



E-RATE *SURVIVAL* TRAINING

ESC Region 20 Presentation
October 3, 2017

Region 12
Education Service Center
E-RATE CONSULTING
Your personal E-Rate partner.

Today's Agenda

- E-Rate Fundamentals
- Filing Process
- Eligible Services



KEEP CALM and E-RATE ON

E-Rate Fundamentals

- Funding commitments are made by funding year (FY) – July 1 thru June 30
- Funding cap is currently set at \$3.9 billion and adjusted annually for inflation (approx. 1.3% increase from 2016)
- FY 2015 & FY 2016 have been funded at all discount levels
- If you have remaining Category Two funds, utilize them before they expire



E-Rate Fundamentals

Category Two Budget Calculation

\$153.47 x total students = pre-discount amount (for FY 2017)

- 5 year budget (FY 2015 - FY 2019)
- Each campus/entity has own budget (NIFs do not get a budget)
- Calculated each year based on student enrollment
- Discount capped at 85%
- \$9,412.80 funding floor (campuses less than 62 students)
- Category Two Budget tools available at USAC



E-Rate Fundamentals

Discount Matrix

INCOME % of students eligible for NSLP	Category One Discount Levels		Category Two Discount Levels	
	URBAN DISCOUNT	RURAL DISCOUNT	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%



E-Rate Fundamentals

Voice Services Phasedown for 2018

INCOME % of students eligible for NSLP	Category One Discount Levels	
	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	0%	0%
1% to 19%	0%	0%
20% to 34%	0%	0%
35% to 49%	0%	0%
50% to 74%	0%	0%
75% to 100%	10%	10%



E-Rate Process

FCC Form 470

Purpose:

1. Opens competitive bidding process
2. Notifies potential bidders of the types/quantities of services needed
3. Must be posted in EPC for at least 28 days before evaluating bids
4. May be accompanied by an RFP (if requesting leased dark or self-provisioned fiber, an RFP is required)



E-Rate Process

FCC Form 470

- If an RFP is issued, it must also be available for a minimum of 28 days
- For the purposes of E-Rate, "RFP" is a generic term referring to any bidding document that provides more details **outside of the Form 470** (i.e. Q&A document)
- RFP's must be uploaded into the Form 470 in EPC as well as any RFP addenda
- **CAUTION:** If any information is provided to vendors that modifies the original scope of work in 470/RFP, your 28 days may need to restart or a new Form 470 may be required.



E-Rate Process

FCC Form 470

- Sufficient detail must be provided to enable service providers enough information to formulate bids
- Form 470 must be filed annually if seeking month-to-month services (not necessary for multi-year contracted services)
- Service providers are prohibited from helping write a Form 470 or RFP



E-Rate Process

FCC Form 470

Best Practices

- Make sure vendor clearly separates **eligible costs** from **ineligible costs**
- For **WAN services**, make sure vendor identifies fiber services vs copper services vs microwave
- Make sure the quote is **signed and dated**
- Make sure to evaluate **single item costs** rather than total cost



E-Rate Process

Competitive Bidding

- o Process must be **FAIR** and **OPEN**
- o Must wait at least 28 days from the time the Form 470 or RFP is posted (whichever occurs last) before evaluating service providers or making decisions
- o Must follow all applicable local and state competitive bidding requirements



E-Rate Process

Competitive Bidding

- o Price of eligible services/products must be the most heavily weighted single factor in all rounds of evaluation
- o All bids must be evaluated; if no bids received, you may continue with current provider (must be memorialized to prove when this decision occurred; an email would suffice)
- o When **Allowable Contract Date** is reached, applicants can evaluate all bids, select winners and sign/date contracts



E-Rate Process

Competitive Bidding

Sample Matrix

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE products and services	30	15	30	25
Prior experience w/ vendor	20	20	0	20
Prices for ineligible services, products and fees	25	20	15	25
Flexible Invoicing: 472 or 474	15	0	15	15
Local or in-state vendor	10	10	8	7
Total	100	65	68	92



E-Rate Process

Competitive Bidding

Factor(s)
Price of eligible service/product
Reputation of vendor and of vendor's service/product
Quality of vendor's service/product
Service/product meets school needs
Past relationship with vendor
Impact on ability to comply with laws/rules relating to historically underutilized businesses
Total long term cost to the school

TEA Financial Accountability System Resource Guide: Module 3 Purchasing, Section 3.2.2.2 Vendor Award Criteria



E-Rate Process

Competitive Bidding

Cost Effectiveness

- Price of ELIGIBLE goods/services must be the primary factor in all rounds of bid evaluation
- Lowest corresponding price (LCP) - the lowest price that a service provider charges to nonresidential customers who are similarly situated to a particular applicant for similar services



E-Rate Process

Contracts

- Contracts must have a beginning and end date
- Term should begin July 1 for Category One services
- Start date for Category Two services can begin April 1 prior to funding year and end September 30 following the funding year (18 month term)
- Must create a contract record in EPC for each contract and can upload a copy into system



E-Rate Process

FCC Form 471

Purpose:

1. Identifies service providers and eligible services selected
2. Identifies eligible schools/libraries that will receive services
3. Calculates how much support you seek for the funding year using your discount calculation data
4. Must be completed/certified during filing window for that funding year



E-Rate Process

FCC Form 471

USAC Response Letter:

- 471 Receipt Acknowledgement Letter (RAL): issued to applicant and service provider – summarizes information submitted in Form 471
- Posted in EPC in the News Feed – be sure to thoroughly review 471 for accuracy

To submit corrections, use RAL modification process in EPC – navigate to the **Form**, choose **“Related Actions”** and **“Submit Modification Request (RAL)”**



E-Rate Process

FCC Form 471

Program Integrity Assurance (PIA) → USAC team that reviews and makes funding decisions on applications

- Verifies eligibility of schools and libraries entities, discount levels, and services requested
- Gives an opportunity to make corrections to Form 471
- May ask for additional information to verify program compliance

To see PIA inquiries, navigate to the specific **Form** in EPC, choose **“Related Actions”** and **“Respond to Inquiries”** to locate any questions being asked.



E-Rate Process

Decision Letter

Funding Commitment Decision Letter (FCDL)

- Letter issued by USAC to both applicant and service providers that contains funding decisions
- View this notification from the Notifications section of EPC and it will show up in the News Feed
- Be sure to review carefully as it includes approved and/or denied funding
- If a denial of funding happens and you do not agree, the letter will provide Next Steps on how to appeal a decision (must appeal within 60 days)



E-Rate Process

FCC Form 486

Purpose:

1. Notifies USAC that eligible services have started or will start and invoices can be processed and paid
2. Reports status of compliance with Children's Internet Protection Act (CIPA)
3. Must be filed before USAC will pay any invoices

*The deadline to file a Form 486 is **120 days** after the Service Start Date (SSD) or date of FCDL; whichever is **later**.



E-Rate Process

Discount Methods

Form 472 (BEAR)

- Applicant pays invoices from service providers in-full
- Applicant files Form 472 online for reimbursement from USAC – this payment is done via electronic funds transfer usually within a week

*The deadline to file a Form 472 is **120 days** after: Form 486 receipt notification received, provider has filed Form 473, and services have been paid in full by applicant.



E-Rate Process

Discount Methods

Form 474 (SPI)

- Service provider invoices applicant the non-discounted share – *this may not happen until funding is approved and Form 486 has been filed*
- Service Provider files Form 474 online for reimbursement from USAC
- Applicant is responsible for ensuring discount is accurate and all documentation is retained (proof of payment for non-discounted share, etc.)



Eligible Services

Category One

Provides services to the building that:
 Connect multiple campuses
 Connect eligible locations to the Internet

Voice services

Subject to a phasedown of 20 percentage points per year (began in FY 2015)
 Maximum discount for voice services in FY 2018 will be 10%

Data Transmission and/or Internet Access



The Eligible Services List for FY 2018 has not been approved yet; once FCC approves, it will be available on USAC website: www.usac.org/sl
 Click on **Eligible Services List** in left side bar and open **FY 2018**

Eligible Services

Category One- Fiber

Leased Lit Fiber – Fiber-based broadband service where service provider owns and manages the network and applicants pays a recurring fee to have data transported over the network

Leased Dark Fiber (including IRUs) – The applicant leases a portion of a provider-owned and maintained network and separately pays to have the fiber lit in order to transmit information over fiber network

Self-Provisioned Network – Complete applicant ownership of a high-speed broadband network. Applicant hires a vendor to construct network or portion of network and then owns that network or portion.



Eligible Services

Category One - Fiber

Requirements for Dark Fiber

- Fiber must be lit immediately
- Special construction charges are included in funding request
- Must also seek bids for lit fiber and select the most cost effective solution (list on same Form 470)
- Must fairly compare dark fiber with other available options to determine the most cost effective solution (this must be shown in writing)
- Requests must be accompanied by an RFP



Eligible Services

Category One - Fiber

Know the distinct fiber options:

- **Special Construction** – non-recurring charges to buildout and install leased lit, leased dark or self-provisioned fiber networks
- **Network Equipment** – modulating electronics and other equipment necessary to light dark and/or self-provisioned fiber networks
- **Maintenance and Operations (M&O)** – recurring charges for M&O of leased dark fiber networks



Eligible Services

State Matching Funds

- \$25 million has been approved to fund special construction projects by TEA
- Eligible for special construction charges for high-speed broadband networks

Example:

80% discount school district applies for special construction charges associated with dark fiber that costs \$100,000. The state provides funding for 10% of the special construction costs. E-rate will match state funding, adding 10% to the school's current E-rate discount. The out-of-pocket cost for the school district is **\$0** (originally \$30,000).

Total cost= \$100,000
 State pays \$10,000 (10%)
 E-Rate pays \$90,000 (80% + 10%)
District pays \$0



Eligible Services

Category Two

Equipment and services needed to bring broadband *inside* and *throughout* schools and libraries

Subject to five-year budget requirements

Includes:

Internal Connections

Basic Maintenance of Internal Connections

Managed Internal Broadband Services (MIBS)



Eligible Services

Category Two

Eligible Internal Connections:

- Wireless Access Points
- Cabling
- Caching Servers
- Firewalls
- Switches
- Routers
- Racks
- UPS
- Wireless LAN controllers
- Improvements, upgrades, and software necessary to support eligible broadband internal connections components
- Virtual or cloud based functionalities that support eligible internal connection functions



Eligible Services

Category Two

Eligible Internal Connections:

- May be purchased and installed beginning April 1 prior to funding year
- Purchase of equipment can be provided by one service provider and installation be provided by a separate service provider – installation must be indicated on Form 470



Eligible Services

Category Two

Managed Internal Broadband Services:

- Services provided by a third party: operation, management and/or monitoring of eligible broadband internal connection components
- Third party can manage school-owned equipment or provide the equipment as part of lease
- E-Rate supports only equipment functions listed as eligible internal connections
- Upfront charges as part of contract are eligible; any ineligible component (i.e. end-user device) must be cost-allocated from request



Eligible Services

Category Two

Basic Maintenance of Internal Connections:

Support for basic maintenance of eligible internal connections such as:

- Repair and upkeep of hardware
- Wire and cable maintenance
- Basic tech support
- Configuration changes



Keeping Up with E-Rate

- USAC website www.usac.org/sl
- USAC Weekly News Brief -- subscribe at website above
- TPESC webpage <http://tpesc.esc12.net>
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