

E-rate 101

2017 GAMEIS Conference

E-rate Basics

Purpose of the Program

- The Schools and Libraries Program (E-rate) provides discounts for Wi-Fi, high-speed broadband, and telecommunications services for eligible schools and libraries throughout the country.

The History of E-rate

- Federal Communications Commission (FCC), an independent U.S. government agency, established and oversees the E-rate program.
- Universal Service Administrative Company (USAC), a not-for-profit, administers the E-rate program along with three other programs.
- Schools and Libraries Division (SLD) is the part of USAC with responsibility for E-rate.

E-rate Rules, Policies and Procedures

- Congress directed the FCC to establish the E-rate program in 1996.
- The FCC sets rules and policies through orders.
- USAC develops procedures for specific actions, such as how to process applications.
 - USAC's procedures are reviewed and approved each year by the FCC.

E-rate Timeline

- Commitments for E-rate are made by funding year (FY), which runs from July 1 through the following June 30.
- USAC refers to the funding year as the year in which most services will begin, e.g., Funding Year (FY) 2017 is July 1, 2017 to June 30, 2018

E-rate Budget

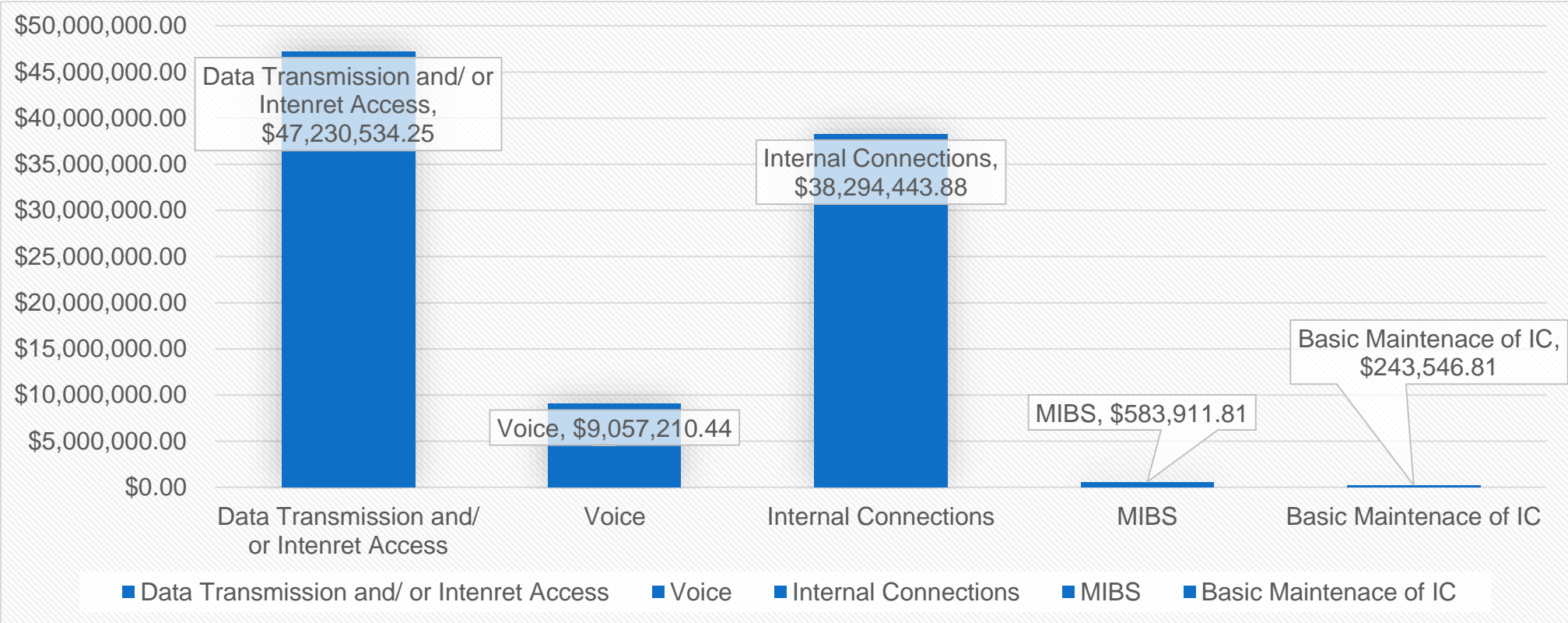
- E-rate funding is capped at \$3.9 billion per year, adjusted annually for inflation.
- Once a year, the FCC may direct USAC to roll over funds that are collected but unused from one or more prior funding years to the next full funding year.

E-rate in Georgia

- 114,392,859 requested in FY2016; \$88,339,527 committed
 - \$56,287,745 – committed C1
 - \$39,121,903 – committed C2
- Since 1998, Georgia has received \$1,552,032,012 in commitments

[District Funding Report](#)

E-rate in Georgia



E-rate Eligibility

- Elementary and secondary schools and school districts
 - Non-traditional facilities (NIFs i.e. district office)
- Libraries and library systems
- Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices
 - Consortia can also include ineligible entities under limited circumstances and subject to cost allocation requirements.

E-rate Service Types

Category One = connectivity to the building

- Data Transmission Services and Internet Access
- Voice Services

Category Two = connectivity within the building

- Internal Connections (IC)
- Managed Internal Broadband Service (MIBS)
- Basic Maintenance of Internal Connections (BMIC)

E-rate Discounts

- Discounts range from 20-90 percent of eligible costs (20-85 percent for Category Two services, up to 30 percent for voice in FY2017).
- Discounts are calculated for the school district or the library system (not for individual schools or library branches).
- Discount level depends on:
 - Percentage of students who are eligible for National School Lunch Program (NSLP) in the appropriate school district
 - Urban or rural status.

Discount Matrix

INCOME <i>% of students eligible for NSLP</i>	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%

2014 E-rate Modernization

- **Annual funding cap for the E-rate program was raised from \$2.4 billion to \$3.9 billion**
- **The discount rate for all voice services will be reduced by 20% each funding year beginning in FY2015**
- **Districts will now use a district-wide discount based on total district enrollment and total NSLP eligibility**
- Urban/Rural status is based on most recent decennial U.S. Census data
- Webhosting, e-mail and paging service will no longer be eligible beginning in FY 2015

E-rate Modernization

- Commercially available 100+ mbps Internet packages costing less than \$3600/year will no longer have to be competitively bid
- **The top discount for Category Two is now 85%, rather than 90%**
- **Each school building will qualify for a \$150 per student PRE-DISOCUNT budget (or minimum of \$9200) over 5 years for C2 purchases**
- Components that do not support broadband distribution are no longer eligible C2 items (servers, VoIP/video components)
- A 1-time invoice (BEAR or SPI) extension will be granted but only if submitted by invoice deadline (typically October 28)
- Technology plans are no longer required by the E-rate program

Category Two Budgets

- Starting with FY2015, USAC calculates a Category Two (C2) budget for each school or library.
 - The school or library can receive discounts on the cost of C2 services up to its C2 budget amount.
 - The C2 budget covers a five-year period starting with the first funding year USAC makes a C2 commitment.

2017 Per Student Budget will be \$153.47

- $\$150.00 * 1\% (2016) = \151.50
- $\$151.50 * 1.3\% (2017) = \153.47

2017 small school (less than 62 students) minimum budget will be \$9,412.80

- $\$9,200.00 * 1\% (2016) = \$9,292.00$
- $\$9,292.00 * 1.3\% (2017) = \$9,412.80$

C2 Budget Calculation

Per school budget of:

$\$150 + \text{inflation multiplier} \times$
 $\text{max \# of students}$

E-rate Productivity Center (EPC)

- EPC is the E-rate customer portal for applicants, service providers, and consultants.

<https://portal.usac.org>

Eligible Services

Examples of C1 & C2

Eligible Services List

- Each year, the FCC publishes a list of products and services that are eligible for E-rate discounts for the upcoming funding year.
 - FCC issues a draft eligible services list and solicits comments and reply comments.
 - FCC reviews comments and reply comments received, then prepares and issues the final list.
 - That eligible services list governs the eligibility of products and services for that funding year.

Category One Service Types

- Data Transmission Services and Internet Access
- Voice Services

Examples of C1 Services

- Fiber (Leased Lit and Leased Dark)
- Wireless Services (microwave)
- Satellite Services
- DS-1, DS-2, DS-3
- Ethernet
- T-1, T-3, Fractional T-1
- Frame Relay
- Cable Modem
- ATM
- Telephone Dialup
- Broadband over Power Lines
- Self-provisioned Broadband Networks

Voice Phasedown

- Voice phasedown is still in effect.
- For FY2018, the reduction to voice services is 80 percentage points.

Discount %	FY2015 - 20	FY2016 - 40	FY2017 - 60	FY2018 - 80	FY2019 - 100
90	70	50	30	10	0
80	60	40	20	0	0
70	50	30	10	0	0
60	40	20	0	0	0
50	30	10	0	0	0
40	20	0	0	0	0
30	10	0	0	0	0
25	5	0	0	0	0
20	0	0	0	0	0

Category Two Service Types

- Internal Connections
- Basic Maintenance of Internal Connections
- Managed Internal Broadband Service

* Category Two services are subject to a per school, five-year budget.

Examples of C2 Services

- Access Points
- Cabling
- Caching
- Firewalls
- 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

Managed Internal Broadband Services (managed Wi-Fi)

- Service provided by a third party
 - Management
 - Operation
 - And/or monitoring of eligible internal broadband internal connections components
- The third party may manage the school's/library's equipment or provide the equipment as part of a lease

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
- Support for BMIC is limited to actual work performed under the contract

BMIC Does not include:

- Services to maintain ineligible equipment
- Upfront estimates that cover the full cost of every piece of equipment
- Services that enhance the utility of equipment
- Network management services, including 24-hr network monitoring
- On-site technical support
- Unbundled warranties

*Operations and management of eligible equipment is not supported as BMIC but is eligible as MIBS

Miscellaneous

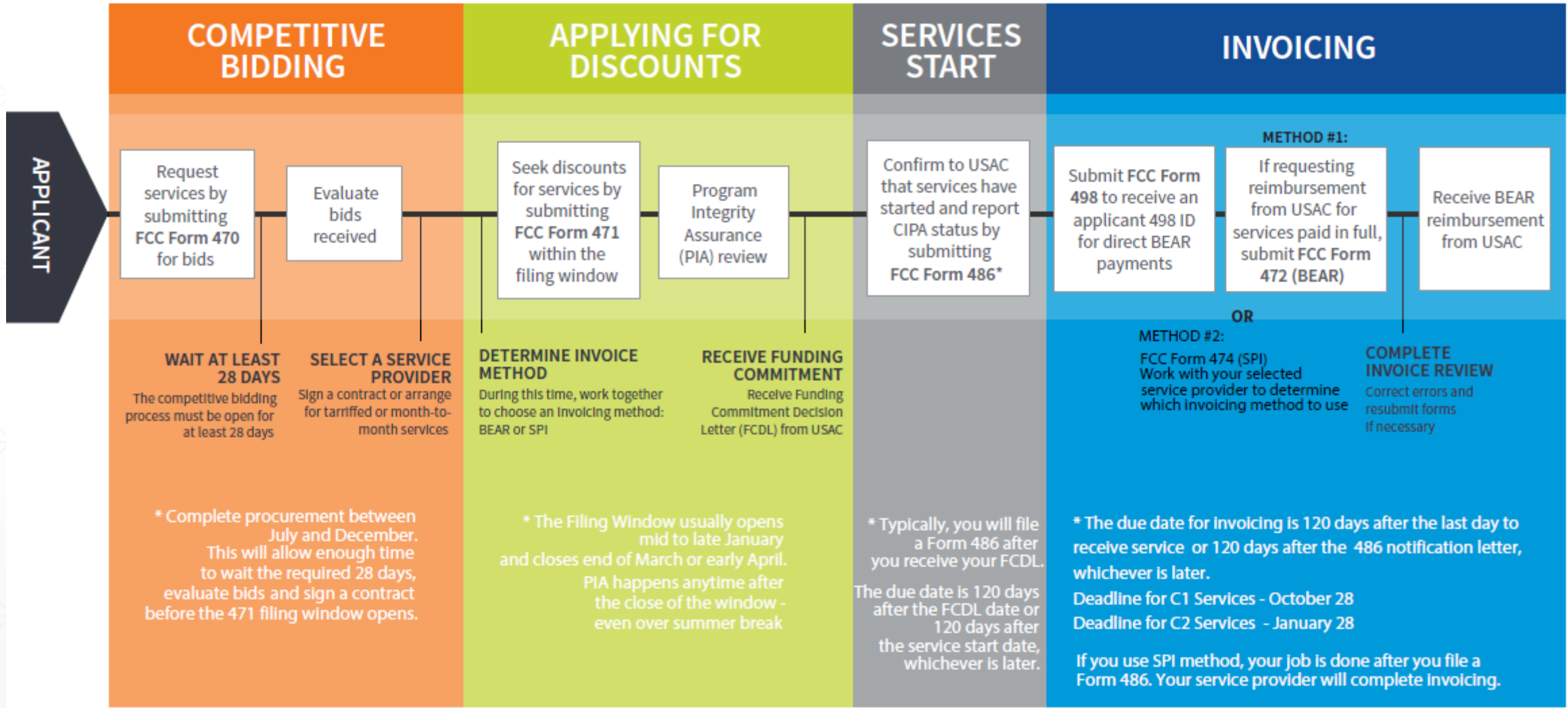
- Eligible Charges
 - Taxes, surcharges and other similar reasonable charges
 - Lease fees to rent or lease eligible components
 - Shipping charges
 - Training
 - Installation and configuration (installation can be provided by a third party)

BREAK

10 minutes

E-rate Timeline

Application process by form



Competitive Bidding

Rules for procurement and contracts

Competitive Bidding

- Must be a **fair and open** process.
- Avoid conflicts of interest.
- Open competition and bid evaluation.
- Follow all rules – FCC and state/local.
- Read the FCC Form 470/RFP responses and contract fine print.
- 6th Report and Order provides further clarifications and examples of rule violations.

Request for Proposal

- FCC rules do not require RFPs.
- State and local procurement rules apply
- Provide sufficient detail in FCC Form 470 to enable service providers to formulate bids.
 - Cannot provide **generic descriptions** (e.g., all eligible telecom services, Digital Transmission Services).
 - Cannot provide **laundry lists** of products and services.

FCC Form 470

- Applicants must count **28 calendar days** from whichever (FCC Form 470 or RFP) was posted or available last before evaluating bids and awarding a contract.
 - **Example:** RFP posted on December 1, FCC Form 470 posted on December 15; **December 15 starts the 28-day count**
- The 29th calendar day is your Allowable Contract Date (ACD)

Imposing Restrictions

- Cannot list specific make and model of services sought without also allowing equivalent products and/or services to be bid.
 - “XYZ manufacturer's router model 345J **or equivalent**”
- Applicants may require service providers to provide services that are compatible with one kind of system over another (e.g. Brand X compatible).
- Bidder disqualification criteria must be spelled out in FCC Form 470 and/or RFP and be available to all.

Site Surveys and Q&A

- Site surveys (mandatory or optional) are allowed.
- Any information provided to one service provider must be provided to all potential bidders.
 - Q&A/RFP addenda can and should be posted in EPC
- Document all correspondence with service providers during procurement

Cost Effectiveness

- Selecting the winning bidder
 - Price of the **ELIGIBLE** goods and services must be the primary factor in the bid evaluation.
 - Other factors, including other price factors, can be considered as well; but they cannot be weighted equally or higher than cost of the eligible goods and services.

Bid Evaluation Matrix Example

No	Factors	Total Points Available	Vendor 1 143xxxxxx ABC Inc.	Vendor 2 143xxxxxx DEF Inc.	Vendor 3 143xxxxxx GHI Inc.	Vendor 4 143xxxxxx JKL Inc.
1	<i>Cost of the Eligible Goods and Services</i>	40 *	38	25	38	0
2	<i>Experience</i>	20	18	17	20	0
3	<i>Availability</i>	10	10	8	7	0
4	<i>Minority Business Status</i>	10	6	9	9	0
5	<i>In State Preference</i>	10	3	7	10	
6	<i>Cost of the Ineligible products</i>	5	4	1	5	
7	<i>Project Management Expertises</i>	5	2	1	5	
Total Points		100	81	68	94	0

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

Winning Bidder:

Vendor 3 (GHI,Inc.) is the winning bidder because it has the highest total points.

Disqualified Bidders:

Bidder Reason for Disqualification

JKL Inc All interested bidders received two weeks' notice of a required pre-bid conference.
JKL Inc. did not attend this conference and did not provide a reason for its absence.

Cost Effectiveness

- Applicants must be able to demonstrate why a solution with higher than average pricing is cost-effective.
- Applicants will need to CERTIFY on FCC Form 471 that all bids submitted were carefully considered, the most cost-effective bid was selected with price being the primary factor considered, and is the most cost-effective means of meeting educational needs and technology goals.

Contracts

- Applicants must have a signed contract or ***other legally binding agreement*** in place prior to submitting their FCC Forms 471 to USAC.
- Applicant must not sign a contract before the Allowable Contract Date (ACD).
- A verbal offer and/or acceptance will not be considered evidence of the existence of a legally binding agreement.
- Keep a copy of your signed contracts!!

Contracts

- A definitive contract term must be set. No automatic renewals allowed!
- Voluntary contract extensions are allowable only when the option is stated in the original provisions of the contract.
- Applicant must rebid the services (i.e., file a new Form 470) if contract extensions are not stated in the contract or RFP
- Applicants must create a contract record in their EPC profile for each contract and can upload a copy of the contract.

Contracts

- Contract terms should align with the E-rate funding year
 - Category One services run July 1 – June 30
 - Category Two services run July 1 – September 30

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.
- Ensures schools and libraries in the E-rate program can receive and evaluate competing bids based on the lowest corresponding price available from vendors and are not charged more than similarly situated non-residential customers for the same services because of their 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).

Free Services

- Can't use E-rate to get free stuff (ineligible or eligible)
- Must deduct the value of the “free stuff”, discounts, trade-in etc, from the pre-discount amount in order get equal comparison between offerings
- Cost of eligible goods and services cannot be inflated to cover the “free” ineligible stuff

Gifts

- Receipt or solicitation of gifts by applicants from service providers (and vice versa) and potential service providers 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.
- Must always follow FCC rules and any applicable state/local rules.

Gift Rule Exceptions

- Items worth \$20 or less, including meals, if the value of these items received by any individual does not exceed \$50 from one service provider per funding year.
- Charitable donations not directly or indirectly related to an E-rate procurement, and not intended to circumvent any other FCC rule.
- Cure violations by promptly returning any item or paying the donor its market value.
- Prizes at conferences are subject to the \$20/\$50 rule.
- Counted per funding year.

Paying Non-Discount Share

- All E-rate applicants must pay their non-discount share.
- Service providers cannot give the money (directly or indirectly) to pay for the non-discount share.
 - If applicant can't show proof of payment during invoice review, invoice may be denied.

Document Retention

E-rate Binder

Document Retention

- 10 years from last date to receive service.
 - FY 2016: this is at least **June 30, 2027**
- Any document from a prior year that supports current year must be kept until 10 years from last date to receive service as well.
 - E.g., Contract from 2010 for recurring services, used to support FY 2016 FRNs, must be kept until at least **June 30, 2027**
- Documents may be retained in electronic format or paper and must be disclosed upon request.

Examples of Documentation to Retain

- Copies of bids.
- Contracts signed with service providers.
- Correspondence with service providers regarding bidding process.
- Copies of bid matrix or decision process for selecting winning bid.
- Proof of delivery of the service.
- Documentation of any service down time.
- Logs of maintenance performed.
- Documents that support cost allocation of funds for eligible services.

Ga E-rate Team

Service Offerings

What we can do for you

- E-mail and telephone support
- Virtual review of E-rate program forms
- E-rate updates via email listserv
- PIA, selective review and audit support
- Annual trainings for Georgia schools and libraries
- Outreach program for onsite assistance
- Regional and national level representation
- Liaison with FCC, USAC and service providers
- **We are FREE!!**

Helpful Links

- [Schools & Libraries Website](http://usac.org/sl/default.aspx) - <http://usac.org/sl/default.aspx>
- [EPC Login](http://usac.org/sl/tools/apply-to-erate/default.aspx) - <http://usac.org/sl/tools/apply-to-erate/default.aspx>
- [E-rate Forms](http://usac.org/sl/tools/forms/default.aspx) – <http://usac.org/sl/tools/forms/default.aspx>
- [USAC Search Tools](http://usac.org/sl/tools/default.aspx) - <http://usac.org/sl/tools/default.aspx>
- [Eligible Services List](http://usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx) - <http://usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx>
- [Ga E-rate Website](http://www.gae-rate.usg.edu/trainings_and_outreach) - http://www.gae-rate.usg.edu/trainings_and_outreach



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