



UNDERSTANDING THE E-RATE PROGRAM

YEAR 14 EDITION

2011-2012 FUNDING YEAR

November 1, 2010

North Carolina Department of Public Instruction

Connectivity Services

Understanding the E-rate Handbook

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A Typical “Year” In E-rate



Fall:

Prepare Technology Plans or plan updates
Type the date on Tech Plan cover page
Determine needs for following year – use ESL as guide
Establish consortia (if needed)
Review new E-rate rules
Prepare RFPs (if needed)
File Form 470



Winter:

Evaluate bid responses
Present proposals to Board
Sign contracts
Determine eligible services
Calculate discount (with school nutrition)
File Form 471 AND Item 21s within filing window



Spring:

Respond to PIA questions
Item 25 reviews
Additional Certifications
Receive Funding Commitment Letter



Summer: July 1; START OF FUNDING YEAR!

(If you receive your FCDL before July 1, file 486 early!)



Fall:

File Form 486 no later than October 29 (or 120 days after receipt of a Funding Commitment Letter)



: Receive services, pay bills, document requested service, and vendor changes, if necessary



Fall:

File Form 472 (applicants) or Form 474 (vendors) on invoices of previous year by October 28 to claim E-rate money

Keep all files for *at least* FIVE more years

Introduction to The E-rate Process

Getting Ready to Apply

Success with the E-rate program requires considerable time and effort by applicants. Planning an overall E-rate strategy will help minimize problems and maximize discounts. Building an effective E-rate team will help ensure all eligible services are included, forms are filled out properly and deadlines are met. **The team should include individuals from the business office, including procurement and accounts payable staff, technology department and maintenance department staff.**

Technology Plans (New for 2011)

The E-rate rules now state that technology plans are **NOT** required for Priority One services (Telecommunications and Internet Access) beginning with Fund Year 2011! However, since the North Carolina Department of Public Instruction currently requires technology plans to be submitted by November 1st of every odd year the E-rate rule requiring applicants to follow all state and local rules applies. **Therefore, public school applicants should assume technology plans, approved by the North Carolina Department of Public Instruction Instructional Technology Section, are still required. The North Carolina Department of Public Instruction is the only USAC approved technology plan approver for public schools in North Carolina.**

Technology plans are still required for Priority Two services (Internal Connections and Basic Maintenance) regardless of state requirements. Technology plans for applicants no longer have to include a section on budget, **but North Carolina applicants already have a budget included in the state technology plan template.** This simply means that PIA cannot/should not ask for the technology plan budget. Instead PIA will most likely ask for your District's budget to confirm that you do have the "money in the bank" to pay for your non-discount share, computers, professional development, electrical capacity, and other resources necessary to use the E-rate discounted services.

Two important distinctions to keep in mind:

1. Plans must be **written** in enough detail with all four required elements addressed AND dated, **BEFORE** a Form 470 is posted (early fall time frame); and
2. Plans must be **approved** and an approval letter in hand **BEFORE** services begin (July 1 of funding year).

Establish Needs Assessment/Procurement Schedule

Once a technology plan has been developed and/or amended (if necessary), and E-rate eligible needs have been established, work with the procurement department staff on the following items:

- Determine what services are already covered under contract; and
- Coordinate which services will require a new RFP and/or contract



The E-rate program and Form 470 posting is not a substitute for procurement compliance with state or local procurement laws or policies.

If the procurement team decides that an RFP is required, coordinate a Form 470 filing date with the posting of the RFP. The Form 470 and RFP (if necessary) must be available for at least 28 days before bidding can be closed - even if a shorter period is allowed under your local procurement policies.

In North Carolina:

- Any procurement of goods and merchandise costing more than \$90,000 requires an RFP; and
- Local procurement policies vary widely.

RFPs for E-rate eligible services should specify that:

- ✓ **bidders will be required to participate in the E-rate program (must have a SPIN and file timely SPAC);**
- ✓ **comply with all E-rate regulations; and,**
- ✓ **if desired, the vendor will provide discounted bills.**

Form 470 (Who you are and what you want)



The Form 470 is the procurement vehicle for E-rate. A Form 470 should be filed whenever procurement for E-rate eligible services is initiated *throughout the year.*

When the District's E-rate coordinator has a good concept of the program and needs of the applicant, a Form 470 should be filed. The Form 470 provides potential vendors with information about E-rate applicants. Information provided on the form 470 is posted on the SLD Web site: (<http://www.universalservice.org/sl>).

This allows vendors to contact E-rate applicants with offers of service. Applicants may list RFPs which generally gives the vendor more detail about the project.



E-rate Tip: It is highly recommended that, in the absence of an RFP, the service(s) requested on the Form 470 be as specific as possible. USAC has stated publicly that a Form 470 that is too generic (lack of *sufficient specificity*) will not be accepted.



E-rate Tip: For Funding Year 2011, ALL Priority 1 Forms 470 should check the box for both Telecommunications Services AND Internet Access (Items 8 and 9) because of requirements listed on the Eligible Services List. List the service requested in both categories to be safe.





File the form 470 online. This will eliminate the possibility of automatic rejection. It also results in immediate posting of the form.

For Fund Year 2011, there will be a new Form 470. It is not evident when USAC expects to release the new form, so until then, the current Form 470 will remain in force.



E-rate Tip: If you are seeking a contract for multiple years and/or want a contract with a renewal option, you should definitely talk about it in Item 13 (b). For example, if you are seeking a multi-year contract for WAN service, you should specify the time period for which you are seeking a contract - two years, five years, with three optional one-year renewals, etc.

Evaluate Form 470 Responses



E-rate Tip: Price of eligible goods and services must be the **primary** consideration when evaluating E-rate eligible bids. For example, if a cellular vendor offers the lowest cost service but the applicant must purchase new phones (ineligible), only the cost of service may be used as the primary evaluation criterion.



A new interpretation from the SLD tells us that if a cellular vendor offers “free” ineligible equipment (e.g. phones, smartphones, netbooks, tablets) the “manufacture’s cost” should be cost allocated (i.e. removed) from the funding request, “even if the cellular vendor routinely extends the ‘free’ device offer to the general public.”

The SLD provides two example evaluations:

Example 1:

Factor	Weight
Price of the ELIGIBLE goods and services	30%
Prior experience	25%
Personnel qualifications	20%
Management capability	15%
Environmental objectives	<u>10%</u>
Total	100%

Example 2:

Factor	Weight
Price of the ELIGIBLE goods and services	30%
Prior experience	25%
Other cost factors (including price of ineligible goods and services, price of changing providers, price for breaking contract, etc)	20%
Management capability	15%
Local Vendor	<u>10%</u>
Total	100%



When considering State Master Contracts or GSA contracts, carefully follow procurement regulations for those contracts. If the State Master Contract or GSA contract has multiple

awards, applicants may be required to notify all potential vendors (i.e. mini-bid) of applicable service when using a local Form 470.



E-rate Tip: If choosing a State Master Contract (SMC) following the posting of a local Form 470 be absolutely sure to memorialize the SMC as a “cost effective solution” before submitting the Form 471.

Sign Contract(s)

After the **28-day** posting period has passed, and after any local and state procurement laws have been met, you may then enter into a contract with the winning bidder or bidders. It is advisable to include the E-rate funding contingency clauses, in addition to local funding clauses in such contracts. A clause in the contract requiring the winning bidder to participate in the E-rate program is also advisable.

No contracts are needed for:

- ✓ Tariffed and/or MTM (month-to-month) telecommunications services
- ✓ Month-to-Month Internet or cellular phone services

Applicants will need copies of bills, work orders or other documentation to verify that the applicant is receiving or will receive service prior to submitting the form 471. This is especially critical this year because Item 21 documentation must be submitted before the close of the window.

Except for services to be delivered under non-contracted tariffed or month-to-month arrangements, an E-rate applicant must sign a contract with the service provider before signing and submitting a completed (certified) Form 471. Applicants must also comply with state contract law and local procurement policies.

Memorializing State Contracts

In most cases, state and General Services Administration (GSA) contracts have *not* been made E-rate eligible, i.e., there is no statewide “establishing” Form 470. Applicants, however, may file a Form 470 listing the desired services covered by the state or GSA contract, and that contract may then be used as a bid response to the Form 470 posting. After 28 days, if the state or GSA contract is the most cost effective response, the contract may be used for E-rate eligible service. A MEMO to the E-rate file is required when selecting the state contract; this is called “memorializing” the state or GSA contract. The date of the memo (memorialization date) will be the “contract award date” for E-rate filing purposes.



E-rate Tip: Before selecting a state or GSA contract for your E-rate eligible purchase, make sure the contract expiration date covers the entire fund year. If **NOT** see:

<http://www.usac.org/sl/applicants/step04/state-replacement-contracts.aspx>



E-rate Tip: If the procurement requires School Board approval, allow sufficient time to bring the contract before the board before the Filing window expires.

FORM 471

Filing Window for 2011 (Year 14) has not been set but will likely extend into March 2011.

File Form 471 (Who is going to get the service, whom did you select, how much will it cost)

The entity that actually **pays the bills** to the service provider should file this form.



File one Form 471 for Telecommunications Services or Internet Access and a **SEPARATE** Form 471 for Internal Connections or Maintenance. If P1 and P2 requests are combined, your funding commitment for Telecommunication or Internet service will be delayed.

With signed and dated contracts for all services, (except Tariff or Month-to-Month), eligible applicants may submit a Form 471 during the E-rate 471 filing window. In a consortium, the fiscal agent would submit the form. Applicants must also calculate their discount rate on form 471.



File the Form 471 online. This helps eliminate mistakes because of Minimum Processing Standards (MPS).



E-rate Tip: ALL buildings must have entity numbers. If you have not applied for entity numbers for every building, do so before starting the Form 471 process. Call the SLD to obtain an entity number at: (888) 203-8100. Press zero for a human. New this year is the requirement to list the FCCRN number of the main billed entity in Block 1. This can be located at the www.fcc.gov website. Look for the CORES link on the left hand nav bar, or click on this link:
<https://fjallfoss.fcc.gov/coresWeb/publicHome.do>

How to File the Form 471



The Form 471 for 2011 will be entirely new. Block 5 will remain unchanged but other aspects of the form will change dramatically.

Block 5 of the Form 471 is the actual request for funding. Complete one Block 5 funding request per contract or service. If an applicant receives local telephone service from Qwest and long distance service from Sprint, two Block 5 FRNs would be completed – one for Sprint and one for Qwest. A single 471 may have multiple Block 5 FRNs reflecting local telephone, long distance telephone, cellular, cellular data, pager service, Web hosting, Web-based E-mail, Internet, WAN, etc.

Block 5 has a number of quirks that can generate questions from program reviewers. For most applicants, Item 10 will not be checked. This item is limited to applicants having Internal Connection funding requests that have not been funded from previous years or are under appeal. Item 11 is self explanatory but make sure you are checking the appropriate box for THIS particular Block 5.

Item 12 is the 470 application number for THIS service. If this is the second or third year of a multi-year contract, use the prior year 470 number that initiated the contract. If the service is tariff or Month-to-Month, use THIS year's 470 – as those services must have a 470 filed each year.

Item 15c should be checked if a third party negotiated the contract. For example, the state negotiated a statewide telecommunications contract. If you select this contract for your service, 15c should be checked. This also applies to GSA contracts.

Item 15d should be checked for continuations of multi-year contracts. Provide the FRN from last year for this contract.

Item 17 is the Allowable Contract Date from the 470 listed in Item 12. For 470s filed this year, it will be a relatively current date. For 470s filed in years past for multi-year contracts, it will be a date years ago.

Item 18 is the contract award date or the vendor selection date. **THIS DATE MUST BE AFTER THE DATE IN ITEM 17. This date must also be BEFORE the filing date of the 471 and the Block 6 certification signature date.**

Item 19 will normally be 07/01/2011

Item 20a is used for tariff or month-to-month services and is usually 06/30/2012

Item 20b is the contract expiration date. For multi-year contracts, list the actual contract expiration date. If a contract is extended in subsequent years, be prepared to answer additional PIA questions. If using a State Master Contract the contract expiration date will be June 30, 20xx (e.g. June 30, 2012). For Tariff and Month-to-Month service, this line will be blank.



A new interpretation from the FCC this year is that Item 21 attachments must be filed **BEFORE** the window closes. It is more critical than ever to file early.

Item 21 is the attachment used to justify a funding request. Follow guidance on the SLD Web site: <http://www.universalservice.org/sl/applicants/step07/form471-attachments.aspx#5> Item 21 attachments can be submitted online or on paper. Applicants may (should) seek assistance from service providers in completing the Item 21 attachment requirement.

Item 23 includes calculations for determining how much funding is requested under this Block 5. In some cases, recurring services include one-time installation charges. Make sure to include both recurring and one-time charges in the appropriate boxes

Item 25d requires the applicant to enter a monetary figure. This figure should reflect the amount of money the district pays out-of-pocket for computers, professional development, electrical capacity, etc.; this figure informs the SLD that the district has the ability to pay for all the resources not covered by the E-rate discount, but necessary to ask for discounts. **Entering the figure of "\$0" is not acceptable.**

Receive Receipt Acknowledgment Letter (RAL) from SLD

Form 471 applications filed on paper within the filing window are delivered to Lawrence, Kansas, for the manual data entry process which adds time to your funding commitment. Data entry is automated when filing online. Once an application has been either manually or automatically data entered, the SLD system mails a Receipt Acknowledgment Letter (RAL) to the applicant. This letter contains all application and funding information in the SLD database. Applicants must carefully review the RAL for accuracy. If there is (are) a mistake(s) on the RAL, a line should be drawn through the mistake and the accurate information should be written in. Mail or fax corrected RAL to the Lawrence, Kansas location. The instructions and address info are found on the RAL. Keep a copy of the corrected RAL in the E-rate Binder.

The RAL correction process is used to:

- to correct mistakes of the data entry process,
- correct an incorrect SPIN
- REDUCE or INCREASE a funding request, or
- break out multiple service providers mistakenly listed on a single FRN.



Applicants have 20 days from the date of the RAL to submit corrections.

Respond immediately to inquiries from Program Integrity Assurance (PIA)

Once data entry is complete, applications undergo Program Integrity Assurance (PIA). Reviewers are physically located in Whippany, New Jersey. This is a high-level review of all applications for compliance with program rules. Item 21 attachments, justifying E-rate discounts for each Block 5, ***must have been submitted during the window*** and are used by PIA during review. This review process typically runs January through October. Please be sure to add “summer contact” information so reviewers may contact you over the summer.

Reviewers at PIA scrutinize all applications and contact applicants when questions arise. Common questions include:

- ✓ Discount rate validation
- ✓ Contracts for services
- ✓ Eligibility of services

Thanks to various FCC Orders, applicants may make corrections to applications up to and during PIA review including increasing the discount rate, adding buildings, or changing services.



The SLD is concerned that vendors and applicants, particularly at the 90 percent level may be attempting to commit fraud or waste program resources. If SLD suspects fraud or abuse, those applications receive extra scrutiny and funding may be denied. Unfortunately, additional scrutiny of all applications means some legitimate funding requests are also denied. Please work with PIA during the review process and avoid denial. If you need help, contact your state E-rate Specialist at DPI.

If an application or FRN is denied, the **ONLY** recourse for applicants is to appeal, first to the SLD, within 60 days of the POSTMARK of the SLD letter of denial. If unsuccessful at the SLD, an appeal may then be sent to the FCC, again, 60 days from the postmark of the SLD appeal denial letter. Currently, the backlog of appeals at the SLD is approximately two months. The backlog at the FCC is over three years! .



E-rate Tip: Because E-Rate rules and policies constantly change, appeal all funding denials.

Receive Funding Commitment Decision Letter from SLD

After PIA has completed its review of funding requests, a Funding Commitment Decision Letter (FCDL) is issued to the applicant. The FCDL is similar to the RAL, (see above), except that it includes a commitment - or denial - of funds to applicants. The FCDL will also contain instructions on how to obtain discounts and how to appeal decisions.

Funding commitments are made on the basis of each form 471, and one decision for each Block 5 submitted. If an applicant submitted two form 471s with 15 Block 5s on one and 10 on the other, then the applicant will receive two FCDL's (one for each form 471), with 15 and 10 commitments, respectively.

Funding commitments take the following forms:

- Funding in full,
- Partial funding with reasons listed by SLD, or
- Denial of funding with reasons listed by SLD



If the FCDL does not fully fund service requests, applicants are urged to appeal. Appeals must be postmarked no later than 60 days after the date of the FCDL.

File form 486

When applicants receive a full or partially funded FCDL and service has started, applicants file Form 486. Form 486 notifies the SLD that service has begun or is about to begin and that the SLD may pay the vendor for SPI invoices (Form 474) or BEAR forms (Form 472) submitted by the applicant. **SLD allows early filing of form 486. In cases where the applicant is sure service will begin on or near July 1 of the funding year, form 486 may be submitted after a commitment letter is received prior to July 1.** A new version of the Form 486 may be forthcoming in 2011, including new certifications on technology plans and CIPA compliance.



E-rate Tip: For most applicants, a Form 486 must be filed within 120 days of the start of service. That makes the deadline for any pre-July 1 funding commitments, October 29. However, if a Commitment Letter is issued AFTER July of the fund year, the deadline for filing the Form 486 is 120 days from the DATE of the Commitment Letter. Funding will be reduced by one day for each day the 486 is late. Online filing of the 486 is easy and recommended.


The Form 486 is also used for applicants to comply with CIPA regulations. Applicants must certify on the Form 486 that they are

- 1) in compliance with CIPA,
- 2) are undertaking actions toward compliance, or
- 3) do not need to comply because discounts are received only on basic telecommunications services.

File Form 472 (BEAR) if receiving retroactive discounts (You paid full-price)

The Form 472 (Billed Entity Applicant Reimbursement or BEAR) should be filed by applicants that have paid bills in full for E-rate eligible items and will be receiving retroactive discounts.

BEAR forms should be submitted after bills have been paid and may be submitted on a quarterly, semi-annual, or annual basis. Once SLD has received and verified the BEAR form, it will issue a check, via EFT, for the requested amount **to the vendor**. Please check with your vendor to make sure they are signed up for EFT with the SLD. The vendor is then required to issue a check to the applicant within 20 business days of receipt of the SLD EFT. When using the BEAR process applicants should consider payment timing issues. If an applicant submits a single BEAR form at the end of the funding year (after the June bill has arrived in most cases), SLD will issue a check for the total yearly discount. The applicant will receive payment in August or September of the fiscal year *following* the year in which discounts occurred. However, quarterly BEAR submissions will result in only three months of funds being shifted between fiscal years.

 **E-rate Tip:** The deadline for filing the last Form 472 is 120 days after the last day of service, typically October 28 of the year AFTER service is received. If this deadline is missed, all remaining funding will be lost! Each year of the E-rate program, approximately 20 percent of committed funding goes uncollected.

Invoice Deadline Extension Requests may be filed for a variety of reasons, including but not limited to:

- ✓ vendor cannot provide accurate bills by the deadline
- ✓ “circumstances beyond the applicant’s control” file

There are a number of other reasons to request an extension. More examples may be located at the USAC website.

(<http://www.universalservice.org/sl/applicants/step11/invoice-deadlines-extension-requests.aspx>)

Once the Invoice Deadline Extension Request is approved then the applicant will have an additional 120 days to file the Form 472.

Program Compliance

The Commitment Adjustment (COMAD)

The E-rate program can be quite confusing. In some cases applicants receive funding but fail to comply with all program rules. When such errors are discovered, the SLD is mandated to adjust the funding commitment to reflect proper payment. There are two inevitable truths regarding commitment adjustments;

1. A commitment adjustment occurs AFTER a commitment has been issued (and sometimes funds disbursed) and
2. A commitment is NEVER adjusted to increase funding.

This is a sample list of program rule violations that can result in a COMAD:

- Competitive Bidding Violations including offering and accepting gifts
- Lack of Necessary Recourses (post commitment Item 25 Audit)
- Improper Service Substitution
- Failure to pay Non-Discounted Share
- Duplicative Services
- Failure to Complete Service Within Funding Year (vendors)
- Discount Calculation Violation
- Funded equipment moved in less than three years or is missing
- Services not provided for Full Year
- Technology Plan not drafted on time or approved on time or does not cover entire fund year
- Not CIPA compliant (no Internet Safety Policy, filtering, or public hearing
- Other discover of Waste, Fraud, or Abuse

FCC Registration Numbers

The SLD has posted revised guidance for compliance with the new FCC requirement that all schools, libraries, service providers, consultants, consortium leaders, and any entity that files a Form 470 or 471 obtain a registration number from the FCC (FCC RN). This requirement has been imposed quite simply to allow the FCC to enforce its regulations on all E-rate participants, particularly fines and funding recovery. Specific instructions are available at:

<https://fjallfoss.fcc.gov/coresWeb/publicHome.do>



All Billed Entities and vendors must have at least ONE FCC RN. NEW: Applicants and vendors must provide FCC Registration Numbers on the new Forms 470 and 471.

Red Light Rule

If an applicant or vendor fails to pay obligations to the government, the entity falls into “red light” status and all funding associated with that vendor or applicant will be withheld. If the Red Light cannot be resolved during application review, the entire application will be rejected. **If a vendor is under Red Light, no invoices will be paid. If the APPLICANT is on Red Light, all pending applications will be denied.**

Program Changes for 2011

The **NEW** Competitive Bidding Process

The FCC Sixth Report and Order (FCC 10-175) codified its requirement for open and fair bidding process. The Sixth Report and Order explicitly lists gift-giving as one example of prohibitive conduct in the competitive bidding process. According to the Order, applicants must now follow either their own state/local laws regarding gifting or the FCC gift rules, whichever is stricter. A complete summary of federal rules for gifts and links to the set of federal regulations is available online:

http://www.usoge.gov/common_ethics_issues/gifts_outside_sources.aspx. Since state law and most local gift policies are more restrictive the safest course of action is *not* to accept any gifts at all from participating and/or potential E-rate suppliers. Gift prohibitions are always applicable, not just during the competitive bidding process.

Internal Connection Maintenance (NEW)

Maintenance on internal connections is eligible for funding and is exempt from the two-in-five year rule. According the Sixth Report and Order, unbundled warranties are no longer eligible. Maintenance contracts must be for a specified amount of work but may include estimates for repair of broken equipment and emergency repairs, but reimbursement will only be made for actual maintenance or repair bills. Any contract for maintenance must be limited to ONLY maintenance of E-rate eligible equipment. If PIA discovers the slightest bit of ineligible maintenance, the entire application will be denied. Great care must be taken to ensure that only E-rate eligible equipment is covered in an internal connection maintenance contract. The Item 21 attachment for maintenance contracts must include make and model number of all covered equipment.

Children's Internet Protection Act (CIPA)

In December 2000, Congress passed the Children's Internet Protection Act (CIPA) requiring some recipients of certain federal funds to protect children from pornographic, inappropriate or child pornographic Internet sites.

For E-rate, the Federal Communications Commission established regulations for CIPA compliance. The FCC determined that applicants must devise an Internet safety policy that included a public hearing. A public hearing could include a regular board meeting with the Internet safety policy on the public agenda. The policy must address the following issues:

- access by minors to inappropriate matter on the Internet and Worldwide web;
- the safety and security of minors when using electronic mail, chatrooms, and other forms of direct electronic communications;
- unauthorized access, including so-called "hacking," and other unlawful activities by minors online;
- unauthorized disclosure, use, and dissemination of personal information regarding minors; and
- measures designed to restrict minors' access to materials harmful to minors.

The regulations are clear that the level of compliance with CIPA is left entirely to local authorities. Part of the reason is a local control issue, and part is because the FCC recognizes that very few (if any) Internet filters are 100 percent effective and it would be futile to dictate which filters applicants should

use. Indeed, contained within the CIPA legislation is a provision that the FCC should evaluate different filters and report on their effectiveness.

The Protecting Children in the 21st Century Act (a.k.a. Broadband Data Improvement Act “BDIA”) requires schools to educate students on appropriate behavior when visiting social networking sites and chat rooms, and cyberbullying awareness and response. The FCC is expected to require compliance with BDIA with the Funding Year 2011 Form 486.

Leased On-Premise Equipment Eligibility Requirements

The on-premise Priority 1 equipment must be an integral component of the telecommunications or Internet access service. Discounts for services that include charges for on-premise Priority 1 equipment are permissible when the following conditions are met:

- A. The on-premise equipment will be provided by the same service provider that provides the eligible telecommunications or Internet access service of which it is a part.
- B. Responsibility for maintaining the equipment rests with the service provider, not the library.
- C. Ownership of the equipment will not transfer to the library in the future, and the relevant contract or lease does not include an option to purchase the equipment by the school or library.
- D. Upfront, capital charges of the on-premise equipment are less than 67% of total charges (recurring plus non-recurring) in the funding year.
- E. The equipment will not be used by the library for any purpose other than receipt of the eligible telecommunications or Internet access service of which it is a part.
- F. The Local Area Network of the library is functional without dependence on the equipment.
- G. There is no contractual, technical, or other limitation that would prevent the service provider from using its network equipment in part for other customers.

Dark Fiber (NEW)

Lease of fiber, lit or dark, is eligible in Telecom or Internet Access from any provider, including non-profit and government agencies, and utility companies, as long as it is the most cost-effective solution. Please note; dark fiber must be lit immediately.

Maintenance and installation costs of dark fiber are eligible.

IMPORTANT: Special construction beyond the property line and modulating equipment for leased dark fiber is ineligible.

Post for dark fiber in both Telecommunications Services and Internet Access categories on the Form 470.

Dark fiber providers do not need to be designated as common carriers when applying as Telecom.

Community Use of Schools’ E-rated Services (NEW)

After school hours, schools may open their facilities to the general public to use E-rate supported services. Schools are not required to provide such access, they can decide to provide access or not.

Service must primarily be for educational purposes and cost must be incidental and not increase E-rate costs.

Schools cannot charge the public to access the Internet but may charge a room fee, cleaning fee, security guard fee, instructor fee, etc. to recover costs.

SPIN Changes (NEW)

The criteria and approval conditions for post-commitment SPIN changes has become much stricter.

Operational SPIN changes must have legitimate reason to change, such as breach of contract or service provider unable to perform services. You must select provider with the next highest point value in bid evaluation. Criteria will take effect 30 days after the Order is published in the Federal Register. Applicants knowing they need to make SPIN changes for FY 2009 or 2010 services should initiate request as soon as possible.

It is anticipated that the FCC will change the guidance for certain SPIN changes in the near future.

EQUIPMENT DISPOSAL (NEW)

- Disposal or resale is permitted *no sooner than* five years after installation date
- Applicants may receive payment or other consideration in return for disposal
- Applicants are not required to use equipment for five years, nor are they required to dispose of equipment after five years.
- No notification to USAC is needed, but update your asset registers
- This does not change the requirement to report transfers of equipment made less than three years from purchase

Document Retention Requirements

Retain all E-rate related documentation and correspondence for a minimum of 5 years from the last date of service.

Resources

Universal Service Administrative Company: <http://www.universalservice.org/sl>

Federal Communications Commission: <http://www.fcc.gov>

North Carolina DPI E-rate: <http://www.ncpublicschools.org/erate/>

North Carolina Connectivity Project: <http://connectivity.fi.ncsu.edu/>

North Carolina ITS: <http://www.its.state.nc.us/Default.asp>

North Carolina Procedure for Letting Public Contracts:

http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_143/GS_143-129.html

Federal General Services Administration (U.S. Government contracts for equipment and services):

<http://www.gsa.gov/portal/content/104729>

State E-rate Coordinator: Barry Pace, bpace@dpi.state.nc.us

Connectivity Services Manager

E-rate Specialist: Regions 3, 5, 7, & 8

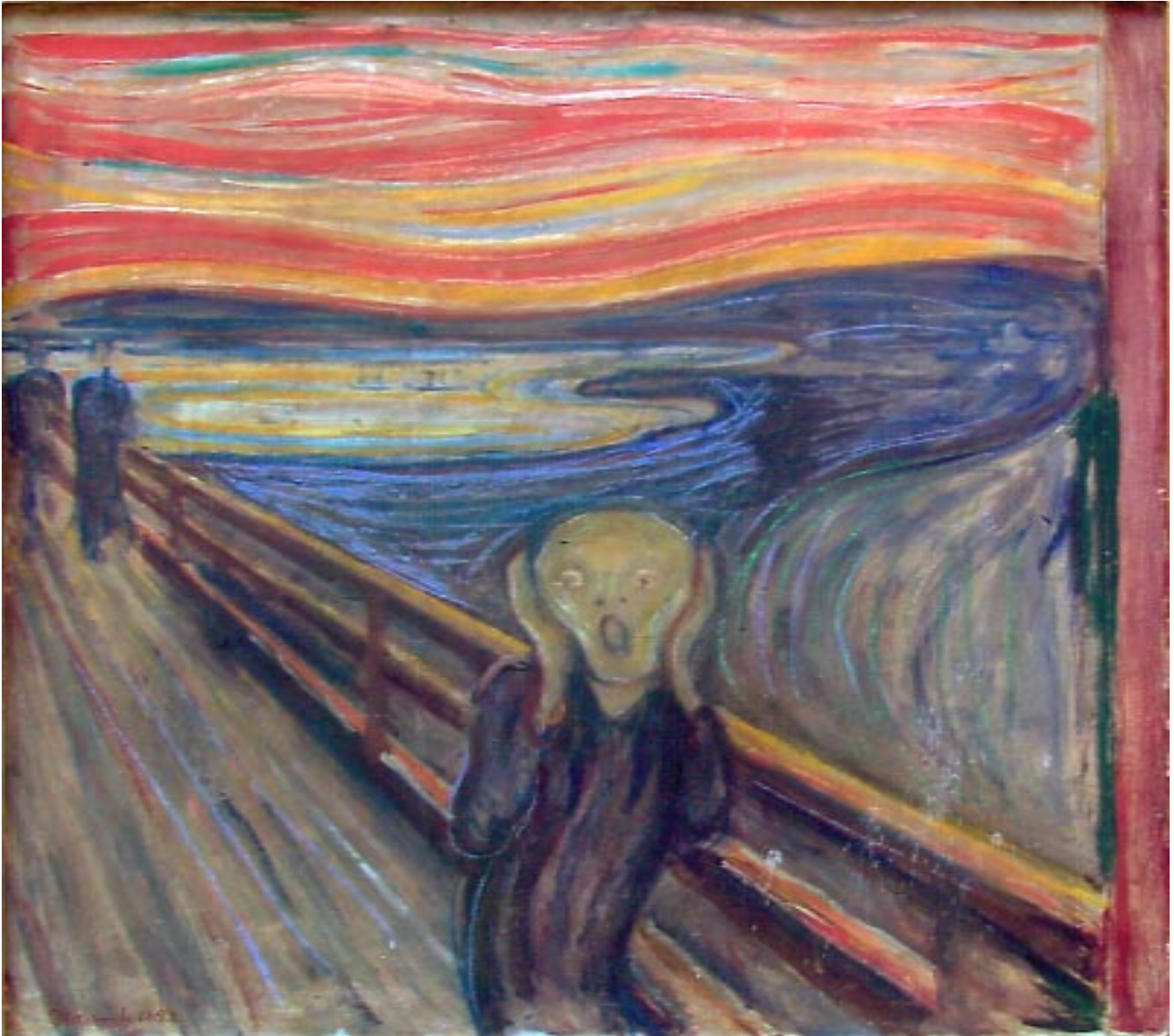
(828) 756-0525

State E-rate Coordinator: Jeannene Hurley, jhurley@dpi.state.nc.us

E-rate Specialist: Regions 1, 2, 4, & 6

(252) 624-9878

How to Survive a SELECTIVE REVIEW



And Be well Prepared for an AUDIT

SELECTIVE REVIEW INFORMATION REQUEST (SRIR)			
FUNDING YEAR 2008			
CASE # SR-2008-150208			
To:	Ed Erater	From:	Christine Wittrien
Your Phone Number:	555-355-5555	My Phone Number:	973-581-5104
Your Fax Number:	555-355-5555	My Fax Number:	973-599-6515
Entity Name:	School County Public Schools	My E-Mail Address:	cwittri@sl.universalservice.org
Today's Date:	6/12/2008	Total Pages:	39
PLEASE RESPOND BY:	7/12/2008		
Form 471 Application Number(s):	XXXXXX, XXXXXX		
PLEASE CALL TO CONFIRM THAT THIS DOCUMENT HAS BEEN RECEIVED IN ITS ENTIRETY.			

It is important that we receive all of the information requested within 30 calendar days from the date of this document so that USAC may complete the review of your funding request(s). USAC urges you to carefully review your response before returning it to ensure that you have provided complete responses to all questions. Finally, note that USAC is unable to grant multiple or lengthy extensions to respond to this request for information.

**(Part I) Competitive bidding and vendor selection processes, and
(Part II) Information to support the certifications you made on FCC Form 471**

Who can respond to this request for information?

This document requests information that must be provided by the applicant or by the applicant's authorized representative.

How to respond

Please send your responses to the questions outlined on the following pages to:

Via Fax:	Via Expedited Mail:	Via email:
Christine Wittrien PIA Selective Review 973-599-6515	Christine Wittrien SLD 100 S. Jefferson Road Whippany, NJ 07981	cwittri@sl.universalservice.org

Thank you for your assistance as we work to assure the integrity of the Schools and Libraries Universal Service Support Mechanism. It is important that we receive all of the information requested within 30 calendar days. *A checklist of the items requested in this document is included on page 2.* If you have any questions regarding this or these worksheets, please contact the reviewer at the phone number or email address listed above.

Item #	Items to be returned to the E-Rate Reviewer	Document(s) Title & Corresponding FRN	Status								
1	Item 25 Worksheet Summary (page 3)	FRN 16533782	<input type="checkbox"/> Enclosed								
2	Signed & dated contracts and/or other agreements with service providers related to the Form(s) 471		<input type="checkbox"/> X Enclosed <input type="checkbox"/> N/A								
3	Request For Proposal (RFP) Please specify: Release date: mo <u>12</u>/day <u>21</u>/year <u>2007</u> Due date: mo <u>1</u>/day <u>22</u>/year <u>2008</u>	Enclosed	<input type="checkbox"/> X Enclosed <input type="checkbox"/> N/A								
4	All bid responses received for all funding requests. It may be helpful to include a chart as indicated below: <table border="1" data-bbox="224 657 745 753"> <thead> <tr> <th>Appl #</th> <th>FRN #</th> <th>#of bids received</th> <th>Vendor selected</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Appl #	FRN #	#of bids received	Vendor selected					Three Bids Received	<input type="checkbox"/> X Enclosed <input type="checkbox"/> N/A
Appl #	FRN #	#of bids received	Vendor selected								
5	Vendor selection process description (created during the bidding process)		<input type="checkbox"/> X Enclosed <input type="checkbox"/> N/A								
6	Was a consultant used relating to the planning, implementation and support of your E-Rate funding requests? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide a signed and dated Consultant Agreement(s) or Letter of Agency		<input type="checkbox"/> Enclosed <input type="checkbox"/> X N/A								
7	Correspondence between the consultant/service provider and the school/library regarding the competitive bidding process and the application process		<input type="checkbox"/> Enclosed <input type="checkbox"/> X N/A								
8	Organizational Structure, such as organizational flow chart, reporting structure, etc.		<input type="checkbox"/> Enclosed <input type="checkbox"/> X N/A								
9	Resource Plan and E-Rate Implementation Description (page 7)		<input type="checkbox"/> X Enclosed								
10	Technology Plan Support Request for FY 2008 (page 8) Indicate Technology Plan creation date here: Mo. <u>10</u>/day <u>5</u>/year <u>2007</u>		<input type="checkbox"/> X Enclosed								
11	Budget Information (page 7) (Approved operating budget or alternative budget documentation for FY 2008) Please check which you have provided: <input type="checkbox"/> Final and Approved budget for 2008-2009 <input type="checkbox"/> Letter and Budget Alternatives		<input type="checkbox"/> X Enclosed <input type="checkbox"/> Final and Approved budget for 2008-2009 <input type="checkbox"/> Letter and Budget Alternatives								
12	Selective Review Certification (page 8) (Include signature, title and dated.)		<input type="checkbox"/> X Enclosed								

Item 25 Worksheet Summary	Funding Year 2007 (07/01/07– 06/30/08)	Funding Year 2008 (07/01/08–06/30/09)
Section I: Connectivity(see page 5)		
I-A. Commitment Amount Requested		
• Telecom	1	\$1,306,743.84
• Internet Access	2	\$0.00
• Basic Maintenance of Internal Connections	3	\$0.00
• Internal Connections	4	\$266,327.16
TOTAL		1,573,071.00
I-B. Form 471 Applicant's Share		
• Telecom	5	\$1,113,152.16
• Internet Access	6	\$0.00
• Basic Maintenance of Internal Connections	7	\$0.00
• Internal Connections	8	\$54,543.84
TOTAL		\$1,167,696.00
I-C. Amounts not covered by E-Rate		
• Telecom	9	\$1,779,035
• Internet Access	10	\$0
• Basic Maintenance of Internal Connections	11	\$3,419,291
• Internal Connections	12	\$6,229,807
Section II: Hardware (see page 5-6)		
	Funding Year 2007	Funding Year 2008
II-A. Number of Computers Connected	13a. #25,000	13b. #26,000
II-B. Number of Servers Connected	14a. #300	14b. #325
II-C. Number of Data/Voice Drops Installed	15a. #40,000	15b. #41,000
II-D. Applicant Expenditure	16a. \$5,220,000	16b. \$5,874,000
II-E. Contribution / In-Kind Donations	17a. \$0	17b. \$0
Section III: Professional Development (see page 6)		
III-A. Staff Training Hours (since 2006) (Total 100%):		
0-4 Hrs. <u>5</u> % 5-14 Hrs. <u>50</u> % 15-24 Hrs. <u>25</u> % 25-49 Hrs. <u>15</u> %		
50+ Hrs. <u>5</u> %		
III-B. Applicant Expenditure	20a. \$350,000	20b. \$383,860
III-C. Contribution / In-Kind Donations	21a. \$0	21b. \$0
Section IV: Software (see page 6)		
IV-A. Applicant Expenditure	23a. \$770,032	23b. \$746,000
IV-B. Contribution / In-Kind Donations	24a. \$	24b. \$
Section V: Retrofitting (see page 6)		
V-A. Applicant Expenditure	26a. \$N/Available	26b. \$ N/Available
V-B. Contribution / In-Kind Donations	27a. \$0	27b. \$0

OR IF YOUR STATE MASTER CONTRACT IS LOCATED ON A WEBSITE, PLEASE PROVIDE US WITH THE WEBSITE URL.)

2) REQUESTS FOR PROPOSAL (RFP)

Copies of any and all requests for proposals (RFPs), invitations to bid, requests for bids, or other documentation of bid requests for services and/or products requested, or other solicitations in any way associated with the applicant's funding request(s) and/or the selection of the service provider(s) that appear(s) on the applicant's funding request(s). Be sure to include any and all amendments made to the original RFP. All RFPs should indicate when they were first made available to service providers, i.e., release and posting date as well as the due date for which bids must be submitted.

3) BID RESPONSES

Indicate the number of bids/proposals received for all funding requests and provide complete copies of any and all proposals, bid responses, etc., received in response to the Form 470, and/or any RFP, or other solicitation in any way associated with the applicant's funding request and/or with the selection of the service provider that appears on the applicant's funding requests. This information should be provided for all funding requests including tariff, month-to-month and contracted services.

4) VENDOR SELECTION PROCESS

Provide all documentation created during the bidding process that indicated how and why you selected the vendor. Include all bids that you received and any other bid documentation such as attendance sheets, correspondences to and from the bidding vendor and a description of your bid evaluation process. This information should be provided for all funding requests including tariff, month-to-month and contracted services.

5) CONSULTING AGREEMENTS

Please indicate if a consultant was used for the planning, implementation, and support of your E-Rate funding request(s) and provide a signed and dated copy of any consulting agreement (s) or Letters of Agency. If a consultant was not used, please indicate as such.

6) CORRESPONDENCE

Provide a copy of all correspondence between your entity and any service providers or consultants regarding the competitive bidding process and the application process.

7) ORGANIZATIONAL STRUCTURE

If your organization functions in multiple capacities, such as consultant, service provider, and/or applicant, provide a copy of your organizational flow charts or budget clearly identifying your business functionality and reporting structure in the organization.

If there is any other documentation that would be helpful to us in our review to ensure that you complied with the Commission's rules requiring a fair and open competitive bidding process, please provide that as well.

Part II: Information Regarding Your Item 25 Certification

To ensure that E-Rate funds are allocated appropriately, and in accordance with FCC Orders, each applicant is required to certify in Item 25 of the Form(s) 471 that: *“The school(s) or library(ies) I represent have secured access to all the resources, including computers, training, software, maintenance, and electrical connections necessary to make effective use of the services purchased as well as to pay the discounted charges for eligible services.”*

1) Item 25 Worksheet Summary Instructions: **(for complete instructions, please go to: <http://www.usac.org/sl/applicants/step08/undergo-selective-review>)**

This part of the review is based on your ability to pay the non-discounted portion of the funding that you requested on your Form(s) 471. Remember that the funds for your share of the E-Rate cannot come directly or indirectly from your service provider.

Section I. Connectivity I-A, I-B, I-C.

We combined the commitment amounts that you requested on your Form(s) 471, Block 5, Item 23k by service category (e.g., telecommunications, Internet access, internal connections, basic maintenance). We placed those sums next to the respective service category(ies). Please verify that these are the correct sums of the funding request amounts.

If you have determined a discrepancy due to:

- **Funding Year 2008 Form(s) 471 contains duplication to account for Funding Year 2007 funding uncertainties; and/or**
- **You have identified additional Form (s) 471 not listed on the cover page of this document:**

(1) make necessary adjustments to Subsections I-A and I-B to accurately reflect all Form(s) 471 filed by your billed entity, (2) initial it, and (3) in a separate attachment explain the adjustment when you return the worksheet.

Sections II through VI:

Hardware, Professional Development, Software, Retrofitting and Maintenance

You will be asked for investment amounts in these areas for the prior Funding Year 2007 (July 1, 2007 through June 30, 2008) and also for the investment that coincides with Funding Year 2008 (July 1, 2008 through June 30, 2009). It is not initially necessary to document your estimates. However, in the event of a future audit, or depending on the results of our analysis, you may be asked to provide additional documentation to clarify or substantiate your estimates.

Section II: Hardware

	As of Today		As of June 30, 2009
Section II-A, 13a	Number of computers connected to the Internet	Section II-A, 13b	Number of computers to be connected to the Internet
Section II-B, 14a	Enter the number of servers connected to your network	Section II-B, 14b	Enter the number of servers scheduled to be connected to your network
Section II-C, 15a	Enter the number of data and/or voice drops that are currently installed	Section II-C, 15b	Enter the number of data and/or voice drops that are scheduled to be installed
	Funding Year 2007		Funding Year 2008
Section II-D, 16a	Estimate your total expenditures for hardware	Section II-D, 16b	Estimate your total expenditures for hardware
Section II-E, 17a	The value of in-kind hardware donations received	Section II-E, 17a	The value of in-kind hardware donations received

Section III: Professional Development

Professional Development, which is not eligible for E-Rate discounts, is necessary to ensure that you are prepared to make effective use of purchased services. Professional development should provide for ongoing and sustained training for not just the technical staff, but teachers or librarians as well.

Sections IV - VI: Software, Retrofitting, and Maintenance

- **Applicant Expenditure Lines:** Enter your estimate of the value of your E-Rate non-eligible expenditure for software, retrofitting, maintenance for Funding Year 2007 (“a” column) and anticipated expenditures in Funding Year 2008 (“b” column).
- **Contribution/In-Kind Lines:** Enter your estimate of the value of any in-kind contributions/donation or pro-bono work for software, retrofitting, maintenance for Funding Year 2007 (“a” column) and anticipated contributions/donations Funding Year 2008 (“b” column).
- If you indicate zero dollars spent in any of the Software, Retrofitting or Maintenance categories, please provide a brief explanation in Resource Plan and E-Rate Implementation Description regarding why you entered this amount.

Section VII: Technology Implementation Level Worksheet

- In column (A), list the number of schools or libraries that currently fall into the technology levels described below.
- In column (B), indicate where you anticipate your schools/libraries to be, as a result of the technology requests you made on your Funding Year 2008 Form(s) 471.

If you are responding on behalf of a consortium, a school district or a library system that has schools or libraries (outlets/branches) at different levels, please list the number of sites that are at each level.

Please list the <i>number</i> of schools and libraries that <i>will</i> be at each level <i>after</i> the requested service are installed. Each school should be listed once (i.e. if ABC School will be in Level 4, no need to list it in Level 1).		(B) After 2008-2009 E-Rate products/services are installed number of Schools/Libraries
Level 1	Phone Service, and Single Point Internet Access	Enter the above number in “Level 1 by 6/30/09:” on the Item 25 Worksheet.
Level 2	Phone Service and multiple	

	computers connected directly to the Internet in a networked lab or single location in a single library.	Enter the above number in "Level 2 by 6/30/09:" on the Item 25 Worksheet.
Level 3	Phone Service and direct Internet connection on building LAN with some classrooms networked or distributed centers in a library.	
		Enter the above number in "Level 3 by 6/30/09:" on the Item 25 Worksheet.
Level 4	Phone Service, and direct Internet connection on building LAN with access from all classrooms or library centers.	
		Enter the above number in "Level 4 by 6/30/09:" on the Item 25 Worksheet.

Resource Plan and E-Rate Implementation Description: (Submit a Narrative)

Describe your overall strategy for implementing your E-Rate requests this year, including any significant investment in technology prior to Funding Year 2008. Please note if you have applied for matching funds or grants from other sources that have not been approved. Include all information about resources that you have available to make effective use of E-Rate funding. Give us an overall picture of what you are trying to accomplish so that we can better understand how the requested services will work in conjunction with the resources you have identified throughout this document.

If you have indicated zero dollars in Sections IV - VI: Software, Retrofitting, and Maintenance on the Item 25 worksheet, please explain or provide details as to why no investments are being made in those categories; (i.e.,: explain what retrofitting work has already occurred, what software you have on hand, if any maintenance contracts are still in place).

TECHNOLOGY PLAN

- Provide a copy of the written technology plan that covers Funding Year 2008 (July 1, 2008 through June 30, 2009) that supports and validates the services requested on your applications for Funding Year 2008, and that was in place at the time you filed your Form(s) 470 for FY 2008.
- Please indicate who created the technology plan and/or assisted you with the development (e.g. the School District, a consultant, an ESA, etc.) and who approved or will approve the plan.

Your technology plan helps us better understand the resources that are available to support the funding requests that you have submitted on your Form(s) 471.

OPERATING BUDGET

Final, Approved Operating Budget:

Provide an approved 2008-2009 operating or facilities budget, including total revenues and expenses (covering Funding Year 2008: July 1, 2008 – June 30, 2009) that documents your expenditures and ability to pay your share of the purchased products/services. (YOU MUST INDICATE THE EXPENSE LINE(S) FROM WHICH YOUR E-RATE SHARE WILL BE PAID.) If you provide a final approved budget, we may verify that budget with independent sources. Please indicate on the budget whether or not it is final and approved.

Alternatives to a Final, Approved Operating Budget:

If a final, approved budget is not available or is still in the approval process, we will accept certain alternative documentation, please go to: <http://www.usac.org/si/applicants/step08/undergo-selective-review> for further details.

Selective Review Information Request Completion Certification

Complete and return the enclosed Certification to the Schools and Libraries Division (SLD). If the applicant's authorized representative completed the information in this document, please *attach a copy of the letter of agency or other agreement* between the applicant and consultant authorizing them to act on the school or library's behalf. For the purposes of this form, in the Employer's Name field, a consultant should enter the name of his or her consulting firm. Please note that if an authorized representative signs this form, a signer of school or library official is also required in the space provided below.

SECTION 1: AUTHORIZED SIGNER INFORMATION			
Name of Authorized Signer		Title	
Email Address		Telephone Office:	Fax :
Authorized Signer's Employer's Name			
Employer's Street Address		State	Zip Code
SECTION 2: APPLICANT INFORMATION			
Billed Entity Name		Billed Entity Number	
Funding Year 2008 Forms 471 Application Numbers:			
601902, 632823			
SECTION 3: CERTIFICATION STATEMENTS			
<ul style="list-style-type: none"> ▫ I certify that I prepared the responses in this document on behalf of the above named entity. ▫ I certify that despite any budget deficits, fund-raising effort shortfalls, or other uncertainties we expect to be able to finance this budget. 			
Authorized Signer's Signature		Date	
Authorized School or Library Official's Signature		Date	
Title of Authorized School or Library Official			

The FCC's Fifth Report and Order (FCC 04-190) released on August 13, 2004, sets out document retention requirements for program participants. Failure to comply with these requirements will put your funding at risk.

Resource Plan and E-Rate Implementation Description

County School District applies for and manages E-rate through the Purchasing Department in consultation with the Departments of Information Technology Services, Financial Services, Facilities Management, School Food and Nutrition Services, and Network Services.

For Fund Year 2008, School applied for ongoing telecommunications services including local, long distance, and cellular telephone service; pager service; Wide Area Network service, and broadband telecommunications gateway. For the first time since 1999, School applied for internal connections equipment and installation at four schools scheduled for major renovation in FY 2009 and 2010.

Payments for eligible services are consolidated by the office of Network Services and Central Operations, under the Communications and Technology Services Division. Ineligible services such as payphone charges and telephone lines for school board members are identified and removed from the E-rate reimbursement request. The office of Purchasing rechecks the invoices and submits reimbursement requests to the SLD for payment. When payments are received from vendors, the office of Purchasing reports revenues to the Associate Superintendent for Finance and Support Services. All E-rate records are maintained in the office of Purchasing.

Impact of Technology on Teaching and Learning

With or without E-rate funding, School embraces and mandate the use of technology for all teachers, students and administrators. Prominent in the school division's Vision Statement, the school board states: "Students who graduate from School County Public Schools will possess the basic knowledge and skills that will assure their proficiency in problem solving and the use of technology." In support of this philosophy, School has established technology instructional and infrastructure support mechanisms second to none in the country.

Instructional Technology Support

Staff development offerings for Fund Years 2007 and 2008 are included in this package. The Fund Year 2008 catalog includes 65 technology integration courses with over 120 sessions and approximately 1000 hours of formal face-to-face and online instruction. School also provides online technology courses from both the office of Instructional Technology and the School Network.

Instructional Technology Resource Teachers provide on-site and on-demand support to classroom teachers for improved learning through the use of technology. The ITRT position is solely for division and school level instructional technology support and they are not classroom teachers. In the aggregate, ITRTs provide over 10,000 hours of one-on-one and small group technology assistance and instruction to School's 5,140 teachers. A current list of ITRT positions is included with this package. School lists ITRT responsibilities as the following:

- Providing instructional technology leadership,
- Demonstrating knowledge of instructional technology applications,

- Keeping current in new and emerging technologies and their application in content areas,
- Identifying and providing technology training in school buildings,
- Conducting staff development for school administration, instructional and support staff,
- Collaborating and planning with teachers to provide lessons and resources for integrating technology, and
- Developing, modeling and co-teaching appropriate curriculum based technology rich lessons with teachers and students.

Technology Infrastructure Support

Maintaining Wide and Local Area Networks is the responsibility of the Department of Information Technology Services. The department provides hardware and software necessary to maintain an integrated information system, including payroll and general ledger accounting, student information systems, and supply and procurement inventory. Telecommunications services, information security, training, and user hotline support are provided by the department.

Fixed infrastructure includes broadband WAN to all schools and non-instructional facilities, including broadband and telephone connections to 10,000 classrooms and 26,000 computers. Network operations, educational and administrative software infrastructure, and storage are maintained on 325 servers.

Information Technology Services employs 41 full-time technicians and 54 full-time specialists to meet its responsibilities. The department includes \$2.6 million in the approved 2009 budget for a technology infrastructure maintenance contract.

Maintaining operational networks for a school division the size of School is a complex and costly proposition. Yet, according to a survey of teachers and administrators, 96 percent are satisfied with services provided by the department. The 2007-08 Customer Satisfaction Survey is included with this document. The survey includes an “excellent” or “Good” rating of 95.7% for IT staff responsiveness, 94.7% for on-site technical support, 94% for Help Desk quality, and 93.6% for the quality of computer hardware.

Personnel costs for technicians and specialists exceed \$7 million. Expenses for new and replacement communication equipment is over \$5.8 million and the total budget for ongoing telecommunications service, including local, long distance and Wide Area Network connectivity is \$3.31 million for the 2008-09 school year.

The Department of Information Technology Services is also responsible for end-user application training, in addition to one-on-one assistance provided by the Help Desk and field technicians. Fifty-one classes are offered to teachers and administrators on various software applications. The training schedule and list of courses is included in this package. The attachments also include a list of archived technology staff development videos available on-demand via the division’s Wide Area Network.

Breakdown of Item 25 Worksheet

Section I, I-A and I-B:

As discussed previously, School has within its operating budget sufficient funds to pay both the E-rate funding requested and the applicant's share solely from the "Telephone" line item of the budget on page 29 of the Proposed Budget (\$3,000,000). Individual schools and programs have a total of \$310,000 as Telephone charge line items in their budgets.

Section I-C

In support of Telecommunications and Internet Access, School estimates 25% of Information Technology Personnel time is spent supporting the Wide Area Network, Help Desk for telecommunications issues, and telecommunications support at schools and administration buildings for a total expense of \$1,779,035.

Basic maintenance on internal connections includes \$2.6 million for the maintenance contract, \$250,000 for bundled warranties, and 8% of specialist and technician time (\$569,291), for a total of \$3,419,291.

Internal connections includes \$5,874,000 in the budget for Data Processing equipment purchases, which include computers, servers, switches and all associated equipment. Five percent of Information Technology personnel are required for installation and configuration of new equipment (\$355,807) for a total expense of \$6,229,807.

Section III-B Professional Development

Both the Department of Instructional Technology and the Department of Information Technology provide professional development to teachers and administrators. Instructional Technology estimates direct expenses related to courses provided is \$200,000 for both 2007 and 2008. Information Technology estimates expenses are \$150,000 for 2007 and \$183,860 for 2008 for a total of \$350,000 for 2007 and \$383,860 for 2008. These figures do not include ITRT salaries, the cost of outside ITRT technology courses, or individual school expenditures for technology staff development.

Section IV Software

This includes aggregate software line items for schools and programs within the budget, \$100,032 (2007) and \$102,000 (2008) for course management software, Microsoft licenses of \$130,000 (2007) and 104,000 (2008), and student management software for new schools of \$40,000 for 2007 and 2008. Total software expenses: \$770,032 (2007) and \$746,000 (2008).

Section V Retrofitting

School is unable to provide an accurate dollar amount for expenses specifically related to retrofitting buildings expressly for LAN and voice services. The 2009 budget includes \$41,947,000 for new schools and additions and \$24,453,000 for Capital Improvement Reserves. From the preponderance of evidence presented in these documents, it should be clear that School

would adhere to all applicable building and electrical codes when renovating buildings or establishing new services. The Customer Satisfaction Survey attests to the exceptional reliability of network services and the stellar Technology Implementation Level shows that all schools are well connected.

Bid Selection Grid for FRN 16533782

Reviewers:
 Jane Smith, Technology Director
 Bill Wilson, Procurement Officer
 Frank Jones, Technician

Vendor	Excellent, Inc.	OK, LLC	Loser, Co.
<i>Cost of the Eligible Goods and Services(40)</i>	40	38	25
<i>Experience (20)</i>	20	18	17
<i>Availability(20)</i>	20	20	8
<i>Minority Business Status (10)</i>	10	0	0
<i>Project Management Expertise (10)</i>	10	5	0
Total Points	100	81	50

Notes:

- Price of **Eligible goods and services** must be primary (highest weight)
- Numerous other factors may be used in accordance with local procurement regulations
- Keep all bids – winning AND losing
- Keep all reviewer notes and score cards unless forbidden by law (include law if forbidden)

Item 21 Attachment for FRN 16533782

Entity Number 134998		Applicant's Form Identifier School 2008	
Contact Person	Ed Erater	Phone Number	(555) 355-5555

Attachment # Excellent Wireless Form 471 #598887

Service Category: **Telecommunications**
 Service Provider: **Excellent, Inc.**

Narrative description: Cellular telephone service for twenty phone lines				
Quantity	Product or Service Description	Unit Cost	Extended Pre-discount Cost	
			Recurring	Non-Recurring
12	Monthly Cellular Service	\$674	\$8,088	
		Total:	8,088.00	-

Survey number: _____
 [For School Use Only]

E-rate household Survey 2010-2011 School Year

Please complete and return the survey below. Important: Even if your income does not meet these Income eligibility Guidelines, you must return the survey in order for this survey to be considered a valid measure.

Street Address _____

City _____ State _____ Zip _____

1. On the chart below, CIRCLE the number of people in your household, including all children:

Household Size (Circle One)	Est. Annual Income (As Reported to IRS)	Monthly Income	If Paid Two times per mo.	If Paid Every Two Weeks	Weekly Income
1	\$ 20,036	\$ 1,670	\$ 835	\$ 771	\$ 386
2	26,955	2,247	1,124	1,037	519
3	33,874	2,823	1,412	1,303	652
4	40,793	3,400	1,700	1,569	785
5	47,712	3,976	1,988	1,836	918
6	54,631	4,553	2,277	2,102	1,051
7	61,550	5,130	2,565	2,368	1,184
8	68,469	5,706	2,853	2,634	1,317
Each add'l family member add:	6,919	577	289	267	134

- Is your income equal to or less than any of the amounts listed next to the number you circled? Yes _____ No _____
- Are your children eligible for free or reduced lunches, breakfasts, snacks or milk at their school(s)? Yes _____ No _____
- Is your family eligible for food stamps? Yes _____ No _____
- Does your family qualify for medical assistance under Medicaid? Yes _____ No _____
- Is your family receiving Supplementary Security Income (SSI)? Yes _____ No _____
- Does your family receive Temporary Assistance for Needy Families (TANF)? Yes _____ No _____
- Does your family receive housing assistance (section 8)? Yes _____ No _____
- Does your family receive home energy assistance (LIHEAP)? Yes _____ No _____

2. Please list all students in your household that attend school. (Enter the grade they will be entering in Fall, 2010. Write on back to list more than 4 students)

Name	Grade	School

3. I certify that the above information is, to the best of my knowledge, true and complete.

Signed: _____ Date: _____

See CIPA FAQ: <http://www.ncpublicschools.org/erate/training/>

Sample CIPA-Compliant INTERNET SAFETY POLICY

Note: The following Internet safety policy was developed by E-rate Central solely to address the basic policy compliance requirements of CIPA and NCIPA for E-rate funding. Schools and libraries adopting new or revised Internet policies may wish to expand or modify the sample policy language (as suggested in the accompanying Primer) to meet broader policy objectives and local needs. Neither the FCC nor the SLD has established specific standards for a CIPA-compliant Internet safety policy and neither has reviewed, much less endorsed, this sample policy.

INTERNET SAFETY POLICY For <School or Library>

Introduction

It is the policy of <School or Library> to: (a) prevent user access over its computer network to, or transmission of, inappropriate material via Internet, electronic mail, or other forms of direct electronic communications; (b) prevent unauthorized access and other unlawful online activity; (c) prevent unauthorized online disclosure, use, or dissemination of personal identification information of minors; and (d) comply with the Children’s Internet Protection Act [Pub. L. No. 106-554 and 47 USC 254(h)].

Definitions

Key terms are as defined in the Children’s Internet Protection Act.

Access to Inappropriate Material

To the extent practical, technology protection measures (or “Internet filters”) shall be used to block or filter Internet, or other forms of electronic communications, access to inappropriate information. Specifically, as required by the Children’s Internet Protection Act, blocking shall be applied to visual depictions of material deemed obscene or child pornography, or to any material deemed harmful to minors.

Subject to staff supervision, technology protection measures may be disabled or, in the case of minors, minimized only for bona fide research or other lawful purposes.

Inappropriate Network Usage

To the extent practical, steps shall be taken to promote the safety and security of users of the <School or Library> online computer network when using electronic mail, chat rooms, instant messaging, and other forms of direct electronic communications.

Specifically, as required by the Children’s Internet Protection Act, prevention of inappropriate network usage includes: (a) unauthorized access, including so-called ‘hacking,’ and other unlawful activities; and (b) unauthorized disclosure, use, and dissemination of personal identification information regarding minors.

Supervision and Monitoring

It shall be the responsibility of all members of the <School or Library> staff to supervise and monitor usage of the online computer network and access to the Internet in accordance with this policy and the Children’s Internet protection Act.

Procedures for the disabling or otherwise modifying any technology protection measures shall be the responsibility of <Title> or designated representatives.

Adoption

The Board of <School or Library> adopted this Internet Safety Policy at a public meeting, following normal public notice, on <Month, Day, Year>.

CIPA definitions of terms:

TECHNOLOGY PROTECTION MEASURE. The term “technology protection measure” means a specific technology that blocks or filters Internet access to visual depictions that are:

1. **OBSCENE**, as that term is defined in section 1460 of title 18, United States Code;
2. **CHILD PORNOGRAPHY**, as that term is defined in section 2256 of title 18, United States Code; or
3. Harmful to minors.

HARMFUL TO MINORS. The term “harmful to minors” means any picture, image, graphic image file, or other visual depiction that:

1. Taken as a whole and with respect to minors, appeals to a prurient interest in nudity, sex, or excretion;
2. Depicts, describes, or represents, in a patently offensive way with respect to what is suitable for minors, an actual or simulated sexual act or sexual contact, actual or simulated normal or perverted sexual acts, or a lewd exhibition of the genitals; and
3. Taken as a whole, lacks serious literary, artistic, political, or scientific value as to minors.

SEXUAL ACT; SEXUAL CONTACT. The terms “sexual act” and “sexual contact” have the meanings given such terms in section 2246 of title 18, United States Code.

E-rate Audit

Sample Documents To Be Made Available (As Seen In Rounds 1-3 E-rate Audits)

1. Technology plan(s), technology plan amendments, and technology plan approval letters covering the Funding Year(s) identified in the letter. Proof of TP “creation” date and “approval” date.
2. Approved budget(s) (or budget drafts) for the technology plans in item 1 above as well as for the applicant’s non-discount share.
3. Note: Contracted auditors would ask for copies of audited financial statements for the Funding Year(s) identified in the accompanying letter and a copy of the most recent statements. It is not necessary to provide audited financial statements for the purposes of this “example-audit”.
4. General description of the information technology environment and a high-level network diagram. (The description should include how SLD Program funding for internal connections is being used in the IT environment.)
5. Method used and documentation supporting the discount calculation.
6. Copies of your Internet Safety Policy and other documentation supporting compliance with the Children’s Internet Protection Act (CIPA). (Including public notice/public hearing documentation.)
7. Fixed asset register or other records listing for all SLD Program funded equipment that was acquired and reimbursed during the Funding Year(s) identified in the letter.
 - a. Make
 - b. Model
 - c. Serial Number
 - d. Physical Location (including room number and movement history)
 - e. Date Installed
 - f. FRN
 - g. Customer Invoice Reference Number(s)
 - h. All funded equipment must be labeled w Funding Year

8. Copies of all relevant contracts and written agreements with service providers and consultants for the period(s) identified in the letter. (Including any amendments.)
9. Record Retention Policy that applied to and was followed for SLD Program documentation.
10. Copies of the following forms (if applicable) for the Funding Year(s) identified in the letter:
 - a. FCC Form 470 and RNL (Receipt Notification Letter)
 - b. FCC Form 471 and RAL (Receipt Acknowledgement Letter)
 - i. RAL Corrections, if applicable
 - c. FCC Form 486
 - d. FCC Form 472 (if applicable)
 - i. Service Certification of 474, SPI, if applicable
 - e. FCC Form 500 (if applicable)
11. All documentation associated with above FCC Form(s) 470 (RFP if applicable); 471 and selected FRN(s) to include, but not limited to, service substitution approval letters and equipment transfer notification letters to USAC; 486 Technology Plan documentation (see #1 above), and CIPA Certification (see #6 above).
12. When FCC Form 472 (BEAR) is used:
 - a. Copy of canceled checks written to the service provider, or;
 - b. If payment is EFT, copy of bank statement and any other supporting documentation to confirm payment to the service provider
13. When FCC Form 474 (SPI) is used, copy of canceled check written to the service provider to cover the non-discounted portion, or if payment is EFT, copy of bank statement supporting payment of non-discounted portion to service provider.
14. Copies of local and state procurement regulations pertaining to contracting for the purchase of telecommunications, Internet access, internal connections, and basic maintenance of internal connections.
15. Copies of all information related to the service provider selection process including, but not limited to:
 - a. RFPs or bidding specifications

- b. All bids received (both winning and losing)
 - c. All correspondence (including informal communications) with potential selected service providers
 - d. Bid evaluation worksheets
 - e. Memorializations (i.e. no responses, existing contract, etc.)
 - f. Meeting minutes for discussions and selection of service providers
16. Copy of relevant meeting minutes during the period(s) being examined where the SLD Program was an agenda item.
 17. Copies of filtering logs for the technology protection measure in place during the Funding Year(s) identified in the letter, or
 18. Copies of contract(s) and/or invoices for the technology protection measure (i.e. Internet filter) in place during the Funding Year(s) identified in the letter.
 19. Relevant bills and invoices, including reconciliation worksheet.
 20. Note: Contracted auditors would ask for contact information for School Board Members, Superintendents, Principals (if beneficiary is an individual school), Finance Officer, and Consultant (if applicable).
 21. Internal Control Questionnaire (Provided by auditing firm.)(See Attachment B)
 22. Management Assertions/Response Letter (Usually provided by auditing firm.)