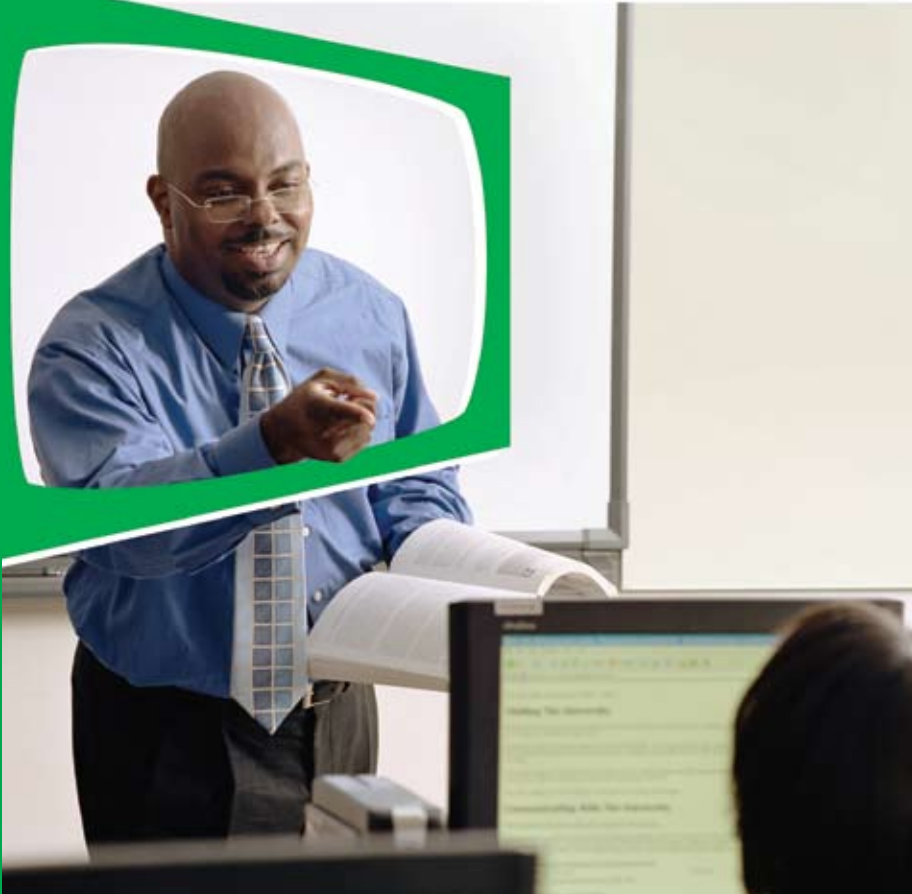


VBrick Education  
**E-Rate Guide**



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This guide is meant to be a resource for VBrick resellers and end users. It is a guide only. The most up to date information about the E-Rate program should be obtained directly from the USAC.  
[www.USAC.org](http://www.USAC.org)

## E-Rate Overview

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### What is E-Rate?

The Schools and Libraries Program of the Universal Service Fund, also known as “E-Rate,” was created as a result of the Telecommunications Act of 1996. E-Rate is the largest source of technology funding for K-12 schools in the United States.

The goal of the E-Rate program is to provide discounts so that schools and libraries can obtain affordable telecommunications and internet access. The program is funded through a “Universal Service Fee,” charged to companies that provide interstate and/or international telecommunications services.

Funding is requested under 4 categories: Telecommunications, Internet access, Internal connections and Basic Maintenance of Internal Connections. Discounts range from 20% to 90% of costs of eligible services. The discount varies based on the level of poverty and the urban/rural status of the population served.

Requests for telecommunications and internet access are funded first known as Priority One. This is followed by requests for Internal Connections and Basic Maintenance known as Priority Two. Generally, all applicants who apply for Priority One services will be funded. Priority Two services will be funded starting with the highest need schools and will continue until the funds are depleted.

### Who Governs the E-Rate program?

The Schools and Libraries Division or the SLD is responsible for the administration of the E-Rate program. The Universal Services Administrative Company or “USAC” is the parent company of the SLD and is responsible for collecting and distributing E-Rate funds. The FCC is the executive branch agency responsible for the oversight of the program.

The E-Rate program is governed under strict rules. The E-Rate process is designed to promote fair and open competition among service providers, thus giving applicants the most cost effective methods to obtain the technology they seek.

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## Basic Steps for an E-Rate Purchase

These are the basics steps that should be followed in order for a school or library to obtain funding under the E-Rate program. All applicants are required to adhere to the guidelines.

**1. Develop a Technology Plan** – A technology plan sets out how technology will be utilized. Sets goals and strategies on implementation and improvements. It helps in both planning and investment of all technology services. The applicants technology plan **MUST** be reviewed and certified by an SLD-certified technology plan approver before discounted services can begin.

**2. Submit Form 470** – Open competitive bid for services. Must be posted for at least 28 days and consider all bids before selecting a service provider. Applicants select a service provider and enter into an agreement with them.

**3. Submit Form 471** – Services ordered and certification form. This is the actual request for funding. It specifies what they would like to purchase, from whom, and how much it will cost.

**4. Funding Commitment** – The SLD will review all applicants and commit to Priority One funding. Then the SLD will review all applicants for Priority Two funding, giving precedence to the neediest applicants. The applicant will receive notification from the SLD, a Funding Commitment Decision Letter or FCDL if their application will be funded.

**5. Form 486** – Commencement of services. The applicant must submit this form to tell the SLD that services have begun.

**6. Invoice Form 472 or Form 474** – The SLD must receive an invoice in order to pay for the services for which the funds have been committed. If applicants receive discounts on their bills from service providers the service providers must submit form 474. If applicants wish to request reimbursement for the services for which they have already paid in full, the applicant must submit form 472.

**7. Reimbursement** – 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 date. Receipt of discounts or reimbursements completes the E-Rate process.

For a complete listing and downloads of all applicant and service provider forms visit: [VBrick.com/ERate/USAC](http://VBrick.com/ERate/USAC)

## Application Process

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PROCESS	SERVICE PROVIDER	APPLICANT
1 Applicant develops a technology plan, which must be approved.  Form 498 is submitted by service provider to apply for SPIN.	<b>FORM 498</b> Apply for SPIN  (if not previously done)	-Develop technology plan
2 Form 470 is submitted by applicant, which opens the competitive bidding process.  Service providers respond to applicant requests for products and services.  Applicant selects a service provider.	-Respond to requests	<b>FORM 470</b> Services Requested  FORM 470 Receipt Notification Letter  -Form 470 must be posted on SLD website for at least 28 days.
3 Form 471 submitted by applicant, to request product/service funding.  Service provider assists applicant with adjustments and payment decisions.	-Negotiate contract  FORM 471 Receipt Acknowledgement Letter	<b>FORM 471</b> Services Ordered  FORM 471 Receipt Acknowledgement Letter
4 SLD reviews applications and approves funding commitments.	<b>FORM 473</b> Annual Certification  Funding Commitment Decision Letter	Funding Commitment Decision Letter
5 Form 486 is submitted by applicant to inform SLD that services and/or products have been delivered.	-Deliver services/products  FORM 486 Notification Letter	<b>FORM 486</b> Services Confirmed  FORM 486 Notification Letter
6 Applicant and service provider agree on billing options.  Form 474 is submitted by service provider to cover discounted portion of bill, <b>OR</b> Form 472 is submitted by applicant if they have already paid for service.	<b>FORM 474</b> SP Invoice Form  FORM 474 (SP Invoice) Notification Letter <b>OR</b> <b>FORM 472</b> BEAR Form  FORM 472 (BEAR) Notification Letter	
7 Depending on the billing option chosen, applicant is reimbursed in a corresponding matter.	-If Form 474, SLD reviews and USAC issues check to vendor.  \$	-If Form 472, SLD reviews and USAC issues check to vendor.  Vendor repays customer within 20 days.  \$

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## VBrick and E-Rate

VBrick partners who are E-Rate Service providers must have their own SPIN and use it to request reimbursement after providing services.

VBrick products are classified as Internal Connections and therefore fall under the Priority Two category.

Eligible products – many VBrick products are eligible for funding. You can visit the USAC website for a complete database of eligible products visit: [VBrick.com/ERate/USAC](http://VBrick.com/ERate/USAC)

### The Two-in-Five Rule

Because of the Priority Two funding status for Internal Connections, only the neediest schools have been able to qualify for Priority Two funding in past years. In 2005, the new “Two in Five Rule” was implemented to limit Internal Connections purchases so that more schools and libraries will be able to qualify.

The “Two in Five Rule” stipulates that eligible applicants can only receive E-Rate funding for Internal Connections in two out of every five years. Year 2007 is the first year that some schools and libraries will be ineligible for Internal Connections funding based on this rule.

Applicants can use the USAC’s Two in Five Tool to determine eligibility for Internal Communications funding requests.

[VBrick.com/ERate/USAC](http://VBrick.com/ERate/USAC)

## Important E-Rate Guidelines

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It is very important that all VBrick resellers and anyone associated with VBrick follow all of the rules as they pertain to the E-Rate program. If you have any questions about E-Rate, or the program guidelines please be sure to contact a member of the VBrick team for assistance.

### Some important guidelines to remember

- Audits – The E-Rate program, applicants and service providers are regularly audited by the SLD for program compliance. All E-Rate documentation should be saved for a period of 5 years from the last date a product or service was delivered.
- Pricing – Service providers are not allowed to waive the non-discounted portion of an applicants purchase price nor are they allowed to incentivize or otherwise influence the applicant. Any special offers or price reductions should be incorporate into the Form 471.
- Planning – Service providers are not allowed to participate in the planning or executive of an applicants technology plan
- Form 470’s – Service providers are not allowed to submit a form 470 on behalf of an applicant, or be the main contact on the form 470 for an applicant.

If you have any questions in regards to these or any other rules of the E-Rate program contact a member of the VBrick Team for more information.

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## Tools and Resources

E-Rate seminars are available to select VBrick resellers who would like to participate. Please contact a VBrick marketing representative for assistance and to schedule an E-Rate seminar.

[VBrick.com/ERate](https://www.vbrick.com/ERate)

### Common Useful Tools and Resources

- USAC's Two in Five Tool
- E-Rate forms to download
- Dates and Deadlines Calculator
- Eligible Products Database
- USAC Search tools  
(complete list of search tools on the USAC website)

Find links to the above Tools and Resources at:

[VBrick.com/ERate/USAC](https://www.vbrick.com/ERate/USAC)

## Dates and Deadlines

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The funding year runs from July 1 through June 30th of the following year. There is a Deadline calculator available on the USAC website for information as it pertains to all E-Rate forms, submissions and deadlines.

[VBrick.com/ERate/USAC](https://www.vbrick.com/ERate/USAC)

### General Dates & Deadlines

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 Services Ordered and Certification Form (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 USAC's website).
- Form 471 - Received or postmarked no later than 11:59 p.m. EST on the day of the close of the Form 471 application filing window (exact date will be posted on our website).
- Form 486 - Received or postmarked no later than 120 days after the date of the USAC Funding Commitment Decision Letter or 120 days after the service start date, whichever is later.
- Form 472 and 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 USAC's decision letter.

## Service Provider's Guide to Success\*

While this is not an exhaustive list, our intent is to provide guidance on many of the most common activities that involve service providers.

### Service Providers Can

- Maintain up-to-date information on the Form 498
- Provide information to applicants about products or services (including demonstrations) before the applicant posts the Form 470
- Download Form 470 information from the USAC website
- Maintain open communication with applicants to ensure a responsive bid
- Comply with all state and local rules, procedures and regulations, including any requirements contained in the Form 470/RFP
- Negotiate a contract with an applicant if selected as the most cost-effective bid
- Separate the costs of eligible E-rate products and services from ineligible ones
- Sign and date contracts before the Form 471 is submitted
- Assist applicants with preparation of the Item 21 Attachment- description of services
- Assist applicants with answers to technical questions during PIA review
- Remind applicants to submit Forms 486 after services start
- Deliver and install products and services during the funding year (with extensions)
- Submit a Form 473 each year before invoicing USAC for services
- Invoice USAC for discounts using SPI form 474 on approved, eligible products and services that have been provided
- Review and certify BEAR Form 472

### Service Providers Who Will Compete Cannot

- Prepare an applicant's technology plan or RFP
- Prepare, sign, submit, or post a Form 470 and/or Form 470 certification
- Serve as the Form 470 contact or have your contact information on the Form 470
- Participate in the competitive bidding process except as a bidder
- Provide free services and/or gifts to ensure bid selection
- Bundle eligible and ineligible products and services to "hide" the ineligible costs
- Waive or forgive the applicant's non-discount share of the costs for eligible services
- Set up a "foundation" that "grants" money for an applicant's non-discount share
- Urge applicants to submit a service certification with incorrect information
- Complete and submit the applicant portion of a BEAR Form
- Wait more than 20 days to reimburse an applicant after receiving a BEAR check
- Withhold a BEAR reimbursement for any reason
- Offer telecommunications services if not a common carrier

### Service Provider Actions That Will Lead to USAC Questions

- Provide training to applicants on E-rate in a manner that gives an unfair advantage
- Provide technical advice or assistance to applicants preparing technology plans in a manner that gives an unfair advantage
- Offer pricing that is not cost effective (e.g., prices two or three times greater than the prices available from commercial vendors)
- Provide Telecommunications Services without filing a Form 499

\* Source: Universal Service Administrative Company ©1997-2007

## Glossary of Common E-Rate Terms

**AP** – Applicant – Schools and Libraries who apply for E-Rate funding.

**BEAR** – Billed Entity Applicant Reimbursement Form 472 – applicants use this form to receive funding on bills they have already paid.

**E-Rate** – Education Rate Program – program that provides discounts to schools and libraries so they can obtain affordable telecommunications and Internet access.

**ESL** – Eligible Services List

**FCDL** – Funding Commitment Decision Letter – sent to both applicant and selected service provider regarding the commitment on funding.

**Form 470** – Applicant's files a form 470 on the USAC website to open the competitive bidding process for the services listed either on the form or in the Request for Proposals (RFP) indicated on the form. Must be posted for at least 28 days.

**Form 471** – Filed to officially requests discounts on eligible services to be provided to eligible entities. It specifies what they would like to purchase, from whom, and how much it will cost.

**Form 472 (BEAR)** – Used by the applicant to request reimbursement for support on eligible services that have already been paid in full by the applicant to the service provider.

**Form 473** – Form 473 is used by the service provider each funding year to certify that it will comply with FCC rules concerning invoicing and documentation.

**Form 474** – Used by the service provider to request reimbursement for support on eligible services that the service provider has already provided to the applicant at discounted prices.

**Form 486** – Informs USAC of commencement of services. The applicant must submit this form to tell the SLD that services have begun.

**Form 498** – Used to collect contact, remittance, and payment information for service providers that receive support from the federal Universal Service Fund programs.

**Priority One** – Services that fall under Telecommunications or Internet access categories. These requests are funded first.

**Priority Two** – Services that fall under Internal Connections and Basic Maintenance of Internal connections categories. Priority Two services funded after all Priority One requests and is based on need.

**RAL** – Receipt Acknowledgement Letter – letter sent to the applicant confirming receipt of Form 471.

**RNL** – Receipt Notification Letter – letter sent to the applicant confirming the receipt of Form 470.

**SLD** – Schools and Libraries Division of the Universal Service Administration Company (USAC) – administers the E-Rate program.

**SPI** – Service Provider Invoice Form 474 – service providers use this form to receive funding directly from the USAC.

**SPIN** – Service Provider Identification Number – ID number assigned by the USAC to all service providers.

**Two in Five Rule** – Rule that stipulates how often schools and libraries can apply for internal connections discounts. Two out of every five years.

**USAC** – Universal Service Administration Company – governing body of the SLD & E-Rate program.

For more information regarding E-Rate go to:  
[VBrick.com/ERate](http://VBrick.com/ERate)