

# E-Rate Overview

E-Rate Program Management, LLC

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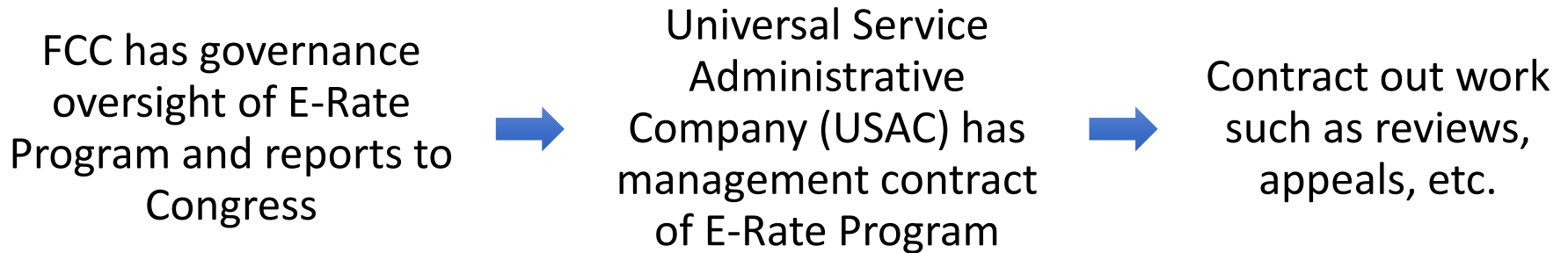
Kristi Smith, E-Rate Consultant

► Established via the 1996 Telecommunications Act

- Congress directed the FCC to “establish competitively neutral rules . . . to enhance, to the extent technically feasible and economically reasonable, access to advance telecommunications and information services for all public and non-profit elementary and secondary school classrooms . . . and libraries.”

Erate

# Who Does What?



# Who is Eligible for Funding?

## Schools (K-12)

- Must be a non-profit institutional day or residential school, including a public charter school & parochial.
- Must not have an endowment exceeding \$50 million.
- Pre-kindergarten - Head Start depends on state (In MT if part of a School District, then eligible)
- Students and/or facilities may be eligible.

# E-Rate Funding and Services

## Category 1

- Telecommunications Services
  - Wide Area Networks
  - ITV (interactive television circuits to send and receive digital classes)
- Internet Access
- Voice services (local (including VoIP), long distance and cellular) has been phasing down 20% each funding year starting in 2015. As of funding year 2019, Voice Services will no longer be funded.

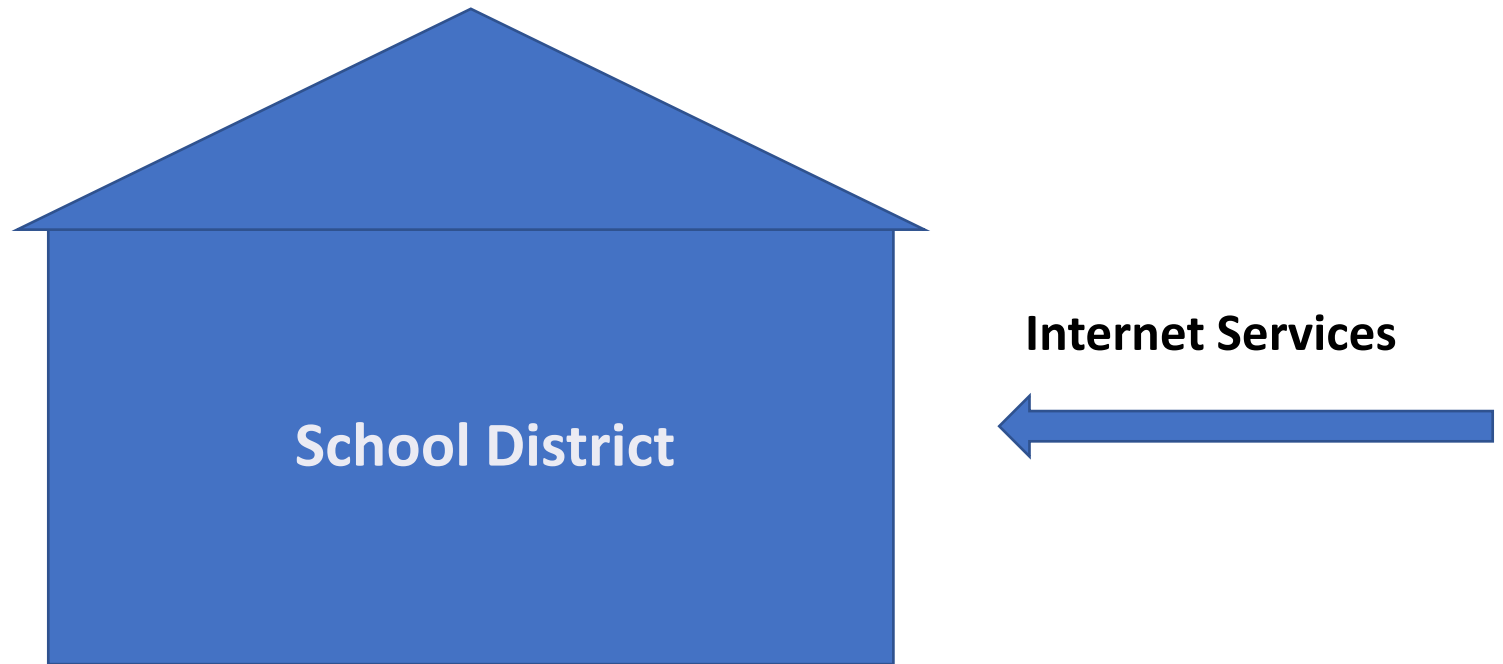
## Category 2

- MIBS – Managed Internal Broadband Services
- Internal Connections
- BMIC – Basic Maintenance Internal Connections

\*\*\*Category 1 is funded first, then Category 2

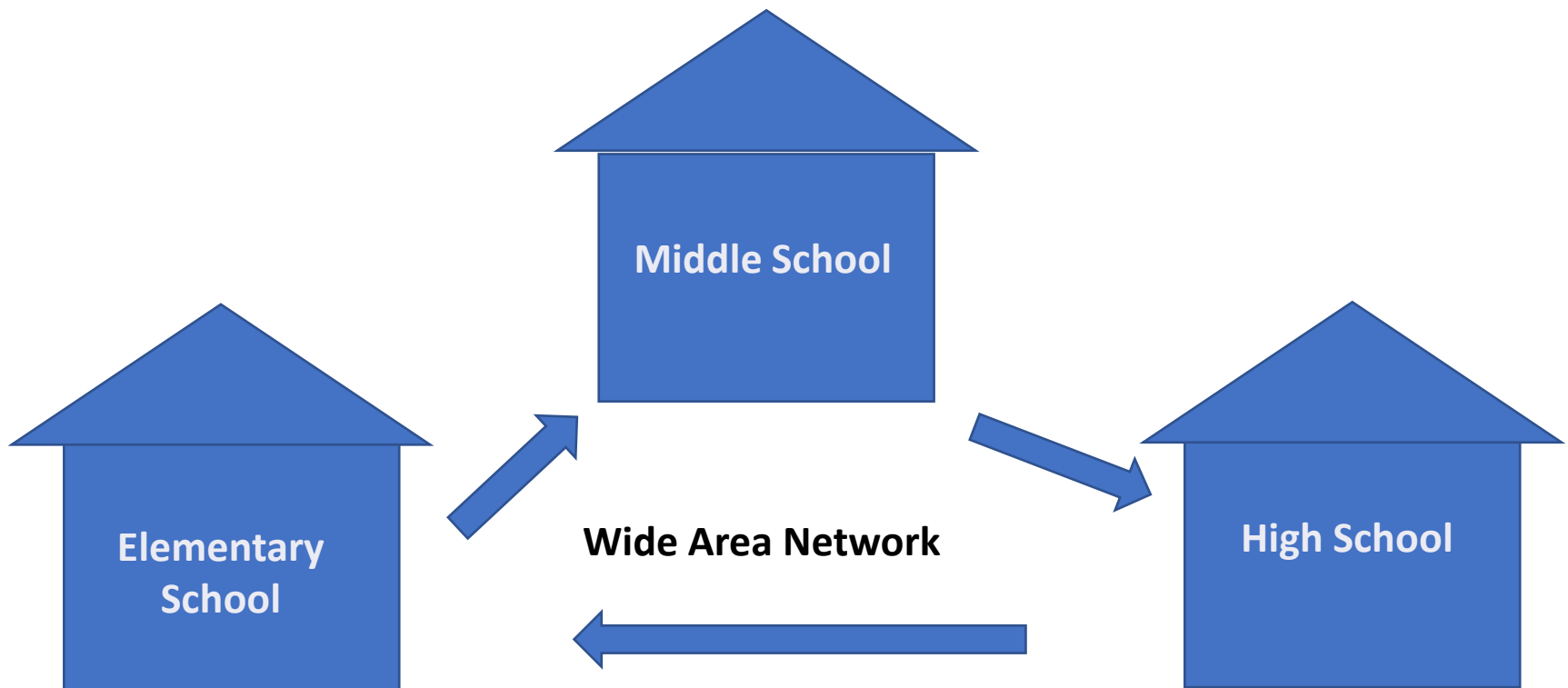
# E-Rate Funding and Services

**Cat 1 – Gets Internet Access/ Telecommunications to School**



# E-Rate Funding and Services

- **Cat 1** – Gets Internet Access/ Telecommunications to School



# Category 1 Eligible Services/Product List

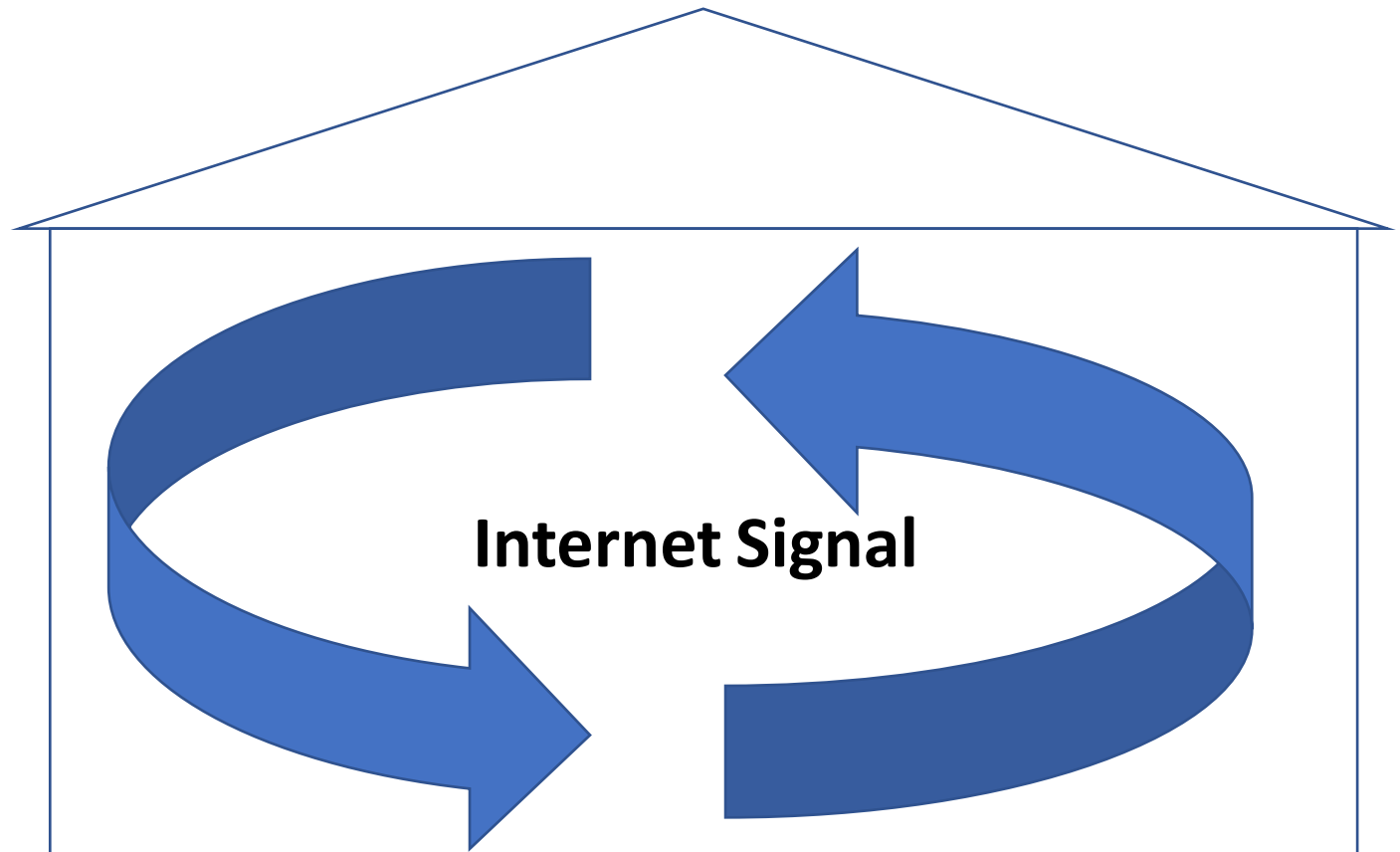
Asynchronous Transfer Mode (ATM)	Broadband over Power Lines
Cable Modem	Digital Subscriber Line (DSL)
DS-1 (T-1), DS-3 (T-3), and Fractional T-1 or T-3	Ethernet
Integrated Services Digital Network (ISDN)	Leased Lit Fiber
Leased Dark Fiber (including dark fiber indefeasible rights of use (IRUs) for a set term)	Self-Provisioned Broadband Networks
Frame Relay	Multi-Protocol Label Switching (MPLS)
OC-1, OC-3, OC-12, OC-n	Satellite Service
Switched Multimegabit Data Service	Telephone dial-up internet

\*\*\*Eligible Services/Product List from FY 2018 and may contain changes when published for FY 2019.

Wireless services (e.g., microwave)

# E-Rate Funding and Services

- **Cat 2** – Distributes Internet signal inside school buildings for educational purposes (does not include Non-Instructional Facilities – Admin./ Bus Barns, etc.)



# Category 2 Eligible Services/Product List

Access points used in a local area network (LAN) or wireless local area network (WLAN) environment (such as wireless access points)

Caching

Software supporting the components on this list used to distribute high-speed broadband throughout school buildings

Firewall services and components separate from basic firewall protection provided as a standard component of a vendor's Internet access service.

Basic Maintenance (Licensing) for eligible equipment.

Managed Internet Broadband Services of eligible equipment.

Antennas, cabling, connectors, and related components used for internal broadband connections

Uninterruptible Power Supply (UPS)/Battery Backup for eligible equipment

Wireless controller systems

\*\*\*Eligible Services List from FY 2018 and may contain changes when published for FY 2019.

Racks

Switches

Routers

# Covered:

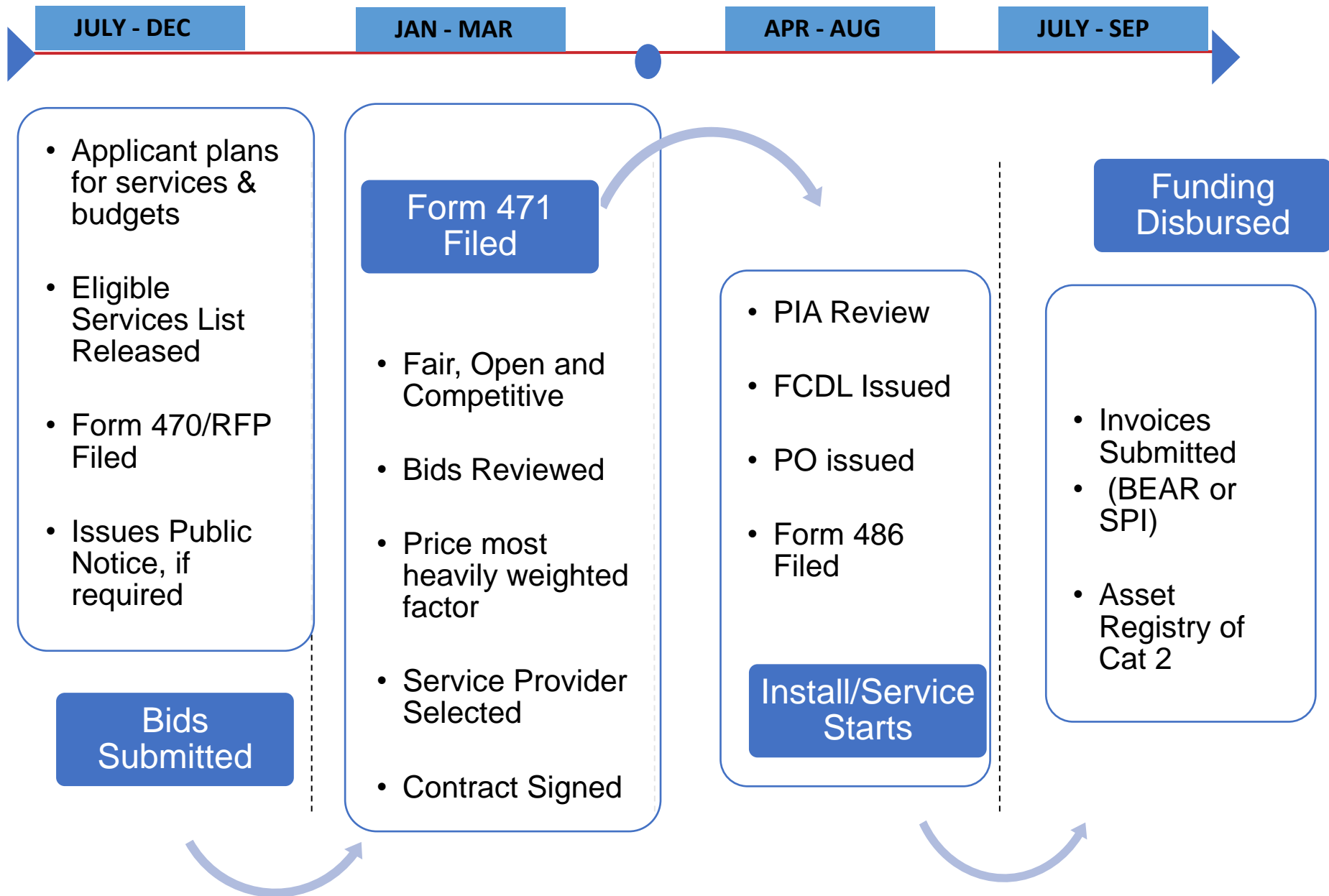
Overview of E-Rate Program;

Who Is Eligible; and

What is Eligible.

## What is Next?

- Application Process;
- Form 470 - Fair and Open Competitive Bidding Process;
- Form 471 including Calculating Your Discount;
- Form 486 – Ready to Invoice and Children's Internet Protection Act;
- Other Requirements





- **Establishes services a district is seeking**
- **Must include summary of services even if going out to bid or RFP**
- **Must wait 28 days before contracting services**

- **USAC states the process must be a fair, open and competitive process**
- **Must follow State & Local procurement Laws**
- **Price must be the most heavily weighted item in evaluation**

- **Application for E-Rate discounts on planned services**
- **Deadline established by SLD – usually in Mid-March prior to funding year**

- **Program Integrity Assurance review has multiple levels**
- **15 day response time**

**Applicant E-Rate Process**

# Open and Fair Competitive Bidding Process

- “Competitive bidding is a formal process to identify and request the [products and services](#) you need so that potential service providers can review those requests and submit bids for them.”
- Competitive Bidding Process starts with filing of Form 470 – requesting services/ equipment.
- Must be prepared to receive, respond to, and evaluate all bids and requests from service providers.

# Open and Fair Competitive Bidding Process

- Applicants must ensure that the [competitive bidding process is open and fair](#):
  - All bidders must be treated the same.
  - No bidder can have advance knowledge of the project information.
  - There are no secrets in the process - such as information shared with one bidder but not with others - and that all bidders know what is required of them.
  - With limited exceptions, service providers and potential service providers cannot give gifts to applicants.
  - In addition, the value of [free services](#) (e.g., price reductions, promotional offers, free products) generally must be deducted from the pre-discount cost of funding requests.

# Open and Fair Competitive Bidding Process

- “Applicant should not have a relationship with a service provider prior to the competitive bidding process that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way. Similarly, applicants must avoid conflicts of interest in the bidding process.”
- “Similarly, applicants must avoid conflicts of interest in the bidding process. For example, a conflict of interest exists when the applicant's consultant is associated with a service provider that is selected and is involved in determining the services sought by the applicant and the selection of the applicant's service provider(s).”

# Score Matrix Example

FACTOR	POINTS AVAILABLE	VENDOR 1	VENDOR 2	VENDOR 3
Price of the eligible products and services	30*	15	30	25
Prior experience with the vendor	20	20	0	20
Prices for ineligible services, products, and fees	25	20	15	25
Flexible invoicing: FCC Form 472 or FCC Form 474	15	0	15	15
Local or in-state vendor	10	10	8	7
<b>TOTAL</b>	<b>100</b>	<b>65</b>	<b>68</b>	<b>92</b>

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

Source for matrix from USAC, SLD website [www.usac.org](http://www.usac.org)

# Form 471

- The actual Funding Request.
  - Identifies the service provider that will be providing the services/ equipment,
  - The services/ equipment that is needed,
  - The location/ beneficiaries for services/ equipment to be delivered or served,
  - The price for services/ equipment,
  - The discount rate that will be applied,
  - The applicant's non-discount portion of the purchase.

# E-Rate Discount Structure

<p>* In 2018, XYZ School District in Rural America was at a 70% discount rate with an average of 46.69% of students qualifying for NSLP</p>	Discount % Level			
	Cat 1		Cat 2	
	Urban	Rural	Urban	Rural
% of Students who qualify for Free and Reduced National School Lunch Program (NSLP)				
<1	20	25	20	25
2-19	40	50	40	50
20-34*	50	60	50	60
35-49	60	70	60	70
50-74	80	80	80	80
75-100	90	90	85	85

# Received Funding Commitment Decision Letter, Now What?

- Completion of Form 486 – certifies that you are
  - Ready to invoice
  - Compliant with the Children's Internet Protection Act

# Children's Internet Protection Act (CIPA)

- Have a policy that describes ethical use internet/network including cyberbullying, how students are educated, etc.;
- Filter internet access on all accessible devices (i.e. iPads, computers, etc.) 24/7/365;
- Give public notice whenever applicant's board reviews/ amends/ adopts policy.
- Documentation that demonstrates compliance with above components.

# Document Retention

- Applicants are required to keep documentation ten years from the last date of funding request for services/ equipment.
  - Retain receipt and delivery records relating to pre-bidding, bidding, contracts, application process, invoices, provision of services, and other matters relating to the administration of universal service (i.e. CIPA documentation, PIA Reviews, etc.).

## Other Applicant Requirements

- Abide by state and local procurement laws.
  - Contracts of value of \$80,000 or more require RFP and public notice in local/ regional paper that serves constituents twice during bidding period.
  - Public notice given prior to board meetings that review policies pertaining to administration of E-Rate Program (i.e. CIPA).
- Asset Registry of Cat 2 equipment/ location/ serial numbers/ FRNs/ etc.

What  
the  
Service  
Provider  
Cannot  
Do

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SP should not prepare or draft an RFP

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SP should not prepare, draft, and/or provide its own model RFP

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SP must remain **NEUTRAL** at all times

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SP may not interfere with applicant's affirmative duty to conduct a fair and open bid process

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SP may not exert undue influence over an applicant

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SP may not provide funding for applicant's undiscounted portion

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SP may not assist in the 470 application process

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SP may not provide hidden incentives, such as free ineligible services

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# Gifting Rules

SP may not give anything of value in excess of \$20 to an individual in any single transaction

Includes meals, tips and taxes

SP may not give anything of value in excess of \$50 in any year.\*\*\*

Typical marketing or promotional material is exempt (pens, cups, etc.)

# **Resources**



Service Providers can only help at certain times of the year (after selected as service provider) and before next funding year (July 1).

Consultants can help to navigate the process, Q&A, Program Rules, Deadlines, Compliance Requirements, etc.

Other Districts, State E-Rate Coordinator, USAC Help Desk:  
Phone: (888) 203-8100

# A Good Place to Start

- USAC E-Rate Eligible Services List:  
[http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2017/db1005/DA-17-973A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db1005/DA-17-973A1.pdf)
- Look up tools: <http://www.usac.org/sl/tools/default.aspx>
- EPC Login: <https://portal.usac.org/suite/>
- Weekly News briefs and Training Updates on E-Rate, subscribe to:  
<http://usac.org/about/tools/publications/subscription-center.aspx>

# Recap of Applicant Action Items

- Fair and Open Competitive Bidding Process
- Documenting compliance with the Children's Internet Protection Act (CIPA)
- Abiding by local and state procurement laws
- Assess Registry
- Document Retention for 10 years from the last date of service

