

## Category 2 E-rate-Purchasing Guide FY 2016

Although FY 2016 funding commitments have not yet begun, many schools have purchased or are preparing to purchase C2 equipment in the coming weeks. This guide is intended to provide the information you need to successfully purchase/document your C2 equipment and be fully E-rate compliant. Information related to purchasing equipment BEFORE receiving your E-rate funding commitment letter is listed at the bottom of this guide.

### ~ Issuing Purchase Orders ~

After you have received the E-rate FCDL, the next step is to issue Purchase Orders to the approved vendors as follows:

- 1) Issue a separate PO for each E-rate funding request, if possible. You may combine them in one PO, but audits and invoice reviews are much easier if they're kept separate.
- 2) The PO should contain the information listed below, along with a copy of the signed vendor quote/contract that contains a list of equipment parts (including make and model #) and quantities.

If you want discounted bills:

- General Description of Equipment (i.e. Ruckus Wireless)
- Vendor Name:
- Funding Year 2016
- Form 471 #:
- Funding Request #:
- Total Cost of Equipment:
- E-rate Discount:
- E-rate Discounted Amount (*E-rate Share*):
- District Share (*this will be your PO amount*):

For example, if the full cost of the equipment is \$100,000, and your discount is 40%, you would list \$40,000 as the E-rate Discounted Amount, and \$60,000 as the District Share. Obviously, this only applies if you want discounted billing. If you are purchasing other equipment that is NOT E-rate eligible or PARTIALLY E-rate eligible, be sure to include the full or partial cost of this equipment when listing your calculations.

If you want to pay the bills in full and seek reimbursement from USAC:

If you are purchasing equipment prior to receiving your E-rate funding commitment, you must pay for the equipment in full and then seek reimbursement from USAC after the FCDL arrives. Likewise, you may simply choose to pay for the equipment in full and then seek reimbursement from USAC. In either case, the PO amount would be listed as the total cost, not the non-discounted amount. The E-rate identifying information should remain on the PO.

- General Description of Equipment (i.e. Ruckus Wireless)
- Vendor Name:
- Funding Year 2016
- Form 471 #:
- Funding Request #:
- Total Cost of Equipment (*this will be your PO amount*):

### ~ Submitting the Form 486 ~

After your E-rate funding commitment has arrived and the PO has been sent to the vendor, the applicant should submit the Form 486 to USAC to "turn on funding" which will allow invoices to be submitted for payment. There will be a new Form 486 in EPC for FY 2016 funding requests and as soon as it's released, I'll send a helpful guide to the listserve. Until you receive your FCDL, you cannot submit the Form 486.

### My Landing Page



[Funding Request Report](#) | [FCC Form 470](#) | [FCC Form 471](#) | [FCC Form 486](#) | [Appeal](#) | [Manage My Organization](#) | [USAC Website](#) | [Contact Us](#) | [Help](#)

### ~ Invoicing USAC ~

#### **Discounted Bills**

If you received discounted bills, the VENDOR will submit the Form 474 (SPI) invoice to USAC and the school is not responsible for submitting any further forms to USAC. The only responsibility is for the district to ensure that the vendor's invoice to the district is accurate and to provide any "validation information" to USAC's invoicing department should it be requested.

#### **BEAR Reimbursement**

If you paid for the full cost of the equipment and did NOT receive discounted bills, then the SCHOOL should submit the Form 472 BEAR to USAC. This should be done after the equipment has arrived (or installed, if installation was included in the FRN), after the Form 486 has been submitted, and after you have paid the vendor invoice. Don't forget, no BEARs can be submitted to USAC until the Form 498 Banking Information Form has been submitted to USAC to provide direct deposit details.

### ~ Documentation - After the Equipment Arrives ~

It is extremely important that you take the following steps to document and label your equipment because future E-rate audits will require such documentation to be provided/shown:

1) When the equipment arrives, label each piece of equipment with "FY 2016, FRN # XXX" listing the FRN number, of course. This is what the auditors will look for during their site visits.

2) Record each piece of equipment in your school's Asset (Inventory) Register or create your own E-rate Asset Register (recommended). The Asset Register should contain the following information:

- Make & Model
- Serial Number (if available)
- Physical Location of Equipment (building/room number)
- Date Installed
- Funding Year 2016 and FRN #
- Purchase Order #

3) A copy of USAC's Sample Asset Inventory Worksheet in Excel format is available at: <http://e-ratepa.org/wp-content/uploads/2015/04/Asset-Register-Sample.xlsx>. You can see that it shows more than is required, but I think it's very helpful to maintain such a detailed record of the payments and POs so that you can easily show this to the auditors.

### ~ Moving Equipment from Building to Building ~

Equipment MUST stay at the location indicated on the Form 471 for a period of three years after the date of purchase. After that, the equipment can be transferred to other eligible entities. If a school closes within three years, equipment from that closed location can be transferred to another eligible entity, but USAC must be notified of such equipment transfers using the Form 500, and the Asset Inventory must be updated. After five years from the date of installation, equipment can be disposed of, sold, transferred, traded, etc. with no USAC notification required. If equipment is sold, no funding is required to be returned to USAC.

### ~ Substituting/Changing Equipment ~

If you find that you need to make a change to the equipment list for which you have been approved, either due to clerical error on your Form 471, or because the vendor is now substituting a newer/different model number, you must submit what USAC refers to as a "Service/Equipment Substitution Request." The Service Substitution must generally have the same functionality (i.e. data distribution, wireless distribution, cabling, etc). If the service substitution results in a change in the pre-discount price, the E-rate funding commitment will be adjusted to the lower cost (we expect there will be procedures announced to explain how to ensure that any reduction in cost can be attributed back to that school's C2 budget). The SS Request must include Billed Entity/Contact/471/FRN information as well as a "From-To List" that details exactly what was approved (From List), and exactly what equipment you would like to substitute (To List). Applicants also must include the original commitment amount and the revised commitment amount, along with a specific SS certification. Complete details and instructions for submitting a Service Substitution Request can be found at: <http://www.usac.org/sl/applicants/before-youre-done/service-substitutions.aspx>.

### ~ Purchasing C2 Equipment Prior to Receiving Your FCDL ~

E-rate rules now permit applicants to purchase Category 2 equipment as early as April 1 prior to the start of the funding year -- even if they haven't yet received their FCDLs. Obviously, you will only want to make these early purchases if they are NOT contingent on E-rate funding and you plan to pay for your equipment in full and seek E-rate reimbursement after your Funding Commitment Letter arrives. The following reminders are just for Early Purchases prior to receipt of your FCDL:

- Be sure your PO is for the FULL amount, not the non-discounted share.

- The Form 486 cannot be submitted until AFTER the FCDL arrives.
- Don't forget to submit the Form 486 and Form 472 BEAR to USAC once your FCDL arrives, and after you have paid your vendor invoice.

If you purchase some of the equipment on an FRN *before* you receive your FCDL and some equipment *after* you receive your FCDL, you must continue with the same payment method for that entire funding request. Meaning, if you start using the BEAR reimbursement process for the FRN, you must continue paying in full and using the BEAR reimbursement process for all equipment on that FRN -- you cannot use two different billing methods on a single FRN.

If you have any questions, please don't hesitate to contact me at [jtschell@comcast.net](mailto:jtschell@comcast.net).

-- Julie

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