

Brian Stephens

# Starting Over

**While the deadline for applying for E-rate has passed, savvy school districts already are preparing for the next round of applications to make sure the technology discounts continue**

**T**he close of another E-rate filing window. You almost can hear the collective sigh of relief from school district E-rate personnel, service provider representatives, and E-rate consultants as we all switch our music players from Gloria Gaynor's "I Will Survive" to Kool and the Gang's "Celebration" and prepare to take a well-deserved E-rate break.

But before we all escape to the No E-rate Resort for a couple of months, it is important to remember that E-rate is a journey, not a race. While a major deadline has been met, much work is still to be done. A little preparation now—done correctly—can lead to a significant reduction in E-rate stress down the road.

E-rate, supported by Universal Service fees paid by telecommunications companies, provides discounts to U.S. schools and libraries for telecommunications, Internet access, and some hardware infrastructure. In our 15-year history, Funds For Learning has carefully studied the characteristics of a successful E-rate applicant. A central theme that we have observed among those most successful: Be prepared. Successful applicants are organized. They anticipate questions and understand the rules. They make sure that they know exactly how and why they are compliant. They plan ahead.

So instead of letting E-rate fall by the wayside until the next big deadline, we offer a few simple suggestions for completing the work for this funding year, as well as for preparing for the next funding year and beyond.

## Get ready for review

Every submitted E-rate funding request will undergo an individual review, known as the Program Integrity Assurance (PIA). The program administrator starts PIA review early—in fact, some applicants will begin PIA before



the close of the annual filing window.

Murphy's Law is always in effect when it comes to PIA. Inevitably, your district will receive its first PIA request of the season when you have the least amount of time to devote to it. If you have taken steps to prepare, however, you can be sure that you can handle the process successfully no matter how many plates you are spinning.

The first step in preparing for the review is gathering and organizing.

Start by gathering all the quantitative information you used to prepare your funding requests: technology plan and approval documentation, competitive bidding documents (FCC Forms 470 and RFPs), copies of bid responses (winning and losing), vendor evaluation and selection documents, signed contracts and service agreements, National School Lunch Program eligibility calculations, and other supporting documents. Consider using an electronic document retention system to help you stay organized.

Next, take some time to put decisions and judgment calls made during the application preparation process in writing. While the structure of your application may make sense to you a few weeks after it is submitted, it may be harder to remember why you made certain decisions six months from now—or, in the case of post-commitment audits or reviews, several years in the future. Documenting institutional knowledge is critical for E-rate success: The source documentation obviously plays a key role in the process, but it doesn't tell the whole story. Retain enough information to remember the how and why of the application process in the future.

Gathering E-rate documentation requires coordination across many areas of a typical school district. For any given application, you may need information from food services and nutrition, information technology, purchasing, accounts payable and accounting, and other divisions. By working together with your colleagues before the PIA

review starts, you can get all of the information you need before you are under tight deadlines to do so.

No E-rate coordinator is an island. Be sure that you have information backup and redundancy plans for the review. Meticulous documentation is excellent, but it can be all for naught if the person who collected and organized it is unavailable when the PIA request arrives. Take some time to share the E-rate processes and procedures with several school district staff members so that they can respond, if necessary. Remember Murphy's Law: There will always be vacations, illness, and unexpected emergencies, so be sure your district is prepared.

### **Prepare for the start of the funding year**

The next funding year will begin on July 1. With each new funding year comes a new set of obligations and responsibilities, so it will be important to take time to prepare accordingly.

An FCC Form 486 must be filed for each approved funding request that your district intends to use. The Form 486 must be filed 120 days from either: a) the date that services begin, which in the case of most recurring services will be July 1; or b) the date that the funding request is approved, whichever is later. Failure to file the Form 486 on time will result in the reduction of funding requests, so it is important to file in a timely manner. Every year, applicants lose out on millions of dollars of approved funding due to late filings.

Some applicants prefer to do large E-rate projects in the summer months, prior to the start of school. This is an acceptable practice; however, remember that the first day of the funding year is July 1. Any work done on school property (or services which are delivered) before this date will not qualify for E-rate funding using a FY 2012 funding request. Given this, applicants who wish to get an early start should be careful to ensure that work does not start prior to July 1. You do not want to miss out on E-rate funding for a large infrastructure project because the equipment arrived at the district a few days early.

It's also important to keep up-to-date with the latest rule changes and program updates. In every funding year, applicants lose money because they were unaware of a new rule or regulation. The program administrator expects applicants to review and understand program rules, and historically, little flexibility is granted to applicants who did not perform due diligence. Your staff should be familiar with the program administrator's website ([www.usac.org/sl](http://www.usac.org/sl)) and review the rules on a regular basis. You also may want to consider asking staff to attend E-rate training courses. Many applicants subscribe to a variety of E-rate newsletters in an effort to stay abreast of important program changes.

### **Think ahead to next year**

While it may seem like 2013 is far away, it will be here

before you know it. And even in early 2012, recent program changes already will have a significant impact on your processes and procedures for next year. As with any change in program policy or administration, applicants should carefully consider how the following two regulatory updates will affect their applications in the 2013 funding year.

For example, in January, the program administrator published updated rules regarding the trade-in of equipment that was previously purchased with E-rate discounts. Prior to this change, previously funded equipment could be traded in at any time, as long as the trade-in credit received from the vendor was shared with the program.

Under the new guidance, however, equipment purchased with E-rate discounts may not be traded in until at least five years from the original date of installation has passed. After the five-year mark, applicants may use the credit received from the trade-in of previously funded equipment in any manner they wish, such as toward their "matching portion" of a new E-rate funding request.

When preparing for next year, applicants should be mindful of the fact that any previously discounted equipment may not be traded in until at least five years from the date of installation have passed.

In another example, in December the FCC published an appeal decision known as the Queen of Peace Order, which provides new guidance governing the descriptions of products and services used in applicant competitive bidding documentation. According to the order, applicants violate the competitive bidding process when they reference a "specific manufacturer's name, brand, product or service" on their Form 470 or RFP without including the phrase "or equivalent."

In the order, the FCC clarified that "... for Form 470s or RFPs posted for Funding Year 2013 or thereafter, applicants must not include the manufacturer's name or brand on their FCC Form 470 or in their RFPs unless they also use the words 'or equivalent' to describe the requested product or service."

As a result, applicants should carefully consider the phrasing used on their bidding documents for next year, especially in situations where they may prefer to choose a particular manufacturer's solution.

Strategic planning is crucial to the success of any E-rate applicant. By taking time to learn, plan, document, and organize E-rate processes and procedures, you can enjoy greater program success and lower levels of frustration. The No E-rate Resort may seem like a tempting place to be, but the most successful applicants understand the need for year-round diligence. ■

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