

E-rate Category 2 Training

Funding Year 2023

PETE & C



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Categories of Service Recap

- **Category 1** – Services that go TO the school

- Subcategories:

- Data Transmission Services (fiber, coaxial cable, etc.)
- Internet Access

- Maximum discount is 90%

- No E-rate funding caps



- **Category 2** – Services/equipment that go INSIDE the school

- Subcategories:

- **Internal Connections**
- Basic Maintenance of Internal Connections
- Managed Internal Broadband Services (MIBS)

- Maximum discount is 85%

- Subject to 5-year E-rate funding caps



Internal Connections

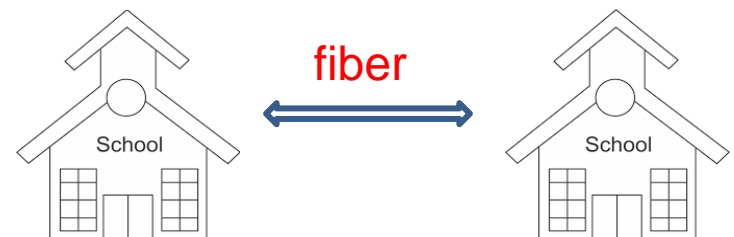
- Wireless Access Points/Controllers
 - Network Routers & Switches
 - In-Building Structured Cabling
 - Caching Servers
 - Only eligible servers
 - Firewalls (appliances only)
 - No ancillary modules/functions are eligible, like anti-spam, anti-virus, etc.
 - No 'redundant' or high availability firewalls
 - Racks and UPSs
 - That support eligible equipment only
 - Network cards aren't eligible
 - Equipment licenses
 - Multi-year licenses can be requested in first year
 - Cloud-based functionality of this equipment
- Operating system software to support eligible equipment
 - Installation and configuration
 - If wanted, be sure to specify this in your 470/RFP
 - Taxes and fees
 - Basic training on use of equipment



- **Not eligible:**
 - Storage Devices
 - Voice/Video Components
 - End User Devices

School-to-School Fiber Eligibility

- For schools that are in close proximity, applicants often want to use C2 funds to install fiber between them
- FCC has well intentioned, but restrictive, rules related to these connections, as follows:
 - **1 school but located in 2 buildings (rare)**
 - Fiber between those buildings = Category 2
 - Does PDE recognize it as single school?
 - **2 schools but located in same building (rare)**
 - Fiber between those schools = Category 2
 - **2 schools but located in different buildings (common)**
 - Fiber between these buildings = Category 1
 - Considered “Self Provisioned Fiber” and must bid accordingly on Form 470
 - Cannot use C2 funding, unfortunately



Basic Maintenance (BMIC)

- **Eligible:**
 - Repair and upkeep of eligible hardware
 - Wire and cable maintenance
 - Configuration changes
 - Basic technical support including online and telephone-based technical support
 - Software upgrades and patches including bug fixes and security patches
- **Eligibility limitations:**
 - Contract must specifically identify the equipment being covered, including product name, model number and location.
 - Support will only be paid for actual work performed under contract.
 - Support for bug fixes, security patches, and technical support is 100% eligible
- **BMIC does not include:**
 - Services that maintain ineligible equipment
 - Upfront estimates that cover the full cost of every piece of eligible equipment
 - Services that enhance the utility of equipment beyond the transport of information or diagnostic services in excess of those necessary to maintain the equipment's ability to transport information
 - Network management services, including 24-hour network monitoring
 - On-site technical support (i.e., contractor duty station at the applicant site)
 - Unbundled warranties

Basic Maintenance (BMIC) Recommendation

I do not recommend that applicants use their C2 budgets for BMIC. Why?

1. Can only be for services/work performed from during 12 month funding year (7/1/2023 – 6/30/2024)
 - Does **not** follow the 4/1/2023 – 9/30/2024 schedule
 - Does **not** follow the first 12 months of ownership schedule
2. Multi-year contracts must be amortized
 - Cannot apply for full cost of multi-year BMIC contract in Year 1
 - Must amortize and request discounts for each year, annually
3. Next day replacement contracts not eligible
 - Only basic tech support, configuration changes are 100% eligible
4. Conditionally eligible = repair of equipment, cable maintenance
 - E-rate will commit based on amount of contract
 - BUT.... will only reimburse for time/parts used
 - C2 budget takes “hit” based on full commitment, not funds “used”

~ Use your Category 2 budgets for equipment and installation ~

Managed Internal Broadband Services (MIBS)

- Definition:
 - Services provided by a 3rd party for the operation, management and monitoring of eligible internal connections (managed wi-fi)
- Eligible:
 - Management and operation of the LAN/WLAN, including installation, activation, and initial configuration of eligible components and on-site training on the use of eligible equipment
- Eligibility limitations:
 - Only eligible equipment may be managed
 - Must have listed specific equipment to be maintained in RFP
- Has traditionally not been popular among applicants
- 2 Options:
 - Paying an outside vendor to own/maintain the equipment
 - Paying an outside vendor to maintain school-owned equipment
- Subject to the C2 budget caps

Equipment Transfer/Disposal Rules

- **Transfers:** As of July 1, 2021, E-rate funded equipment from any year may be transferred between eligible buildings
 - If equipment is transferred between buildings within 5 years from date of purchase, must record reason and date of transfer and update asset inventory
 - No notice to USAC is required
 - Asset inventory must be retained for 10 years from date of purchase
- **Disposal:** Equipment may be disposed of, sold, transferred, etc. from 5 years from the date of installation
 - No notice to USAC required but asset inventory must be updated

NIFs Not Eligible for C2 Funding

- Non-instructional facilities (NIFs) are ineligible for C2 funding
 - Must deduct proportional share of NIFs use of any shared equipment
- Equipment may be housed at a NIF, however
 - For example, a Wireless Controller may be housed at data center
 - Wireless Access Points in NIFs may not be purchased with E-rate funds

After 5 years, transfer equipment to NIF



PA Prevailing Wage Requirement

- PA public school entities are required to comply with the Prevailing Wage Act for public works contracts which include ‘construction, reconstruction, demolition, alteration and/or repair work other than maintenance work, done under contract and paid for in whole or in part out of the funds of a public body where the estimated cost of the total project is in excess of \$25,000.’
- Maintenance work is defined as the repair of existing facilities when the size, type or extent of such facilities is not thereby changed or increased.
- In speaking with several knowledgeable school officials, they believe that structured cabling projects costing more than \$25,000 would be required to comply with the Prevailing Wage Act.
 - You will want to check with your school district solicitor to determine if he or she believes the Prevailing Wage Act applies
- If PW applies be sure to obtain a Prevailing Wage Determination from the PA Department of Labor and Industry (<http://www.dli.pa.gov/Individuals/Labor-Management-Relations/llc/prevailing-wage/Pages/Prevailing-Wage-App.aspx>) and include this requirement and PW Determination in your structured cabling RFP/procurement.
- The federal Davis-Bacon Act does not apply to E-rate funds

CATEGORY 2 BUDGETS



Category 2, 5-Year Funding Caps

- Current C2 budget cycle – Funding Years 2021 – 2025
 - All C2 budgets will reset in FY 2026 and no funding will be carried over
 - C2 budgets are *pre-discount* - Applicants' E-rate discounts then apply
- Enrollment for C2 budget can be used for entire budget cycle and doesn't have to be updated annually
 - But can update if enrollment has increased to take advantage of higher C2 budget

C2 budget multipliers:

Single Schools:

\$167 x total enrollment OR \$25,000, whichever total budget is greater

School Districts:

\$167 x total district enrollment, OR

\$25,000 x total number of schools in the district

– Whichever total budget is greater

Independent Libraries:

\$4.50 x total square footage OR \$25,000, whichever total budget is greater

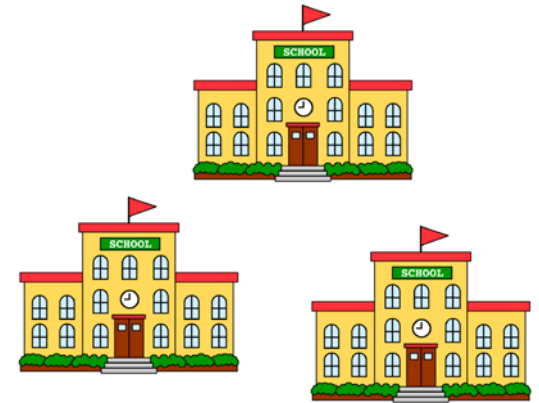
Library Systems:

\$4.50 x total square feet of all library branches OR \$25,000, whichever total budget is greater

Special C2 Budget Calculation Option for Smaller School Districts

School Districts with **10 or fewer** schools – 3 options:

- a) Calculate by total enrollment x \$167
- or
- b) Calculate by total number of schools x \$25,000
- or
- c) Calculate by school and take the higher amount (\$25,000, or enrollment * \$167) from each school and add together



➤ System will use whichever budget option is higher, a, b, or c

School	Enrollment	FY 2021 - 2025 Budget (hybrid)
Red School	625	x \$167 = \$104,375
Green School	300	x \$167 = \$50,100
Yellow School	50	Minimum = \$25,000
Blue School	120	Minimum = \$25,000
Total of all buildings' max. budgets:		\$204,475

Calculating Remaining C2 Budgets

What is your remaining Category 2 Budget for this C2 cycle?

1) Go to: <https://opendata.usac.org/E-rate/E-rate-C2-Budget-Tool-FY2021/8269-hkn7>

2) Enter BEN to filter just your entity's data

3) Summary Table will appear

Review these columns:

C2 enrollment currently in EPC

5-Year Pre-Discount C2 Budget

Amount of any "still pending FRNs" in FY 2021 & FY 2022

Amount "committed" in FY 2021 & FY 2022

Remaining available C2 Budget

Filters (9) X

Clear All

State
PA

Applicant Type
Select...

City
Select...

Billed Entity Name
Select...

BEN
125300

Consulting Firm Name (CRN)
Select...

Full Ti...	Library...	School...	Library...	C2 Bud...	C2 Bud...	Funded...	Pendin...	Availab...
1,605		\$167.00		\$268,035.00	Confirmed	\$207,881.00	\$0.00	\$60,154.00

Requesting More Funding Than Remains in C2 Budget

**Don't Do It.
Ever.
Ever.**

- What happens if you do?
 - Your E-rate application will go into manual processing and funding will be delayed
 - You will be required to identify exactly what FRN line items should be reduced or eliminated to come into budget – USAC will not do this for you



CATEGORY 2 BIDDING REQUIREMENTS FOR PA PUBLIC SCHOOLS



C2 Bidding Requirements (applies to all applicants)

- ✓ Equipment list **MUST** allow for equivalent manufacturer's products to be bid
 - “Cisco 48-port PoE Switch or equipment that is equivalent in functionality and quality”
 - May include a requirement that equivalent equipment must be fully **interoperable** and compatible with District's existing “XYZ” equipment
 - Be sure to list your existing equipment
- ✓ Binary bid disqualification reasons be stated in the State and Local Procurement Requirements of the Form 470 or in the RFP
 - **DQ reasons must be yes/no (either they complied or they did not)**
- ✓ Absent a bid due date, applicants are now required to consider all bids received up until the date you conduct your bid evaluation. Therefore, I suggest including the following language:

“Deadline for vendor proposals is [January 8, 2023] at 9:00 am Eastern. We reserve the right to reject late-submitted proposals. Proposals must be e-mailed to the Form 470 contact unless otherwise noted.”

C2 Bidding Requirements (applies to all applicants)

- ✓ **NEW:** Companies deemed national security risks
 - FCC prohibits the use of Universal Service funding, including E-rate funds, to purchase equipment and services from companies deemed a national security risk. Be certain that you do not consider any proposals that include any of the companies listed here: <https://www.fcc.gov/supplychain/coveredlist>

- ✓ All RFP amendments/Q & A/additional information given to bidders besides what is in the original Form 470 or RFP must be uploaded into EPC with original Form 470
 - Includes relevant information given to vendors that would impact bid (FAQs)
 - Locate 470 in EPC > Related Actions > Add an RFP Document
 - Restart 28-day clock for service or entity changes
 - Restart 28-day clock if “cardinal change” made to RFP (adding equip/services, modifying project scope)

- ✓ Cannot contact vendors ahead of bidding to seek equipment list

- ✓ All C2 services/equipment must have a signed contract before Form 471 is filed

CATEGORY 2 BIDDING OPTIONS FOR PA PUBLIC SCHOOLS



PA public schools have two options to competitively bid E-rate eligible equipment:

1) **Post Form 470 & RFP in EPC**

~ or ~

2) **Conduct Mini-Bid Using PA PEPPM Contract**

Note:

- Directions for using either procurement option take into account PA procurement laws
- PA Co-Stars Contract is not E-rate eligible
- E-rate is not subject to federal UGG requirements

PEPPM vs 470/RFP

PEPPM

- Don't have to post Form 470/Issue RFP
- Don't have to advertise in newspaper
- DO have to conduct mini-bid of every vendor that sells equipment in that category
- Don't have to wait full 28 days during mini-bid process
- Can require compatibility and interoperability with existing equipment (both)
- More appropriate for equipment/installation, rather than cabling project
- Can consider non-cost factors as long as costs of E-rate eligible equipment/services are most heavily weighted factor

• 470/RFP

- Must post 470 & RFP if over \$21,900
- More appropriate for cabling projects, in addition to equipment/installation
- Can provide greater specificity about requirements
- Can require compatibility and interoperability with existing equipment (both)
- Don't have to solicit bids from any vendor
- Cannot consider non-cost factors during bid evaluation. If all RFP criteria have been met, must select lowest bid

BIDDING OPTION #1: POST FORM 470 WITH RFP



Option 1) File a Form 470 and issue an RFP

- RFP must be uploaded with the Form 470 as the form is being created, *and* the procurement must be advertised in at least 2 local newspapers of general circulation once a week for 3 consecutive weeks
 - Advertising must be done concurrently with the Form 470 bidding period
- On the 29th day after the Form 470 was posted (or later), schools must select the lowest price bid among all qualified proposals (those that met the minimum bid requirements outlined in the RFP)
 - Under state law, schools are generally not permitted to consider other bid evaluation criteria besides price
- Schools will then contact the winning vendor to obtain a contract document (or final quote with exact quantities) for the District to sign

(C2 Equipment/services costing between \$11,800 - \$21,900: If no RFP is issued, schools must request written or telephonic price quotations from at least three bidders, in addition the Form 470 bidding process)

Best Practice Timeline: Post 470/File RFP by first week of December, conduct your bid evaluation in early January, have your board approve the contract at their January or February board meeting(s), and file the Form 471 in early March.

Helpful Guide: <http://e-ratepa.org/wp-content/uploads/2014/03/8-5-RFP-Form-470-Narrative-Guide-FY-2023-PA-NEW.pdf>

Hints When Constructing Form 470

- Always list bid due date/time
 - “Bids are due on X date/time to Y person. We reserve the right to accept late-submitted proposals.”
- List all possible disqualification factors (Y/N format)
- List interoperability and compatibility requirements
 - “Must be interoperable with the school’s existing XYZ equipment”
- Consider pre-bid walk through for cabling projects
- It’s ok to forward your posted 470 to potential vendors to encourage bidding
- Although RFPs aren’t required, even a 1-page document describing your project and disqualification criteria is a good idea
 - That way the system permits future amendments/documents to be uploaded with the existing 470

BIDDING OPTION #2 – ISSUE PEPPM MINI-BID



Option 2) Conduct a 'PEPPM Mini-Bid'

A complete guide to conducting a PEPPM Mini-Bid is posted at:
http://e-ratepa.org/?page_id=6121

- Do NOT post a Form 470
- Conduct a PEPPM mini-bid of all product lines in a specific "Category" and then consider all bids submitted by vendors
 - Categories are wireless equipment, switches, routers, firewalls, UPSs, cabling/connectors, racks, and caching servers
- There is no 28-day mini-bid requirement, but you should give vendors at least 14 calendar days to submit proposals
- Using the prices contained in the proposals submitted, schools will then create a bid evaluation to select the successful vendor
 - Price of eligible equipment/services **must** be the most heavily weighted factor, but you **may** consider other factors such as previous experience with the District, compatibility with existing equipment, references, cost to train or certify staff on new equipment, etc.
- Schools will then contact the winning vendor to obtain a contract document (or final quote with exact quantities) for the District to sign
- *I do not recommend using the PEPPM Mini-Bid process for structured cabling projects.*

PEPPM Mini-Bid Process

1. Create equipment bid list

- ✓ Schools complete yellow areas
- ✓ Vendors complete blue areas
- ✓ Second tab shows completed example
- ✓ Save to your computer as Excel file

	A	B	C	D	E	F	G	H	I	J	K
1	Name of District	E-rate Funding Year 2022									
2											
3	BIDDER INFORMATION:	Company Name:									
4		Company SPIN:									
5		Contact Name:									
6		Contact E-mail:									
7		Contact Phone:									
8											
9	To Be Completed by School						To Be Completed by Vendor		Only required for vendors submitting equivalent product line quotes (different manufacturer than Column C)		
10	School/Building Name (Optional)	PEPPM Category (wireless, routers, switches, UPS, cabling, firewalls, etc.)	Preferred Manufacturer Name or Equivalent	Description (optional)	Model Number (SKU)	Estimated Quantity	Price/Unit	Extended Price (quantity * unit price)	Equivalent Make	Equivalent Model	Has the equivalent equipment met the compatibility requirements listed below, if any, and have you attached the required proof of quality and functionality equivalency? Yes/No
11											
12											
13											
14											
15											
16											
17											
18											
19								\$0.00			
20	Compatibility/Interoperability Requirements - To Be Completed by School										
21	If vendors are bidding an "equivalent" product line that is different than what is listed in Column C, the products must be equivalent in quality and functionality, and must be fully interoperable and compatible with the District's existing equipment/systems which are as follows:										
22											
23	Schools: List below what existing equipment/software/systems any proposed equivalent equipment must be fully compatible with. Be specific.										

PEPPM Mini-Bid Process

2. Create cover e-mail

- ✓ Modify cover e-mail as needed
- ✓ Update yellow areas, at minimum
- ✓ Copy and paste into e-mail

Sample PEPPM Mini-Bid Cover E-mail to Vendors

E-mail to: All Awarded Vendors from the PEPPM Category List Corresponding to Mini-Bid
BCC: Yourself

Dear Vendors:

The [Name of School or School District] will be applying for Category 2 E-rate funding for Funding Year 2022 using the PA PEPPM Contract. In accordance with E-rate rules that all equivalent product lines must be provided the opportunity to submit proposals, we are hereby conducting an E-rate Mini-Bid. Attached to this message is a list of the equipment and services (or their functional equivalent) for which we are seeking proposals. If your company does not provide direct responses to [mini-bids](#), then we request that you either forward this procurement opportunity to your PEPPM authorized resellers, or notify us immediately so that we can send it to them directly.

Important note: Vendors must be an awarded PEPPM contract holder for the product line quoted in any bid submitted in response to this request.

This [mini-bid](#) specifically seeks proposals for [list name of category here, such as Switches or Wireless Equipment] and our preferred manufacturer product line is [XXXX or state that you do not have a preferred manufacturer].

Note to vendors seeking to propose equivalent equipment: We will evaluate bids that propose equivalent product lines, provided those products are equivalent in quality and functionality with the equipment in the attached [mini-bid](#). Vendors proposing equivalent product lines **must** include in their proposal manufacturer proof such as manufacturer's specifications or other similar documentation that the equipment is equivalent in quality and functionality and follow the specific instructions listed below for completing the mini-bid response. Further, equivalent products must be fully interoperable and compatible with the [District's](#) existing equipment/systems and the documentation submitted must

PEPPM Mini-Bid Process

3. Open PEPPM Product/Category/Vendor spreadsheet

- ✓ Filter by which 'Category' your equipment falls under so that only Xs remain in the column
- ✓ Then copy the e-mail addresses from Column Q into an e-mail message
- ✓ Attach copy of equipment bid list
- ✓ Then send e-mail with equipment bid list to all awarded vendors in that category. **Don't combine categories.**

Manufacturer	PEPPM Awarded Vendor Name	Wireless Equipment/Services	Cabling/Connectors	Caching Servers	Firewall Equipment	Switches	Routers	UPS	Racks	Awarded Vendor Contact Name	Awarded Vendor Contact Email	Uses Resellers (See next tab for list of Resellers)
ACE Computers	Ace Computers			X						John Samborski	johns@acecomputers.com	No
Actiontec	CDWG	X	X							Mark Ellis	markeli@cdwg.com	No
Adtran, Inc.	ADTRAN	X				X	X			Patrick Foster	patrick.foster@adtran.com	Yes
ADVA Optical Networkir	Walker and Associates, Inc.		X		X	X	X			Scott Stoll	scott.stoll@walkerfirst.com	No
Aerohive Networks	Aerohive Networks	X				X	X			Sarah Page	spage@aerohive.com	Yes
Alcatel-Lucent	Alcatel-Lucent Enterprise	X				X	X			David Croston	david.croston@al-enterprise.com	Yes
Allied Telesis, Inc.	En-Net Services, LLC	X			X	X	X			Ed Floyd	efloyd@en-netservices.com	No

EXAMPLE - DO NOT USE

Next Steps...



Next Steps – All C2 Procurements

- Vendors will submit proposals directly back to the contact indicated on the 470/RFP
- After bid due date, ensure bids are compliant with minimum qualifications and conduct bid evaluation
 - Be sure that price of eligible equipment and services is the most heavily weighted factor
- Contact winning vendor to seek contract
- Seek board approval (if required)
- Sign contract
 - All C2 requests must have signed contracts
 - Contract can be as simple as a vendor quote that is signed by the school or library. Be sure to include:
 - Contract signing date (must be before 471 filing date)
 - Contract term: 4/1/2023 through 9/30/2024
 - Purchase is contingent upon E-rate funding and local funding approval
- Create Contract Record in EPC and upload contract
- Submit Form 471 by March 28, 2023 deadline

C2 Purchasing Reminders

- ✓ Create and Maintain Asset Inventory
 - All audits require this to be submitted
 - Sample available

<http://e-ratepa.org/wp-content/uploads/2014/03/Asset-Register-Sample.xlsx>

- ✓ Only purchase exact equipment that was approved on 471
 - If equipment is different, seek a **Service Substitution** from USAC

- ✓ Keep everything
 - E-rate rules now require you to keep all documents related to procurement, purchasing, discount calculations, invoicing for 10 years from the last date to receive service or service delivery deadline, whichever is later



Questions?

E-mail Julie at jtschell@comcast.net

