

Common Reasons for E-rate Funding Denials, 2004 - 2006

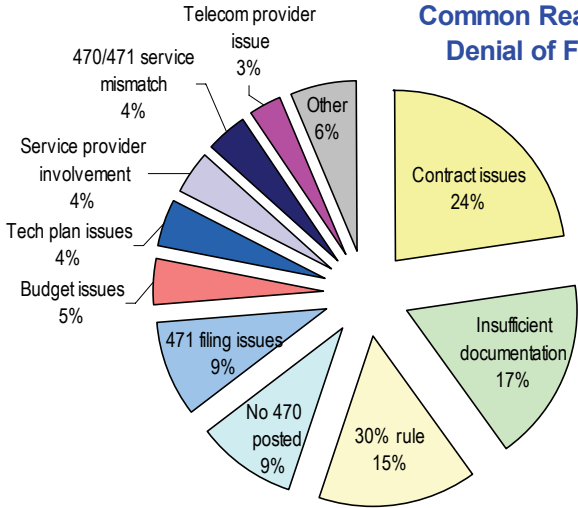
Compiled December 2006

Listed below are the common reasons why E-rate funding requests have been denied for Wisconsin applications from 2004 through 2006. In this three-year period, 8.3% of all funding requests were denied.* Most of the text in the denial column comes directly from the reasons given by the Schools and Libraries Division (SLD). The "DPI Comments" column is intended to provide applicants with more background information. If you have any questions, contact Bob Bocher, Department of Public Instruction, 608-266-2127, robert.bocher@dpi.state.wi.us.

SLD Reason for Denial	DPI Comments
<p>Contract issues: No contract or legally binding agreement was in place prior to filing Form 471. Or a contract for a new service was signed prior to the required 28-day waiting period. (24% of all denials)</p>	<p>For a contracted service, the contract <i>must be signed and dated by both parties before you file Form 471</i>. But any evidence (e.g., date on contract) that the contract was agreed to before the 28-day waiting period (the Allowable Contract Date, ACD) will result in a denial. The ACD is 28 days after the 470 is posted to the SLD Website. If you file the 470 online, the system will calculate the ACD for you. (SLD guidance: http://www.universalservice.org/sl/applicants/step04/contract-guidance.aspx)</p>
<p>Insufficient documentation: The applicant has provided insufficient documentation to determine the eligibility of a service. Or the service was denied due to late response to SLD inquiries. (17%)</p>	<p>When the SLD's Program Integrity Assurance (PIA) unit has questions about the eligibility of an item or service, they will contact the applicant, who then has 15 days to respond. Denials are a result of the applicant's inability to provide adequate documentation to PIA, or the applicant responds too late or not at all. (SLD guidance: http://www.universalservice.org/sl/applicants/step08/deadline-for-information-requests.aspx)</p>
<p>30% rule: 30% or more of this funding request includes a request for an ineligible product or service. (15%)</p>	<p>If more than 30% of a funding request is for ineligible products/services (e.g., dark fiber, Internet filtering), the entire funding request is denied. Check the Eligible Services List (ESL) to help determine eligibility. If you have questions on the eligibility of a service, place it on a separate funding request. The SLD's good advice: "When in doubt, break it out." (SLD guidance: http://www.universalservice.org/sl/applicants/step07/funding-requests.aspx)</p>
<p>No 470 posted: The funding request references services that require filing a 470 for each Funding Year. (9%)</p>	<p>For any tariffed or month-to-month service, you <i>must file</i> a 470 every year. The only time an annual 470 is not needed is when you are claiming discounts on the second and any subsequent years of a multiyear contract. For multiyear contracts, you need to file the 470 in just the first year of the contract. (SLD guidance: http://www.universalservice.org/sl/applicants/step03/)</p>
<p>471 filing issues: The 471 was submitted before the expiration of the 470's 28-day waiting period. Or the funding request references a Form 470 when its 28 day period falls after the close of the Form 471 filing window. (9%)</p>	<p>This violation often occurs when the applicant files the 470 less than 28 days before the close of the Form 471 filing window deadline. The 471 is then submitted in less than 28 days in order to be within the 471 filing window. (If you file online you'll be warned of this.) Or the 471 is filed after the 28 days but the filing date is then after the close of the 471 window. (SLD guidance: http://www.universalservice.org/sl/applicants/step04/28-day-waiting-period.aspx)</p>

* Denials do not include funding requests canceled by the applicant or Priority 2 requests not funded because of the funding cap. Nine percent of all 2006 funding requests are still pending as of December 5, 2006.

SLD Reason for Denial	DPI Comments
<p>Budget issues: During application review, applicant could not demonstrate that they had the funds needed to pay their part of the charges. Or the applicant's share is financed by an extended payment plan (i.e., loan). (5%)</p>	<p>You must have a budget, at least in draft form, which shows that funds are available to pay your undiscounted share of the requested service. You cannot borrow funds to pay your share if the loan has a payback period beyond the program year. (SLD guidance: http://www.universalservice.org/sl/applicants/step08/undergo-selective-review/selective-review-info-request-instructions.aspx#part26)</p>
<p>Technology plan issues: The applicant does not have a technology plan. Or no plan for the funding year was in place when the 470 was filed. Or the plan you provided is substantially deficient. (4%)</p>	<p>FCC regulations require applicants to have a technology plan if they are seeking discounts for more than basic phone service. The plan must be in at least draft form when the 470 is filed. The plan must be approved by the start of service, usually July 1. Recently the SLD is giving tech plans more scrutiny. (SLD guidance: http://www.universalservice.org/sl/applicants/step02/technology-planning/)</p>
<p>Service provider involvement: The associated Form 470 contains service provider (SP) information. Or during application review it was determined that the provider was involved in the 470. Or the applicant failed to certify who prepared its response to a Selective Review. (4%)</p>	<p>A competitive bidding violation occurs when there is clear evidence on the 470 (e.g., provider listed as the contact) of service provider involvement. Or evidence is uncovered during PIA review that the provider was involved in the 470 filing. The SLD also tracks IP numbers on 470s filed online. An IP number tracked to a service provider can result in a denial. (SLD guidance: http://www.universalservice.org/sl/providers/step01/inappropriate-roles-providers.aspx)</p>
<p>470/471 service mismatch: The 470 cited on the 471 did not include the service of this type. (4%)</p>	<p>This means the applicant is claiming discounts for a service on its 471 but the 470 referenced does not include the requested service. In other words, the service(s) listed on the 471 and 470 must match. If they do not, it is a competitive bidding violation. (SLD guidance: See "reminders" section of the 12-1-06 News Brief at http://www.usac.org/_res/documents/sl/html/sl-newsbrief-20061201.aspx)</p>
<p>Telecommunications provider issue: The funding request is for a telecommunication service from a provider that does not provide telecommunications services. (3%)</p>	<p>All requests for telecommunication services must be provided by an eligible telecommunications provider. Denials in this area often occur because a telecommunications provider has not filed the required FCC Form 499-A with the SLD. Denials can also occur when a cable company providing data circuits is not a telecommunications provider. For eligibility, check the SLD's SPIN search Website to make certain there is a "Y" in the "Eligible Telecomm Provider" column. (SPIN search: Contact_Search.asp">http://www.sl.universalservice.org/Forms/SPIN>Contact_Search.asp)</p>

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<p>Other: Some other reasons for denial include: (1) Ineligible entities on the funding request, (2) the service/product requested is not being used within program rules, (3) funding denied as a result of a Cost Effectiveness Review, (4) 470 was filed but not certified. (6%)</p>	<div data-bbox="613 212 1442 772" style="border: 1px solid black; padding: 10px;"> <p style="text-align: right;">Common Reasons for Denial of Funding</p>  <table border="1" style="margin-top: 10px;"> <caption>Common Reasons for Denial of Funding Data</caption> <thead> <tr> <th>Reason</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Contract issues</td> <td>24%</td> </tr> <tr> <td>Insufficient documentation</td> <td>17%</td> </tr> <tr> <td>30% rule</td> <td>15%</td> </tr> <tr> <td>471 filing issues</td> <td>9%</td> </tr> <tr> <td>No 470 posted</td> <td>9%</td> </tr> <tr> <td>Budget issues</td> <td>5%</td> </tr> <tr> <td>Tech plan issues</td> <td>4%</td> </tr> <tr> <td>Service provider involvement</td> <td>4%</td> </tr> <tr> <td>470/471 service mismatch</td> <td>4%</td> </tr> <tr> <td>Telecom provider issue</td> <td>3%</td> </tr> <tr> <td>Other</td> <td>6%</td> </tr> </tbody> </table> </div>	Reason	Percentage	Contract issues	24%	Insufficient documentation	17%	30% rule	15%	471 filing issues	9%	No 470 posted	9%	Budget issues	5%	Tech plan issues	4%	Service provider involvement	4%	470/471 service mismatch	4%	Telecom provider issue	3%	Other	6%
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