Filing the FCC Form 470 and the Competitive Bidding Process

Applicant and Service Provider Training

August 25, 2022

Universal Service Administrative Co.

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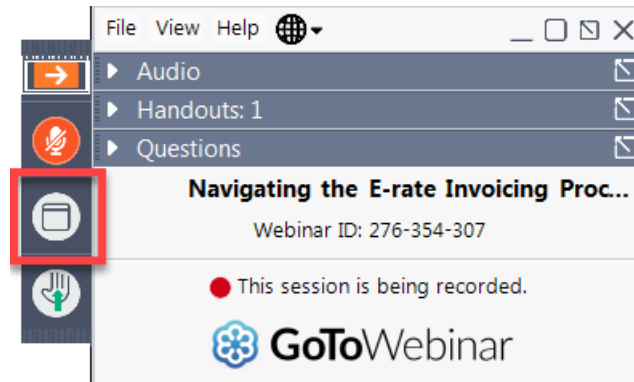- Open the panel by clicking the orange arrow.

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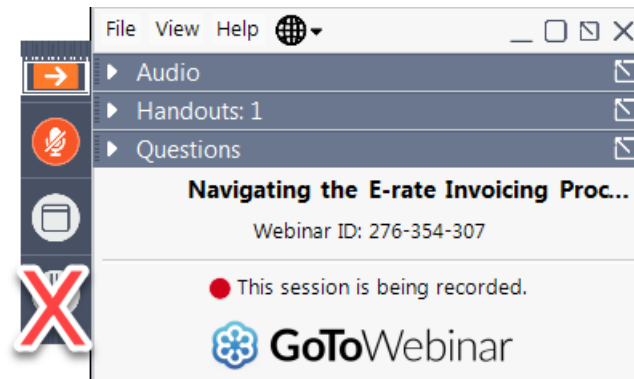
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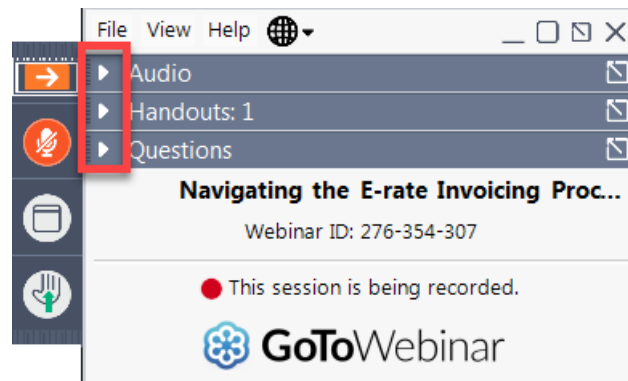
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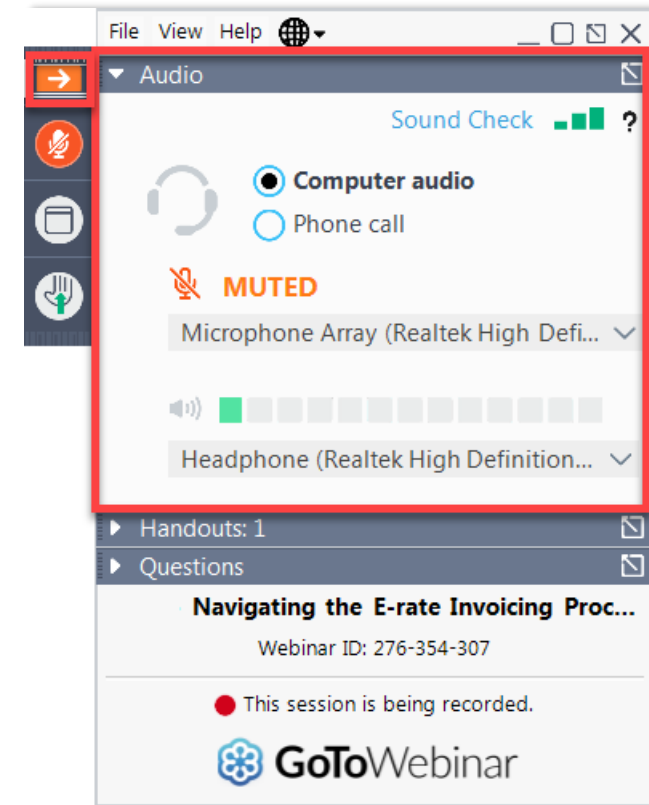- You can use the panel to view the presentation in full screen or window mode.

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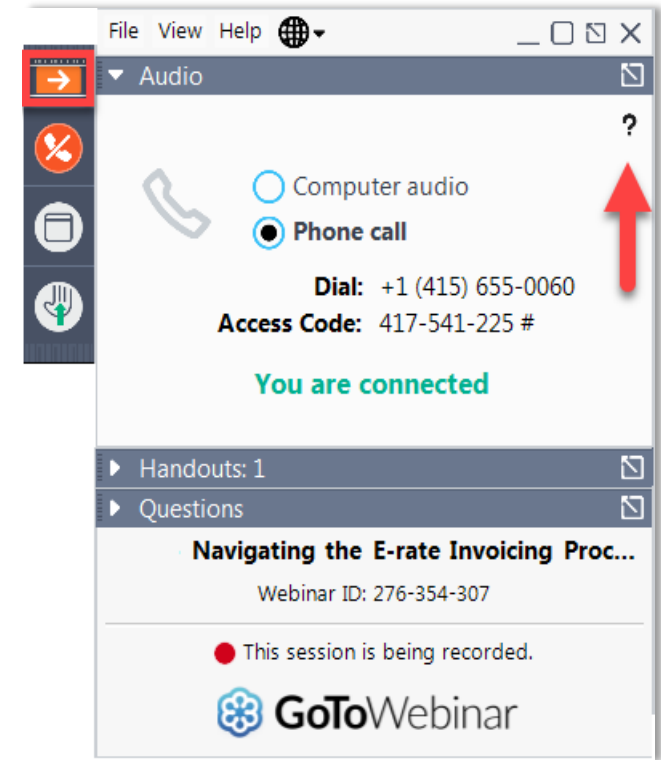
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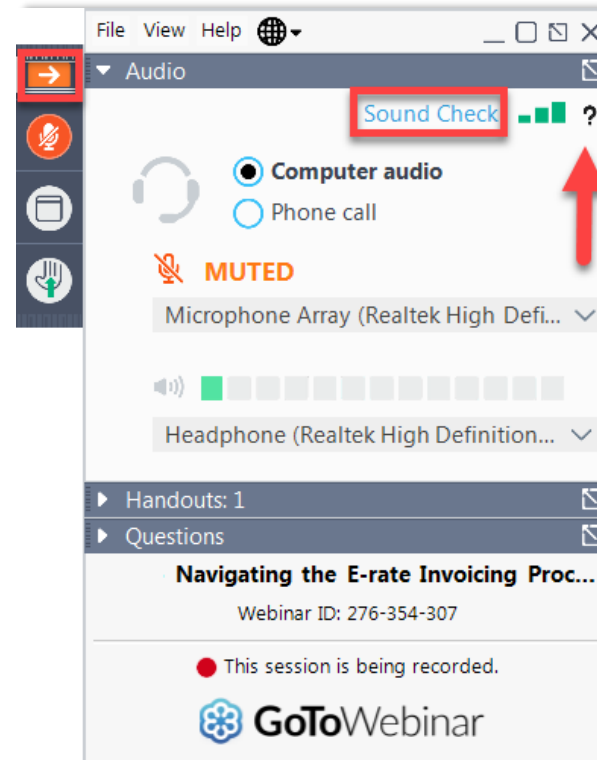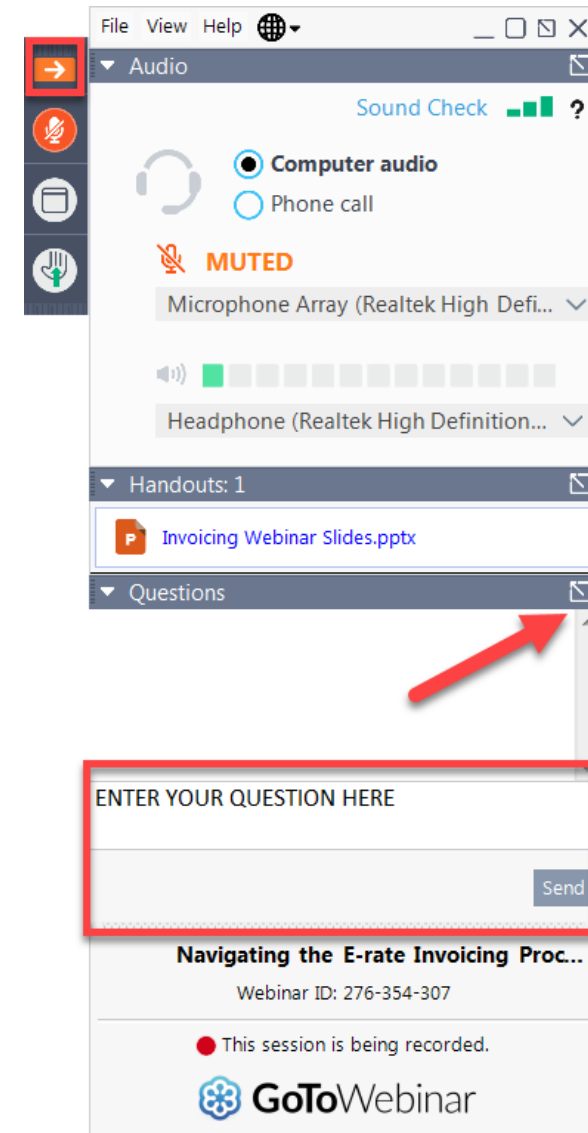
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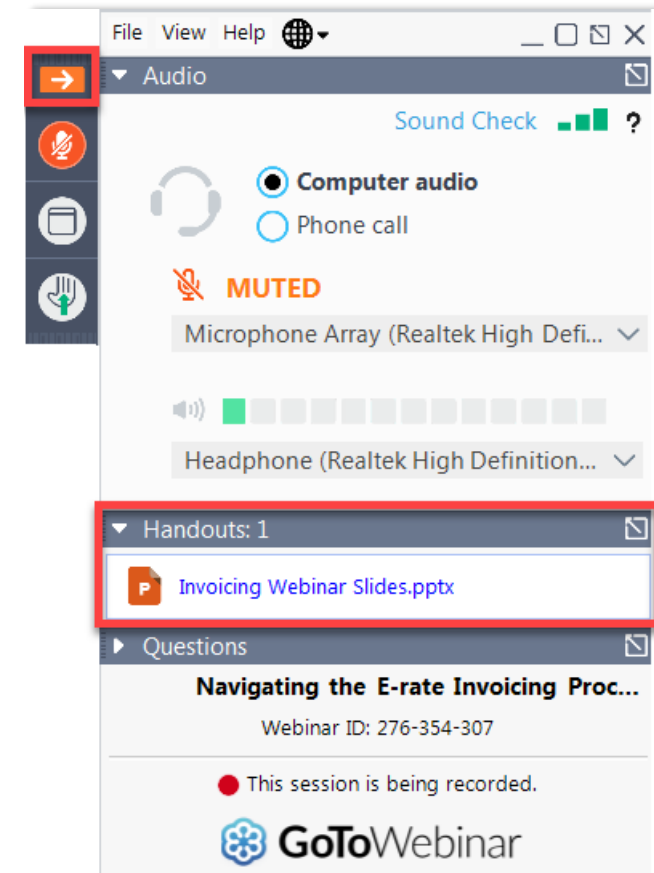
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Meet Our Team

Latoya Anderson

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Agenda

- Competitive Bidding Overview

    - Get Ready to Request Bids

    - File an FCC Form 470

    - Ensure an Open and Fair Process

    - Wait At Least 28 Days

    - Select a Service Provider

- Service Provider Information

Competitive Bidding Overview

What Is Competitive Bidding?

- Competitive bidding is the formal process for applicants to choose the vendors/service providers who will provide the requested products and services.

- Service providers review an applicant's FCC Form 470 for requested products and services, any procurement requirements and then submit bids.

Competitive Bidding Is The First Step In The E-Rate Application Process
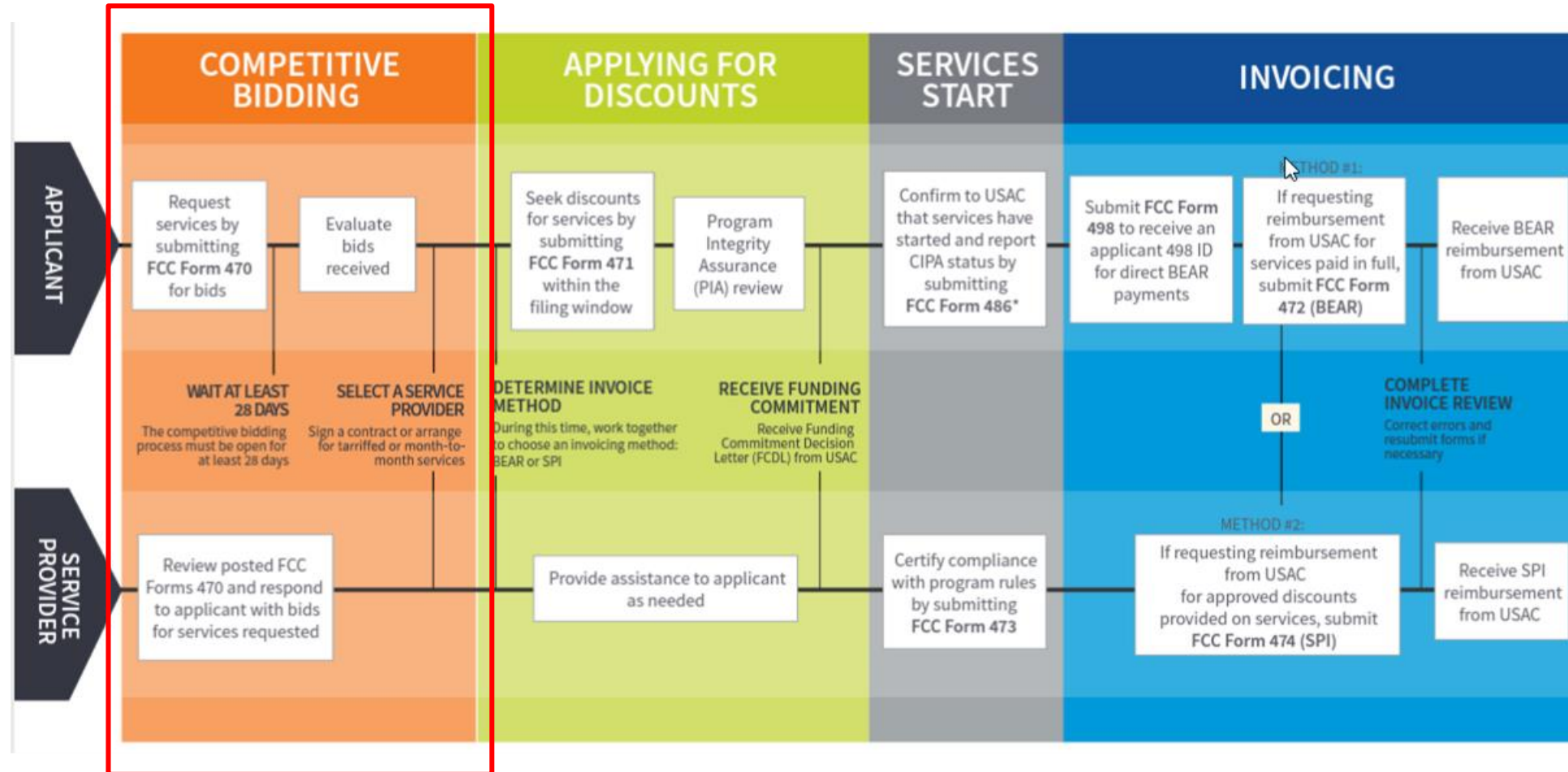
Competitive Bidding Steps

Get Ready to Request Bids

File an FCC Form 470

Ensure an Open and Fair Process

Wait At Least 28 Days

Select a Service Provider

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Get Ready to Request Bids

Plan Your Project

Plan the scope of your project and the products and services needed.

- Review any state or local competitive bidding and procurement requirements that apply to you.

- Review the [FCC Form 470 Guiding Statements Table](#) to assist with determining the services needed and being requested. (see [previous training](#))

- Review the [Eligible Services List (ESL)](#) for the current funding year, to see what products and services are eligible for E-Rate Program funding.

Be Aware Of "Mixed Eligibility" Products/Services

- **Mixed eligibility** refers to products and services for which only a portion is eligible for discounts under the E-Rate program.

- In general, a cost allocation, separating the eligible and ineligible costs, is required if a product or service:
  - Contains both eligible and ineligible components — for example, a data T1 circuit (eligible) that also has channels on the circuit dedicated to voice services (ineligible);
  - Is utilized for eligible and ineligible uses — for example, a server that is used for both caching (eligible) and video distribution (ineligible); or
  - Is delivered to both eligible and ineligible locations — for example, broadband service delivered to a school run by a church (eligible) and to the church office (ineligible).

- There is no single approved method to allocate eligible and ineligible costs. Your method must use tangible criteria that result in a reasonable allocation.

File and Certify an FCC Form 470

File an FCC Form 470

- The applicant must file and certify an **FCC Form 470** to initiate the competitive bidding process.
  - Describe your desired services and requirements with sufficient specificity for service providers to be able to submit responsive bids.
  - No generic descriptions (e.g., all Digital Transmission Services).
  - You may also include additional bidding documentation, such as a [Request for Proposal](#) (RFP) with your FCC Form 470.
    - We use "RFP" generically to refer to any bidding document that describes the applicant's project and requested services or products in more detail.
  - Services requested on the FCC Form 470 and RFP MUST match.

When to File the FCC Form 470

- The FCC Form 470 must be filed every year for services provided under **tariff** or on a **month-to-month** basis and those seeking new services under contract.

- It must be filed **at least** 28 days before filing FCC Form 471.

- Exemptions:

  - **Multi-year contracts**: You **do not** need to file a new FCC Form 470 if the contract is still in effect and the costs/services are still within the terms of the establishing FCC Form 470 (but you do still need to file a new FCC Form 471 requesting E-Rate support each funding year).

    - After the contract's initial term is over, you would need to recompete the contract.

  - **Low-cost, high-speed, commercially available, business-class internet services** (CABIO) (with specific requirements).

Receipt Notification Letter (RNL)

- After posting FCC Form 470, USAC issues a Receipt Notification Letter (RNL) in your EPC News feed.

- **Review your submitted FCC Form 470 carefully**. If you need to make corrections do the following:

  - For minor changes, (see the [Ministerial and Clerical Errors](#) page on the E-Rate website) locate the form in EPC and choose "Related Actions" to submit allowable corrections.

  - For **certain significant changes** to your form, you must **file a new FCC Form 470 or restart your 28 day waiting period**.

- The RNL contains your Allowable Contract Date, which is 28 days after the certification date of your FCC Form 470.

Keep Product/Service Requests General

- Do not list specific make and model of products or services sought without also allowing equivalent products and/or services to be bid.
  - "XYZ manufacturer's router model 345J **or equivalent**"
  - EPC will automatically add the "**or equivalent**" language in the FCC Form 470, but remember to double check your RFP, if using one.

Disqualification Factors

- You can disqualify bids if they don't meet the requirements. Bidder disqualification criteria must:
    - Be spelled out in FCC Form 470 and/or RFP and
    - Be available to all potential bidders.

- The following items are examples of bid disqualification reasons:
    - Service provider must register with the state procurement office.
    - Service provider must have a Service Provider Identification Number (SPIN), also known as the service provider's 498 ID.
    - Service provider must have a CORES ID.
    - Service provider must be bonded.

Competitive Bidding Tip

When unsure whether a service falls under one of two service types, it's better to request bids for **both** service types.

- For example, if you are unsure whether a service or product falls under Internal Connections or BMIC, seek bids for both.

Open and Fair Process

Open and Fair

- **Open** = there are no secrets in the process; information shared with one bidder must be shared with all.

- **Fair** = all bidders are treated the same, fairly, and equally.

Open and Fair Guidelines

- All applicants must comply with all E-Rate, state, and local procurement requirements.

- Applicants cannot have a relationship with service providers that would unfairly influence the outcome of the competitive bidding process.

- Applicants cannot give anyone inside competitive information.

- Applicants cannot have ownership interest in the company of a service provider's which is competing for services.

- Applicants must describe the desired products and services with sufficient specificity to enable interested parties to bid.

- Applicants cannot receive gifts or donations from service providers that violate or seek to circumvent FCC rules.

Create A Bid Evaluation Matrix

- To evaluate incoming bids, create a **bid evaluation matrix** or similar document.
- Develop evaluation criteria or factors to assess the bids.
  - You can have one or multiple factors.
  - You may also have disqualifying factors.
- Assign each evaluation factor a point value or percentage.
  - The price of the **eligible products and services** must be the most heavily weighted factor.
  - Other factors can be considered but they must be weighted less than price of eligible products and services.

Sample Bid Evaluation Matrix

FACTOR	POINTS AVAILABLE	VENDOR 1	VENDOR 2	VENDOR 3
Price of the eligible products and services	50*	20	50	40
Prior experience with the vendor	25	25	0	25
Prices for ineligible services, products, and fees	15	10	5	15
Local or in-state vendor	10	10	0	0
TOTAL	100	65	55	80

*This number must be higher than all other numbers in the same column.

Abide by the Gift Rules

- [Receipt or solicitation of gifts](#) by applicants from service providers (and vice versa) is a competitive bidding violation.

- Service providers may not offer or provide any gifts or thing of value to applicant personnel involved in E-rate.

- Gift prohibitions are always applicable, not just during the competitive bidding process.

- Exceptions for gifts - limited to items worth $20 or less, including meals or prizes, and cannot exceed $50 from one service provider to each individual per funding year.

- Watch our [Gift Rules video](#) for more details on the gift rules.

Wait At Least 28 Days

Wait At Least 28 Days

- An FCC Form 470 must have been **certified** for at least 28 days prior to the applicant selecting a service provider

  - Any RFP or other documentation must be submitted with the FCC Form 470.

- The day you certify counts as Day 1. For example, if you file an FCC Form 470 and certify it on September 1, you may not select a service provider until **on or after** September 29.

  - In this case, September 29th is known as the **allowable contract date** (ACD).

  - The ACD is contained within your Receipt Notification Letter.

While You Wait

- After applicants file and certify their FCC Form 470, they must wait a minimum of 28 days before selecting a service provider.

- Use the 28 day waiting period to:

  - Receive bids.

  - Respond to service provider inquiries regarding your project.

    - Be sure that any information provided to one service provider is provided to all bidders.

  - Evaluate the bids using your factors and bid evaluation matrix.

Next Steps After The 28-Day Waiting Period

1.

2.

3.

Choose your service provider(s)

Notify the winning service provider(s

Sign a contract or legally binding agreement

On or after the Allowable Contract Date (ACD)

File the next form (FCC Form 471)

Wait for the filing window to open

- The **Allowable Contract Date** occurs at the end of the 28 day waiting period. This is the earliest date on which an applicant can select a service provider, and sign a contract for services or enter into an arrangement for tariffed or month-to-month services with a service provider.

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What If You Receive No Bids?

- If applicants receive no bids or only one bid, they can:
    - Proactively solicit bids after waiting the 28 days.
    - Ask their current provider to submit a bid.
    - Accept the one bid, if it is cost effective.
- Be sure to create a memo for your E-Rate files to document the situation.

Select A Service Provider

Allowable Contract Date

- Wait 28 days

- Evaluate all bids

- Make your selection

- Sign your contract

- Note – your ACD is printed on your Receipt Notification Letter

Make A Selection

- Enter into a contract or legally binding agreement with a service provider/providers.
    - Sign something (i.e., a contract, purchase order, etc.) requesting the services from the provider(s).
    - Upload the evidence to your Contract Profile in EPC.

Document Retention

- Applicants and service providers are required to maintain documentation that demonstrates compliance with the statutory or regulatory requirements for all E-Rate program purchases of service and equipment for a period of 10 years after the latter of the last day of the applicable funding year or the service delivery deadline for the funding request.

- Keep all records such as:
  - Copies of RFP and/or RFP documents
  - Winning and losing bids
  - Vendor correspondence
  - Evaluation matrices
  - Documentation/memos of zero or one bid received (if applicable)
  - Other competitive bidding documentation

- The Document Retention List is available in the Resources section of the USAC website.

Additional Information

Exemptions from Competitive Bidding

- **Commercially Available Business class Internet** (CABIO)
  - Costs $3,600 or less annually.
  - Bandwidth at least 100 down and 10 up (Mbps).

- **Multi-Year contract** – if you conduct a competitive bidding process and enter into a multi-year contract, you do not have to bid again for the life of the contract.

USAC Does Not Pay For Duplicative Services

- **Duplicative services** are services that provide the same functionality for the same population in the same location during the same period of time. *USAC cannot fund duplicative services.*

- **Backup services** are services sought to reduce reliance on any single service provider's network during an outage and are considered duplicative.

- Services that provide necessary bandwidth requirements, such as multiple T-1 lines when appropriate for the population served and the services to be received, may not be considered duplicative. However, the applicant must still evaluate and choose the most cost-effective option from the bids received.

State Master Contracts

- A state master contract (SMC) is competitively bid and put in place by a state government for use by entities in that state.

  - **Single winner**: Single vendor wins the bid.

  - **Multiple Award Schedule (MAS):** State awards contract for same goods and services to multiple vendors that can serve the same population.

    - **MAS** always requires vendor selection justification and applicants must conduct a **mini-bid** to award contract.

    - Remember to include in your mini-bid all contracts on the MAS that provide the services sought.

Service Provider: Competitive Bidding Process

Know Your Role in the E-Rate Process

Applicants	Service Providers
• Determine services needed, file FCC Form 470. • Conduct the competitive bidding process. • Select winning bidder, with price of eligible products and services as primary factor. • Respond to PIA questions. • File other applicant forms (FCC Forms 471, 486, 472, 500, etc.). • Document compliance with FCC rules (ongoing). • Retain documentation for at least ten years from last date of service delivery.	• Respond to FCC Form 470 and any RFP. • May assist with responding to PIA questions on technical services questions (but **not competitive bidding**). • File service provider forms (FCC Forms 473, 474, etc.). • Document your compliance with FCC rules (ongoing). • Retain documentation for at least ten years from last date of service delivery.

Open and Fair Guidelines: Service Providers

- **Review all of the requirements** included in the FCC Form 470 and any Request For Proposal (RFP) documents to ensure that your bid is responsive.

- Ask questions if the information provided by the applicant is unclear.

- Separate the **eligible, mixed bucket,** and **ineligible** services in your bid response.

- **Do not offer gifts, free services, devices, or non–E-Rate discounts** as a way to make your response more attractive, nor offer gifts or donations to applicants that violate FCC rules or seek to circumvent FCC rules.

- **Do not offer to help** an applicant if you are also planning to submit a bid.

Service Provider Response

- Use the [FCC Form 470](#) tool to search and view Form 470 service requests and RFPs.

- RFP requests can include specific requirements for service providers to follow during the competitive bidding process.

- Provide a responsive bid.

Lowest Corresponding Price (LCP)

- Service providers are required to offer applicants their services at the lowest corresponding prices charged to other similarly situated customers throughout their geographic service area.

- This rule ensures that applicants are not charged more than similarly situated non-residential customers for the same services because of E-rate participation.

- Exceptions can be made if the provider can show that they face significantly higher costs to serve this customer due to volume, mileage from facility, and/or length of contract.

- Applies to all service providers and for all service arrangements (tariff, month-to-month and contracted services).

Common Missteps and Bidding Errors

- Failure to provide complete and accurate information on the FCC Form 470 and RFP, such as:
  - Correct category and service type.
  - Appropriate details on the project, deadlines, and other necessary requirements.

Common Missteps and Bidding Errors - Continued

- Failure to retain all competitive bidding documents.
  - Retain Bidding Matrix showing that:
    - Price was the most highly-weighted factor.
    - You carefully considered **all bids received.**
  - Retain winning and losing bids.
  - If you only received one bid, create a memo to document that fact for your files.

Common Missteps and Bidding Errors - Continued

- Failure to wait the **full 28 days waiting period.**
  - Count from the date of certification on the FCC Form 470.
  - Select a service provider **on or after** the 29th day (Allowable Contract Date).

Resources

THE COMPETITIVE BIDDING PROCESS

allows applicants to identify and request products and/or services so that potential service providers can review those requests and submit bids for them.

The process consists of five steps:

1 Get Ready to File
- Perform a needs assessment
- Review your state and local procurement rules
- Review the Eligible Services List

2 File and certify an FCC Form 470
- No service provider who will bid on your 470 can help you file
- You may or may not wish to file a Request for Proposal (RFP)
- Note: Special rules apply for Low Cost, High Speed Access and Fiber/Self-Provisioned Networks
- After you certify your FCC Form 470, USAC issues a Receipt Notification Letter (RNL)

3 Ensure an open and fair process
- Provide any FCC Form 470, RFP and other information/updates in EPC for all potential bidders for at least 28 days
- Utilize a Bid Evaluation Matrix with price of eligible services/equipment as the primary factor.
  - Consider all responsive bids
  - The Bid Evaluation Matrix is subject to document retention rules
- Abide by the Gift Rules

4 Wait **at least** 28 days before selecting a service provider
- The Allowable Contract Date (included in your RNL) is 28 days after the FCC Form 470 is **certified**
- The day you **certify** the FCC Form 470 is day 1. If the FCC Form 470 is certified on the 1st of the month, you may select a service provider **on or after** the 29th of the month
  - If you later **change the information** needed to respond to the bid, you must restart the 28 days
  - If you issue an RFP on a later date, you must restart the 28 days
- * State or Local procurement rules may require a longer waiting period

5 Select a service provider
- Prior to certifying the FCC Form 471 and after your allowable contract date
- Ensure that price is the primary factor in your selection
- Enter into a legally binding agreement
- If there is a signed contract, upload it to EPC

Be sure to retain all necessary documentation related to your competitive bidding process **for ten years after the last day you receive services.**

For more information, visit us at the Competitive Bidding webpage. If you have any questions, contact us.

Competitive Bidding links

- [Applicant Process](#)
- [FCC Form 470 Guiding Statements Reference Table](#)
- [Eligible Services List](#)
- [FCC Form 470 Tool](#)
- [Fiber - Summary Overview](#)

Other Helpful Links

- Category Two (C2) Budgets
- Document Retention
- Glossary of terms
- Fiber - Summary Overview
- Requirements for Leased Dark Fiber & Self-Provisioned Networks
- Fiber Services FAQs
- Competitive Bidding Infographic

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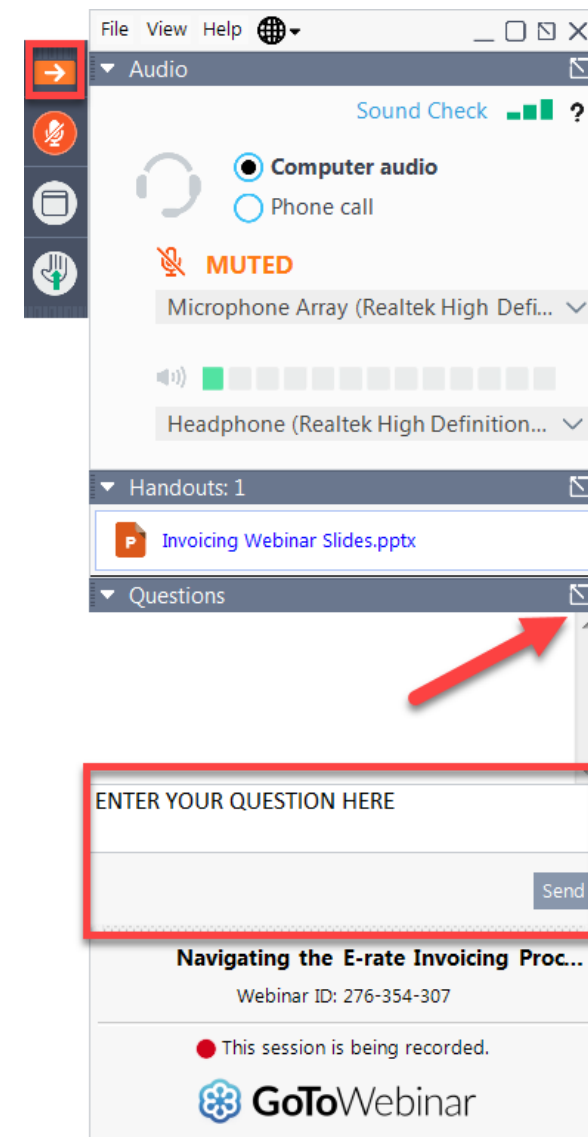
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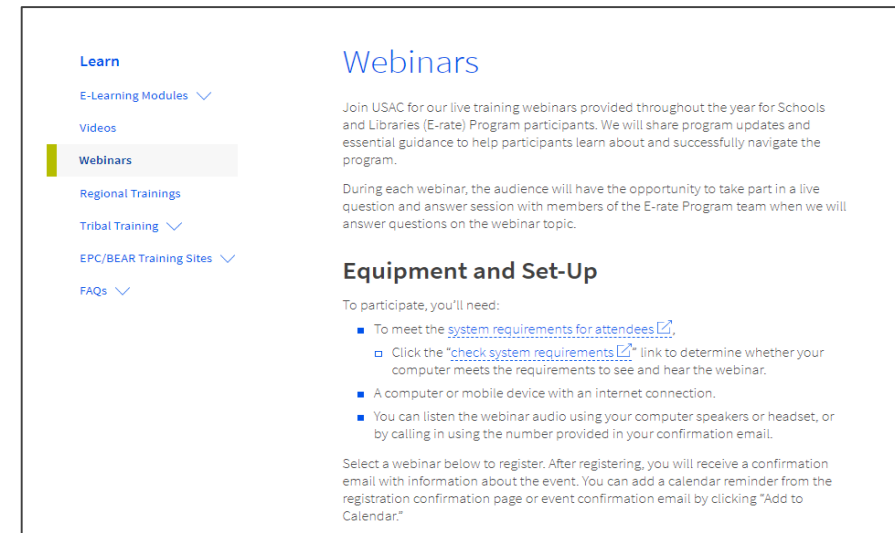
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