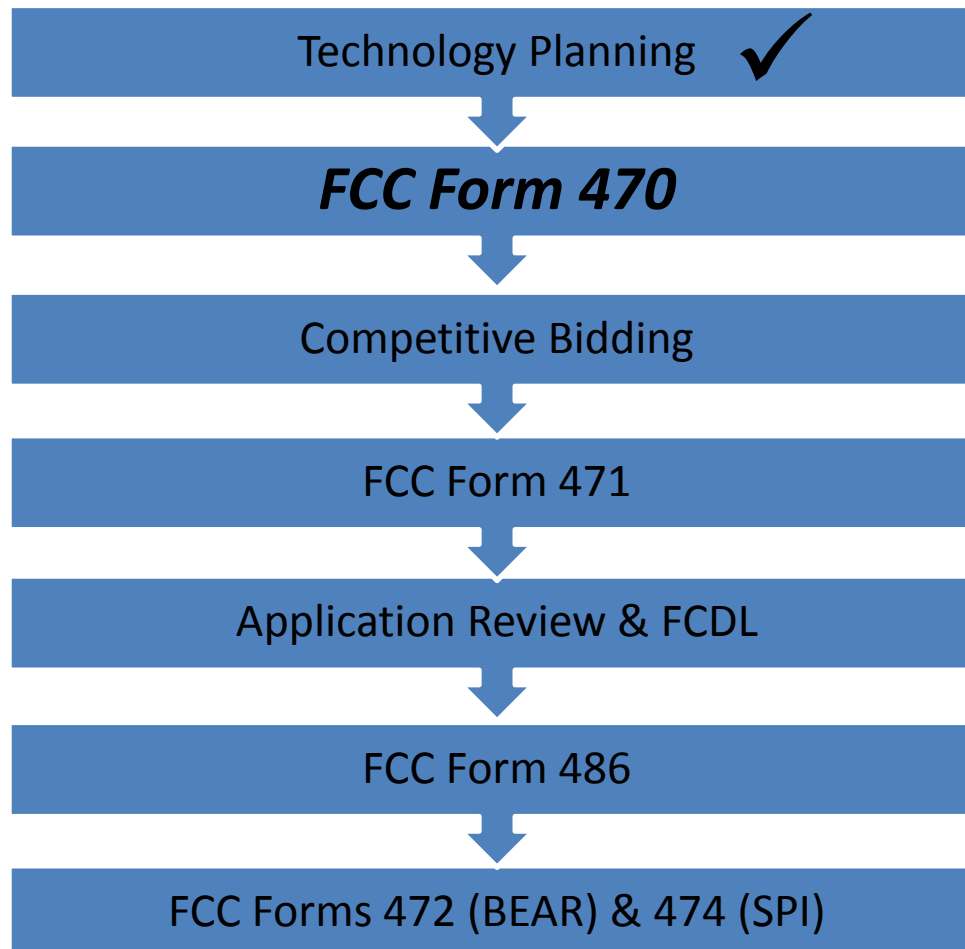
Understanding the Basics

**Requesting Service
(FCC Form 470)**



Requesting Services

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Requesting Service

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FCC Form 470 Purpose

- Open a competitive bidding process
- Identify and describe desired categories of service and function of the services
- Describe scope of your needs
- Notify potential bidders of the types and quantities of services that you need

Note RFPs are **not** required by E-rate but may be used to describe specific needs and circumstances. **UNC SOG working on LEA IT RFP Template and Information Portal.**



Acronyms & Terms

- **Billed Entity Number (BEN):** an identification number assigned by USAC to each school or library building
- **Personal Identification Number (PIN):** a code assigned by USAC to applicants for use in certifying program forms online
 - USAC issues a PIN to every new authorized person filing a paper FCC Form 470, 471, or 486



Acronyms & Terms

- **Request for Proposals (RFP):** a bidding document (not required by E-rate) that provides detailed information about your services, locations, bid submission requirements, etc.
 - Some states or procurement agencies refer to these documents by other names, e.g., Invitation for Bids (IFB)
 - If an RFP is required by your state/local procurement rules, you must issue one. **RFP is always optional under North Carolina Contract Law, however, formal bidding is required for goods and merchandise projected over \$90,000.**



Requesting Service

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North Carolina Contract Law

<http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=143-129>

(Formal - Goods & Merchandise \$90,000 and Above)

Note: Sole Source must be approved by Board (See 143-129(e)(6))

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_143/GS_143-131.html

(Informal Range – Goods & Merchandise \$30,000 and Above)



Acronyms & Terms

- **FCC Form 470 Receipt Notification Letter (RNL):** a letter issued by USAC to the applicant that summarizes the information provided in the FCC Form 470
- **Allowable Vendor Contract Date (ACD):** the date 28 days after the FCC Form 470 is posted to the USAC website



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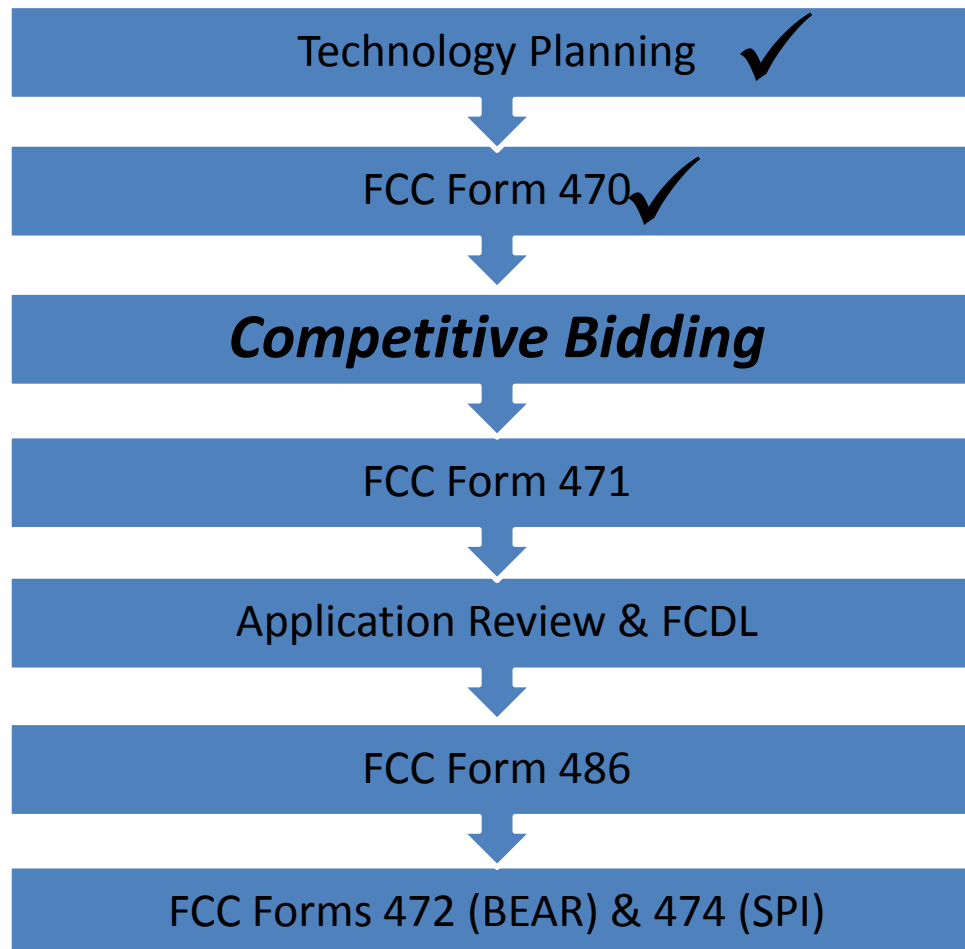
Understanding the Basics

Competitive Bidding



Competitive Bidding

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Competitive Bidding

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Competitive Bidding Requirements

- You must ensure that the competitive bidding process is open and fair
 - You must keep all incoming bids/correspondence with bidders and prepare to evaluate bids equally
- All potential bidders have access to the information from your FCC Form 470 and RFP, and they can respond to your requests



Examples of Rule Violations

1. The applicant has a relationship with a service provider that would unfairly influence the outcome of a competition or furnish the service provider with “inside” information
2. Someone other than the applicant or an authorized representative of the applicant prepares, signs OR submits the FCC Form 470 and certification



Examples of Rule Violations

3. A service provider representative is listed as the FCC Form 470 contact person and that service provider is allowed to participate in the competitive bidding process
4. The FCC Form 470 does not describe the desired products and services with sufficient specificity to enable interested parties to submit bid responses



Competitive Bidding

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Acronyms & Terms

- **Bid:** A service provider response to your FCC Form 470 and/or RFP that contains services and prices and any other information you have requested
- **Price as the primary factor:** In evaluating bids, the price of the eligible products and services must be the most heavily-weighted factor in your evaluation of bids



Competitive Bidding

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Bid Evaluation Matrix (*sample*)

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE goods and services	30	15	30	25
Prior experience w/ vendor	20	20	0	20
Prices for ineligible services, products & fees	25	20	15	25
Flexible Invoicing: 472 or 474	15	0	15	15
Environmental objectives	5	5	3	2
Local or in state vendor	5	5	5	5
Total	100	65	68	92



Choosing a Service Provider

- After you close the competitive bidding process for your services (on or after the ACD):
 - 1) You can evaluate the bids received
 - 2) You can choose your service provider(s)
 - 3) You can sign a contract
 - 4) You can submit an FCC Form 471



Competitive Bidding

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Lack of Response Memorialization

- On LEA Letterhead and Permanently Dated
- Due to receiving only one response (or no responses) we have selected Vendor ABC to provide <insert service here> as this represents a cost effective solution for our LEA.



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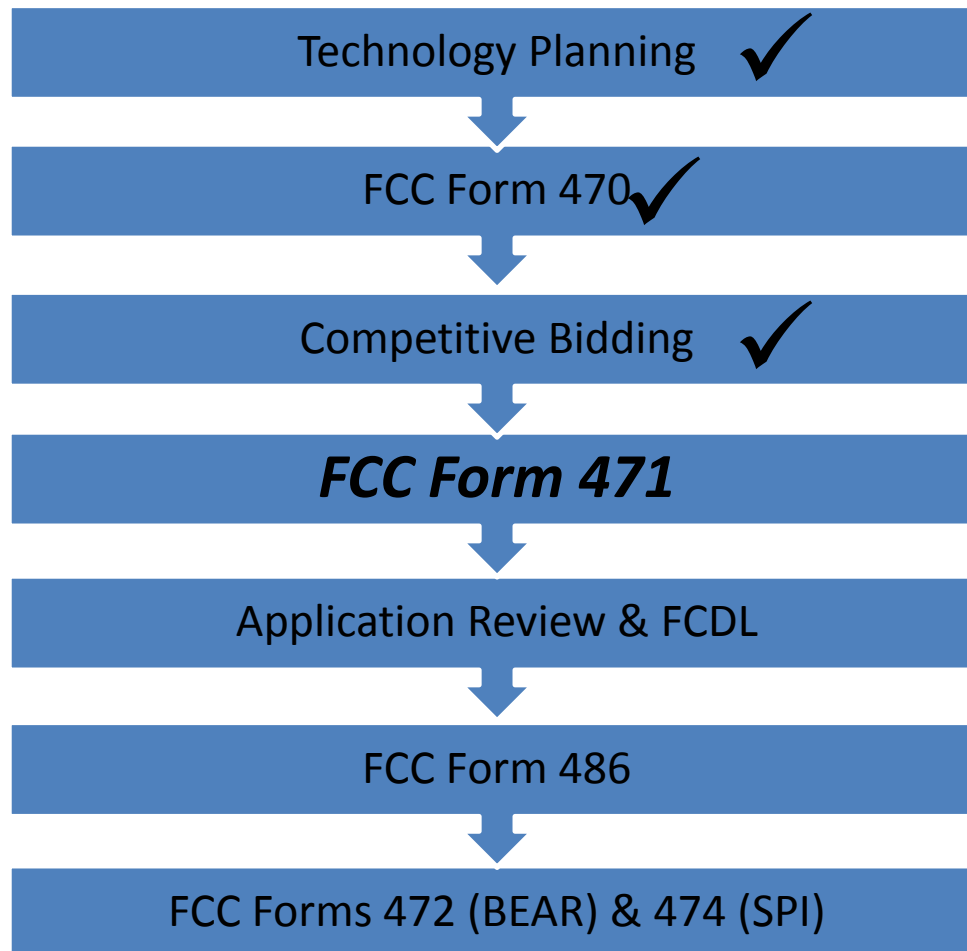
Understanding the Basics

**Ordering Services
(FCC Form 471)**



Ordering Services

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FCC Form 471 Purpose

- Provide information on the service providers and eligible services you have chosen
- Identify the eligible schools and libraries that will receive services
- Calculate and report how much support you seek for the year
- Include your discount calculation information
- Certify your compliance with program rules



Acronyms & Terms

- **Funding Request Number (FRN):** the identification number assigned to an FCC Form 471 Block 5 funding request
- **Service Provider Identification Number (SPIN):** the identification number assigned by USAC to a service provider
 - Service providers may have more than one SPIN in order to identify separate business units or states in which they operate



Ordering Services

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SPIN/SPIN Contact/ETC/SPAC Search Example

- Via Search Tools > SPIN Contact Search:

<http://www.usac.org/sl/tools/search-tools/>



Acronyms & Terms

- **Item 21 Attachment (Item 21):** the description of services associated with a funding request
 - Item 21 attachments can be submitted online, by fax, email, or on paper
 - Your attachment(s) must be submitted by the close of the application filing window
 - Service provider may provide Item 21 attachment information



Acronyms & Terms

- **Receipt Acknowledgment Letter (RAL):** a letter issued by USAC to the applicant and the service provider that summarizes the information provided in the FCC Form 471
 - Many of the entries on the form can be corrected after submission by using the RAL
 - Ministerial and clerical errors can be corrected until USAC issues the Funding Commitment Decision Letter



Acronyms & Terms

- **Non-instructional Facility (NIF):** a school building with no classrooms or a library building with no public areas
 - NIFs are eligible for Priority 1 services
 - NIFs are eligible for Priority 2 services only if necessary to provide effective transport of information to classrooms or public areas of libraries



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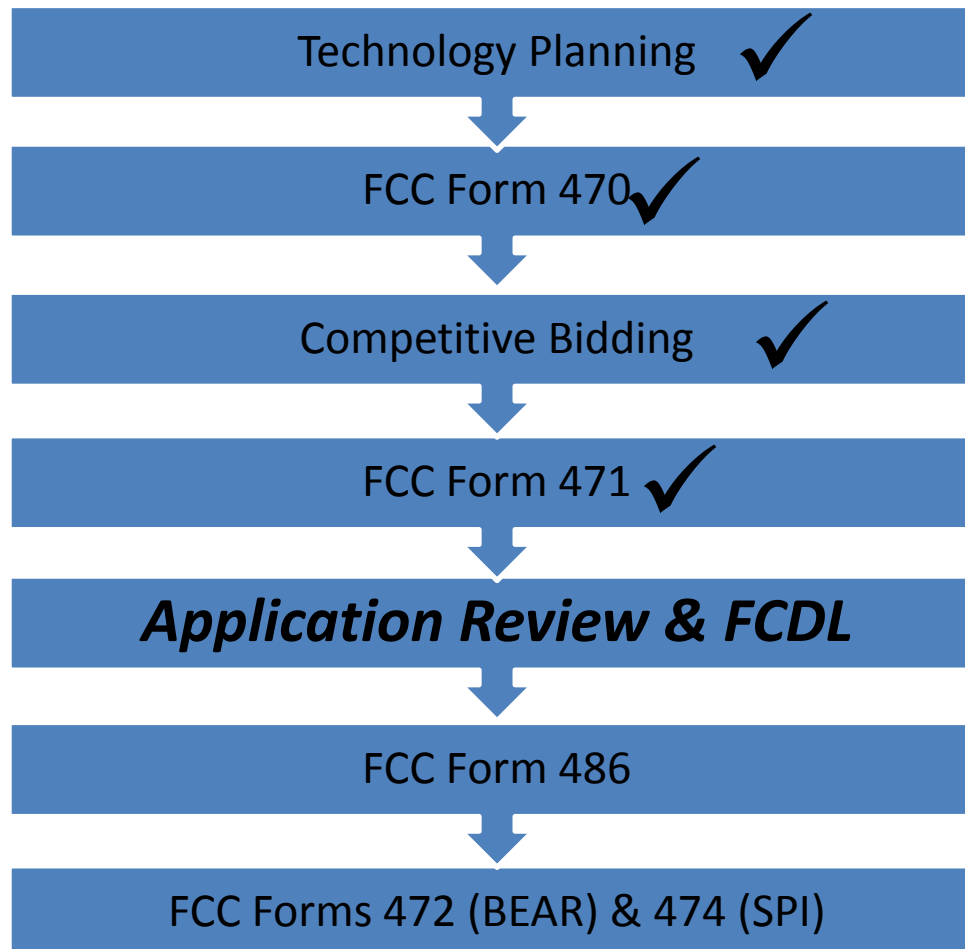
Understanding the Basics

Application Review & Funding Commitments



Application Review/Commitments

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Application Review/Commitments

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Acronyms & Terms

- **Program Integrity Assurance (PIA):** the USAC group that reviews and makes funding decisions on program applications
- **Funding Commitment Decision Letter (FCDL):** a letter issued by USAC to the applicant and the service provider that contains commitment decisions on funding requests



Application Review/Commitments

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During PIA review, USAC reviews FCC Form(s) 471 to:

- Check the eligibility of the schools and libraries and their discount levels
- Verify that the services you requested are eligible for discounts
- Give you an opportunity to make allowable corrections to your form
- In some cases, ask for additional verification of your compliance with program rules



Application Review/Commitments

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Receiving Your Funding Commitment

- Following application review, USAC issues an FCDL to both the applicant and the service provider(s)
- Applicants and Service Providers should carefully review their FCDL for details on approved or denied requests and your next steps



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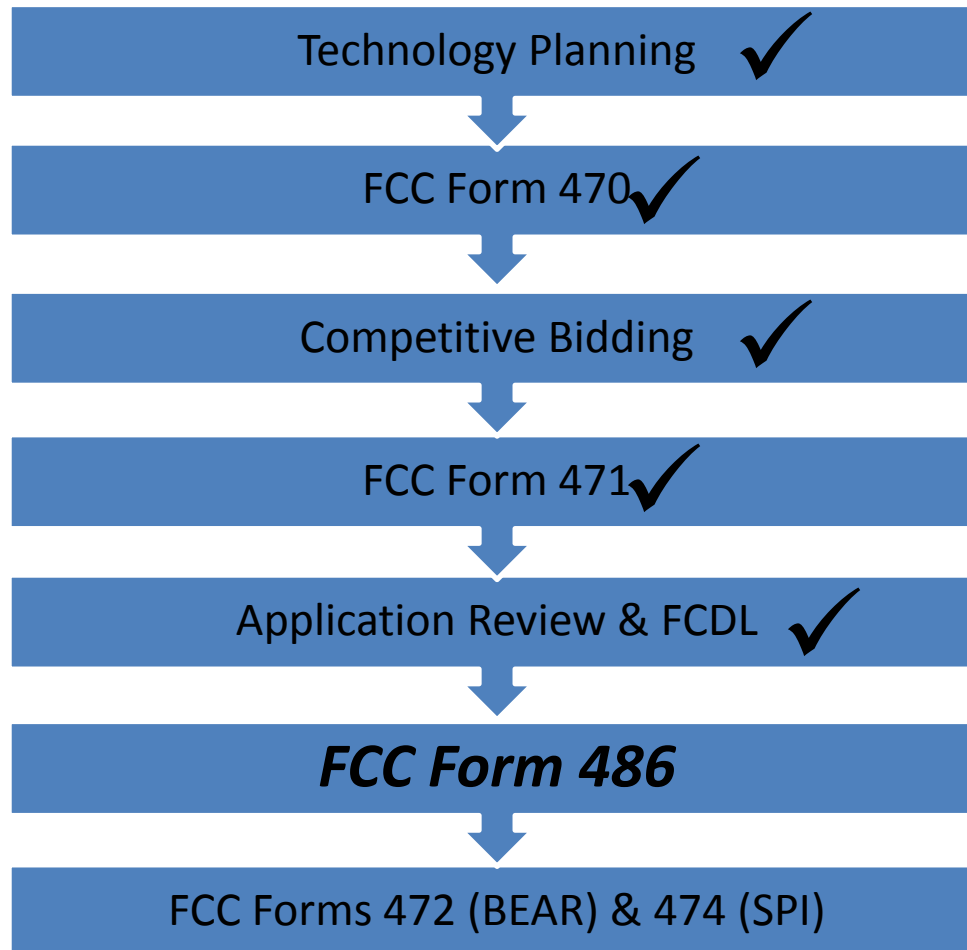
Understanding the Basics

Begin Receiving Services (FCC Form 486)



Begin Receiving Services

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Begin Receiving Services

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FCC Form 486 Purpose

- Notify USAC that your eligible services have started or been delivered and invoices for those services can be processed and paid
- Provide the name of the TPA that approved your technology plan
- Report your status of compliance with CIPA



Begin Receiving Services

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Acronyms & Terms

- **FCC Form 486 Notification Letter:** a letter issued by USAC to the applicant and service provider after an FCC Form 486 has been processed
- **Children's Internet Protection Act (CIPA):** a law with specific requirements on Internet safety policies and filtering (Recent FCC CIPA Order adds Protecting Children in the 21st Century requirement)



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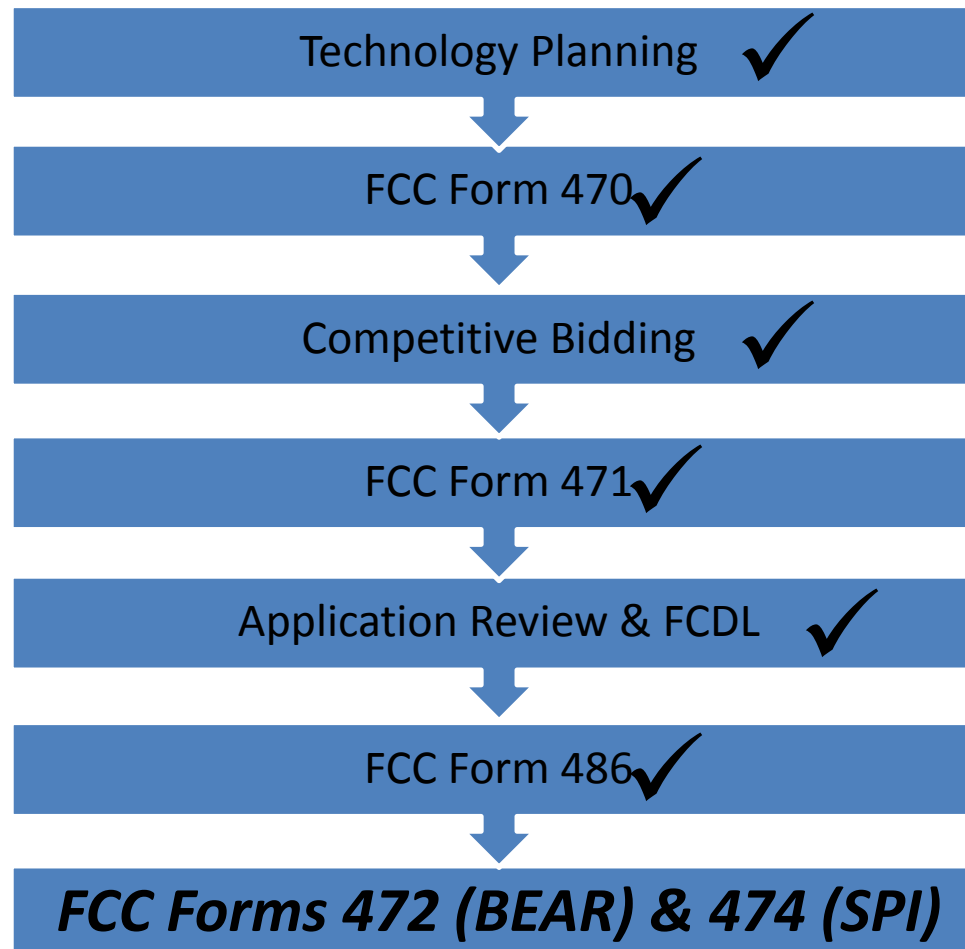
Understanding the Basics

**Invoicing USAC
(FCC Forms 472 & 474)**



Invoicing USAC

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2 Methods of Invoicing

- **Billed Entity Applicant Reimbursement (BEAR)** FCC Form 472 is filed by the applicant and approved by the service provider after the applicant has paid for the services in full
- **Service Provider Invoice (SPI)** FCC Form 474 is filed by the service provider after the applicant has been billed for the non-discount portion of the cost of eligible services

Note Applicants can choose their method of invoicing; service providers cannot force applicants to use a particular method.



Requirements Before Invoicing USAC

- *Applicants and Service Providers* receive an FCDL from USAC for the services being invoiced
- *Applicants* must file an FCC Form 486 and receive an FCC 486 Notification Letter
- *Service Providers* must file an FCC Form 473 each funding year before USAC will process invoices
 - FCC Form 473 can be filed after USAC has announced the opening of the application filing window



Acronyms & Terms

- **BEAR Notification Letter:** letter issued by USAC to the applicant and service provider after a BEAR is processed
- **Quarterly Disbursement Report:** report issued to the applicant detailing all invoicing activity (BEARs and SPIs) during the previous quarter
- **FCC Form 473 - Service Provider Annual Certification (SPAC):** SPACs are used by the service provider each funding year to certify that it will comply with FCC rules concerning invoicing and documentation



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Understanding the Basics

Deadlines



Application Deadlines

- **FCC Form 470** - Posted at least 28 days before the filing of the FCC Form 471, keeping in mind the FCC Form 471 application filing window opening and closing dates
- **FCC Form 471** - Received or postmarked no later than 11:59 p.m. EST on the day of the close of the FCC Form 471 application filing window (exact date will be posted on SLD website)



More Deadlines

- **FCC Form 486** - Received or postmarked no later than 120 days after the date of the USAC Funding Commitment Decision Letter or the service start date, whichever is later
- **FCC Form 472/ FCC Form 474** - Received or postmarked no later than 120 days after the date of the FCC Form 486 Notification Letter or the last date that the applicant can receive service from the provider in the funding year at issue, whichever is later
- **Appeals** - Received or postmarked no later than 60 days after the date of USAC's decision letter



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Understanding the Basics

Questions?



Client Service Bureau

- Telephone: 1-888-203-8100 *Record Your Case Number*
 - Hours are 8:00 am – 8:00 pm ET weekdays
 - Extended hours during the last week of the filing window
- Email: [Submit a Question](#)
- Guidance:
 - Program guidance questions
 - Entity number and consultant number creation
 - Forms status



USAC' s Billing, Collections, and Disbursement Department

- Telephone: 1-888-641-8722
 - Service providers can get assistance filing FCC Forms 498, 499-A, and 499-Q
 - Service providers must update their FCC Forms 498 to:
 - Allow USAC to feature correct contact information on the SPIN Contact Search tool
 - Provide electronic banking information to allow USAC to process payments
 - Receive online access to certain functions, e.g., approve BEAR Forms filed online



Schools and Libraries website

- www.usac.org/sl
- Program overview:
 - [School and Library Applicants](#)
 - [Service Providers](#)
- Program guidance documents: [Reference Area](#)
- [Schools and Libraries News Briefs](#)
 - Issued weekly each Friday afternoon
 - Special editions and updates issued as needed
 - Contain timely information and other guidance
- FCC website: [List of Universal Service appeal decisions](#)



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Short Break!



Typically Requested Services!

<http://fundsforlearning.com/sites/default/files/Checklist-Typical Requested Services 01 2009-01.pdf>



Form 470 Video!

http://www.youtube.com/watch?feature=player_embedded&v=2GgLIwPOoms



Practice Form 470!

Training “Fake” BEN info:

URL: sldtraining.usac.org

Billed Entity Name: APPLICANT

Billed Entity Number: 145909

Billed Entity Email: applicant@usac.org

Personal Identification Number (PIN): &blahs

Authorized Person Last Name: Smith



E-RATE

The E-Rate Program

Tips for Success

Fall 2011 Applicant Trainings



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Tips for Success

Program Tips



Review the summary program information on the website

- [Program Overview](#) is a high-level description of the program, together with a general program timeline.
- [Application Process Flow Chart](#) is a graphic depiction of the progression of forms that applicants and service providers must file.
- [Applicant Step-by-Step Process](#) provides links to more detailed information about each step in the process.
- [Eligible Services List](#) contains descriptions of the eligible products and services for each funding year.
- [Acronyms & Terms](#) defines common program terms.



Schools and Libraries website

Home | Need Help? Search

USAC
Universal Service Administrative Company

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
- HATS Outreach
- Filing Appeals
- Understanding Audits

Schools and Libraries Tools:

- Apply Online
- Commitments
- Submit a Question
- Latest News
- Calendar/Reminders
- Required Forms
- Reference Area
- Search Tools
- Changes and Corrections
- Suspensions and Debarments
- Contact Us

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

	FCC Update:	FCC Authorizes Additional Funds for FY2010 and FY2011 (8/24/11)
	Training Update:	Registration for Washington DC, Los Angeles, and Newark Fall Training Sessions Has Closed (8/5/11)
	Latest News:	USAC Releases First Commitments for Funding Year 2011 in the Schools and Libraries Program (6/14/11)

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Schools and Libraries website

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REVIEW your documentation from previous years

- If your entity has filed before, you can use the forms and other paperwork in your files as a guide.
 - If your paperwork is not well organized, you can use the [E-Rate Binder table of contents](#) to organize it.
 - You can access copies of many of your previously filed program forms from the [Search Tools](#) and [Apply Online](#) web pages.
- If your entity has not filed before, start small (e.g., file for telephones and Internet access in your first year).



RETAIN your documentation from previous years

- You are required to keep copies of documentation related to your applications for five years after the last date to receive service.
 - Some documents must be kept longer (e.g., a multi-year contract will apply to more than one funding year).



Practice using the search tools on the website

- [Search Form 470](#) to find and view a particular Form 470.
- [Form 471 Application Status](#) to monitor the status of your filed forms.
- [Billed Entity Search](#) to locate entity numbers.
- [Deadlines](#) to determine or calculate deadlines for program forms.
- [SPIN Contact Search](#) for service provider information.
- [Data Retrieval Tool](#) and [Commitments Search](#) tool for information on funding and status of forms.



Schools and Libraries website

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Schools and Libraries

Applicants | Service Providers

Schools and Libraries Tools:

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Search Tools

The following tools will assist Schools and Libraries Program participants in applying for discounts, tracking disbursements, and obtaining other frequently requested information.

Name of Tool	Description
Search Commitments	This tool allows searches for commitment data by funding year and applicant name, city, state, zip and/or wave number.
Data Retrieval Tool	This tool allows searches for various information related to applications, funding commitments and disbursements.
Deadlines	This tool was designed to explain and help you calculate deadlines for Universal Service forms and actions.



E-RATE

Tips for Success

Filing Tips



Prepare in advance for the filing window

- Locate or request information you will need (e.g., entity numbers for new entities, NCES and FSCS codes, FCC Registration Numbers).
- Determine actions that may be required or documents to review before you file (e.g., board approvals, technology plan approvals, procurement requirements) and allow enough time to complete them.
- Gather the documentation necessary to complete forms (e.g., copies of contracts, tech plan approval letters).



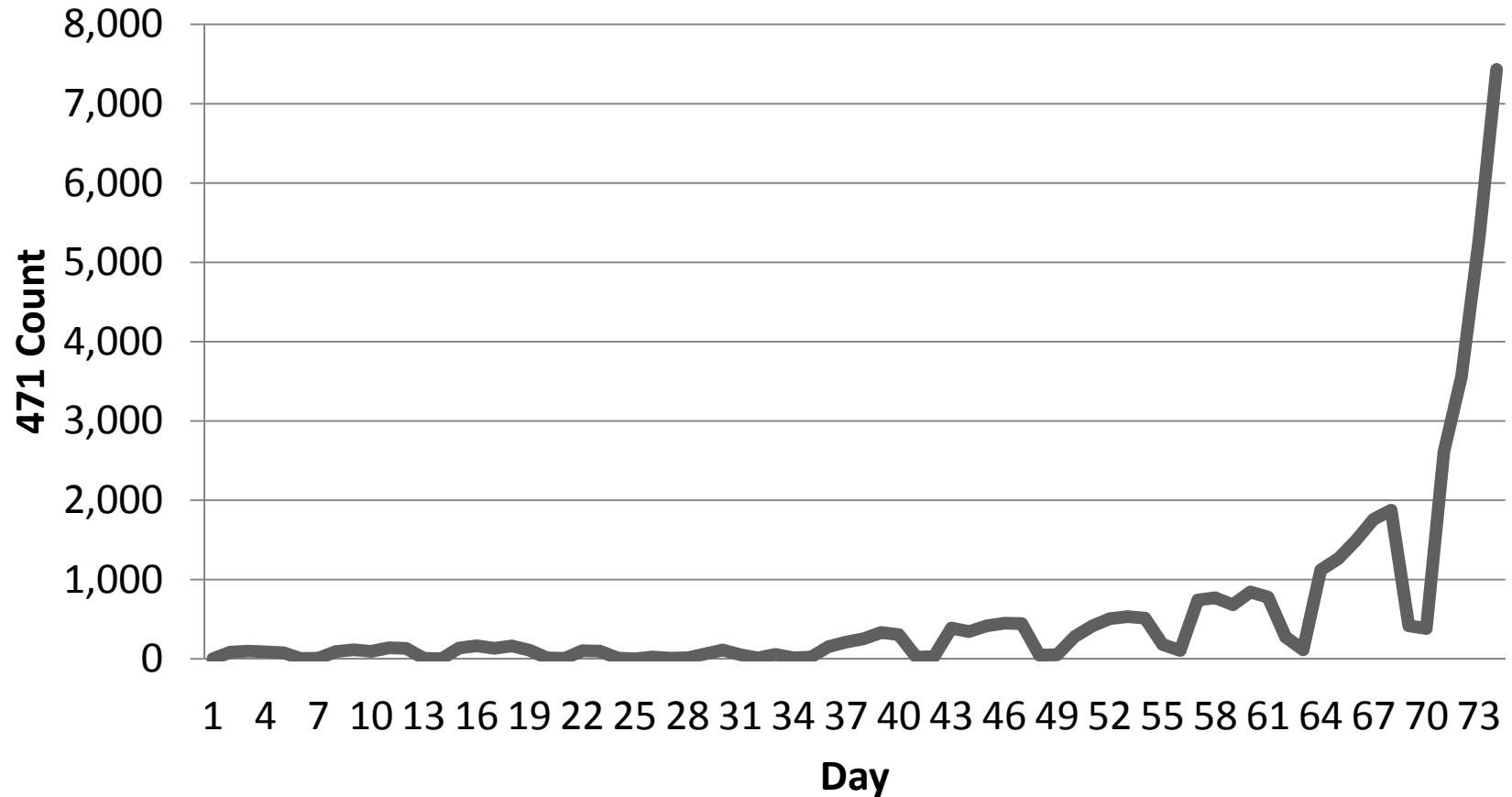
Prepare in advance for the filing window (continued)

- If you are a member of a consortium:
 - In general, your consortium leader must collect the following:
 - A Letter of Agency from each member showing authorization to perform actions on the member's behalf
 - A Form 479 to provide information on compliance with the Children's Internet Protection Act
 - Complete these forms promptly upon request so that your consortium leader can timely file program forms.



471s Filed During a Typical Window

E-RATE



Data from FY2009 filing window





E-RATE

Don't Wait Until The Last Minute!



E-RATE

Thank you! Let's Eat!
Please Sign In!



E-RATE

The E-rate Program

Advanced Session

Fall 2011 Applicant Trainings



NCDPI Services

E-RATE

- Regional Specialists (E-rate & Network)
- Training and Orientation
- Technology Plan Guidance
- Form Review (470, 471, 486, 472)
- PIA Assistance
- Selective Review and Audit Assistance
- SLD and FCC Appeals
- Listserv Newsletters and Updates
- Website: www.ncpublicschools.org/erate



Top Denial Reasons	Percent Denied
Ineligibility Ineligibility entity Ineligible use	23% 3% 2%
Lack of proof of applicant share	17%
Applicant unresponsive or insufficient documentation	14%
Competitive Bidding 28-day Rule violation Service Provider Involvement Price was not the primary factor	13% 6% 3% 3%
No signed contract	12%
Form 470 problems 470 not certified No 470 filed Requested service not 470	11% 5% 3% 2%
Service provider is not an approved telecom provider (no Y in the box)	2%
No Tech Plan	1%

Understanding the Basics

E-RATE

Introduction

- Eligible Services
- Calculating the Discount
- M & C Errors
- Gifts
- CIPA Update
- Reviews & Audits
- Other Updates



E-RATE

Advanced E-rate Session

Eligible Services

Fall 2011 Applicant Trainings



Overview

- Priority One (P1)
 - Telecommunication Services, Telecommunications, Internet Access (IA)
- Priority Two (P2)
 - Internal Connections (IC) and Basic Maintenance of Internal Connections (BMIC)
- Miscellaneous
- Dark Fiber
- Equipment Transfers, Disposals and Trade-ins



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Eligible Services

Priority One



Telecommunications Services

- Support for telecom services such as:
 - Local and long distance service
 - Interconnected Voice over Internet Protocol (VoIP)
 - Cellular voice service
 - Including text messaging, voicemail
 - (For email/Internet on your phone, remember to check the IA box on your 470!)
 - Centrex Service



Telecommunications Services

- Digital Transmission Services
 - Digital Subscriber Line (DSL)
 - Primary Rate Interface (PRI)
 - T-1, T-3
 - Satellite Service



Not Eligible as Telecom Services

- Broadcast “Blast” messaging
- Monitoring services for 911, E911 or alarm telephone lines
- Services to ineligible locations
- End-user devices
 - Cell phone, tablet computers



Internet Access (IA)

- Support for IA includes Internet Service Provider (ISP) fees as well as the conduit to the Internet
- Other eligible Internet Access services include:
 - E-mail service
 - Wireless Internet access
 - Interconnected VoIP
 - Web hosting



Not eligible as Internet Access

- Costs for Internet content
 - Subscription services such as monthly charges for on-line magazine subscriptions
- Internet2 membership dues
- Web site creation fees
- Web based curriculum software
- Software, services or systems used to create or edit Internet content



E-RATE

Eligible Services

Priority Two



Internal Connections

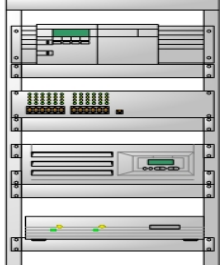


- Support for equipment and cabling on-site that transport info to classrooms or public rooms of a library
- Subject to the [Two-in-Five](#) Rule
 - Entities can only receive funding every two out of five years



Priority Two

E-RATE

Internal Connections

Eligibility		Product - Function
Eligible		Router – Data Distribution Switch – Data Distribution E-mail Server - Servers VoIP Gateway – Telephone Components
Conditionally Eligible *		Tape Drive - Data Protection Uninterruptible Power Supply (UPS) - Data Protection
Not Eligible		Application/Archive Server - Servers

Conditions:

*Eligible if used with eligible equipment.
Cost Allocation may be utilized if supporting ineligible equipment



Basic Maintenance of Internal Connections

- Support for basic maintenance of eligible internal connections (BMIC)
- Such as:
 - Repair and upkeep of hardware
 - Wire and cable maintenance
 - Basic tech support
 - Configuration Changes



Basic Maintenance of Internal Connections

- Agreements or contracts must state the eligible components covered, make, model and location
- Service must be delivered within the July 1st to June 30th timeframe
- Two-in-Five Rule does not apply to BMIC



BMIC Updated Guidance

- Standard manufacturer warranties of no more than three years remain eligible.
 - If there is a cost associated with the warranty, then the warranty is not eligible
- Support for BMIC is limited to actual work performed under the contract



BMIC Updated Guidance

- Applicants may make estimates based on:
 - Hours per year of maintenance
 - History of needed repairs and upkeep
 - Age of eligible internal connections
- Applicants using the factors listed above must submit a bona fide request
- It is not reasonable to estimate an amount that would cover the full cost of every piece of eligible equipment.



BMIC Updated Guidance

- Flat rate contracts may be eligible however, applicants may only invoice for services actually delivered/work performed.
- Exceptions that will not require demonstration that work was performed are:
 - Software upgrades and patches
 - Bug fixes and security patches
 - Online and telephone based technical support



Miscellaneous charges

- Miscellaneous charges can apply to all four Service categories and are funded in the category of the service they are supporting.
- Training is eligible when included as part of the contract and performed coincidentally with the installation of the new service/product or in a reasonable time there after.
 - Training for end-users or professional development is not eligible



E-RATE

Eligible Services

Miscellaneous



Miscellaneous charges

- Taxes, surcharges and other similar reasonable charges are eligible for discount. This includes but is not limited to : **(Don't forget about taxes when evaluating proposals)**
 - Universal Service Fund
 - Excise Tax
 - 911
 - Local Number Portability
 - Telephone relay service



Miscellaneous Charges

- Other charges that are not eligible include but are not limited to:
 - Universal Service Administration Fee
 - Interest or finance charges
 - Late payment
 - Termination fees



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Eligible Services

Dark Fiber



Telecommunications Services vs Telecommunications

- Telecommunication Services and Telecommunications are two separate categories on the Eligible Services List (ESL)
 - **Telecommunications Services** can only be provided by an eligible telecommunications carrier
 - **Telecommunications** can be provided by non-telecommunications carriers via fiber in whole or in part



Leased Dark Fiber as Priority One

- Leased Dark Fiber added as Telecommunications in the FY2011 Eligible Services List
- Allows for the lease of dark fiber as a priority one service, from *any* entity
- On the FCC Form 470, file for both Telecom and Internet Access
- On the FCC Form 471, select the Telecom box if the dark fiber is provided by a telecom carrier
 - In all other cases, select the Internet Access box



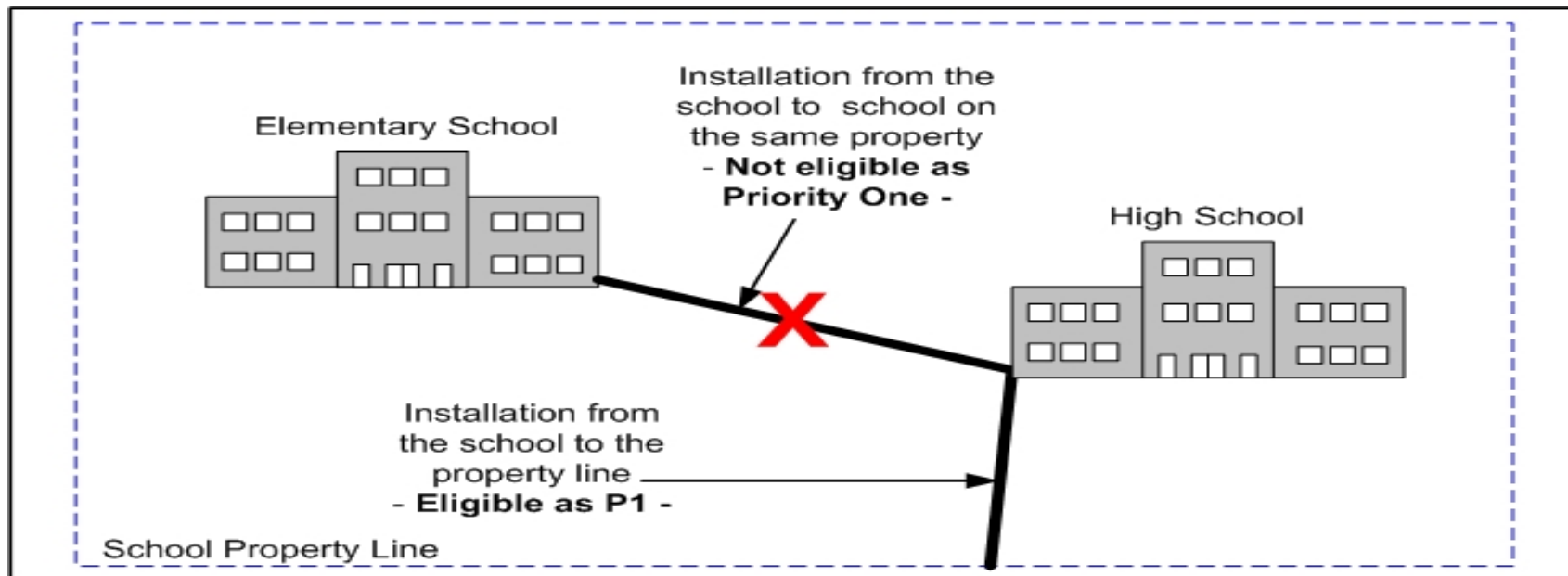
Leased Dark Fiber as Priority One

- Dark fiber must be lit immediately
- Does NOT allow for unneeded capacity or warehouse dark fiber for future use
- Maintenance costs of dark fiber and installation costs to hook up the dark fiber are eligible
 - This includes charges for installation within the property line
- Modulating electronics for leased dark fiber are not eligible



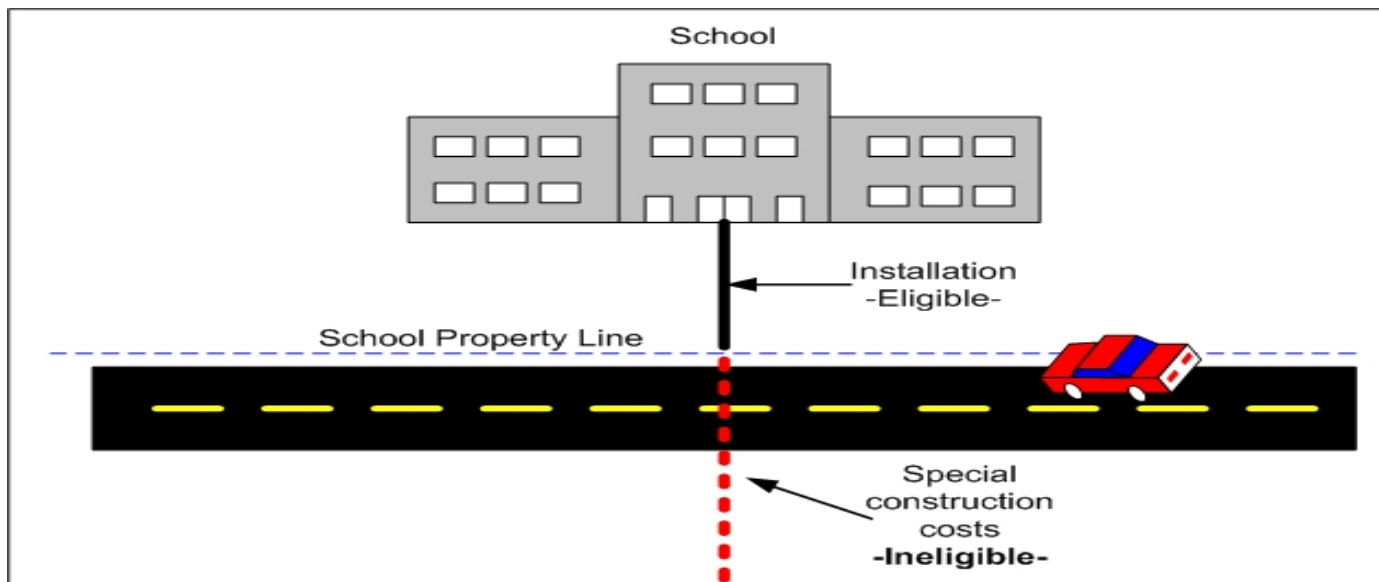
Leased Dark Fiber as Priority One

- Installation costs to hook up the dark fiber is eligible from the eligible entity to the property line



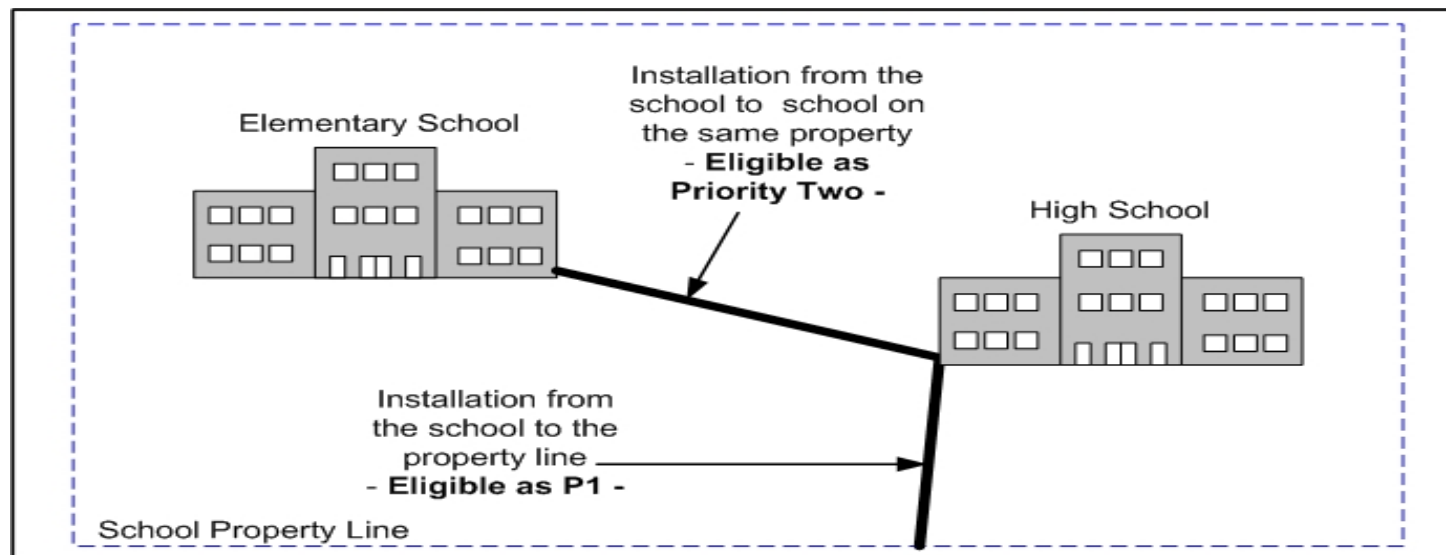
Dark Fiber as Priority One

- Special Construction charges to build out connections from applicants' facilities to an **off-premise** fiber network are NOT eligible



Dark Fiber as Priority Two

- Installation and Fiber costs between two eligible buildings, not crossing a public right of way are considered Internal Connections



Eligible Services

Equipment Transfers, Disposal and Trade-in



Equipment transfer rules

- In general, equipment may not be transferred for money or any other thing of value
- A no-cost transfer may occur three years or more after the purchase of the equipment to other eligible entities
- No equipment transfer may occur prior to three years from the purchase, unless the eligible entity is permanently or temporarily closing



Equipment transfers less than 3 years

- Notify USAC
- Both the closing entity and the recipient must retain records of the transaction
 - Include the reason for the transfer
- Records must be kept for five years after the date of the transfer
- Records for equipment >3 years follow the traditional document retention requirements



Disposal of Equipment Rules

- As of January 3, 2011, applicants can dispose of obsolete equipment, but no sooner than five years after the date the equipment is installed
- Resale for payment or other consideration is allowable no sooner than five years after the equipment is installed
- Resale or disposal is prohibited before the five years have passed.



Trade-ins and Exchanges

- Trade-ins of equipment may be permitted if the E-rate funded equipment to be traded in has been installed for five years
 - This limitation does not apply for equipment not funded through E-rate



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Questions?



Public Schools of North Carolina

E-RATE

Short Break!



E-RATE

The E-Rate Program

Calculating Discounts

Fall 2011 Applicant Trainings



Calculating Discounts

Calculating Your Discount



Calculating Your Discount

E-RATE

Discounts are based on:

- Percentage of students **eligible** for the National School Lunch Program (NSLP) or an equivalent measure of poverty
- Urban/Rural status of the county or census tract in which the school or library building is located
- Applicants must maintain third party verification of student counts



Discount Matrix

E-RATE

% of Eligible Students	Urban	Rural
Less than 1%	20%	25%
1% - 19%	40%	50%
20% - 34%	50%	60%
35% - 49%	60%	70%
50% - 74%	80%	80%
75% - 100%	90%	90%



Calculating Your Discount

E-RATE

Individual Schools

- Determine number of students eligible for NSLP
- Determine urban/rural status of the school location
- Look up discount in Discount Matrix
- ~~• Starting in FY2012, applicants **must** use NSLP data as of a date that is verifiable by your state authority to determine your appropriate discount rate~~
 - ~~– If State audits October 1 numbers, then you must use those student counts (Rescinded)~~



Calculating Your Discount

E-RATE

Private Schools

- Methodology same as public schools
- School does not have to participate in the NSLP in order to determine discount
- Private schools may use financial aid data to determine if a student meets the Income Eligibility Guidelines for the National School Lunch Program.
 - Receipt of scholarship does not automatically make a student eligible for the NSLP.



Calculating Your Discount

E-RATE

School Districts

- Calculate the discount rate for each individual school
- School District average = *weighted* average of the schools
 - Multiply E-Rate discount by total student population of the school to get weighted product
 - Add all weighted products and divide by total students in school district
- Discounts are based on schools actually receiving services in the FRN (may not be all schools in the district)



Calculating Your Discount

E-RATE

Individual Libraries

- Calculate the total percentage of students eligible for NSLP in the school district in which the building is located
- Use the urban/rural status of the county or census tract in which the library outlet is located



Calculating Your Discount

E-RATE

Library Systems

- Calculate the E-Rate discount for each library outlet
- Calculate the simple average of the library outlets
 - Add discounts for each outlet and divide by total number of outlets



Calculating Your Discount

E-RATE

Consortia

- Consortia discounts are based on the discounts of all of the members of the consortia
- Calculate the discount rate for each consortium member
 - This could be individual entities or districts
- Then calculate the simple average of the discounts of the consortium members
- **NCREN – LOA & Annual Form 479 (CIPA Compliance)**



Calculating Your Discount

E-RATE

Non-Instructional Facilities

- Non-instructional facilities (NIFs) are buildings operated by a school, library, or district that are not schools or do not contain public library spaces
- NIFs may or may not contain classrooms
- NIFs are always eligible for Priority 1 services
- NIFs are only eligible for Priority 2 services if the services are essential for the effective transport of data to the classroom or public areas of the library



Calculating Your Discount

E-RATE

Non-Instructional Facilities

- NIFs on the campus of single school/library and that serve only that entity, get the discount of that school/library
 - Separate entity number necessary only if public right-of-way is crossed
- NIFs that serve multiple schools/libraries, and without classrooms or public areas, get shared discount for the school district/library system
 - Use Block 4 checkbox for shared discount worksheet
 - Use additional worksheet if needed to indicate entities receiving service



Calculating Your Discount

E-RATE

Non-Instructional Facilities

- NIFs that serve multiple schools and have classrooms use the snapshot method to get discount
 - Snapshot method: Choose a specific day and determine the NSLP eligibility of the student population that is in class on that day
 - Retain documentation of your calculation



Calculating Your Discount

E-RATE

New School Construction

- School under construction
 - Population is known = use that data
 - Population is unknown = use district shared discount
- Library under construction
 - Same as regular individual library outlet
- Private/Charter Schools
 - Population is known: use that data
 - Population is unknown: apply for 20% but can amend with actual figures if obtained later



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Calculating Discounts

National School Lunch Program



National School Lunch Program

E-RATE

NSLP Participation

- E-Rate discounts are based on NSLP eligibility
- Applicants may use NSLP participation number to support their discounts



National School Lunch Program

E-RATE

Direct Certification

- Schools are given lists of students whose families participate in other social service programs
- Students are automatically enrolled in NSLP
- School does not retain more detailed information regarding the student's eligibility
- All Direct Certification students are considered eligible for the NSLP for E-Rate discount purposes.



National School Lunch Program

E-RATE

Provisions 1, 2, and 3

- Allow for socio-economic survey to be used to establish reimbursement rate and reduce paperwork for schools
- Applicant uses approved NSLP eligibility percentage to calculate discount rate
- Schools submit base-year documentation to support discount rate
- If extension is granted, applicants can submit extension approval letter to support discount rate



National School Lunch Program

E-RATE

Community Eligibility Option (CEO) aka Provision 4

- New option under NSLP
- Requires at least 40% of students to be eligible for free meals through Direct Certification
- Schools serve free breakfast and lunch to all students
- Reimbursement rate = % of students directly certified times 1.6 (a national multiplier)
- Program is being phased in nationally over four years
- Three states are eligible in 2011; four more will in 2012
- FCC is considering how this will work with E-Rate
- Further guidance will be forthcoming



National School Lunch Program

E-RATE

Head Start

- All Head Start students meet free lunch guidelines under NSLP
- Head Start entities automatically qualify for 90% discount
 - Head Start is eligible in North Carolina if under the auspices of a school district or a stand-alone Head Start recognized by the state
 - Home based Head Start is not eligible



Calculating Discounts

Alternative Discount Methods



Alternative Discount Mechanisms

E-RATE

Alternative Discount Mechanisms

- NSLP eligibility based on student's family being at or below 185% of federal poverty levels
- Income Eligibility Guidelines (IEG) published annually by U.S. Department of Agriculture
- Other alternative discount methodologies seek to determine if a student meets the NSLP IEG threshold



Alternative Discount Mechanisms

E-RATE

Acceptable Mechanisms

- Programs that meet the IEG threshold for the NSLP:
 - Medicaid
 - Food stamps (SNAP)
 - Supplementary Security Income (SSI)
 - Section 8 Housing Assistance
 - Low Income Home Energy Assistance Program (LIHEAP)
 - Food Distribution Program on Indian Reservations



Alternative Discount Mechanisms

E-RATE

Unacceptable Mechanisms

- Programs that **do not** meet the IEG threshold for the NSLP:
 - Temporary Aid to Needy Families (TANF)
(TANF – **is directly certified in North Carolina according to the USDA Eligibility Manual guidelines, but applicants can NOT use TANF on a survey due to the fact that the North Carolina TANF (Work First) threshold is currently 200% of the federal poverty level.**)
 - Title 1
 - Scholarship programs



Alternative Discount Mechanisms

E-RATE

Sibling Match

- If school can establish that one sibling in a family is eligible for NSLP, then it can count the other siblings in the same family as eligible for NSLP even if the other siblings do not participate .



Alternative Discount Methods

E-RATE

Surveys

- Must be sent to all families whose children attend the school
- Surveys must contain at least student and family name, size of family, income level of family or acceptable alternative mechanism
- Surveys are valid for two years
- NSLP application forms are **never** an acceptable survey instrument



Alternative Discount Methods

E-RATE

Survey Extrapolation

- If a survey is sent to all households of its students, and
- If at least 50% of surveys are returned
- School may extrapolate the data to 100% of its students
- Example:
 - 100 families received the survey; 75 returned them
 - 50 students in the 75 responses are eligible for NSLP
 - $50/75 = 0.66$
 - School can report 66% of all students are eligible



Alternative Discount Methods

E-RATE

Combining Alternative Discount Methods

- Ensure that the same students are not double counted.
- Surveys **cannot** be combined with other alternative discount methods if you have extrapolated
- Provisions 1-4 **cannot** be combined with other alternative discount methods since they include extrapolation
- Keep detailed records to show that the same students were not double counted



Alternative Discount Methods

E-RATE

Combining Alternative Discount Methods

- Acceptable Combinations
 - NSLP Participation + Sibling Match when scrubbed for duplicates
 - NSLP Participation + Survey not extrapolated and when scrubbed for duplicates
 - Survey + Direct Cert when scrubbed for duplicates
 - Survey + Financial Aid data when scrubbed for duplicates



Alternative Discount Methods

E-RATE

Combining Alternative Discount Methods

- **Unacceptable** Combinations
 - Extrapolated survey + sibling match
 - Provision 2/3 + sibling match
 - Provision 2/3 + survey for alternative discount mechanisms
 - NSLP Participation + extrapolated survey
 - NSLP Participation + Direct Certification



Alternative Discount Methods

E-RATE

Ineligible Discount Calculation Methods

- Feeder School Method
 - Extrapolating from elementary to secondary schools
- Principal's Survey/Estimate
 - Based on administrators' knowledge of some of their students
- Title I eligibility
- Neighborhood poverty measurements



E-RATE

Questions?



E-RATE

Short Break!



Public Schools of North Carolina

E-RATE

The E-rate Program

Correcting Ministerial & Clerical Errors

Fall 2011 Applicant Trainings



Ministerial & Clerical Errors

E-RATE

Overview

- M&C errors
 - What are M&C errors
 - What is new & what is the same
- Corrections
 - Allowable
 - Non-allowable
 - Conditional
- Submitting Corrections to USAC
- Notifications from USAC (FCDL Comments)



Correcting M&C Errors

Ministerial & Clerical Errors



Ministerial & Clerical Errors

E-RATE

Definition

- “The applicant can amend its forms to correct clerical and ministerial errors on their [FCC Forms 470, FCC Form 471 applications](#), or [associated documentation](#) until an FCDL is issued. Such errors include only the kinds of errors that a typist might make when entering data from one list to another, such as mistyping a number, using the wrong name or phone number, failing to enter an item from the source list onto the application, or making an arithmetic error.” (FCC 11-60)



Ministerial & Clerical Errors

E-RATE

Ann Arbor Order (10-2354) M&C Examples

- “Specifically, we find that the petitioners inadvertently made ministerial or clerical errors while completing their FCC forms, while responding to USAC requests for additional information during the application review process, or while making requests for service substitution. These errors include: failing to timely notify USAC to correct a USAC clerical error, entering the wrong FCC Form 470 number, wrong billed entity number, or wrong billed entity number/worksheet number on their FCC Form 471; entering the wrong name or service provider identification number (SPIN); entering the wrong expiration date for a contract; erroneously characterizing the purchase and installation of equipment as a recurring service; entering the monthly charge as the annual charge; entering the discounted annual price rather than the pre-discount annual price; entering the amount that a service provider was mistakenly temporarily charging rather than the contracted monthly rate; miscalculating its discount rate; failing to separately list a building where equipment was to be located; failing to enter a request for telecommunications service that was clearly indicated on its item 21 attachment; basing its block 5 funding requests on the wrong FCC Form 471 block 4 worksheet; selecting the wrong term or service; selecting the wrong category of service in its FCC Form 471; making a typographical error in recording the cost of ineligible equipment in response to a USAC request for additional data; failing to follow the correct procedure for modifying its FCC Form 471; mistakenly providing the wrong documentation concerning a purchase; and describing the service it purchased as for its entire district when it was only intended to serve a single elementary school. In addition, one applicant omitted a service from a service substitution request, and another entered the wrong application number on the certifications it submitted and apparently failed to press the submit button to submit its otherwise completed application.”



Ministerial & Clerical Errors

E-RATE

What Is New?

- 20 Day Rule eliminated (CORRECTIONS ONLY)
 - RNL & RAL corrections can be submitted until the FCDL is issued
- PIA will ask if this is a ministerial or clerical error
 - Tell us what error occurred
 - Provide a reasonable explanation
 - Documentation may be requested



Ministerial & Clerical Errors

E-RATE

What Is The Same?

- Minimum Processing Standards (MPS) for the FCC Forms 470 & 471 and Certifications
- FCC Forms 470 & 471 and Certifications corrections
- FCC Form 471 Certification must be submitted on or before the Window close
- 15 Day Rule still applies for responses to reviewers' inquiries
- Additional documentation may be required to support your requested change



Ministerial & Clerical Errors

E-RATE

M&C Errors Examples

- Spelling errors
- Simple addition, subtraction, multiplication or division errors
- Transposed letters and/or numbers
- Misplaced decimal points
- Other punctuation marks (hyphens, periods, commas, etc.) included, or not included or misplaced
- Failing to enter an item from the source list (e.g., NSLP data, uploading Block 4 data, FRN, etc.)



Correcting M&C Errors

Allowable Corrections



Ministerial & Clerical Errors

E-RATE

FCC Form 470 Allowable Corrections

- Update or change contact person and/or consultant information
- Billed entity information
- Add the authorized person signature
- Change or update eligible entities receiving service
(Note: changes are accepted if it is not a significant change from the original scope)
- Certification not submitted by Window close



Ministerial & Clerical Errors

E-RATE

FCC Form 471 Allowable Corrections

- Incorrect citation such as:
 - FCC Form 470 number
 - Discount percent
 - Urban/rural status
 - Contract number
 - Billing Account Number/Multiple Billing Account Numbers
 - Block 4 worksheet entries



Ministerial & Clerical Errors

E-RATE

FCC Form 471 Allowable Corrections Cont'd

- Update or change contact person and/or consultant information
- Correct errors to dollars figures on an FRN
- Add or remove entities accidentally omitted or included in block 4
- Provide accidentally omitted FRNs
- Amount budgeted for ineligible services (Block 6)



Ministerial & Clerical Errors

E-RATE

Conditional Corrections

- SPIN corrections are ALLOWABLE when requesting a [Corrective SPIN](#) change
 - Data entry errors, company merger or acquisition
- Contract Award Date/ Expiration Date
- Consortium Letters of Agency (LOA)
 - Applicants may provide supplemental documentation dated on or before FCC Form 471 certification postmark date when:
 - LOA service timeframe is missing or not specified
 - Lack of detail regarding the services provided
 - Missing consortium members



Correcting M&C Errors

Non-Allowable Corrections



Ministerial & Clerical Errors

E-RATE

Non-Allowable Corrections

- FCC Form 470: Adding Service Category
 - Must post new FCC Form 470
- FCC Form 471: Operational SPIN change
 - Request SPIN change after FCDL issued
 - 2nd highest scoring bidder requirement



Correcting M&C Errors

Correcting Errors



Ministerial & Clerical Errors

E-RATE

Submitting Corrections

- FCC Form 470 corrections submitted via Receipt Notification Letter (RNL)
- FCC Form 471 corrections submitted via Receipt Acknowledgement Letter (RAL) and/or during FCC Form 471 review
- Follow submission instructions on letter



Ministerial & Clerical Errors

E-RATE

Program Integrity Assurance (PIA) Review

- Discrepancies may be detected during PIA review. PIA will contact you when PIA is unsure an error happened.
 - PIA will:
 - ask if an error occurred
 - ask if you wish to make a correction
 - ask for an explanation
 - request supporting documentation, if applicable



Ministerial & Clerical Errors

E-RATE

Program Integrity Assurance (PIA) Review

- Supporting documentation examples:
 - Contract, Service Agreement
 - Vendor quote, bill, invoice, etc.
 - Documented communication like emails between the applicant & the service provider
 - Source list
 - RFP, Newspaper listing
 - NSLP documentation or student enrollment data
 - Board Minutes, Resolutions
 - Budget



Correction Notification

- PIA Review
 - Your reviewer will inform you if the correction was completed or not (preferred mode of contact)
- FCDL
 - Global Comment
 - informs applicant that a RAL correction was received
 - Informs the applicant about corrections affecting multiple FRNs (e.g., discounts, entity removals)
 - appears at the top of the FCDL FRN report
 - FRN Comment: states the specific changes



Correcting M&C Errors

Questions?



E-RATE

The E-Rate Program

Gifts

Fall 2011 Applicant Trainings



Agenda

- E-rate Gift Rules
- Charitable Donations
- Conferences and Training Sessions
- Representation on Boards
- Timing
- Questions



E-RATE

Gifts

E-rate Gift Rules



- [FCC Rules - 47 C.F.R. § 54.503\(d\)](#)
- [Federal Gift Rules - 5 C.F.R. § 2635.201-205](#)
- [FCC Sixth Report and Order - 25 FCC Rcd 18762 \(2010\)](#)
- [FCC Clarification Order - 25 FCC Rcd 17324 \(2010\)](#)



FCC Gift Rules – 47 C.F.R. § 54.503(d)

- **(d)(1): General Rule**

“...an eligible school, library, or consortium that includes an eligible school or library may not directly or indirectly solicit or accept any gift, gratuity, favor, entertainment, loan, or any other thing of value from a service provider participating in or seeking to participate in the schools and libraries universal service program. No such service provider shall offer or provide any such gift, gratuity, favor, entertainment, loan, or other thing of value except as otherwise provided herein. Modest refreshments not offered as part of a meal, items with little intrinsic value intended solely for presentation, and items worth \$20 or less, including meals, may be offered or provided, and accepted by any individuals or entities subject to this rule, if the value of these items received by any individual does not exceed \$50 from any one service provider per funding year. The \$50 amount for any service provider shall be calculated as the aggregate value of all gifts provided during a funding year...”

Disclaimer: The most restrictive of FCC, local & state rules applies in terms of E-rate!



N.C.G.S. 133-32

<http://www.ncga.state.nc.us/gascripts/statutes/statutelookup.pl?statute=133-32>



FCC Gift Rules – 47 C.F.R. § 54.503(d) (cont' d)

- **(d)(2)(i): Defines who is covered as a school, library, or consortium**

“... all individuals who are on the governing boards of such entities (such as members of a school committee), and all employees, officers, representatives, agents, consultants or independent contractors of such entities involved on behalf of such school, library, or consortium with the Schools and Libraries Program of the Universal Service Fund (E-rate Program), including individuals who prepare, approve, sign or submit E-rate applications, technology plans, or other forms related to the E-rate Program, or who prepare bids, communicate or work with E-rate service providers, E-rate consultants, or with USAC, as well as any staff of such entities responsible for monitoring compliance with the E-rate Program...”

- **(d)(2)(ii): Defines who is covered as a service provider**

“...all individuals who are on the governing boards of such an entity (such as members of the board of directors), and all employees, officers, representatives, agents, or independent contractors of such entities.”



FCC Gift Rules – 47 C.F.R. § 54.503(d) (cont' d)

- **(d)(3): Provides an exception to the general rule for family and personal friends**

“... shall not be applicable to the provision of any gift, gratuity, favor, entertainment, loan, or any other thing of value, to the extent given to a family member or a friend working for an eligible school, library, or consortium that includes an eligible school or library, provided that such transactions (i) are motivated solely by a personal relationship, (ii) are not rooted in any service provider business activities or any other business relationship with any such eligible school, library, or consortium, and (iii) are provided using only the donor’s personal funds that will not be reimbursed through any employment or business relationship.”



FCC Gift Rules – 47 C.F.R. § 54.503(d) (cont' d)

- **(d)(4): Allows for charitable donations**

“Any service provider may make charitable donations to an eligible school, library, or consortium that includes an eligible school or library in the support of its programs as long as such contributions are not directly or indirectly related to E-rate procurement activities or decisions and are not given by service providers to circumvent competitive bidding and other E-rate program rules, including those in section § 54.503(c)(2)(vi), requiring schools and libraries to pay their own non-discount share for the services they are purchasing.”



Gift Rules

- Solicitation or receipt of gifts by applicants from service providers and potential service providers and vice versa is a competitive bidding violation.
- Rules apply to everyone participating in the E-rate whether public or private, and whether operating at the local, state or federal level.
- Must always follow FCC rules. May also need to comply with additional state/local requirements. If those provisions are more stringent than federal requirements, failure to comply with them will be a violation of FCC rules.



Gift Prohibitions

- Gift prohibitions are applicable year-round, not just during the competitive bidding process



Curing Violations

- Promptly return any tangible item to the donor, or pay the donor its market value, or, if perishable, the item may be given to an appropriate charity or shared within the office or destroyed. See CFR 2635.205(a).
 - To avoid public embarrassment to the seminar sponsor and E-rate service provider, the Superintendent did not decline a barometer worth \$200 given at the conclusion of her speech on the district's education initiatives. The Superintendent must either return the barometer or promptly reimburse the provider \$200 to cure the violation.



Curing Violations Examples

- With approval from the recipient's supervisor, a floral arrangement sent by a service provider may be placed in the office's reception area.
- A district employee wishes to attend a charitable event to which he has been offered a \$300 ticket by a service provider. Although his attendance is not in the interest of the district, he may attend if he promptly reimburses the donor the \$300 face value of the ticket.



E-RATE

Gifts

Charitable Donations



Charitable Donations

E-RATE

Charitable Contributions

- Gift rules are not intended to discourage charitable donations as long as the donations:
 - Are not directly or indirectly related to E-rate procurement activities or decisions, and
 - Are not given with the intention of circumventing competitive bidding or other FCC rules



Allowable Charitable Contributions

- Paid-for-exchange services at market rates, such as the purchase of advertising space, is neither a gift nor a charitable donation as long as it is not intended to influence the competitive bidding process.
 - For example, service providers purchasing advertising space on the high school football score board, for which they pay market rates, would not cause any violations.



Charitable Donations

E-RATE

Potentially Allowable Charitable Contributions

- Equipment, including laptops and cell phones, *may* be permissible if it benefits the school or library as a whole and broadly serves an educational purpose.
 - Gifts of equipment that increase demand for a donor's services, and thus cause the applicant to purchase more of a provider's services, are prohibited.
 - Example: Service provider donates computers, causing a need for more Internet Access, which the provider sells to the library



Charitable Donations

E-RATE

Potentially Allowable Charitable Contributions

- Cash, equipment, including sporting, musical or playground equipment, *may* be permissible if they benefit the school or library as a whole and broadly serve an educational purpose.
 - For example, a donation of books for a literacy campaign, given to a school by an E-rate service provider, would be acceptable donation that benefits the school and broadly serves an educational purpose.



Charitable Donations

E-RATE

Unallowable Charitable Contributions

- Donations given for the purpose of influencing the competitive bidding process are rule violations.
 - Donations could either be directly from the service provider or solicited or accepted indirectly through a non-profit organization.



Charitable Donations

E-RATE

Gifts solicited or accepted indirectly

- “A gift which is solicited or accepted indirectly includes a gift: (1) Given with the employee’s knowledge and acquiescence to his parent, sibling, spouse, child, or dependent relative because of that person’s relationship to the employee, or (2) Given to any other person, including any charitable organization, on the basis of designation, recommendation, or other specification by the employee except as permitted for the disposition of perishable items or payments made to charitable organizations in lieu of honoraria.” See 5 C.F.R. § 2635.203(f).



Charitable Donations

E-RATE

Gifts solicited or accepted indirectly

- Donations made through a non-profit indirectly would be prohibited if the non-profit organization is used as a shell to disguise a directed gift.
 - A service provider directing its foundation to provide a cash donation equal to the value of the applicant's non-discount share is a prohibited donation.
- Service provider cannot direct the donation and must relinquish control of the gift once provided to a non-profit.



Charitable Donations

E-RATE

Gifts solicited or accepted indirectly

- Example:
 - An employee who must decline a gift of a personal computer pursuant to this rule may not suggest that the gift be given instead to one of five charitable organizations, whose names are provided by the employee.
 - A service provider cannot donate computers to raffle with the caveat that they go to E-rate recipients, or specific individuals or schools, or a subset of schools and libraries.



Charitable Donations

E-RATE

Unallowable Charitable Contributions

- Service providers cannot offer special equipment discounts or equipment with service arrangements to E-rate recipients that are not currently available to some other class of subscribers or segment of the public.
 - Free phone/tablet with purchase of service contract must be available to non-E-rate customers as well
- Donations to cover the applicant's non-discount share



Charitable Donations

E-RATE

Unallowable Charitable Contributions

- Travel expenses such as airfare, meals, lodging, etc. unless the meal is allowable under FCC, state and local rules.
- Example:
 - A service provider offers to pick up the travel and lodging costs for an applicant to attend a customer appreciation event in another state. This gift is not allowable under the gift rules.



Charitable Donations

E-RATE

Unallowable Charitable Contributions

- Equipment for a specific individual or group of individuals associated with or employed by an E-rate participant.
 - Service provider may not give a gift to a teacher who helps draft a district's technology plan, even if that teacher does not ultimately help select the E-rate service provider.



E-RATE

Gifts

Conferences and Training Sessions



Conferences and Training Sessions

E-RATE

Prizes

- Raffle tickets, prizes, or door prizes that have a retail value of over \$20 violate the gift rules unless the event is open to the public.
 - “Open to the Public” means the event is free of charge and that members of the public at large typically attend such a gathering.
 - State Fair would qualify
 - State District IT Directors meeting would not qualify



Conferences and Training Sessions

E-RATE

Widely Attended Gatherings

- “Widely attended gatherings” allow for free attendance and meals or refreshments at that event. See 5 C.F.R. § 2635.203(g)
 - Gathering is widely attended if:
 - Employee’s attendance must be in the interest of the agency (i.e. school or library) and further its programs and operations, and
 - It is expected that a large number of persons will attend, and
 - Persons with a diversity of views or interests will be present.



Conferences and Training Sessions

E-RATE

Conferences – Permissible Actions

- Food, refreshments, instruction and documents given to all attendees at Widely Attended Gatherings are permissible.
- Trainings offered by state, regional or local government bodies or non-profits or trade associations that include those bodies are not considered vendor promotional training
 - Vendor promotional training means training provided by any person for the purpose of promoting its products or services.
See 5 C.F.R. § 2635.203(g)



Conferences and Training Sessions

E-RATE

Conferences – Permissible Actions

- Service providers can host, sponsor, or conduct E-rate training, as long as they do not provide any gift that exceeds the gift exceptions
 - Service providers cannot provide demonstrations of, or help with preparation or completion of forms, or determining the services listed on the FCC Form 470 and/or RFP.



Conferences and Training Sessions

E-RATE

Conferences – Impermissible Actions

- Training or conference regarding one or few vendors services would not meet the definition of a Widely Attended Event even if many people attended.
 - Travel expenses, lodging, meals, and entertainment associated with the event would be considered gifts and therefore violations.
 - Free attendance when it would otherwise cost to attend is also a violation.
- Meals at a Widely Attended Gatherings not provided to all attendees would be subject to gift limits



Conferences and Training Sessions

E-RATE

Conferences – Registration Fees

- Service providers can offer an “educational discount” on the attendance fee to a Widely Attended Event as long as it is available to **all** employees of schools and libraries.
- Applicants cannot accept free attendance, paid by a service provider, even if the school or library has assigned the employee to attend the event.
- A Service provider cannot pay for or reimburse expenses for an applicant to speak at a conference on behalf of that service provider, or in any other setting, e.g. newspaper or magazine.



Representation on Boards

E-RATE

Board Membership

- Employees who are required by law to sit on the governing board of a governmental agency that acts as a service provider do not violate the gift rules when they accept meals or travel expenses required to execute their official position and duties on that board.
- Service providers may sit on a school's fundraising board, as long as that does not unduly influence the competitive bidding process or provide them with inside information.



E-RATE

Gifts

Timing



Timelines for Compliance

- Requirement for fair and open competitive bidding has always been in effect.
- Rules from 6th Report and Order went into effect January 3, 2011.
- New applicants, or applicants that are applying for the first time for a category of service, must be in compliance with rules six months prior to the posting of their first FCC Form 470.
- Dollar limits of \$20/\$50 are calculated per funding year



Gift Scenarios!



E-RATE

Questions?



E-RATE

The E-Rate Program

CIPA Update

Fall 2011 Applicant Trainings



Overview

- Summary of new requirements
- Recap of continuing Children's Internet Protection Act (CIPA) requirements
- Report and Order [FCC 11-125](#)
 - Additional information
 - Rule revisions
 - Clarifications



CIPA Update

Summary of New Requirements



Summary of New Requirements

E-RATE

New requirements under CIPA

- FOR SCHOOLS – By July 1, 2012, amend your existing Internet safety policy (if you have not already done so) to provide for the education of minors about appropriate online behavior, including interacting with other individuals on social networking sites and in chat rooms, and cyberbullying awareness and response.
- FOR LIBRARIES – No new requirements.
- Overall - several existing statutory requirements have been codified and others have been clarified.



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CIPA Update

Recap of Continuing Requirements



Recap of Continuing Requirements

E-RATE

CIPA requirements

1. Internet safety policy
2. Technology protection measure (filter)
3. Public notice of – and public meeting or hearing on – the Internet safety policy

For a detailed discussion of CIPA requirements:

[Children's Internet Protection Act](#) website guidance

[Form 486 Instructions](#)

[Form 479 Instructions](#)



Recap of Continuing Requirements

E-RATE

1. Internet Safety Policy must:

- Address certain policy issues (next slide)
- Be addressed at a public hearing or meeting for which reasonable public notice is provided
- Include a technology protection measure
- (Schools only) Include monitoring of online activities of minors

TIP: You must retain a copy of your policy.



Recap of Continuing Requirements

E-RATE

Policy issues that must be addressed:

- Access by minors to inappropriate material
- Safety/security of minors when using e-mail, chat rooms, other direct electronic communications
- Unauthorized access, including “hacking” and other unlawful activities by minors online
- Unauthorized disclosure, use and dissemination of personal information regarding minors
- Measures designed to restrict minors’ access to materials harmful to minors



Recap of Continuing Requirements

E-RATE

2. Technology protection measure (filter)

- Specific technology that blocks or filters Internet access
- Must protect against access by adults and minors to visual depictions that are obscene, child pornography, or harmful to minors
- Can be disabled for adults engaged in bona fide research or other lawful purposes

TIP: Retain documentation demonstrating that your filter is in place.



Recap of Continuing Requirements

E-RATE

3. Public notice and public meeting or hearing

- Proposed policy must be addressed at a public meeting or hearing for which reasonable public notice was given.
 - For private schools, “public” notice means notice to their appropriate constituent group.

TIP: Retain documentation of public notice (e.g., newspaper ad, flyer, announcement in other publication) and documentation of hearing or meeting (e.g., board agenda, meeting minutes).



Additional information on new requirements

- New requirements come from the Protecting Children in the 21st Century Act, which updated the Children's Internet Protection Act.
- Internet safety policies for schools must be updated on or before July 1, 2012 to provide for:
 - The education of minors about appropriate online behavior, including interacting with other individuals on social networking sites and in chat rooms
 - Cyberbullying awareness and response



Additional information on new requirements

- “Social networking” and “cyberbullying” are not defined, nor are specific procedures or curricula detailed for schools to use in educating students.
 - Congress’ intent is that local authorities should make decisions in this area.
 - Resources are available to assist in this process if needed – e.g., OnGuard Online.gov.



Additional information on new requirements

- Schools do not need to hold a new public meeting or hearing about amendments adopted to meet the new requirements unless required to do so by state or local rules.
- Forms 486 and 479 will not be amended because the existing language includes a certification of compliance with all statutory requirements.
- Instructions for these forms will be revised to list the new requirement from the Protecting Children in the 21st Century Act.



Revisions to the current rules detailed in the Order:

- Do not impose additional obligations but codify existing statutory requirements
- Simplify the application process by including important definitions
- Will not require re-filing forms



Define elementary and secondary schools consistently

- An elementary school is “a non-profit institutional day or residential school, including a public elementary charter school, that provides elementary education as determined under State law.”
- A secondary school is “a non-profit institutional day or residential school, including a public secondary charter school, that provides secondary education as determined under State law, except that the term does not include any education beyond grade 12.”



Add “school board” as an administrative authority

- This revision clarifies that school boards are also authorized to make CIPA certifications.
- The term “school district” is maintained as an entity that is authorized to make CIPA certifications.



Add certain definitions

- Definitions of specific terms are added to program rules consistent with the statute.
 - For example - The term “minor” is defined as it is defined in the CIPA statute: any individual who has not attained the age of 17 years.
 - This definition must be used for the purposes of CIPA even though the definition of “minor” varies from state to state.



Add certain statutory provisions

- Provisions are related to local authorities' rights and obligations regarding technology protection measures.
 - The school or library must enforce the operation of technology protection measures while the school or library computers with Internet access are being used.



Add certain statutory provisions

- An administrator, supervisor, or other person authorized by the certifying authority can disable the technology protection measure to allow for bona fide research or other lawful purpose by an adult.
 - Specific methods for disabling technology protections are not mandated.
 - “Bona fide research” is not defined.
 - “Disabling” guidelines are not provided.
 - These decisions are left up to the local communities.



Add certain statutory provisions

- Local school and library authorities must determine what matter is inappropriate for minors.
 - This is a codification of the requirement in the statute.
 - Specific social networking sites are not automatically considered “harmful to minors” or assumed to fall into one of the categories that schools or libraries must block.



Add document retention information

- Applicants must retain copies of their Internet safety policies for at least five years after the funding year in which the policy was relied on to obtain E-rate funding.
 - For example: If the policy adopted in 2002 is the basis of the Form 486 certification for FY2009, the school must retain its policy documentation for five years after the last day of service for FY2009.
- Policies must be made available to the FCC upon request.
 - E-rate funds will not be withheld pending review.
 - The FCC does not intend to request policies with any more frequency than it has in the past.



Add public notice and meeting or hearing guidance

- Public notice and a public hearing or meeting is required for any newly adopted Internet safety policies.
 - Notice and hearing or meeting is not required for AMENDMENTS to Internet safety policies (i.e., updates to comply with the new requirements) UNLESS required under state or local rules.
 - No CIPA violation has occurred if the hearing or meeting was held prior to August 2004 and records of the notice and the hearing or meeting cannot be produced.
 - Going forward, documentation must be retained (see slide #10 for examples of documentation).



Clarify opportunity to correct minor errors

- USAC should offer applicants an opportunity to correct errors that are immaterial to statutory compliance with CIPA.
 - For example, a school has complied in practice with the CIPA certification it made, but inadvertently left out one of the details of its practice in its written policy.
 - USAC will allow the school to amend its Internet safety policy to reflect its actual practice.



Clarify grace period for new applicants

- New applicants and applicants that have only applied for telecommunications services in the past will still have one year to come into compliance with CIPA.
 - For example, a school applying for the first time for Internet Access for FY2012 must be working toward compliance during FY2012 and must come into compliance by July 1, 2013.
 - For more information, review First, Second and Third Funding Years in the [CIPA guidance](#) on the website.



Public comment

- The FCC plans to seek public comment in a separate proceeding on the following issue:
 - Do CIPA requirements apply to the use of portable devices owned by students and library patrons – such as laptops and cellular telephones – when those devices are used in a school or library to obtain Internet access that has been funded by E-Rate?
- The FCC may raise other issues as well.



CIPA FAQ:

<http://www.ncpublicschools.org/docs/erate/training/cipa-faq.pdf>



E-RATE

CIPA Update

Questions?



E-RATE

Reviews & Audits!



E-RATE

Thank you!
Please Sign In!



