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Funding Year 2010 E-rate Primer

POLYCOM® Grant Assistance Program
Get a Plan...Get a Grant...Get Connected!

E-Rate FY2010 Primer – Contents

- ▶ Program Description
- ▶ Application Process
 - Process Timeline
 - Applicant Pre-application Tasks
 - Application Process
 - Service Delivery
- ▶ Other Program Issues
- ▶ Appendixes

Program Description - Background

- ▶ Purpose – Universal Services Fund
 - To provide connectivity to school buildings and libraries by wiring classrooms, and connecting buildings to each other and the internet.
- ▶ Funding
 - \$2.25 Billion annually
 - Collected by surcharge on telephone bill



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3

Program Description - Background

- ▶ Administration
 - Under auspices of FCC
 - FCC created Universal Service Administration Company (USAC)
 - Four Divisions
 - Schools and Libraries (SLD)
 - High Cost
 - Rural Health Care (RHCD)
 - Low Income



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4

Program Description – Funding

▶ Funding Priorities

- Priority 1
 - Telecommunications Services
 - Internet Access
- Priority 2
 - Internal Connections
 - Basic Maintenance
- All Priority 1 Funded before **any** Priority 2
- Discounts are given to poorest entities first, calculated by participation in National School Lunch Program



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5

Program Description – Funding

▶ Funding Mechanism

- Discount on Services – Not a Grant
- Billing Methods
 - BEAR Form (Billed Entity Application for Reimbursement): Entity pays Service Provider, gets reimbursed
 - SPI Form (Service Provider Invoice): Service Provider invoices entity for their percentage, invoice government directly for SLD percentage



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6

Program Description – Eligible Services

▶ Telecommunications

- Must be an SLD certified Telecommunications Provider (TP) to provide
- Eligible services include leased WANs/MANs, DS1/DS3s
- Services not eligible include dark fiber



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7

Program Description – Eligible Services

▶ Internet Access

- Anyone can provide
- Eligible services include basic connectivity, email, web site and content/application hosting, CPE, and firewall and DHCP services
- WANs can be built under Internet Access Category
- Services not eligible include virus protection, content filtering, VPNs, and internet content



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8

Program Description – Eligible Services

▶ Internal Connections (and Basic Maintenance)

- Anyone can provide
- Eligible equipment/materials include low-voltage cabling, network electronics, VoIP transport hardware, Video transport hardware, file server hardware/software, and email software
- Eligible services include project management, installation and configuration, concurrent design and engineering, testing and documentation
- Services not eligible include workstations, telephones, printers, video cameras, virus protection, content filters, systems architecture, applications software, VPNs, network monitoring, and helpdesk



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9

Program Description – 2/5 Rule

- ▶ In January of 2004 FCC Released 2/5 Rule
- ▶ 2/5 Separates Internal Connections into “New” and “Basic Maintenance”
 - Entity can receive new internal connections funding two years out of five
 - Basic Maintenance not subject to 2/5 Rule
 - Designed to help spread funding down to lower discount levels
 - Designed to help prevent waste, fraud and abuse
- ▶ Issues – 2/5 Rule
 - Shared internal connections
 - Potential push to move services into Priority 1
 - Requires better technology planning



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10

Program Description - Basic Maintenance

▶ Network Hardware

- Periodic equipment cleaning
- Periodic equipment cleaning
- Log review – traffic, exception, intrusion
- Patch and software revision/upgrade management
- Transport and protocol-level preventative diagnostics – review router tables, review ATM LECS configurations
- Diagnose network issues, repair/reconfigure/replace malfunctioning equipment



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11

Program Description - Basic Maintenance

▶ File Servers

- Periodic equipment cleaning
- Hard drive de-fragmentation
- Patch and software revision/upgrade management
- Diagnose server issues, repair/reconfigure/replace malfunctioning equipment



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12

Program Description - Basic Maintenance

▶ Network Operating Systems/Services

- Log review
- Patch and software revision/upgrade management
- NOS-level preventative diagnostics – review Active Directory links, DNS and DHCP servers
- Account management – adds, deletes, moves, changes, storage adjustments
- Diagnose NOS issues, repair/reconfigure/replace malfunctioning systems/services



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13

Program Description - Basic Maintenance

▶ Maintenance Reporting

- Provide regular reports of work performed
- Make recommendations if more significant underlying issues are suspected

▶ Basic Maintenance Issues

- If a Basic Maintenance Contract contains any ineligible items, the entire contract is ineligible
- Designed to be primarily reactive in nature



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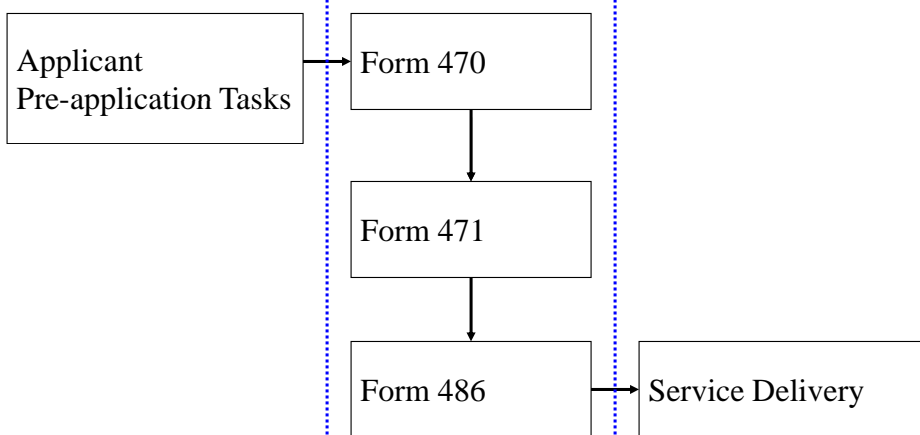
14



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Application Process

General Process Timeline



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16

Important Dates - 2010 Funding Year Timeline

<p>Procurement</p> <p>PIA (Program Integrity Assurance)</p> <p>Delivery</p>	<ul style="list-style-type: none"> ▪ July 2009 ▪ Aug, 2009 ▪ Late Aug/Early Sept: ▪ Oct 19, 2009 ▪ Late Nov/Dec 2009 ▪ Nov 14, 2009 ▪ Jan 10, 2010 ▪ Feb 7, 2010 ▪ April, 2010 ▪ July 1, 2010 ▪ Mid-summer 2010 Priority 2 funding decisions begin ▪ June 30, 2010 ▪ Sept 30,2010 ▪ Sept 30, 2011 	<ul style="list-style-type: none"> Form 470's begin to be filed Draft Eligible Services List available School opens Final Eligible Services List published Majority of Form 470s posted Form 471 application window opens Last possible day to post Form 470s Form 471 application window closes Priority 1 funding decisions begin First allowable day of service Mid-summer 2010 Priority 2 funding decisions begin Last allowable day for Recurring Services Typical last allowable day for Priority 2 services Last day for Non-recurring 2 Services with extension
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17

Pre-application Tasks

► Technology Plan

- Must be Approved
- Approvers Include States' DOE, State Libraries, Other SLD Approved Authority
- Mandatory Minimum Contents are:
 - Clear Goals and a Realistic Strategy
 - Professional Development Strategy
 - Needs Assessment
 - Sufficient Budget for Collateral Expenses
 - Evaluation Process
- Valid for three years



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18

Pre-application Tasks

- ▶ **Secure Resources**
 - Must Secure Matching Funds (Applicant Percentage)
 - Professional Development, Workstations, Curriculum, Collateral Expenses
- ▶ **Decide “Broadly” on Services Sought**
- ▶ **Purchasing**
 - Create Bid, RFP, and/or Use SLD-Approved Form 470
- ▶ **Note: Applicant must retain all documentation for 5 years after services are delivered**



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19

Application Process – Form 470

- ▶ **File with SLD**
 - Online or Paper
 - Indicate if an RFP/Bid will be used
 - Indicate general services sought
 - Indicate if multi-year contract is sought
- ▶ **If using only Form 470**
 - Indicate any additional requirements, i.e. single provider preference, etc.
- ▶ **Bid Process**
 - Open, fair and competitive process
 - 28 day minimum waiting period before awarding contract
 - Follow all applicable state laws and local procurement policies



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20

Application Process – Form 470

- ▶ **State Master Contracts**
 - May be considered as if it were a submitted response
 - If SMC predates program, or if SMC was bid with a Form 470 in place, entity may purchase without further bidding
- ▶ **Evaluation Criteria**
 - SLD requires that price be single highest weighted factor
 - SLD has no other evaluation requirements
- ▶ **Note: We recommend publishing Evaluation Criteria in RFP**
- ▶ **Note: Applicant must retain all documentation for 5 years after services are delivered**



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21

Application Process – Form 471

- ▶ **Contracts**
 - Applicant must have signed contracts before Form 471 is filed
 - Does not apply to tariffed or month-to-month services
 - Provisional Contracts
- ▶ **Filing Window**
 - Applicant must file Form 471 within the proper filing window
- ▶ **Accurate Filing**
 - Applicant must ensure the accuracy of the submitted information



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22

Application Process – Form 471

- ▶ CIPA
 - Applicants must certify that they are filtering internet access for children if they receive Internet Access or Internal Connections funding
- ▶ Resources
 - Applicants must certify that they have the proper resources, including computers, professional development, and their applicant percentage, to make use the requested funding
- ▶ Certified Technology Plan
 - Applicants must certify they have a technology plan which has been approved or will be approved
- ▶ Note: Applicant must retain all documentation for 5 years after services are delivered



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23

Application Process – SLD Review

- ▶ Stage 1 – Problem Resolution Team (PRT)
 - Reviews Data Entry
- ▶ Stage 2 – Program Integrity Assurance (PIA)
 - Reviews Discount Rates
 - Reviews Eligible Entities
 - Reviews Eligible Services
 - Reviews Certifications
 - Conducts Selective Reviews
 - In Depth Bid Review
 - In Depth Technology Plan Review
 - In Depth Budget and Resources Review
 - Notes
 - Inquiries have a seven day response
 - Extensions easily granted



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24

Application Process – Decision and Service Start

▶ Decision

- Funding Commitment Decision Letter (FCDL)
 - Approved as Funded
 - Approved, but Funding Reduced
 - Approved, Pending Discount Level (“As Yet Unfunded”)
 - Denied
- Applicant reviews to ensure information is correct – no data entry errors



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Application Process – Decision and Service Start

▶ Service Start

- Form 486
 - Notification that services have started and USAC can pay invoices
 - Recertifies a Tech Plan has been approved
 - Recertifies compliance with CIPA
 - Form 486 can be filed online – increases processing and reduces errors
 - Must be filed (postmarked)
 - NLT 120 days after service start date on the Form 486
 - OR
 - 120 days after the date of the FCDL
 - If filed late, the postmark date becomes the start date for discounted services and may reduce funding



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26

Service Delivery - Deadlines & Extensions

- ▶ Recurring or One-Time
 - Recurring Services
 - Ex: Internet Access - Email and Web Hosting could be Non-recurring
 - Must be delivered during the specified funding year (Jul 1, 2009 - Jun 30, 2010)
 - No extensions are possible
 - Non-recurring services
 - Ex: Cabling, Routers, most equipment and installations
 - Delivered and installed between Jul 1, 2010 and Sep 30, 2011; Could be as late as Sep 2012 with SLD extension



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27

Service Delivery - Deadlines & Extensions

- ▶ Extensions
 - Extensions Will Be Granted If:
 - FCDL issued on or after Mar 1 of Funding Year (Automatic)
 - Extensions **May** Be Granted If:
 - Service provider is unable to complete delivery and installation for reasons beyond the provider's control
 - Service Provider is unwilling to complete delivery and installation because SLD withheld payment for services on invoice for more than 60 days after submission of the invoice.
- ▶ Note: Customer should code equipment and services as non-recurring if possible



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28

Service Delivery – Service Substitutions and SPIN Changes

▶ Service Substitution

- Must be used when parts change, even if same manufacturer
- Service Substitution requires:
 - Letter to SLD
 - Spreadsheet showing “Request as Submitted” and “New Request”, including:
 - Model #
 - Description
 - Unit Price
 - Quantity
 - COC can assist with preparation



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29

Service Delivery – Service Substitutions and SPIN Changes

▶ SPIN Changes

- Applicant uses to switch vendors
- SPIN changes:
 - Require Service Provider notification
 - Can be appealed by Service Provider
 - Must remain compliant with all federal, state and local procurement rules



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30



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Other USF Issues

Appeals and COMADs

▶ Appeals

- May appeal adverse decisions
- Appeal to SLD for Fact-based issues
- Appeal to FCC for Policy-based issues
- Appeals take a long time to resolve

▶ COMADs

- COMmitment Addjustment Decisions
- Used when SLD/FCC has disbursed funds in error.
- Poor Service Provider “Due Process”
- Applicant and Service Provider Malfeasance has generated media and political scrutiny



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32

Questions?



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33

Program and Enrollment information

Web info and program enrollment:
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34



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Appendix

Terms

- Applicant
 - SLD terminology for a school, district, consortium, library, rural hospital
- Funding Commitments
 - Are done in Waves, for each funding year
 - If you are the SPIN holder, you are notified along with the applicant
 - Funding is searchable on the SLD web site, by state and nationally
- SPIN
 - Service Provider Information Number
 - Identifies the vendor to the SLD and is used on the 471 form and funding commitment letters
- Wave
 - Funding comes out from the SLD in Waves
 - Typically every other week. Applicant notified on Friday before the Monday publishing of the Wave information for that funding year
- Consortium
 - Group of schools/districts that aggregate their demand for an application to the SLD with a weighted average discount rate and point person for the consortium



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36

Terms

- Discount Rate
 - SLD terminology for a schools and/or district's free and reduced lunch impoverished rate. If a school or district is at a 90% discount rate, that means they pay 10% of the contract value and the SLD funds the other 90%
- FRN
 - Funding Request Number. How the SLD funds applications. Each application gets an FRN with \$\$ associated with it
- Manual Invoicing
 - IBM invoices for E-Rate are prepared manually
 - Discounts must be applied, splitting the invoicing between the district and the SLD
- Shared Discount Rate
 - This is the district's discount rate. Used for district type services, such as a WAN, Internet Access, etc. that are used for the district and not for an individual school
- Service
 - A service is something provided to the applicant that the applicant does not own or take title to. Like Centrex, or Internet Access. Typically a recurring service.



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37

Forms and Process

- 470
 - List of eligible services that an applicant wants to procure, consistent with its Technology Plan. For Telecommunications, Internet Access and Internal Connections
 - Must be posted a minimum of 28 days before contract can be signed
 - Is evergreen, meaning districts can apply now for Year 6 services
- 471
 - District certification that they have selected and contracted for services from a service provider
 - They have secured the resources necessary for their match
 - Recurring or nonrecurring
 - Can only be submitted, electronically (preferred) or via paper, during the 471 application window
- 486
 - District notification to the SLD that services have begun
 - Is the form that enables ITS to begin billing



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38

Forms and Process

*472/474

- How service providers invoice the SLD and applicant.
- If service is discounted prior to service being delivered, one form is used
- If service begins at full price and discounting is provided after the fact, the other form is used. That is the BEAR form. If we use the BEAR form, the entire contract must be billed this way

*500

- This is the form used to notify the SLD of a contract change
- Could be the ending date of the contract
- Could be modifying the amount of the contract (giving money back to the SLD)
- Could be closing out the FRN saying service will not be provided



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39