



## Ten rules for eRate success

By Winston E. Himsworth

As many school technology directors and business managers know, the eRate is a valuable source of technology funding. However, as the program has matured, it has become increasingly complex. It is now 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 disbursed in earlier years.

Because eRate funds are needed not only for new projects, but also to support ongoing programs, the importance of proper eRate planning and execution cannot be overstated. Here are 10 key rules for eRate success.

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

For most school administrators, the eRate is not a full-time job, but it’s most certainly a full-year job. In the course of any given year, eRate 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 coming 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 throughout the rest of the year—even during the summer vacation period.

We see too many applicants who go through a lot of trouble to file for and obtain eRate commitments, only to lose out on funding because they forget the equally critical follow-up steps to make sure their discounts are actually received. Attention must be paid to eRate deadlines year round.

**Rule 2:** Keep up to date—eRate rules continue to change and must be monitored carefully.

A corollary to Rule 1 is that changes to the eRate program, which occur frequently throughout the year, must be tracked continuously. This is a particularly important year to follow, because there have been three new Federal Communications Commission Orders released in the past 12 months alone—and a brand-new set of forms and instructions are expected to be released shortly.

Most changes are posted as they arise on the Schools and Libraries Division’s (SLD) web site ([www.sl.universalservice.org](http://www.sl.universalservice.org)) as “Important Notices and Headlines,” but others may be reflected only in new language within the site’s Reference Area. Applicants who have not made internet access and eMail a part of their working life will find it very difficult to keep up. Here are three suggestions for keeping current:

- Visit the SLD’s web site at least once weekly.
- If available, subscribe to your state’s eRate eMail listserv. E-Rate Central maintains a free weekly eRate newsletter for applicants in states that don’t have their own listserv (<http://www.e-ratecentral.com/regNews.asp>).
- Again, if available, attend the eRate training sessions held in many states each fall in preparation for the next application cycle.

**Rule 3:** Carefully read all form certifications.

While it is tempting to fill out, sign, and submit eRate forms without reading all of the certifications at the end of each, we encourage applicants to read them closely. The 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 current focus of the program’s compliance efforts.

**Rule 4:** Whenever possible, file online.

Three important applicant forms—Forms 470, 471, and 486—can be largely completed and filed online. For

most applicants, this has two advantages. One is that a number of fields are pre-populated based on information already in the SLD database. A second, and even more important, advantage is that final submission cannot be made if any key data are not provided or are internally inconsistent. It is impossible to fail the SLD’s Minimum Processing Standards when filing online.

Applicants filing online, however, should be aware that only those with pre-established electronic signature capability can actually “sign” a form online. All others will have to print out the certification pages, sign and date them, and mail them to the SLD. Forms submitted without electronic certifications will not be deemed complete until the signed and dated certification pages are received by the SLD. In addition, applicants filing Forms 471 online have to submit Item 21 attachments separately (these can be eMailed, faxed, or mailed to the SLD).

**Rule 5:** When filing paper forms, use the current versions.

Applicants preparing and mailing paper forms must take care to use currently authorized versions. The dated version of a form is printed on the bottom right-hand corner of each page. Sometimes, when a new version is released, the previous version of the form will be accepted for a transitional period. In other cases, earlier versions of the form will be automatically rejected. The safest course of action is to always check for, and use, the latest version. One way to do this is to print new versions of the forms directly from the SLD web site.

Form versions will be particularly important this coming year, because most forms are being modified to incorporate new and stronger certification language. Once released, we expect they will immediately supplant the earlier versions.

**Rule 6:** Pay strict attention to deadlines.

The eRate is a deadline-driven program. All four of the most common applicant forms have deadlines or timing requirements that, if missed, will result in funding denials or reductions. Appeals, Service Provider Identification Number (SPIN) changes, and service substitutions also have deadlines. To further compound the problem, some deadlines are fixed for all applicants, while 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 November to early February. Unless the FCC waives some of its rules, the window is likely to be delayed this year.
- 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 (the Billed Entity Applicant Reimbursement, or BEAR, form) generally must 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 7:** Respond promptly—and carefully—to all review inquiries.

The SLD’s form review process often generates questions that may be phoned, faxed, or eMailed to applicants.

Generally, these informational requests have a seven-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.

Inquiries can come from either Kansas or New Jersey. The Kansas inquiries are made by Problem Resolution, the group responsible for entering data listed on forms submitted by mail. Generally, these are simple inquiries that can be handled quickly.

The New Jersey inquiries are made by Program Integrity Assurance (“PIA”) and are of more substance. Approval, modification, or denial of funding can result from PIA decisions, so these inquiries (often requests for additional service information or certifications) must be handled with particular care. Our advice is to work cooperatively with the reviewers. If an inquiry is complicated or will require additional time to respond to, the reviewer can often provide clarification or time extensions.

**Rule 8:** Technology planning and procurement practices are important.

The increased focus by Congress, the FCC, the SLD, and the press on alleged instances of waste, fraud, and abuse in the eRate program has led to new rules and more intensive reviews dealing specifically with applicant planning and procurement practices. There are three key considerations here:

- Although technology plans do not have to be formally approved until the start of the funding year, the rules require applicants to base their funding requests on pre-existing plans that cover all services requested and that demonstrate adequate budget resources.
- Services funded by the eRate 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 9:** Maintain all records for at least five years.

eRate auditing activity is about to increase dramatically. The FCC is pressing for additional resources to support another 250 audits annually. The SLD has just announced a plan to conduct 1,000 “site visits” (which can be viewed as shorter, more targeted audits) annually. Applicants should assume that, sooner or later, they will be audited.

The FCC strengthened the program’s rules this year by requiring applicants and vendors to maintain records for at least five years. Documentation is required for discount rate calculations, technology plans and budgets, RFPs, bids, inventory, and so on. Failure to produce these records can lead to formal actions to recover eRate funds.

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

Many applicants are fully capable of managing all aspects of their eRate applications. However, as the program has become more complex, a growing number are using outside assistance. Here are a few tips for getting help:

- For answers to specific questions, the first place to turn is the SLD itself. Questions can be submitted by phone (888-203-8100), by fax (888-276-8736), or by using the “Submit a Question” feature on the agency’s web site.
- Most states have State eRate Coordinators to help their school and library applicants. A list of state coordinators can be found at <http://www.e-ratecentral.com>.
- We are seeing a growing trend toward using independent consultants either to assist on particular aspects of the eRate process, or to take over primary responsibility for forms processing (much like a good tax preparer works with its clients). Applicants choosing this approach, however, should make sure their consultants are truly independent. A consultant with a stake in a particular vendor’s business success has a potential conflict of interest that will be looked at closely by the SLD. **ESN**

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