

E-rate Training Workshop for Beginners

Funding Year 2018



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Fall 2017

Agenda

- Entity Eligibilities
- E-rate Productivity Center - EPC
- Discount Calculations
- Category 1 Eligible Services
- Category 2 E-rate Budget Caps
- Category 2 Eligible Services
- Category 2 Bidding Options/Requirements
- Application Process and Forms Overview – Step by Step

- Morning break
- Questions at end of each section
- Lunch from 12 -12:30



How to Be E-rate Successful

- Read (and distribute) listserve messages
- Document and retain everything
 - Stay organized!
- Use PA E-rate website: www.e-ratepa.org
 - Helpful Documents
- Attend content-specific webinars
- Have patience

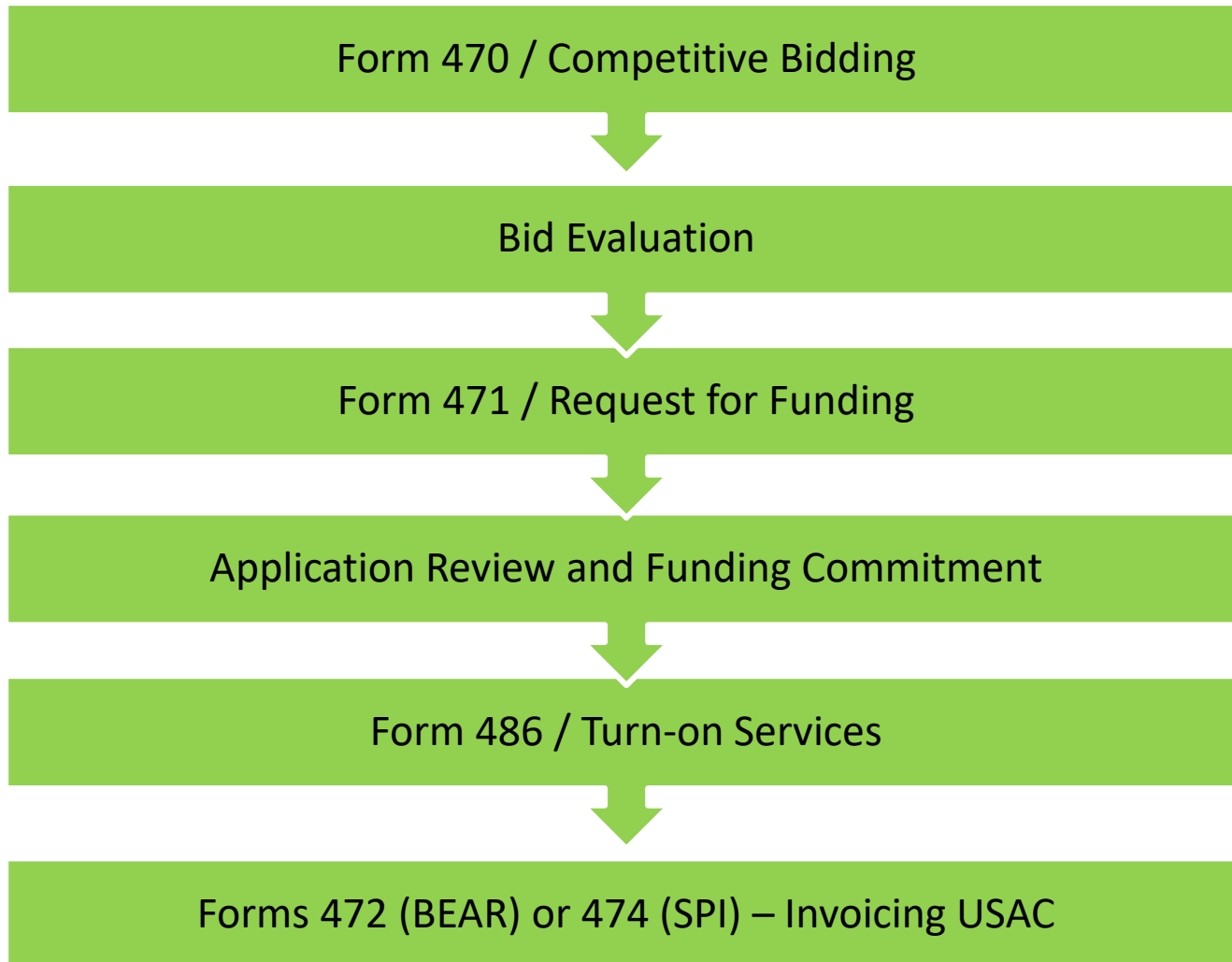


The screenshot shows the homepage of the E-rate in Pennsylvania website. The header features the logo "E-rate in Pennsylvania" and navigation links for "What is E-rate" and "Listserve Archive". Below the header is a navigation menu with links for "DISCOUNT CALCULATIONS", "TRAINING & OUTREACH", "E-RATE 2.0", "PA FUNDING", "HELPFUL DOCUMENTS", "MASTER CONTRACTS", and "E-RATE FILINGS". A large banner image shows a group of people in a training session with the text "Need E-rate training?". Below the banner are three main content sections: "Newest Listserve Messages" with a list of recent messages and dates, "Featured" with a list of links to various resources, and "New to E-rate?" with a list of links for new users. At the bottom, there are "Site tools" and a footer with navigation links.

What is E-rate?

- Annual \$3.9 billion federal program
 - Fund made up from USF charges on your phone bills
 - One of 4 separate universal service programs
- Funding years named for the year in which they begin
 - FY 2018 = July 1, 2018 – June 30, 2019
 - Application process begins 6-10 months ahead of start of next funding year
- Provides 20-90% discounts on eligible services
 - 20-85% discounts on eligible equipment/services
 - Applicants MUST pay their non-discounted share (cannot be waived)
- Detailed, rigid, long application process
 - Unlike any other grant program
- FCC sets all rules and policy
 - USAC (SLD) manages the program/application process
 - CSB = Client Service Bureau
 - PIA = Program Integrity Assurance team

General Framework of E-rate...



What Entities are Eligible in PA?

- Public libraries eligible for LSTA funding
 - Includes bookmobiles
- Public and non-public non-profit K-12 schools
 - Pre-k eligible (ages 3+)
 - Head Start (if operated by a public school entity)
 - No endowment over \$50 million
 - Residential locations (certain circumstances)*
- Consortia comprised of eligible schools/libraries
- Non-Instructional Facilities (NIFs)
 - Admin buildings, bus barns, data centers, etc.
 - Eligible for Category 1 funding; must house shared equipment for Category 2 funding to be used
- Every “organization” has an E-rate Billed Entity Number (BEN)
- Every “building” must have an Entity Number

What is EPC?

- EPC = E-rate Productivity Center
- Account and application management portal
 - Launched in FY 2016
- Almost all E-rate forms, letters and interactions are based in the EPC Portal system
- Every “Billed Entity” has an EPC Portal Account
- Every EPC Account has “Users”
 - One of the Users is the Account Administrator (AA)
 - Every User’s Log-in Name is their E-mail address

Classifications for Billed Entities in EPC

1. School
 - Public or private
2. School District
3. Independent Library
 - Not a branch
4. Library System
 - Has branches
5. Consortium
 - Can be made up of different types of entities
 - Regional (Federated) library system that procure services on behalf of independent libraries would be considered a “consortium”
 - IU that act as both schools and consortia can have two different classifications
 - And two different E-rate Billed Entity Numbers

EPC Account Administrator

- Each EPC account has a single AA
- Only AAs can perform these functions:
 - Create Users that have account access
 - Be sure those Users then establish their passwords, and accept their terms and conditions
 - Assign Users' Rights/Permissions
 - Full Rights (try to use this one)
 - Partial Rights
 - View-Only Rights
 - School or Library Official (only applicable for Form 498)
 - Change AA to another user
 - Link to an E-rate Consultant (if applicable)
- **Users can** perform certain other tasks, as determined by the permissions granted by the AA

What to Do in EPC?

Short answer? All E-rate tasks except FORM 472 BEAR reimbursement forms

- Submit Customer Service Inquiries
- Ensure that all schools/NIFs are listed
 - And that addresses are accurate
 - Call CSB to add/remove building from EPC account
- Link to a consortium and/or consultant, if applicable
- Update your Enrollment/NSLP data
 - May want to wait for PDE data to be released in January
- Update Connectivity Survey
- Create Contract Records in Contract Module
- Submit Application Forms
- Respond to PIA Inquiries
- Obtain Funding Commitment Decision Letters (FCDLs)
- Submit Appeals
- Service Substitutions and SPIN Change Requests

All of these EPC tasks are explained in this manual

Questions about EPC?

- Call USAC at 888-203-8100
 - Only they can troubleshoot EPC problems
- USAC's Learning Library:
<http://www.usac.org/sl/about/outreach/online-learning.aspx>
- **Let's take a quick EPC Tour...**
 - EPC Hints:
 - Username is your e-mail address, all lower case
 - Passwords expire after 60 days
 - Account Administrators (AA) create new users and set user permissions
 - 'Related Actions' is where most account management tasks are found

Discount Calculations



What is My E-rate Discount?

- Discount level for schools calculated based on:
 - 1) Percentage of students who are eligible for National School Lunch Program (**NSLP**)
 - Doesn't matter if school serves lunch or participates in NSLP
 - AVTS and nonpublic schools use their own students' data, not sending schools' data
 - October NSLP data on PA E-rate website by mid-late January
 - CEP schools' 1.6 multiplier calculated automatically
 - PDE data will contain raw CEP data to use
 - Alternatives to using NDLP data available*
 - 2) **Urban** or **rural** location of the school

Discount Calculations

- All discounts for both Category 1 and Category 2 are calculated on a district-wide simple average basis
 - **Formula: Total district NSLP eligible students / total district enrollment**
- Rural/urban status of **majority** of buildings (physical addresses) will be used for entire district or library system
 - Urban = building located in an "Urbanized Area" or "Urban Cluster" with a population of 25,000 or more
 - Designations already in EPC
- Discount rates do not change based on which entities within a district/system are receiving service
- Maximum discount for Priority 2 is 85%
 - All other discounts stay the same

School District Example

School	Urban/Rural	Enrollment	NSLP	
DALLASTOWN EL SCH	R	185	83	
LOGANVILLE-SPRINGFIELD EL SCH	R	434	77	
YORK TWP EL SCH	R	463	176	
ORE VALLEY EL SCH	U	554	191	
DALLASTOWN AREA SHS	U	1715	366	
LEADERS HEIGHTS EL SCH	U	164	33	
DALLASTOWN AREA MS	U	1003	282	
Administration Office	n/a	1380	408	
DALLASTOWN AREA SCHOOL DISTRICT	U	4518	1208	26.7%

% NSLP = 27%

Not a majority of schools are Rural

Discount Matrices – C1/C2

Income % of students in the school that qualify for the NSLP...	Category 1 Urban Discount	Category 1 Rural Discount	Category 2 Urban Discount	Category 2 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%

Library Discount Calculations

- Independent Libraries (most PA libraries):
 - Discounts based on the percentage of students eligible for the NSLP in the school district in which that library is located and whether the library is located in an urban or rural area
- Library Systems:
 - Discount based on the percentage of students eligible for the NSLP in the school district in which the main library system outlet/branch is located
- AND
- The percentage of buildings in rural areas
 - If more than 50% are located in rural areas, then the rural discount should be used
- Federated Library Systems
 - Made up of several independent libraries
 - Where System procures shared services, such as WAN/Internet
 - System would file as a **Consortium**

Consortia Discount Calculations

- Based on the simple average of all consortia members

Consortia Members	District Discount
District A	50%
District B	60%
District C	80%
Consortia Discount	63%
	$(50+60+80)/3$

- Consortia are only entities that will have non-matrix discount
- Above example applies to both school consortia and library consortia
 - Federated library systems
 - Diocese systems

When to Enter Enrollment/NSLP Data?

- All enrollment and NSLP data will be entered into EPC profile *before* filing the Form 471
 - System automatically calculates discounts
 - Data is then be ported into Form 471 from EPC
- For Funding Year 2018:
 - Do not enter data yet
 - USAC will instruct users when to enter data
 - Data will then be “locked down” before Form 471 window opens
 - If you don’t update data, system will use data in EPC from FY 2016
- Libraries do not enter this data
 - EPC linked to school district in which the library (or main library in a system)is located

Questions About Discount Calculations?



Funding Categories

- Category 1 - Services that go TO the building
 - Data Transmission Services
 - Internet Access
 - Voice Services
- Category 2 - Services/equipment INSIDE the building
 - Internal Connections
 - Basic Maintenance of Internal Connections
 - Managed Internal Broadband Services - MIBS

Category 1 Eligible Services



Voice Funding Almost Done

Districtwide E-rate Discount	Phase Down Voice Discount				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
90%	70%	50%	30%	10%	No funding
80%	60%	40%	20%	No funding	No funding
70%	50%	30%	10%	No funding	No funding
60%	40%	20%	No funding	No funding	No funding
50%	30%	10%	No funding	No funding	No funding
40%	20%	No funding	No funding	No funding	No funding
25%	5%	No funding	No funding	No funding	No funding
20%	No funding	No funding	No funding	No funding	No funding

Ineligible Voice Services

- For 90% applicants with a 10% voice discount remaining for FY 2018, these voice services are NOT eligible:
 - Directory assistance charges
 - Text messaging
 - Custom calling services
 - Voice mail
 - Caller ID
 - Non-published numbers
 - Directory listings
 - Direct inward dialing (DIDs)
 - 900/976 call blocking
 - Inside wire maintenance plans
 - Payphone service



Category 1 Services – Not Eligible

- Paging
- Webhosting
- Hosted e-mail
- Most wireless data plans
 - Not eligible in buildings with WIFI access
 - If no Wi-Fi access, must prove that data plans are most cost effective option
 - Library bookmobiles are exception
 - Subject to strict cost effective scrutiny
- End-user equipment (including FREE equipment)
 - May not be bundled with the cost of voice
 - Includes free cell phones and VOIP equipment
- Content applications
- Filtering
- Certain fees:
 - Late fees or finance charges
 - Paper statement fees
 - Cost recovery fees
 - Property tax fees



Category 1 Services: Eligible Data Transmission Services

- Cable Modem/DSL
- T-1, T-3, Fractional T-1
- DS-1, DS-2, DS-3
- OC-1, OC-3, OC-12, OC-n
- Ethernet
- Frame Relay
- ISDN
- Satellite Services
- Wireless Service (e.g. microwave)
- Broadband over Power Lines
- Leased Lit Fiber
- Leased Dark Fiber
- Self-Provisioned Fiber (Purchase of Dark Fiber) – new in FY 2016
- Special Construction (installation) Charges

Category 1 Services: Eligible Internet Access Services

- Commodity Internet
 - Where transport is purchased separately
- Bundled Internet
 - Where Internet and transport are bundled together
- Certain Features
 - If they are provided as a standard component of a vendor's Internet access service:
 - Basic firewall protection (cannot be priced-out separately)
 - Domain name service
 - Dynamic host configuration
- Installation charges
 - If sought on 470 and requested on 471
- Form 470 Quirk:
 - If seeking bundled Internet with fiber delivery CURRENT rule states you must select Internet/Transport AND Lit Fiber Service

Bidding Exemption for Bundled Internet

- “Commercially available” Broadband/Internet packages that cost less than \$300 per month per building (prediscount) can be purchased without posting a Form 470
- Minimum speed must be 100 mbps downstream and 10 mbps upstream
- Cost must be based per building and cannot be averaged across multiple buildings
- Annual cost of \$3600 must include all equipment and installation charges and monthly recurring charges

Note: Very few applicants can and should take advantage of this option

Community Use of Services

- Schools may permit general public to use the schools' Internet access during non-operating hours – at the school
 - Usage is permitted only during a school's "non-operating" hours or summer
 - School may not request E-rate funding for a higher level of service than would be required for educational purposes
 - Schools may not charge for the use of the Internet access, but may charge reasonable fees to cover overhead costs from individuals that use the schools' services and facilities
 - Organizations using a schools' services are permitted to recover related costs (e.g., "curriculum development and presentation costs") from attendees

Community Use of Services

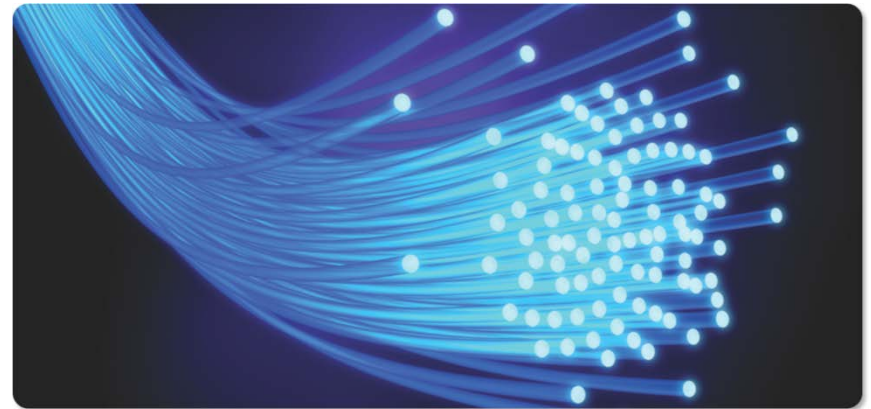
- School not required to open facilities
- Internet filtering rules must remain intact during use
- Rule in no way permits schools to share their bandwidth with other ineligible entities, such as an off-site after-school program at the YMCA or community center
 - Also does not permit partially eligible entities, such as a Diocesan office that provides services to both schools and the church, to stop cost allocating the ineligible portion of Internet used during school hours

Let's Discuss Fiber

Not this kind of fiber....

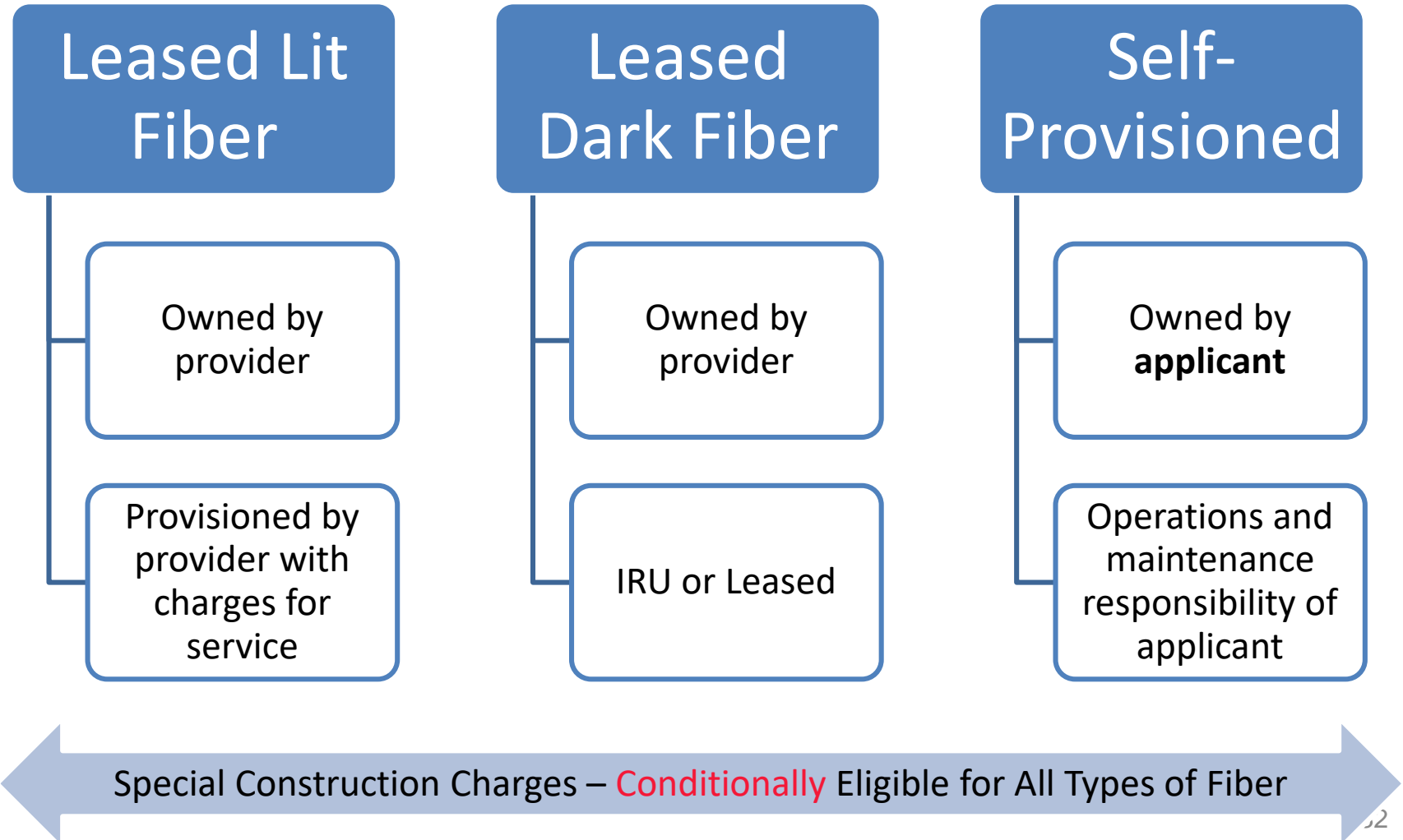


This kind of fiber....



Different Types of Fiber

Traditional



Leased Lit Fiber

- “Lit Fiber” is fiber that is leased from a vendor
- Vendor lights and maintains the fiber
- Most common and traditional type of fiber networks
- Special construction charges for leased lit fiber
- No special bidding comparison rules apply

Leased Dark Fiber

- “Dark Fiber” is unlit fiber that is leased from a vendor
 - Applicant must install the modulating electronics and light the fiber
- Eligible charges:
 - Lease of unlit fiber
 - Modulating electronics and equipment to light fiber (C1 eligible)
 - Special construction charges for dark fiber - **conditional**
 - Maintenance of network
- Applicants must release an RFP and must also seek proposals for Leased Lit Fiber
 - Comparison must be conducted, and if Leased Dark Fiber is the most cost effective option (i.e. cheapest), E-rate funding may support it
 - Cost effectiveness must be evaluated over the entire life cycle of the facilities and must include all related costs of service and total cost of ownership
- If you are interested in this option, start **ASAP**
- **Caution: Expect extreme scrutiny of funding request**

Self-Provisioned Dark Fiber

- “Self-Provisioned Fiber” is where the applicant purchases dark fiber
 - Applicant must install the modulating electronics and light the fiber
- Eligible charges:
 - Purchase of unlit fiber
 - Modulating electronics and equipment to light fiber (C1 eligible)
 - Special construction charges for dark fiber - **conditional**
 - Maintenance of network
- Applicants must release an RFP and must also seek proposals for Leased Lit Fiber
 - Comparison must be conducted, and if Self-Provisioned Dark Fiber is the most cost effective option (i.e. cheapest), E-rate funding may support it
 - Cost effectiveness must be evaluated over the entire life cycle of the facilities and must include all related costs of service and total cost of ownership
- If you are interested in this option, start **ASAP**
- **Caution: Expect extreme scrutiny of funding request**

Special Construction Charges

- One time charges incurred for installation of new fiber (any type)
- Special Construction includes:
 - Construction of network facilities
 - Design and engineering
 - Project management
- Applicants may ask vendors for up to a 4 year payment plan for the non-discounted share of these costs
 - Provision must be checked on the Form 470 and included in the RFP
- **Caution: Expect extreme scrutiny of funding request**
- **Excess Fiber:**
 - FCC will only pay for fiber strands lit in funding year
 - If vendor installs extra strands, a cost allocation must be done to remove a proportional amount of SC charges

Questions about Category 1?



Category 2 Overview

- Category 2 funds Wi-Fi and related wiring, infrastructure and equipment **inside** buildings
- Technology plans are no longer required
- Intention is to have all schools and libraries obtain Category 2 funding over a 5-year period
 - 2015 – 2019 or 5 years from 1st year? Unsure
- Maximum discount = 85%

NSLP Eligibility	Urban	Rural
Less than 1%	20%	25%
1 – 19%	40%	50%
20 – 34%	50%	60%
35 – 49%	60%	70%
50 – 74%	80%	80%
75 – 100%	85%	85%

Category 2 E-rate Budget Caps

- Each **school** is entitled to a pre-discount cap of \$153.47 per student, or a minimum building cap of \$9,412.80, over 5 years
- Each **library** is entitled to a pre-discount cap of \$2.35 per square foot, (\$5.12 per square foot for urban libraries)
 - Urban libraries have census tracts of 11, 12, and 21
- Non-Instructional Facilities (**NIFs**):
 - Don't have C2 budgets because there is no student population
 - If equipment is located in the NIF and serves a school(s), that school's budget can be used to fund the equipment

Category 2 E-rate Budget Caps

- *Stipulations:*
 - Money is allocated **per school** (not on a shared-district basis), and applicants **cannot** move funding from one school to another
 - Commitment must be spent during the funding year
 - Funding Year 2018 = April 1, 2018 – September 30, 2019
 - There is no provision to allow applicants to spend funds and be reimbursed in a later year
 - Can use school's entire budget all in a single year or can apply over multiple years

Category 2 – Enrollment Anomalies

- If enrollment increases, you receive benefit of extra students next year
- If enrollment decreases, you aren't required to pay back funds
- New schools may **estimate** the number of students who will be attending the new school and seek funding based on that estimate
 - True-up of actual enrollment happens during PIA review
- Students who attend **multiple** schools, such as those that attend CTCs or Intermediate Units part-time, may be counted by **both** schools in order to ensure appropriate LAN/WLAN deployment for both buildings

Category 2 Funding Budget Example

School	Maximum Density Student Count	Budget Multiplier	5-Year Budget Cap	E-rate Discount	E-rate Funding Cap	District's Share %	District's Share \$
School A	625	\$153.47	\$95,918	60%	\$57,550	40%	\$38,367
School B	300	\$153.47	\$46,041	60%	\$27,624	40%	\$18,416

- The Budget Cap is the **pre-discount price**. E-rate discounts will then apply **on top of** the budget cap
- In this example, district would still owe 40% non-discounted share

Category 2 Budget Tracking

- Any funding commitments that include a school or library as a recipient of service in that funding year are subtracted from the C2 pre-discount budget for that entity
 - C2 budget is “hit” at time of commitment, not disbursement
- If not all committed funding is spent, you can file a Form 500 to return the remaining unused commitment to USAC
 - If entities are sharing the service, USAC will need specific information so that they know how to apply the returned funds to specific entities
- **How do you know what your C2 budget is at any given time?**
 - Takes some research and manual calculations
 - USAC C2 Budget Calculator - <https://sltools.universalservice.org/portal-external/budgetLookup/> - only for FY 2015 and FY 2016
 - FY 2017 – look up amounts/Recipients of Service at <https://data.usac.org/publicreports/Forms/Form471Detail/Index>

C2 Budget Caps - Adjusted

School	FY 2018 Maximum Density Student Count	Budget Multiplier	5-Year Budget Cap	Subtract FY 2015, FY 2016, FY 2017 Committed C2 Funding + Form 500 Returns	Remaining C2 Budget	E-rate Discount	E-rate Funding Cap	District's Share %	District's Share \$
School A	625	\$153.47	\$95,918	-\$44,500	\$51,418	60%	\$30,850	40%	\$20,566
School B	300	\$153.47	\$46,041	-\$41,000	\$5,041	60%	\$3,024	40%	\$2,016

Questions about Category 2 Budgets?



Category 2 Eligible Services/Equipment



Category 2: Ineligible

- Servers (except caching)
- Software (except operating system software)
- Storage Devices
- Telephone Components
- Video Components
- VOIP Components
- End-User Devices



Category 2: Eligible

- Wireless Access Points
- Wireless LAN Controllers
- Structured Cabling
- Caching Servers
- Firewalls
 - No ancillary modules/functions are eligible
- Network Routers & Switches
- Racks and UPSs
 - That support eligible equipment only
- Equipment licenses
 - Multi-year licenses can be requested in first year
- Cloud-based functionality of this equipment
- Operating system software to support eligible equipment
- Basic maintenance services for eligible equipment
 - Repair of equipment, cable maintenance, basic tech support, configuration changes
 - Very limited eligibility
 - Follows funding year, not equipment installation/purchase
- Installation and configuration
- Taxes and fees
- Basic training on use of equipment

Managed Internal Broadband Services

Managed Internal Broadband Services (MIBS)

- Cover the operation, management, or monitoring of a LAN or WLAN
 - Could also include the leasing of equipment
 - Paying an outside vendor to own/maintain the equipment
 - Paying an outside vendor to maintain school-owned equipment
- Eligible for \$30/year/student
 - This is not in addition to the \$150/students

Category 2 Installation Timeline

- C2 equipment purchase/installation time within a funding year is expanded
- Funding Year for recurring services is July 1 – June 30
- Funding Year for C2 equipment is **April 1 – September 30**
 - Full 18 months
 - Equipment must be installed before September 30
 - Even if installation isn't part of FRN
 - Can request 1-year extension if request is made before September 30
 - Use Form 500 to submit request
 - Invoices cannot be submitted prior to July 1

Questions about Category 2 Eligibility?



Category 2 Bidding Options

- **Nonpublic schools/libraries:** Post Form 470 only
 - No RFP required
- **Public schools:**
 - 1) Post Form 470 and RFP (public school entities)
 - 2) Use PA PEPPM Contract
 - **Co-Stars** contract is NOT E-rate eligible because it's not competitively bid with price being the most heavily weighted factor

Public Schools: Category 2 Bidding: Option # 1

Post Form 470 and RFP (public school entities)

- RFP required if cost of equipment exceeds \$19,400 (state law)
- Form 470 and RFP bidding must be done concurrently and bidding window required to be open for at least 28 days before bids are due (E-rate rule)
- RFP must be published in at least 2 local newspapers of general circulation once/week for 3 consecutive weeks (state law)
- Equipment list **MUST** allow for equivalent manufacturer's products to be bid (E-rate rule)
 - “Cisco 48-port PoE Switch or equipment that is equivalent in functionality and quality”
- Assuming all RFP requirements have been met, schools must accept the lowest-price bid (state law)
- School board must approve contract prior to signing
 - Contract must be signed before submitting Form 471

Public Schools: Category 2 Bidding: Option # 2

Conduct PEPPM Mini-Bid

- No Form 470 required (PEPPM filed Form 470 when contracts were being competitively bid)
- More appropriate for equipment/installation, rather than cabling project
- Sign separate contract with the vendor and use those contract dates – not PEPPM dates
 - Can be a signed vendor quote with expiration date and any terms
 - April 1, 2018 – September 30, 2019
 - Must be board approved and signed before Form 471 submitted
- Cannot contact PEPPM bidder ahead of bidding to seek equipment list

More on PEPPM Mini-Bid Process

- Cannot just go to PEPPM list and select vendor and equipment you want/need
- A ‘category list’ is posted on the PA E-rate website
 - www.e-rate.pa.org “Master Contracts”
- Must then request ‘mini-bids’ from all vendors in that category
- Can list preferred manufacturer, but must request bids for “equivalent” products
- *Minimum* 2 week bidding period suggested
- Then conduct bid evaluation among all product lines that offer the ‘category’ of service, including equivalents
- Can consider other factors besides price
- EPC Contract Module requires you to list # of bids received

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 consider non-cost factors as long as costs of E-rate eligible equipment/services are most heavily weighted factor
- Can require compatibility and interoperability with existing equipment
- More appropriate for equipment/installation, rather than cabling project

RFP

- Must post 470
- More appropriate for cabling projects, in addition to equipment/installation
- Can provide greater specificity about requirements
- Can require compatibility and interoperability with existing equipment
- Can list binary disqualification factors
- 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

Category 2 Bidding Timeline

- Post 470/Release RFP/Issue PEPPM Mini-Bid by Dec 1
- Bids due Dec 29
 - (December 15 for mini-bids)
- Evaluate bids Dec 30 – Jan 15
- February board approvals of contracts
- Sign contracts by February 27
- Upload contracts to EPC Contract Wizard by March 1
- Complete 471 no later than March 15

If You Purchase After E-rate Funding Arrives...

- Decide how to receive discounts (vendor discounts or BEAR reimbursement)
- Issue Purchase Order(s)
- Submit the Form 486
- Submit invoice to USAC if paid vendor invoice in full
- Submit Form 500 to return any unused commitments
- Create and maintain asset inventory
 - Sample available
- Maintenance records, if applicable
 - Require detailed invoices (what, when, where)

If You Purchase Prior to Funding Commitment...

- May purchase Category 2 equipment as early as April 1 prior to the start of the funding year -- even with no FCDL
 - Only make early purchases if they are NOT contingent on E-rate funding and you plan to pay for your equipment in full and seek E-rate reimbursement after your Funding Commitment Letter arrives
- Issue Purchase Order(s) for FULL amount
- Submit the Form 486 after FCDL arrives
- Submit invoice to USAC after FCDL arrives
- Submit Form 500 to return any unused commitments
- Create and maintain asset inventory
 - Sample available
- Maintenance records, if applicable
 - Require detailed invoices (what, when, where)

Equipment Transfer Rules

- Equipment MUST stay at the location indicated on the Form 471 for a period of **3 years** after the date of purchase
 - After that, the equipment can be transferred to other eligible entities
 - Asset Inventory must be updated
- If a location **closes within 3 years**, equipment from that closed location can be transferred to another eligible entity
 - USAC must be notified of such equipment transfers using the Form 500
 - Asset Inventory must be updated
- After **5 years** from the date of installation, equipment can be disposed of, sold, transferred, traded, etc. with no USAC notification required
 - If equipment is sold, no funding is required to be returned to USAC

Equipment Substitution Rules

- To change approved equipment, either due to clerical error on your Form 471, or because the vendor is now substituting a newer/different model number, you must submit what USAC refers to as a "Service Substitution Request"
- Service Substitution must generally have the same functionality (i.e. data distribution, wireless distribution, cabling, etc)
 - Submit in EPC
- If the service substitution results in a change in the pre-discount price, the E-rate funding commitment will be adjusted to the lower cost
- File Form 500 to return “commitment” to school’s C2 budget

Questions about Category 2 Bidding Options?



Application Process Overview

- Bid All Services – Form 470
- Bid Evaluation/Sign Contracts
- Request E-rate Funding – Form 471
- Application Review – PIA
- Funding Commitment – FCDL
- Turn on Funding/CIPA Compliance – Form 486
- Receive Services
- Submit Invoice to USAC – Form 472 BEAR
 - If paying invoices in full
 - Vendor submits invoice to USAC if you receive discounted bills

Let's Begin...



Form 470 / Competitive Bidding



Bid Evaluation



Form 471



Application Review and FCDL



Form 486



Forms 472 (BEAR) or 474 (SPI)

Step 1: Posting the Form 470

Purpose of the Form 470

- Online form to notify vendors of services and equipment for which you are seeking proposals
 - All equipment/services for which you will seek funding on the Form 471 must have been posted on a Form 470
- Vendors are invited to submit bids/price quotes for 28 days from the date of certifying your Form 470
- You are NOT obliged to purchase any service/equipment listed on Form 470

When Must a Form 470 be Used?

- Form 470s must be posted for all MTM services and at the beginning of any new contract
- If you signed a multi-year contract in a previous year, after posting a Form 470 and waiting 28 days, you are NOT required to post a 470 for the “remaining” years of that contract
- Don’t have to file 470 if using a contract extension, but only if that extension was specifically outlined in the contract
 - 3 year term, with two, 1-year extensions
 - Must have a definitive end to contract

Additional 470 Details

- Cannot be manufacturer-specific
 - Can list preferred manufacturer, but must include the words, “or equivalent” and then evaluate all bids
 - Can require equivalent bids must be “compatible with district’s existing xyz equipment”
- RFPs
 - Must be uploaded with Form 470 at time of filing
 - Addenda also must be uploaded later
 - Restart 28-day clock
 - RFPs not required, except for:
 - Minimum state bidding threshold requirements
 - All applicants applying for dark fiber or construction of fiber procurements
- Vendors cannot provide RFP language or bid lists
- **Deadline:** Form 470 must be posted online at least 29 days before the Form 471 window close (example: March 18 close = Feb 18 deadline)
 - Don’t yet know Form 471 deadline date
 - File 470 before December 1 if possible



Where to File the Form 470

- Form must be filed in EPC – the E-rate Productivity Center
- Category 1 and Category 2 can be filed on the same 470
 - This is a local decision, however

Competitive Bidding

- After the Form 470 has been posted online, vendors submit proposals to the school or library
 - Proposals must be accepted for a minimum of 28 calendar days, but applicants may accept proposals after this date
- Vendors will contact you if they need additional information
- When contacted by a vendor, you must indicate your willingness to receive a proposal for services listed on Form 470
 - Do NOT say you are just going to stay with your current vendor

Competitive Bidding Rules

- You are allowed to....
 - change your mind and not purchase a service that is listed on Form 470
 - have pre-Form 470 discussions with vendors as long as that doesn't lead to one bidder having "inside" information
 - attend product demonstrations
 - encourage and seek vendors to bid
 - do research to determine what cost-effective solutions are available
- You are not allowed to...
 - Have a relationship with service providers that would **unfairly influence** the outcome of the competition
 - Furnish service providers with inside competitive information
 - Provide information to only some bidders
 - Have ownership interest in a service provider's company competing for services
 - Violate gifts rules – Let's Review...

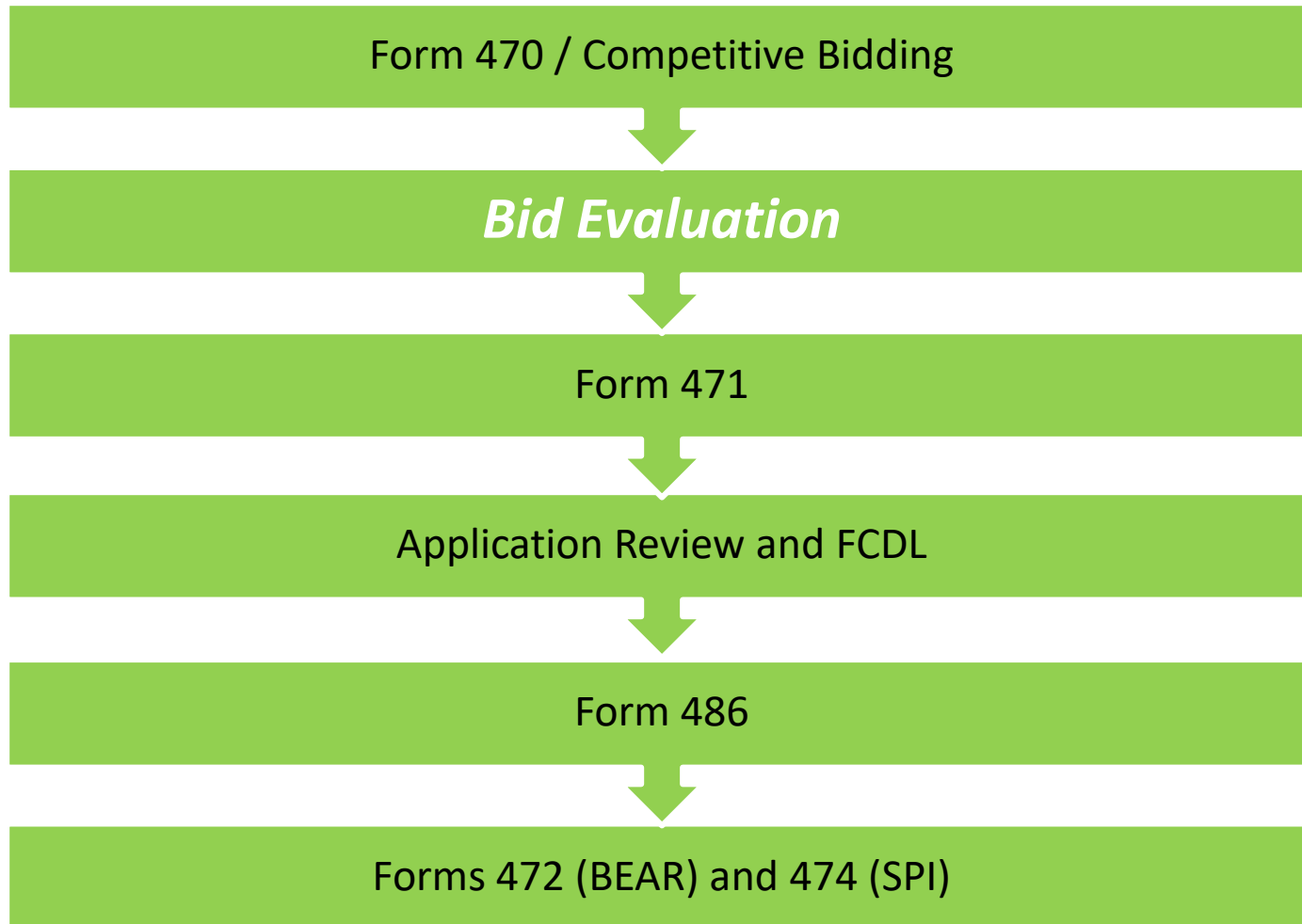
Competitive Bidding Rules

- You are not required to...
 - meet with any vendor during or after the 470 bidding period
 - respond to “generic” or “spam” e-mails such as: “I saw your 470, please call me to discuss your needs”
 - respond to inquiries for services you did not request

Questions about the Form 470, Competitive Bidding or Gift Rule Issues?



Step 2: Bid Evaluation

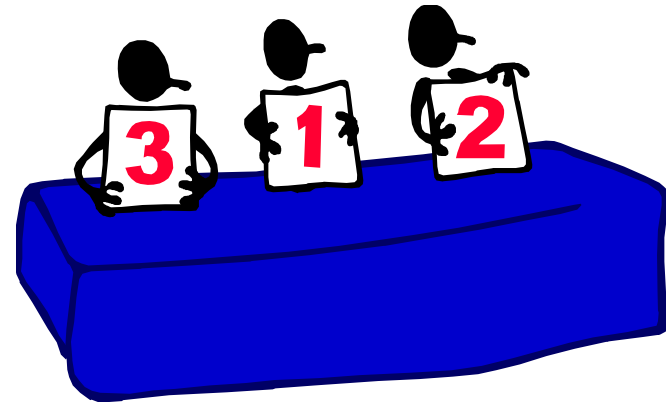


Step 2: Bid Evaluation

- After 470 is posted for at least 28 days, billed entity must review all bids received for all services
 - Keep documentation of criteria used to select vendor
 - Keep all winning and losing bids
 - Keep bid evaluation matrix
 - Retain all correspondence between applicant and all vendors (winning and losing)
- Price of eligible services/equipment **MUST** be the most heavily weighted factor during bid evaluation
- Create Bid Evaluation Matrix*

Bid Evaluation

- Applicants can consider other criteria besides price in bid evaluation. Examples:
 - History with vendor
 - Quality of proposed solution
 - Cost of ineligible items
 - References
- Cannot consider “free services”
 - *“I’ll give you 5 laptops if you sign a contract with our company.”*



Bid Evaluation Matrix Example

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE goods 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
MBE/WBE preference	5	5	3	2
Local or in-state vendor	5	5	5	5
Total	100	65	68	92

Received No Bids?

- Document via an email or file memo that no bids were received
- Existing Services: can continue to receive services from existing service provider
- New Services/Procurement: Solicit bid from willing vendor (**who is not your brother-in-law**)
 - Make sure price is cost-effective
 - Check marketplace options from other vendors in your area or nearby areas
 - Save research and information to justify buying service from this vendor



Vendor Selection

- Vendor selection must be done before you submit Form 471
- Be careful not to make any decisions, sign anything or file any forms during 28-day waiting period
- Contracts must be signed and dated by applicant
 - Unless receiving services on month-to-month basis
- Cannot select 2 vendors to provide the same service
 - FCC believes there should always be one bidder that is more 'cost effective' than any other

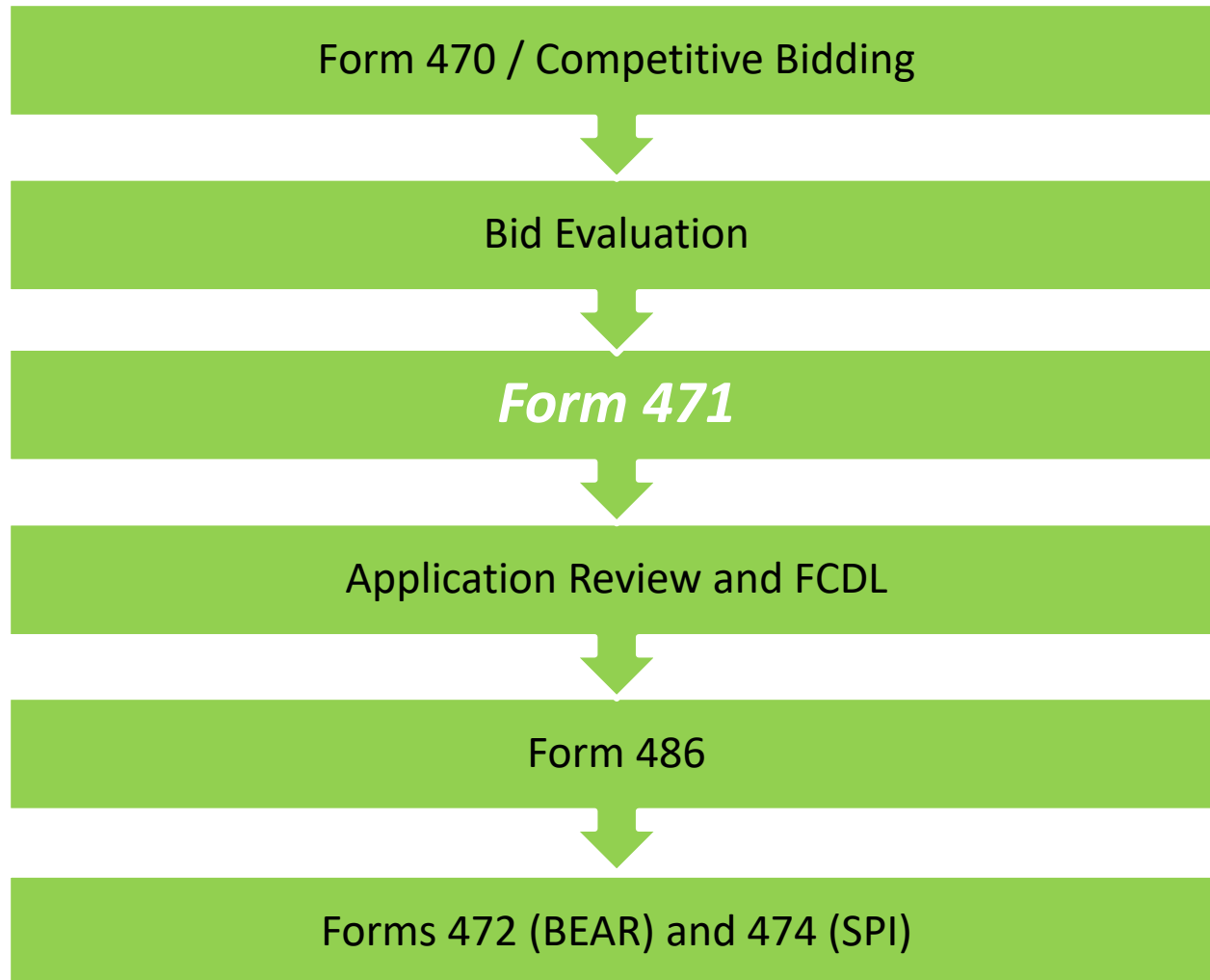
Vendor Selection

- List extensions and expiration date in contract (cannot be open-ended)
 - For example, 3-year contract, with two 1-year renewals is ok and will not require new 470 until the end of 5 years
 - 3 year contract that automatically renews is not ok and will require new 470 at the end of 3 years
- Include out-clauses if you can't pay without E-rate
- Have C1 contracts begin July 1 and end June 30, 20XX to coincide with E-rate funding year
- Have C2 contracts begin April 1 and end September 30, 20XX to coincide with the C2 funding year allowable installation dates

Questions about Bid Evaluation or Vendor Selection?



Step 3: Filing the Form 471



Step 3: Filing the 471

Purpose of the Form 471

- Formally requests E-rate funding commitments from USAC
- Asks detailed questions about services or equipment
- Shows which entities are receiving service

- Shows discount calculations (from EPC)
- Lists which 470 was used to bid services, provides contract signing dates, contract amounts, etc (from EPC Contract Module)
- Shows connectivity survey (from EPC)

- Filed by entity that actually pays the bills (the billed entity)

When and How Many to File

- **FY 2018 Administrative Window**

- Several weeks when schools must update enrollment/NSLP data for each school
- Cannot be changed when Admin Window closes
- Why? Libraries and consortia rely on schools' discount data to calculate their discounts
 - Their forms don't work unless data is "locked down"
- PDE NSLP Data usually released mid-January






- **471 Application Window: Likely January – late March**

Do NOT miss this deadline!

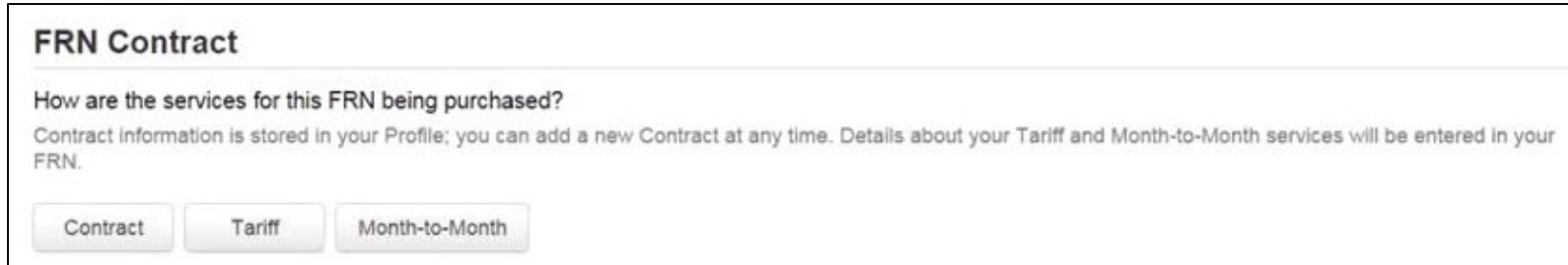
- Can file a single 471 for all C1 requests
 - Multiple Category 1 471s are ok
- Category 2 requests must be placed on a separate 471

Before Starting Your Form 471...

-  Confirm all of your schools and NIFs are on your EPC Landing Page under My Entities
 - > Call 888-203-8100 if any are missing
-  Update enrollment/NSLP data in each school's EPC profile
 - > Click on each school > Manage Organization at the top right of the page
-  Update the Connectivity Questions
 - > Click on District Name > Related Actions > Connectivity Questions
 - > Complete for any new schools or libraries
- Enter Contract Data for each contract in EPC
 - > Click on District Name > Contracts from left toolbar

Purpose of Contracts Module

- During the creation of a Form 471, each FRN requires you to indicate how you will be purchasing the requested services – either via a contract, tariff or Month-to-Month (MTM):



The screenshot shows a web interface titled "FRN Contract". Below the title is a question: "How are the services for this FRN being purchased?". A sub-note reads: "Contract information is stored in your Profile; you can add a new Contract at any time. Details about your Tariff and Month-to-Month services will be entered in your FRN." At the bottom, there are three buttons: "Contract", "Tariff", and "Month-to-Month".

- Instead of entering the information about the contract as part of the Form 471 application, this information is now entered in EPC
- The information for each contract is required to be entered one time and then can be used to link to each applicable FRN
- Enter information in the contracts module before starting the Form 471
- No information is required to be entered in contracts module for MTM or tariff FRNs

Purpose of the Connectivity Survey

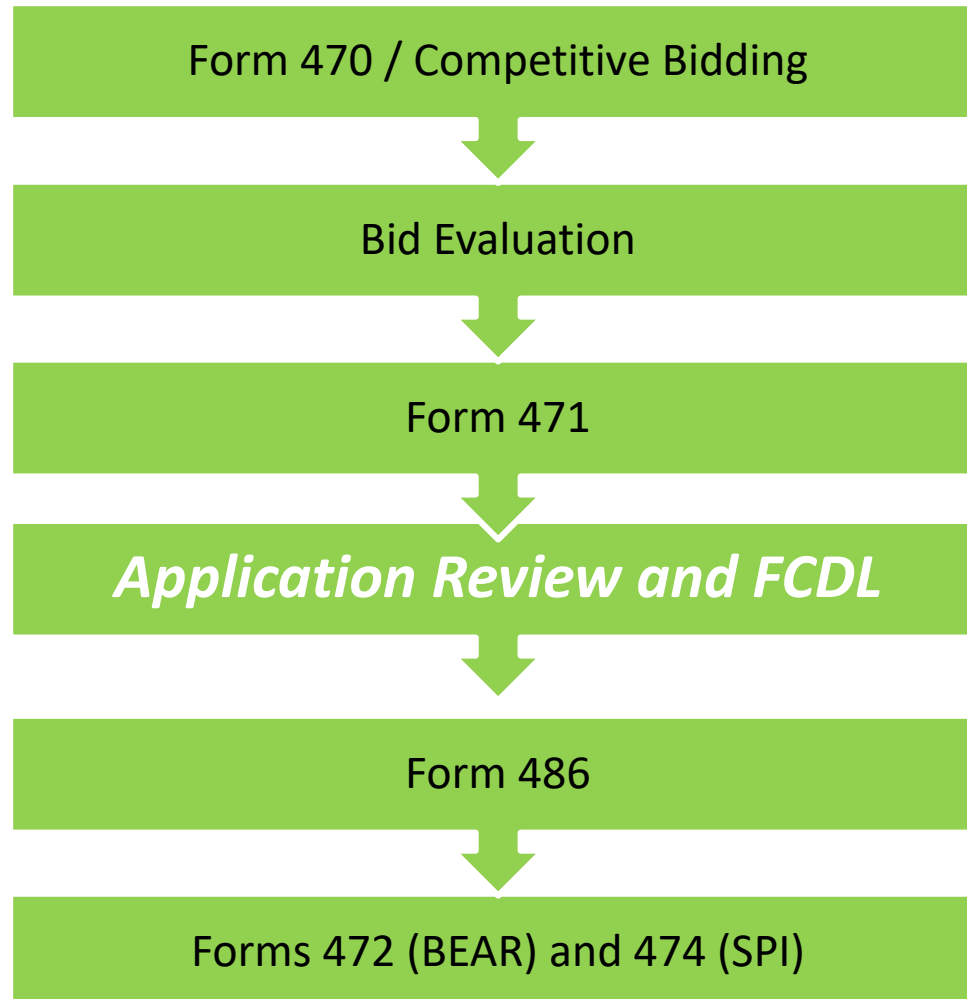
- The connectivity survey provides USAC, the FCC and the public with a snapshot look at each school or library's Internet, broadband and Wi-fi data
- Survey only must be updated annually if there are changes from the previous year
- The data should be as of the date you complete the survey
- The survey is then ported over to the Form 471



Questions on Form 471, Connectivity Survey or Contracts Module?



Step 4: Application Review



Step 4: PIA Review

- Program Integrity Assurance (PIA) Review
- Checks for rule compliance
 - eligible services
 - eligible entities
 - appropriate discount
- Most applicants receive a PIA contact
 - Applicants have 15 days to respond
 - Can seek 1, 1-week extension
- If they are going to deny or modify an FRN, they will tell you so and give you 1 more chance to submit new information
- Ask Julie if you are unsure of your answers
- Check application status in FRN Status Tool



FY 2017 PIA Review Overview

- All PIA questions and answers will be posted and submitted in applicants' EPC portals
- The 471 main contact will receive an email notification that a PIA reviewer has questions about their application
 - The e-mail will list the 471 # and the general subject of the inquiry (e.g. Eligibility of Services or Discount Rate), but will not contain the actual PIA questions
- Click on the link to see/respond to the PIA questions
- If you see more than one inquiry in the PIA list, respond to all of them at the same time – not one by one
- All submitted inquiries remain in EPC

PIA E-mail Notifications



EXAMPLE OF PIA INFORMATION REQUEST EMAIL

Today's Date: 6/24/2016
Response Due Date: 7/11/2016
Contact Name: XXXXX
Applicant Name: XXXX AREA SCHDISTRICT
FCC Form 471 Application Number: 1610074XX

Dear Applicant:

We are in the process of reviewing your Funding Year 2016 FCC Form 471 application(s) and we need additional information to complete our review. Please respond to the information requests below. Please note that EPC allows you to begin working on your answers and save your work for later by clicking "Save and Close." We advise you to provide responses to all of the questions before submitting your answers. Click "Submit" only when you have answered all the questions in their entirety.

- Eligibility of Products and Services

[Click here to respond to inquiries](#)

[USAC Homepage](#)

If you have any questions as you work through your responses to the PIA review inquiries, please feel free to contact me via the phone number or e-mail address provided below. Please do not use e-mail to submit your responses to the PIA review inquiries. USAC will not review responses to PIA review inquiries sent to the reviewer's email address. All PIA responses must be submitted in EPC. Again, please be sure to provide complete responses to all of the PIA questions. If you need additional time to prepare your response, you may request an extension. Click the "Request Extension" button, located at the top of the "Review Inquiries" page in EPC. Your first extension request will be automatically granted, and you will receive an additional seven days to respond. Be sure to meet the response due date and provide all of the information requested, otherwise your application(s) may receive reduced funding or a funding denial.

PIA Reviewer's Name/Contact Information

Click this link to go directly to the PIA inquiry. Be sure to log into EPC!

Next: SLD Issues FCDL

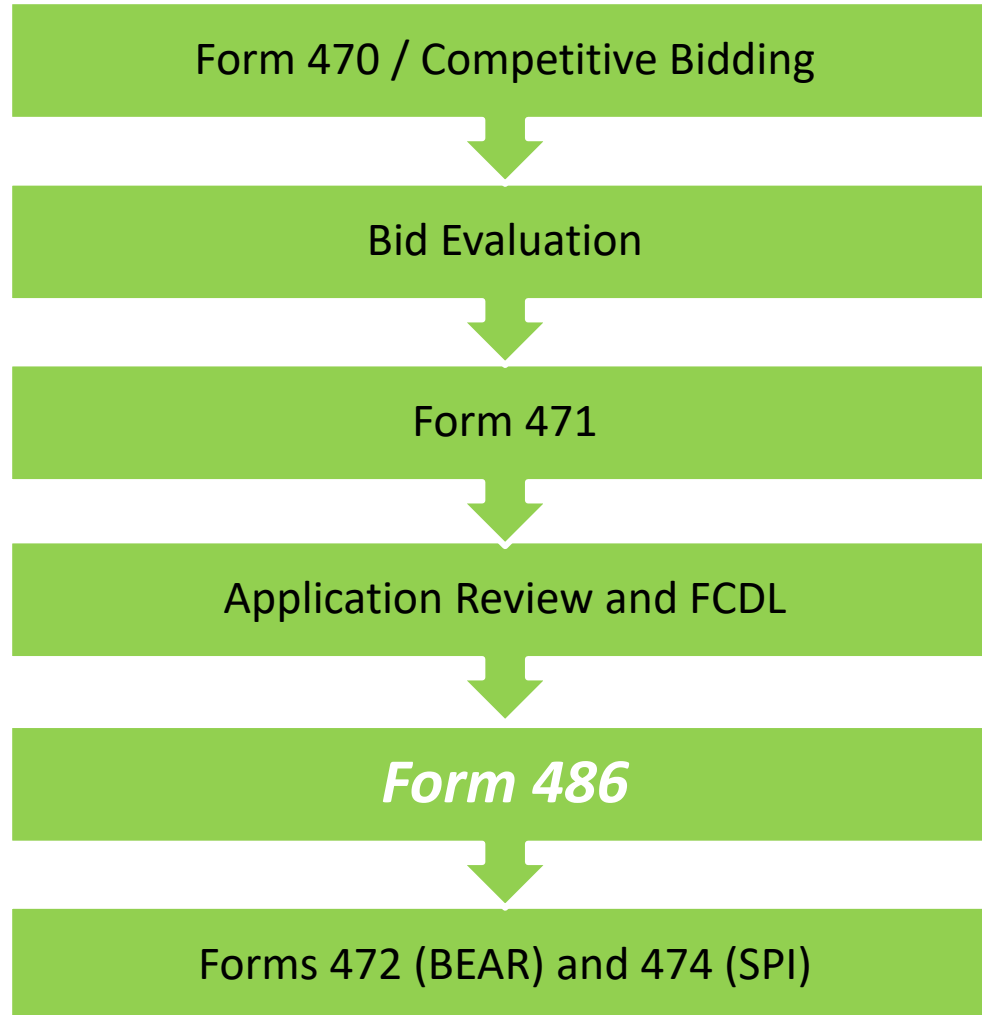
FCDL = Funding Commitment Decision Letter

- Tells you which funding requests of Form 471 are approved or denied
- Notification e-mailed to 471 contact
- Must log-in to EPC to see FCDL file
- FCDL is only .csv file
- Can appeal within 60 days if you don't agree with their decision
 - Appeal to SLD if they made an error
 - Can then appeal to the FCC if USAC denies
 - Appeal to FCC for waivers and policy issues



Watch PA E-rate listserve for weekly wave notices!

Step 5: Filing the Form 486



Step 5: Form 486

- Form 486 has two purposes:
 - It informs the SLD that they are authorized to pay invoices (either BEAR or SPIFs), and
 - It informs the SLD that your school or library is CIPA compliant.
- Can only be filed after the FCDL is generated (after funding has been committed)
- BEAR and Vendor invoices cannot be paid until the Form 486 has been submitted and approved
- Vendors will not discount bills until the Form 486 has been submitted and approved
- Deadline: 120 days after FCDL date or October 28, whichever is later
- Form 486 very simple; all data fields pre-populated
- *Who still has to file Form 486 for FY 2017?*

CIPA Requirements

Any school or library receiving either Internal connections or Internet access must...

- Filter all Internet access
- Have an Internet Safety Policy that addresses required elements
 - Policy must have been adopted after public hearing
- Recipients only receiving telecommunications services are exempt from E-rate CIPA compliance
- Consortium members submit Form 479 to consortium leader certifying compliance in order for consortium lead to submit Form 486

CIPA Requirements

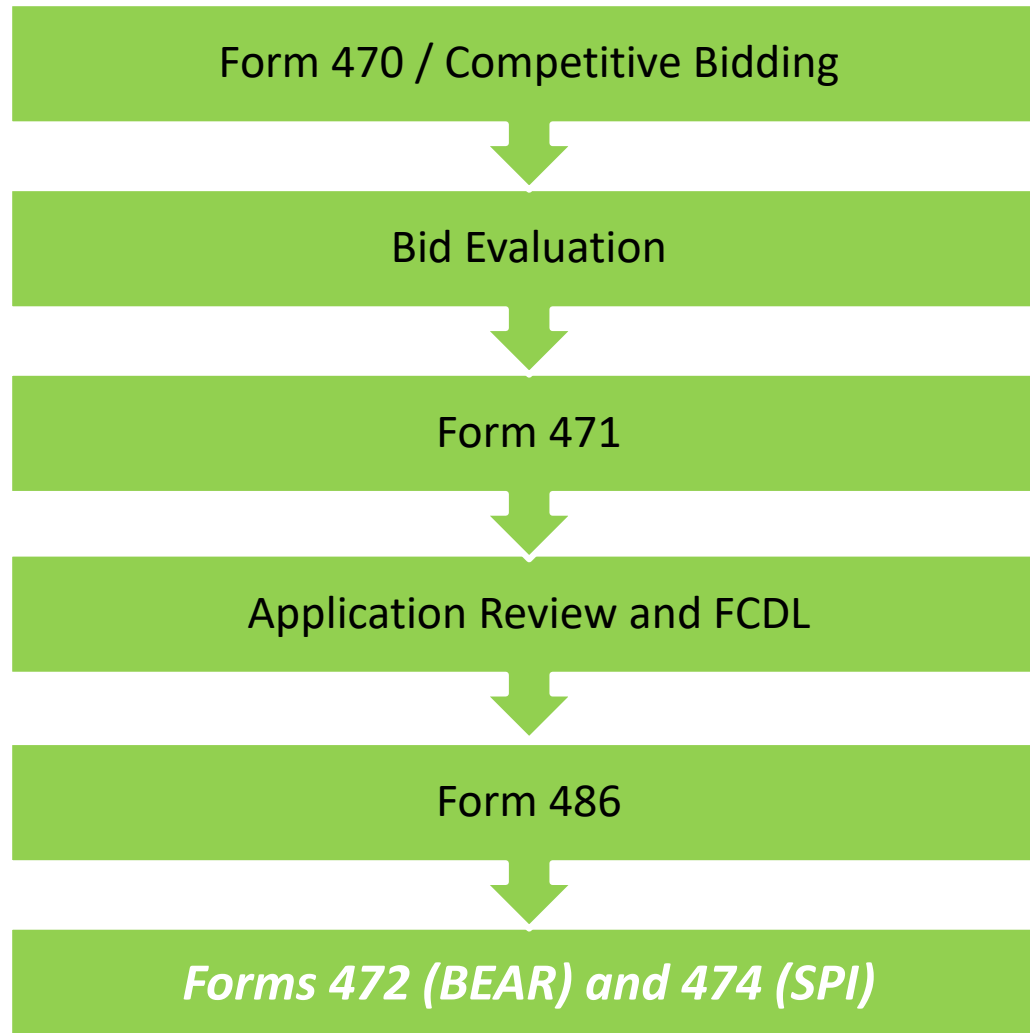
Effective 7/1/2012:

- Schools' (not libraries) Internet Safety Policies must include "...
educating minors about appropriate online behavior, including interacting with other individuals on social networking websites and in chat rooms and cyberbullying awareness and response."
- This means that schools are required to teach online safety to students as a prerequisite to receiving E-rate funding
- Local boards determine delivery of online safety/cyberbullying education
 - Can't be once every 3 years
- Establish policy, follow policy and document implementation

Questions on PIA Reviews, Funding Commitments, Form 486 and CIPA?



Step 6: Getting Paid!



How and When Do You Actually Receive E-rate Funding?!

- Applicant has a choice
 - Discounts on bills (vendor invoices USAC)
or
 - Reimbursement process (applicant pays bills in full, then invoices USAC)
- Must select one or the other for entire year
- If you want discounted bills, call provider and file Form 486 as soon as you are funded
 - Vendors sometimes have additional forms to complete to proceed with discounted bills



Discounted Billing Method

- Discounts appear on applicant's bill
- Service provider submits Form 474 to USAC after providing discounted bill
 - the Service Provider Invoice Form (SPIF)
- Providers usually get reimbursed by USAC within 7 days from date of submission
- Applicants do nothing except make sure they are receiving the discounts they deserve on bills
 - **Do the math!**



Reimbursement Method - BEAR

- Applicant pays bill in full
- Applicant submits Form 472 – BEAR Form for reimbursement
 - Quarterly, semi-annually, or at end of year
 - Complete one BEAR for each SPIN
- BEAR is filed in “legacy” system (not in EPC)
 - Must have a PIN to file BEAR (not same as EPC password)
 - Contact USAC to obtain PIN – takes several weeks to process
- Calculated based on eligible charges on actual bills
 - Subtract ineligible charges

Deadline:

- October 28 (following close of funding year) for recurring services;
- January 28 for non-recurring services/equipment
- Can request 1 extension if submitted by original invoice deadline

BEAR in Legacy System



Form 470	Form 471	Form 486	Utilities
Description of Services Requested and Certification Form	Services Ordered and Certification Form	Receipt of Service Confirmation Form	
Form 470 Interview	Form 471 Interview	Form 486 Interview	BEAR Online
Create Form 470	Create Form 471	Create Form 486	FRN Extension Status
Search Posted	Continue Incomplete	Continue Incomplete	Entity Search
Continue Incomplete	Certify Complete	Display	Two-In-Five Tool
Certify Complete	Display	Certify Complete	
	Application Status		
	Item 21 Attachment		

<http://www.sl.universalservice.org/menu.asp>

Ineligible Charges on Bills

- When determining the amount to list on a BEAR, create a quick spreadsheet showing each month's total charges, and total ineligible charges
- What are the **ineligible** charges?
 - Varies by vendor, but these are known to be ineligible:
 - Universal Service Administrative Fee
 - USF fees, themselves, ARE eligible
 - Late payment or finance charges
 - USF Cost Recovery Fees, Property Tax Fees
 - Paper statement fees
 - Equipment charges (on P1 bills)
 - Directory listing fees, non-published phone number fees
 - Payphone service

Reimbursement Method - BEAR

- SLD approves BEAR and sends payment to applicant's bank account via EFT
- Payments typically take less than a week
 - Payments made on Mondays and Thursdays
 - Remittance contact receives e-mail notification
 - Form 486 contact receives paper BEAR notification
- Before filing first BEAR, applicant must submit Form 498 in EPC and get approved

Form 498 – Banking Data Form

- Form 498 identifies the bank and account information where the BEAR reimbursements should be electronically deposited
- It's a simple form to complete, but must be certified AND approved by USAC before any BEARs can be submitted
 - Cancelled check must be uploaded after Form 498 is submitted in order to be approved
- Only complete one time
 - Only update if bank information changes
- To determine if you have an approved Form 498:
 - Log into EPC > Records > Form 498s > Click on 498 if one is showing to see the Status
 - If no 498 is showing, then there isn't one on file with USAC

**Who still must file a FY 2016 BEAR for recurring services?
Deadline = October 28, 2017**

Optional Form 500

- File Form 500 to either:
 - Change a service start date or a contract expiration date
 - Cancel or reduce a funding commitment
 - Notify USAC of equipment transfer
 - Request service delivery deadline extension
- Warning: reductions or cancellations of funding commitments are irreversible
- Not required, but strongly suggested to file Form 500 if FRN not needed, large amount of commitment is not used, and to recoup unused C2 funding for another year

**Questions on Form 472 BEAR
Reimbursements, Discounted Billing or
Form 500?**



Changing Service Providers

Two types of SPIN changes:

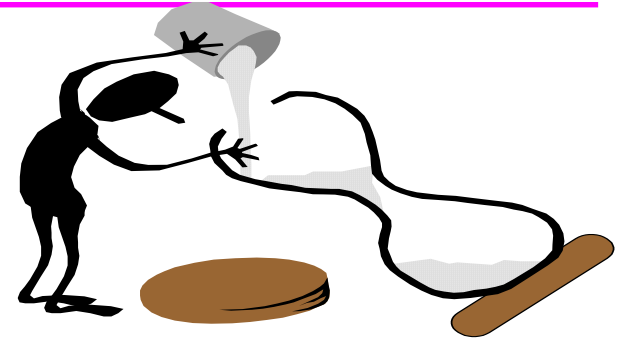
- Corrective: Mostly for data-entry errors
 - Can be done pre-and post-commitment
- Operational: When actually switching vendors
 - Can be done during PIA review or post commitment, but only for legitimate reason

Allowable SPIN Changes

- Cannot switch vendors because of lower price
- Legitimate reasons include:
 - Breach of contract
 - Service provider is unable to perform
 - Bankruptcy
 - Delayed provision of new service
- Must select vendor that received the next highest point value in the original bid evaluation, assuming there was more than one bidder
 - USAC requires you to submit bid evaluation as proof

Can You Request Extensions?

- Depends on the form and requirement
 - Form 470 – no
 - Form 471 – no
 - Form 486 – no
 - But they will send a reminder letter and you can then file if you missed the original deadline
 - Form 472 BEAR – yes, if requested by original BEAR deadline
 - Service delivery – recurring services – no
 - Services must be delivered between July 1 – June 30
 - Exception for fiber projects
 - Service delivery – non-recurring services – yes
 - Installations and equipment purchases have until Sept 30
 - If applicant needs more time, they must request extension prior to Sept 30
 - PIA inquiries – yes



Where to Find Data

- **FY 2016 and FY 2017 data available in 3 places:**
 - FRN Status Tool (FST)
 - By FRN number
 - Good for general information and status reports
 - 471 Data Download
 - Contains all data submitted on a 471 in separate tabs
 - Very granular data, including C2 costs/building
 - Data updated nightly
 - Available under Search Tools:
<http://www.usac.org/si/tools/default.aspx>
- **All Funding Years by BEN**
 - E-rate Central Database Tool:
<http://e-ratecentral.com/us/stateInformation.asp?state=PA>

Document Retention

- Applicants and vendors are required to retain E-rate related documents for 10 years from the last date to receive service or service delivery deadline, whichever is later
 - For multi-year contracts, contract documentation and bids must be kept from 10 years from the last date of service under the contract
- Amend school's E-rate document retention policy
- Alert business office that vendor bills must be kept for 10 years from the end of the funding year
- Electronic records storage is permissible

Why? Audits



Documents to Retain

- Tech plan and approval letter
 - Consultant agreements
 - RFP and proof of publication date
 - All vendor correspondence
 - Winning and losing bids
 - Professional development records
 - Bid evaluation documentation
 - Proof of authorization to sign E-rate forms
 - Filtering records and payments
 - NSLP forms
 - AUP and proof of public meeting
 - Proof of online safety training
- Signed contracts
 - NSLP documentation
 - Budgets
 - Purchase orders
 - Packing slips
 - Asset or inventory records
 - Installation records
 - All Invoices
 - Front and back of checks as proof of payment to vendor (non-discounted share)
 - Proof of receipt of payment from vendor (BEAR checks)

Get Started Now!

- Be sure Form 486 is filed for FY 2017
 - Can't be submitted until funding committed
 - Review the list!
- Be sure BEAR Forms are filed for FY 2016
 - October 28, 2017 deadline
 - Review the list!
- File FY 2018 Form 470s
 - Review C1 contracts for expiration dates
 - Determine what schools need C2 equipment
 - And which procurement option to use
- Don't update enrollment/NSLP in EPC YET
 - Wait for Admin Window to open

E-rate Help



- **SLD**
 - Client Service Bureau (CSB)
 - E-rate “Help Desk” where applicant & service providers can get answers to questions
 - Accessed via **888-203-8100**
 - Submit a ‘Customer Service Case’ in EPC
- **PA E-rate Coordinator**
 - E-mail jtschell@comcast.net
 - www.e-ratepa.org

Questions?

