



## **E-RATE DISCOUNTS FOR SCHOOLS AND LIBRARIES**

The E-rate - or, more precisely, the Schools and Libraries Universal Service Support Mechanism - provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. Four service categories are funded: Telecommunications Services, Internet Access, Internal Connections Other than Basic Maintenance, and Basic Maintenance of Internal Connections. Discounts range from 20% to 90% of the costs of eligible services, depending on the level of poverty and the urban/rural status of the population served. Eligible schools, school districts and libraries may apply individually or as part of a consortium.

The E-rate supports **connectivity** - the conduit or pipeline for communications using telecommunications services and/or the Internet. The school or library is responsible for providing additional resources such as the end-user equipment (computers, telephones, and the like), software, professional development, and the other elements that are necessary to realize the objectives of that connectivity.

The E-rate is one of four support mechanisms funded through a Universal Service fee charged to companies that provide interstate and/or international telecommunications services. The Universal Service Administrative Company (USAC) administers the Universal Service Fund at the direction of the Federal Communications Commission (FCC); USAC's Schools and Libraries Division (SLD) administers the E-rate.

This document summarizes the process schools and libraries follow to apply for and receive E-rate discounts. Each of the steps in this process - preparing a technology plan, opening the competitive process (Form 470), seeking discounts on eligible services (Form 471), confirming the receipt of services (Form 486), and invoicing for services (Forms 472 and 474) - is covered in more detail below. However, this document is not intended to be a substitute for form instructions or the guidance materials posted on the SLD section of the USAC website.

### **The Technology Plan Shows How Technology Will Improve Education or Library Services**

The first step for most schools, school districts, and libraries that intend to apply for E-rate discounts is to prepare a technology plan. This plan sets out how technology will be used to achieve specific curriculum reforms or library service improvements. It guides planning and investment - both for E-rate funds and for the other resources needed to take advantage of technology.

A technology plan designed to improve education or library services must contain the following five components:

- Clear goals and a realistic strategy for using telecommunications and information technology
- A professional development strategy to ensure that staff knows how to use these new technologies
- An assessment of the telecommunication services, hardware, software, and other services needed
- A sufficient budget to acquire and support the non-discounted elements of the plan: the hardware, software, professional development, and other services that will be needed to implement the strategy

- An evaluation process that enables the school or library to monitor progress toward the specified goals.

Before discounted services begin, an SLD-certified technology plan approver must approve their technology plans. Applicants can locate SLD-certified approvers by using a search tool available on the website. However, applicants who seek discounts only for basic local, cellular, PCS and/or long distance telephone service (wireline or wireless) and/or voice mail need not prepare technology plans.

#### **The FCC Form 470 Opens a Competitive Process for the Services Desired**

After the technology plan has been developed and the applicant has identified the products and services needed to implement the plan, the applicant submits to the SLD a Form 470, Description of Services Requested and Certification Form, either online or on paper. The SLD posts completed forms on the website to notify service providers that the applicant is seeking the products and services identified.

Applicants must wait at least 28 days after the Form 470 is posted to the website and, if applicable, at least 28 days after a Request for Proposal (RFP) is publicly available and consider all bids received before selecting the service provider to provide the services desired. In addition, applicants must comply with all applicable state and local procurement rules and regulations and competitive bidding requirements. A complete description of the requirements associated with the Form 470 can be found in the Form 470 Instructions.

- An applicant cannot seek discounts for services in a category of service on the Form 471 if those services in those categories were not indicated on a Form 470.
- The Form 470 MUST be completed by the entity that will negotiate with potential service providers.
- The Form 470 cannot be completed by a service provider who will participate in the competitive process as a bidder. If a service provider is involved in preparing the Form 470 and that service provider appears on the associated Form 471, this will taint the competitive process and lead to denial of funding requests that rely on that Form 470.
- The Form 470 applicant is responsible for ensuring an open, fair competitive process and selecting the most cost-effective provider of the desired services.
- The applicant should carefully consider whether to receive discounts on bills or reimbursements for services paid in full.
- The applicant must save all competing bids for services to be able to demonstrate that the bid chosen is the most cost-effective, with price being the primary consideration. As with all documents that may be requested as part of an audit or other inquiry, such bids must be saved for at least five years after the last date of service delivered.

Note that once an applicant has signed a multi-year contract in a prior funding year pursuant to a posted Form 470, it need not submit a new Form 470 to be eligible to apply for discounts on the services provided under that multi-year contract for future funding years.

After the SLD has successfully posted a Form 470 to the website, the SLD sends the applicant a **Form 470 Receipt Notification Letter** that provides important information, including the "Allowable Vendor Selection/Contract Date," the earliest date the applicant can select a service provider, execute a contract, and submit a complete Form 471.

#### **The FCC Form 471 Seeks Funding for Eligible Services Competitively Bid**

Having selected the service provider, the applicant is ready to complete the Form 471, Services Ordered and Certification Form - the actual request for funding. Because the amount of funding available each year is capped at \$2.25 billion and

demand in most years has significantly exceeded funds available, FCC rules prescribe a filing window during which all Forms 471 that are filed are treated as if simultaneously received. (Applications that are not filed within that timeframe likely will not receive funding.) Once the filing window opens, the applicant can submit the Form 471 either online or on paper.

The Form 471 is used to calculate the discount percentage to which the applicant is entitled. In general, the E-rate discount is based on the percent of the local school district population eligible for the National School Lunch Program. The Form 471 also lists the individual funding requests, which must be separated by service category and service provider.

- ALL window filing requirements - as stated in the Form 471 Instructions - MUST be met in order for an application to be considered with all others received in that timeframe.
- Schools and libraries are required to pay the non-discount portion of the services for which they receive discounts. The funding necessary to pay this portion must be budgeted and approved before submission of the Form 471.
- Funding requests should be limited to the cost of eligible services to be delivered to eligible entities for eligible purposes. If 30% or more of a request is ineligible, the entire request will be denied.
- There are a number of important certifications on the Form 471. Applicants should be sure they can truthfully and correctly make these certifications. The SLD checks the accuracy of the certifications made by applicants and denies funding if one or more of the certifications are found to be untrue. False statements on the Form 471 (and other FCC forms) can result in civil and/or criminal liability.
- The Form 471 cannot be processed without the required attachment(s), which must contain detailed information about the products and services ordered so that the SLD can verify eligibility.
- The **Form 471 Receipt Acknowledgment Letter** provides important information to the applicant and the service provider, including a summary of the data from the Form 471.

#### **The Funding Commitment Decision Letter Contains SLD Decisions on Funding Requests**

Once the Form 471 has been reviewed, the SLD issues one or more Funding Commitment Decision Letters (FCDLs) to both the applicant and the service provider, setting out its decisions for each funding request. If an applicant believes any of its funding requests have been incorrectly reduced or denied, the applicant can appeal the SLD decision(s), either to the SLD or to the FCC. Appeals must be RECEIVED OR POSTMARKED no later than 60 days after the date of the SLD decision letter.

#### **The FCC Form 486 Tells SLD that Delivery of Services Has Begun**

In order to help the SLD ensure that it pays service providers only for services that have actually been delivered, the applicant submits the Form 486, Receipt of Service Confirmation Form, listing each separate funded request for which the delivery of services has begun. However, applicants who have confirmed that delivery of services will begin in July of the Funding Year may be able to file the Form 486 early (on or before July 31 of the Funding Year). The Form 486 also tells the SLD that the applicant's technology plan - if required - has been approved, and informs the SLD of the applicant's status of compliance with the Children's Internet Protection Act (CIPA). Funding may be reduced if the Form 486 is received or postmarked after the deadline listed later in this document.

#### **The Invoice (FCC Form 472 or FCC Form 474) Tells SLD to Pay the Service Provider**

The SLD must receive an invoice in order to pay the discount amount on services for which funds have been committed. If applicants receive discounts on their bills

from service providers, the service providers must submit the Form 474, Service Provider Invoice Form, to receive payment for the discounts they have provided. If applicants wish to request reimbursement for services for which they have already paid in full, they must submit the Form 472, Billed Entity Applicant Reimbursement Form. The SLD bases the billing mode for each funding request - discounting or reimbursement - on the first type of invoice it processes for payment. Note that payment will not be made on a Form 472 or a Form 474 received or postmarked after the deadline listed later in this document. Receipt of discounts or reimbursements completes the E-rate process.

**Retention of Records and Audits**

Applicants MUST maintain their records for at least five years after the last date of service delivered to be able to comply with audits and other inquiries or investigations. USAC and the FCC visit a sample of applicants to ensure services have been delivered in compliance with FCC rules.

**How to Get More Information**

All of the concepts covered in this overview are discussed in more detail on the website at [www.usac.org/sl](http://www.usac.org/sl). Specific information on completing the individual forms can be obtained by downloading the forms and instructions from the website. In addition, the Reference Area of the website contains information on deadlines, sample letters, frequently asked questions, and other useful documents. The SLD Client Service Bureau is also available to answer questions by telephone, fax or e-mail during normal business hours:

- Telephone: 1-888-203-8100
- Fax: 1-888-276-8736
- E-mail: Use the "Submit a Question" link on the SLD website

**E-rate Timetable and List of Deadlines**

Form or Event	Deadline or Dates
Funding Year	July 1 through the following June 30 (non-recurring services through the following September 30)
Form 470	Posted at least 28 days before the filing of the Form 471, keeping in mind (1) the timeframe for compliance with all competitive bidding requirements and (2) the Form 471 application filing window opening and closing dates
Form 471 window	Early November to early February preceding the start of the Funding Year (exact dates for each funding year will be posted on the website)
Form 471	Received or postmarked no later than 11:59 PM EST on the day of the close of the Form 471 application filing window (exact date will be posted on the website)
Form 486	Received or postmarked no later than 120 days after the date of the Funding Commitment Decision Letter or 120 days after the Service Start Date, whichever is later
Form 472 / Form 474	Received or postmarked no later than 120 days after the date of the Form 486 Notification Letter or 120 days after the last date to receive service, whichever is later
Appeals	Received or postmarked no later than 60 days after the date of the SLD decision letter