

E-rate: The Good, the Bad, and the Ugly



By Fred Brakeman

People ask me how I can find new things to write about as it relates to E-rate and the California Teleconnect Fund (CTF). Since this is my 26th article on the subject, all I can say is that the only thing constant about these programs is that they are constantly changing. Not that the rules have changed that much, but it is how the program administrators constantly keep changing their processes on how to interpret the rules.

In this article, I want to address some procedures and policies that you may want to follow to keep in compliance with E-rate and CTF rules.

1. First and foremost, you can't just file the three E-rate forms any more and forget it. For 10-plus years, many schools have blindly followed the same process of doing the minimum required to file the forms not knowing USAC (E-rate) requires that several processes must be followed to administer and verify that you are tracking all E-rate funding. Gone are the days when you file and leave it until next year when you do it all over again. USAC assumes you are tracking and verifying each month: (1) how much funding you have received from each service provider, (2) you have paid the undiscounted amount, (3) verified your service provider has not billed USAC for any ineligible services, and (4) can produce documentation that you actually paid your share of these monthly bills.
2. We are starting to see school attorneys require that many of your traditional telecommunications services such as telephone lines, data circuits, cell phones, etc. that used to be procured without RFPs or bids now require one or the other. It used to be that telecom and gas service were considered "utilities" and these services did not normally require bids. Since there now seems to be multiple vendors who want to bid on these services, school attorneys are beginning to determine that you must follow the same procurement guidelines for telecom services you normally follow to procure all other goods and services. In the future, if you intend to procure these services, I suggest you contact your purchasing office and/or legal counsel and get a ruling from them before you proceed with these projects.
3. Now that more schools (and libraries) are putting in high-speed data lines and other advanced telecom services and applying for E-rate funding for these services, we have seen the average cost of E-rate funding each year rise significantly. Since E-rate will pay for these services, getting E-rate to pay for these advanced services is a logical and a valid choice to cover the cost of these services. The issue is, quite often, not unusual in that it takes months and sometimes not until the next school fiscal year before you see the discounts on your

monthly telephone bills. This is because USAC may not fund the project until late into the funding year, or the service provider may not be timely in putting these discounts on your monthly telephone bills, or school staff is not actively working with USAC and/or their service providers to speed up the disbursement process. Realizing this issue exists, what provisions have you made with your business office to budget for the cost of these services if your discounts are late? What provisions have you made in your annual budget to accommodate this shortfall or not getting the funding at all if an error is made?

4. A common problem we have seen when asked to take the lead in representing a school or library that is being audited is the little or no communication between the person or department who files for the E-rate funding and the persons or departments who must: (1) track and ensure that all E-rate funding is received, (2) ensure they have followed all E-rate rules and guidelines, (3) be responsible for writing and maintaining school board policies that are consistent with E-rate/CTF rules, and (4) kept all documents required by E-rate/CTF. Are you communicating with all departments within your organization on how much E-rate funding is anticipated for the current and upcoming years so these discounts are tracked and updated all department heads on E-rate and CTF rules?
5. Once all of the above issues are properly addressed, there seems to be a common understanding that not enough personnel, budget and time is allocated to administering these programs. These administrative procedures and costs need to be planned for. Unfortunately, to get E-rate and CTF to fund these services, an investment must be made to properly administer these programs.

Gone are the days when we can say, "we didn't know." USAC now spends more money auditing the program than administering the program. It is much more likely that rule violations will be discovered. As the Benjamin Franklin adage says, "an ounce of prevention is better than a pound of cure." ■

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