

# Ten Rules for E-Rate Success

The E-rate program has played, and continues to play, a major role in the development and support of telecommunications, Internet access, and other technology services for the K-12 educational community. As many technology directors and business managers know, E-rate is a valuable — and, in many cases, mission critical — source of technology funding.

However, there is a dark side to E-rate. As the program has matured, it has become increasingly complex. It is disturbingly easy to run afoul of rules and procedures, to lose a year of funding, or in some cases to be asked to return funds improperly disbursed in earlier years. Since E-rate funds are needed, not only for new projects, but for the support of ongoing programs, the importance of proper E-rate planning and execution cannot be overstated.

This article will focus on the key aspects of successfully applying for and receiving E-rate discounts for schools and libraries. Here are ten rules for E-rate success:

## **Rule 1: E-rate is not, and cannot be treated as, a “file it and forget it” program. It is a full year job.**

For most people, E-rate is not a full time job, but it is most certainly a full year job. In the course of any year, E-rate coordinators are typically dealing with three different funding years, each with critical deadlines. There are reimbursements to be claimed from the previous year’s funding; there are review and filing requirements for the current year; and there are new applications to be filed for the next year. While there is a peak of activity in January, just prior to the filing of the next year’s applications, there is something to do all the rest of the year – even during the summer vacation period.

We see too many applicants go to a lot of trouble to file for and obtain E-rate commitments only to lose the actual discounts because they forget the equally critical follow up steps to make sure discounts are actually received. Attention must be paid to E-rate year round.

## **Rule 2: Keep up-to date. E-rate rules continue to change and must be monitored carefully.**

A corollary to Rule 1 is that changes to the E-rate program — rules, procedures, forms, and systems — must be tracked continuously.

Most changes are posted as they arise on the [Schools and Libraries section of USAC’s website](#) as Latest News or Quick Links, but others may be reflected only in new language in site’s Reference Area. Here are three suggestions for keeping current:

- Subscribe to USAC’s weekly E-rate News Brief for (see the Schools and Libraries portion of the [USAC Subscription Center](#)) and visit the SLD’s website frequently.

- If available, subscribe to your state’s E-rate e-mail listserv. E-Rate Central maintains a free weekly E-rate newsletter for applicants in states that don’t have their own listserv (sign up for our [E-rate newsletter](#)).
- Attend the E-rate training sessions conducted regional each fall by USAC, or conducted independently by many states, in preparation for the next application cycle.

### **Rule 3: Keep email addresses, PINs, and passwords up-to-date.**

Almost all E-rate form submissions, correspondence, and payments are now done electronically. As of FY 2016, all users are identified in USAC’s E-Rate Productivity Center (“EPC”) by unique email addresses and passwords (frequently updated). Access to USAC’s invoicing system requires individual Personal Identification Numbers (“PINs”). To the extent any of these email addresses, PINs, or passwords are changed (or are not updated as required), access to important USAC notifications and systems will be curtailed.

### **Rule 4: Pay strict attention to deadlines.**

E-rate is a deadline-driven program. All four of the most common applicant forms have deadlines or timing requirements which, if missed, will result in funding denials or reductions. Appeals, SPIN changes, invoice deadline extensions, service delivery extensions, and service substitutions also have deadlines. To further compound the problem, some deadlines are fixed, some are uniquely prescribed by USAC each year, and others depend upon applicant-specific conditions.

Here are the most important deadlines:

- A Form 470 must be posted at least 28 days before the selection of vendors, the signing of contracts, and the signing and filing of a Form 471.
- A Form 471 must be filed within a defined application window, usually announced in October. For the last few years, the application window has run from early January to late March. Since the introduction of EPC, however, the window has run and will likely run later than in past years
- The Form 486 must be filed within 120 days of the issuance of a Funding Commitment Decision Letter or the Service Start Date, whichever is later. For many, but not all applicants, this deadline is October 29th.
- Form 472 (BEAR) forms must generally be filed within 120 days of the Last Date of Service, normally October 28th for recurring services and January 28th for non-recurring services.
- Appeals must be filed within 60 days of the decision being questioned.

### **Rule 5: Respond promptly – and carefully – to all review inquiries.**

The SLD's application and invoice review processes often generate questions that must be answered by applicants. Generally, these informational requests have a fifteen-day deadline. Ignoring an inquiry is not a good strategy. It can only lead to unilateral SLD action, guaranteed not to be in an applicant's favor.

If inquiries are complicated, or will require additional time to respond to, the reviewers (or their team managers) can provide clarification (or additional time extensions). In our experience, reviewers from Program Integrity Assurance ("PIA") are working diligently to approve applications. Our advice is to work cooperatively with the reviewers.

## **Rule 6: Procurement practices are important.**

The recurring focus by Congress, the FCC, the SLD, and the press on alleged waste, fraud, and abuse in the E-rate program has increasingly led to new rules and to more intensive reviews dealing specifically procurement practices. There are two key considerations.

- Services funded by E-rate must be cost-effective and must be competitively bid in a fair and open manner.
- Applicants must be able to demonstrate that price is the most important factor in their bid analysis and vendor selection procedures.

## **Rule 7: Carefully read all form certifications.**

While it is tempting to fill out and submit E-rate forms without reading all of the certifications at the end of each, we encourage applicants to read them closely. The correct response to every Yes/No certification is not automatically "Yes."

The E-rate program's administrators place great credence in these certifications and there are civil and criminal penalties for violating them. The certifications provide an excellent summary of major program rules, particularly those dealing with issues of waste, fraud, and abuse, which are the focus of the program's compliance efforts.

## **Rule 8: Maintain records for at least ten years.**

E-rate rules require the retention of documents for a minimum of ten years beyond the last date to receive service. Since this "last date" is well after the start of the procurement and application cycles, documents on these aspects of E-rate must actually be retained for twelve years or more. As a practical rule of thumb, don't discard any E-rate material — ever!

The retention requirements are quite detailed, going well beyond simply keeping copies of E-rate forms. Documentation is required for discount rate calculations, CIPA compliance, RFPs, all records related to winning and losing bids, inventories, etc. Failure to produce these records can lead, and already has led, to formal actions to recover E-rate funds.

## **Rule 9: Don't forget to invoice.**

The E-rate program is like a technology-centric mail-in rebate. You must purchase qualifying services or hardware within a specific time period. Receiving your Funding Decision Commitment Letter merely reserves the money for you. You must claim your rebate directly from USAC using the [Online BEAR system](#) unless you are receiving discounted bills from your service providers.

## **Rule 10: Know when you need help and where to turn for it.**

Many applicants are fully capable and willing to manage all aspects of their E-rate applications. However, as the program has become more complex and as more applicants have experienced funding difficulties in one year or another, more and more are using or looking for outside assistance. Here are a few tips for getting help:

- For answers to specific questions, the first place to turn is to the SLD. Questions can be submitted by phone (888-203-8100), online via USAC's [Submit a Question](#) feature, or within EPC.
- Most states have State E-rate Coordinators which are available to help their school and library applicants (see [State Information](#)).
- Many vendors are quite knowledgeable about E-rate, but vendor assistance must be used with the utmost of care. Any vendor involvement in the E-rate process prior to the awarding of bids is highly suspect. The burden of proof is on the applicant and vendor to show how such E-rate support did not unfairly prejudice the bidding process. Once a contract is awarded, however, vendors can be quite helpful in preparing Form 471 line item templates and in supporting subsequent invoicing activities.
- We are seeing, both in our own business and more broadly, a growing trend to use independent E-rate consultants either to assist on or oversee particular aspects of the E-rate process, or to take over primary responsibility for forms processing (much like a good tax preparer works with its clients). Applicants choosing this approach should make sure that their consultants are truly independent. For E-rate purposes, a consultant with a stake in a particular vendor's business success has a potential conflict of interest which will be looked at closely by the SLD.