E-Rate Overview

Michael Ratio
CDW E-Rate Specialist
AGENDA

- E-Rate Background
- E-Rate Process & Timeline
- E-Rate Eligible Services
- E-Rate Discount
- *NEW* E-Rate Budget
- E-Rate Compliance
WHAT IS E-RATE?

- Federal program to help schools and local libraries gain access to broadband services down to the classroom level
- Federal Communications Commission (FCC) creates rules for the program
- Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) manages the program
- Annually funded $3.9B
E-RATE APPLICATION PROCESS

**COMPETITIVE BIDDING**
- Request services by submitting FCC Form 470 for bids
- Evaluate bids received
- Wait at least 28 days
  - The competitive bidding process must be open for at least 28 days
- Select a service provider
  - Sign a contract or arrange for tariffed or month-to-month services
- Review posted FCC Forms 470 and respond to applicant with bids for services requested

**APPLYING FOR DISCOUNTS**
- Seek discounts for services by submitting FCC Form 471 within the filing window
- Program Integrity Assurance (PIA) review
- Provide assistance to applicant as needed

**SERVICES START**
- Confirm to USAC that services have started and report CIPA status by submitting FCC Form 486
- Certify compliance with program rules by submitting FCC Form 473

**INVOICING**
- Method #1:
  - Submit FCC Form 498 to receive an applicant 498 ID for direct BEAR payments
  - If requesting reimbursement from USAC for services paid in full, submit FCC Form 472 (BEAR)
  - Receive BEAR reimbursement from USAC
- Method #2:
  - If requesting reimbursement from USAC for approved discounts provided on services, submit FCC Form 474 (SPI)
  - Complete invoice review
    - Correct errors and resubmit forms if necessary
  - Receive SPI reimbursement from USAC
E-RATE APPLICATION TIMELINE

FUNDING YEAR (FY) 2021

APPLICATION PROCESS TIMELINE

July 1 – End of Feb
FCC Form 470
Competitive Bidding

April 1
BEAR Method Begin

April – September
General Dates for
Most Application Review
and Funding Commitments

July 1
SPI Method Begin

July 1 – June 30
Funding Year Starts
(Most Services Start July 1)

July – September 30
Invoicing for
Eligible Services & Equipment
Ship Deadline

Early Jan – End of Mar
(Estimated)
FCC Form 471
Filing Window
E-RATE ELIGIBILITY

Category 1 or CAT 1 – C1
- Broadband Services/Internet Access
- Fiber Optics, T1 & T3 Line, etc
- Satellite Service
- Microwave Radio
- Self-Provisioned Network
- Multi-Protocol Label Switching (MPL9)

Category 2 or CAT 2 – C2
- Internal Connections (IC)
- Wiring, routers, wireless access points, switches, basic firewall, servers (for caching only)
- Managed Internal Broadband Services (MIBS)
- Managed WIFI
- Basic Maintenance of Internal Connections (BMIC)
- Warranty extensions for approved internal connections
- Bug fixes, software upgrades, and security/software patches
MORE ON C2 ELIGIBILITY - INTERNAL CONNECTIONS

Eligible Internal Connections
- Access points
- Cabling
- Caching
- Basic Firewall Services
- Switches
- Routers
- Racks
- UPS
- Wireless LAN Controllers

- Improvements, upgrades and software necessary to support eligible broadband internal connections components
- Functionalities listed here that can be virtualized in the cloud, and equipment that combines eligible functionalities are also eligible.

Miscellaneous
- Taxes, surcharges and other similar reasonable charges
- Lease fees to rent or lease eligible components
- Shipping charges
- Installation and configuration
E-RATE DISCOUNT

Funding is need-based on:
1) Free and reduced school lunch programs (NSLP)
2) Urban vs Rural schools based on population density and geography

Discount is district wide

<table>
<thead>
<tr>
<th>% of NSLP</th>
<th>Urban discount</th>
<th>Rural discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>1 - 19</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>20 - 34</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>35 - 49</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>50 - 74</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>75 - 100</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>
NEW E-RATE BUDGET RULES

DISTRICT-WIDE BUDGET
- Single budget for entire district
- No more by school budgets

PER STUDENT BUDGET MULTIPLIER
- $167/student budget
  - Enrollment x $167
- $25,000 budget floor
  - 10 or less schools
  - Less than 150 enrollment

FIXED 5-YEAR BUDGET
- 5-year E-Rate cycles
  - FY21 – FY25*
- Utilize budget within the cycle
- Refreshed budget after every E-Rate cycle

*FY = Funding Year
Each school can request up to $167 per student or utilize $25k budget floor if eligible

1,000 enrollment, 85% discount district

1,000 students

$x \times \$167$ budget (per student)

$167,000$ Pre-discount ERate eligible amount

$x \times 85\%$ E-Rate discount rate (based on free and reduced lunch and urban/rural status)

$141,950$ ERate discount amount

$25,050$ District responsible amount

$167,000$ Pre-discount E-Rate eligible amount
A FEW MORE THINGS ....

RFP’s are not required
• Applicant should have >3 responses
Applicant must choose most cost effective solution
• Price must carry most weight
All pricing will be made public by USAC
Keep all documents for 10 years
• RFPs or similar documents
• All bid responses and correspondence
• Contracts, service agreements, addendums, etc.
• Purchase requisitions, POs, packing
• FCC forms and letters received from
• USAC (e.g., FCC Forms 498, 474)
• Service provider price listings
• Documents used to prepare forms
• slips, customer bills
• Delivery and installation records
• Maintenance logs
• Payments (canceled checks, credit card receipts, ACH transactions)
• USAC-approved SPIN changes and/or service substitutions (request, supporting documentation, and approval)
• USAC-approved invoice deadline extension, service delivery and service substitution (request, supporting documentation, and approval)
PURCHASING E-RATE FUNDED EQUIPMENT

FCC Form 472 - Billed Entity Applicant Reimbursement (BEAR)
• Order equipment and pay in full
• Receive Funding Commitment Decision Letter (FCDL)
• Applicant files and gets paid directly

FCC Form 474 - Service Provider Invoice (SPI)
• Receive FCDL
• Order equipment and pay applicant portion (15%)
• Service Provider files and gets E-Rate portion
PROGRAM COMPLIANCE

Applicants CAN

- Determine the types of service you will seek on an FCC Form 470
- Prepare, fill out, sign and certify the FCC Form 470
- Negotiate with prospective bidders
- Run the competitive bidding process

Applicants CANNOT

- Have a relationship with service providers that would unfairly influence the outcome of the competition
- Furnish service providers with inside competitive information
- Violate applicant’s own ethical regulations policy or state/local procurement rules
- Fail to describe the desired products and services with sufficient specificity to enable interested parties to bid
- Receive gifts or donations from service providers that violate FCC rules or seek to circumvent FCC rules
PROGRAM COMPLIANCE CONTINUED

Applicants and Service Providers CAN

• Have pre-bidding discussions
  – Discuss new product offerings
  – Teach applicants about new technologies
  – Present product demonstrations

• Provide or receive *de minimis* items
  – Modest refreshments, not offered as a part of a meal
  – Items with little intrinsic value such as certificates and plaques
COMMON TERMS

- **E-Rate** A common name for the Universal Service Fund for Schools and Libraries also stands for Education Rate
- **SLD** Schools and Libraries Division which is a division of the Universal Service Administrative Company responsible for administering universal service or E-Rate
- **USAC** The Universal Service Administrative Company is the parent company responsible for overseeing the administration of the Universal Service Fund, found under the FCC
- **SPIN** A unique nine-digit number given to service providers after submitting Form 473 and needed by applicants for completion of the Form 471
- **Category 1-2** Type of funding that is released each E-Rate cycle. Category 1 contains all Telecommunications and Internet Access materials while Category 2 contains all Hardware and Basic Maintenance
- **Free and Reduced Lunch** Federal assisted meal program operating in public and nonprofit private schools, number used to determine E-Rate discount a school will receive
COMMON E-RATE FORMS

- **470 (what you want quoted)** Description of Services Requested is first step required of applicants
- **471 (funding request)** The Services Ordered form is the second step required of applicants
- **472 (one invoicing method)** The Billed Entity Applicant Reimbursement (BEAR) form filed by applicants seeking reimbursements for bills paid in full, now due a discount
- **474 (second invoicing method)** The Service Provider Invoice Form used to invoice the SLD for the discounted cost of E-rate services delivered and not paid for in full by the applicant
- **486 (alert USAC services have started)** The Receipt of Service Confirmation and Children's Internet Protection Act and Technology Plan Certification Form is filed by the applicant within 120 days of receipt of FCDL or start of services, whichever is later
- **500 (funding commitment adjustment request)** The Funding Commitment Adjustment Form is completed by the applicant to reduce amount of funding requested
Additional Resources

USAC: https://www.usac.org/e-rate/

- E-Rate Applicant Process
- Eligible Services List
- Competitive Bidding
- Open & Fair Process
Thank you!