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On-Tech

E-Rate Funding—Guaranteed

Introduction to the Invoicing Process

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Introduction

On-Tech is a technology consulting firm focused on managing the E-Rate process for schools and libraries. We provide a full range of E-Rate services for applicants, including: handling the entire application process; consulting on construction projects to ensure maximum E-Rate funding; and reviewing proposals to ensure E-Rate compliance. In addition, On-Tech obtains E-Rate funding for school and library construction projects. On-Tech is not associated with any service provider.

Dan Riordan has been involved with the E-Rate since 1997, when he was trained by the New Jersey Department of Education to offer assistance to school districts in completing the application. Since then, he has worked on the E-Rate as a trainer, a district technology coordinator, and now a consultant.

The Forms

There are two forms for invoicing USAC, but only one of them can be used for each funding request (FRN). The basics of the forms are very similar.

Form 474: The SPI

If your service provider gives you discounted bills, the service provider will file a SPI. In that case, you will probably have no involvement in the process. The service provider will complete the form and submit it. The paper SPI is available at:
http://www.universalservice.org/_res/documents/sl/pdf/forms/474.pdf

Form 472: The BEAR

If you choose to pay the full amount of the bill and seek reimbursement, you will have to complete the BEAR. The BEAR can be completed online or on paper. If you can file online, and your service provider can certify online, that is the better option. The paper BEAR is available at: http://www.universalservice.org/_res/documents/sl/pdf/forms/472.pdf

The Process

From the applicant perspective, the invoicing process is completely different, depending on the invoice mode selected.

The Form 486

It's not really part of the invoicing process, but the Form 486 must be filed in order for invoices (SPI or BEAR) to be processed. File your Form 486 right away once you have received your Funding Commitment Decision Letter. Many service providers will send you invoice method selection paperwork once your Form 486 is certified.

The Choice: Discount (SPI) or Reimburse (BEAR)

The first step in invoicing is to decide which payment method you prefer. You cannot mix SPI and BEAR in the same FRN; after the first invoice is submitted, all subsequent invoices will have to be the same type. If you have more than one FRN, you can choose an invoicing method

for each FRN. It is not unusual for applicants to have some FRNs going through the SPI process and others going through the BEAR process.

The FCC declared in the Second Report & Order that applicants should have the choice of invoicing method, not service providers. However, there is no mechanism for forcing a service provider to provide discounts, and many do not.

Pros and Cons

Each method has advantages and disadvantages.

Discount (SPI) pros:
- Quick receipt of funding: there is no delay in receipt of funds; it's right on the bill.
- Simplicity: you don't have to do any calculations.

Discount (SPI) cons:
- Service provider errors are difficult to find and correct.
- Not all service providers offer discounting.

Reimbursement (BEAR) pros:
- Flexibility: Applicants can choose when to receive funding, and there is often flexibility in how the reimbursement can be spent.
- Budgeting: In the case of discounts, it will appear that the library's telecommunications costs have dropped, which may lead to a reduced telecom budget the following year.

Reimbursement (BEAR) pros:
- Funding delay: It takes 30-60 days to receive funding, and can take much longer.
- Funding confusion: Reimbursement will be received as a check from the service provider, often with no explanation, which can cause confusion.

Discounts

If you choose to receive discounts, you may have to do some work to set them up, but you won't have to do any actual invoicing. Note that some service providers still refuse to discount bills.

Setting up Discounts

Many service providers will require you to fill out a form in order to get discounts started. The simplest form requests account numbers. If you have more than one FRN with the same service provider, they will want to know which account numbers are associated with which FRN.

Discounts on Your Bill

Once discounts are set up, you should see a credit on each bill equal to the amount of your E-Rate discount. This credit will often be called "USF refund" or "SLD discount" or something similar. Some service providers lag by one month, so the discount on this month's bill may be based on last month's charges.

If you have not filed your Form 486 by July, then the service provide will have to do a one-time credit for all charges back to the beginning of the funding year.

Reimbursement

If you choose the reimbursement method, you will have to calculate the total charges and deduct any ineligible charges, then complete the BEAR and make sure it is signed by your service provider.

Submitting the BEAR

If at all possible, you should submit the BEAR online. The online BEAR tool will catch many errors and save you from having to redo the BEAR. Note, however, that a mistake on the BEAR is not as big a problem as mistakes on other forms, since you can always file another BEAR. This is a very good reason to file your BEAR early, so that you don't have to worry about the deadline in the event you need to refile.

After you submit the BEAR online, you should reach out to the service provider to let them know that the BEAR is waiting for their certification. Note that some service providers have not figured out the online certification process. In that case, you will have to submit a paper BEAR.

If you want to submit a paper BEAR, you will need to complete pages one through 1 to 3, then fax the entire form to your service provider. The service provider will need to sign page 4 and fax it back to you. You will then mail to USAC your original pages 1-3 plus the service provider's page 4. Make sure you keep a copy. And mailing it certified is a good idea.

BEAR Processing

Once the service provider has certified your online BEAR (or your completed paper BEAR has been received by USAC), the USAC Invoicing Department will review it. The vast majority of BEARs are approved within a week.

Occasionally you will be asked to provide additional information to support your BEAR. More often, the BEAR will simply be denied. If you are asked, you must respond within a week or your BEAR will be denied. If your BEAR is denied, you can correct and resubmit it. If you don't understand the reason it was denied, contact USAC.

Payment Process

Once USAC Invoicing has approved your BEAR, they will send electronically transfer funds to the service provider within 20 days. In my experience, USAC meets this deadline. Once the service provider receives the transfer, they are required to issue a check to you within 20 days. It is not unusual for service providers to miss this deadline by a few weeks. So you should receive a check from your service provider within 60 days of submitting the BEAR. If you do not receive it, check with your service provider.

If you prefer, some service providers will credit the reimbursement to your next bill instead of sending a check. If you would like the credit, contact your service provider.

More Resources

On-Tech

www.on-tech.com/erate

This handout and other E-Rate information and links are available at our Web site.

blog.on-tech.com

For a more informal discussion of the E-Rate, visit our blog. You can search for a topic of interest to you and get an insider's view.

If you have specific questions, contact us.
    Email: info@on-tech.com
    Phone: 732-530-5435

Schools & Libraries Division (SLD)

www.usac.org/sl

This Web site is a wealth of information, and the information is official. Start by pointing at the light blue "Schools and Library Applicants" button, and selecting the relevant step.

File online at: http://www.sl.universalservice.org/menu.asp

Download paper forms at: http://www.universalservice.org/sl/tools/required-forms.aspx