

Presented by Julie Tritt Schell  
PA E-rate Coordinator  
Tennessee Department of Education  
Fall 2018

# Agenda

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## Morning:

- ✓ Entity Eligibilities
- ✓ E-rate Productivity Center - EPC
- ✓ Discount Calculations
- ✓ Category 1 Eligible Services
- ✓ Application Process and Forms Overview – Step by Step



Lunch from 12 -12:30

## Afternoon:

- ✓ Category 2 E-rate Budget Caps
- ✓ Category 2 Eligible Services
- ✓ Category 2 Bidding Options/Requirements

? = Questions at end of each section

\* = Refers to binder material

# 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](http://www.e-ratepa.org)
  - Helpful Documents
- Attend content-specific webinars
- Have patience



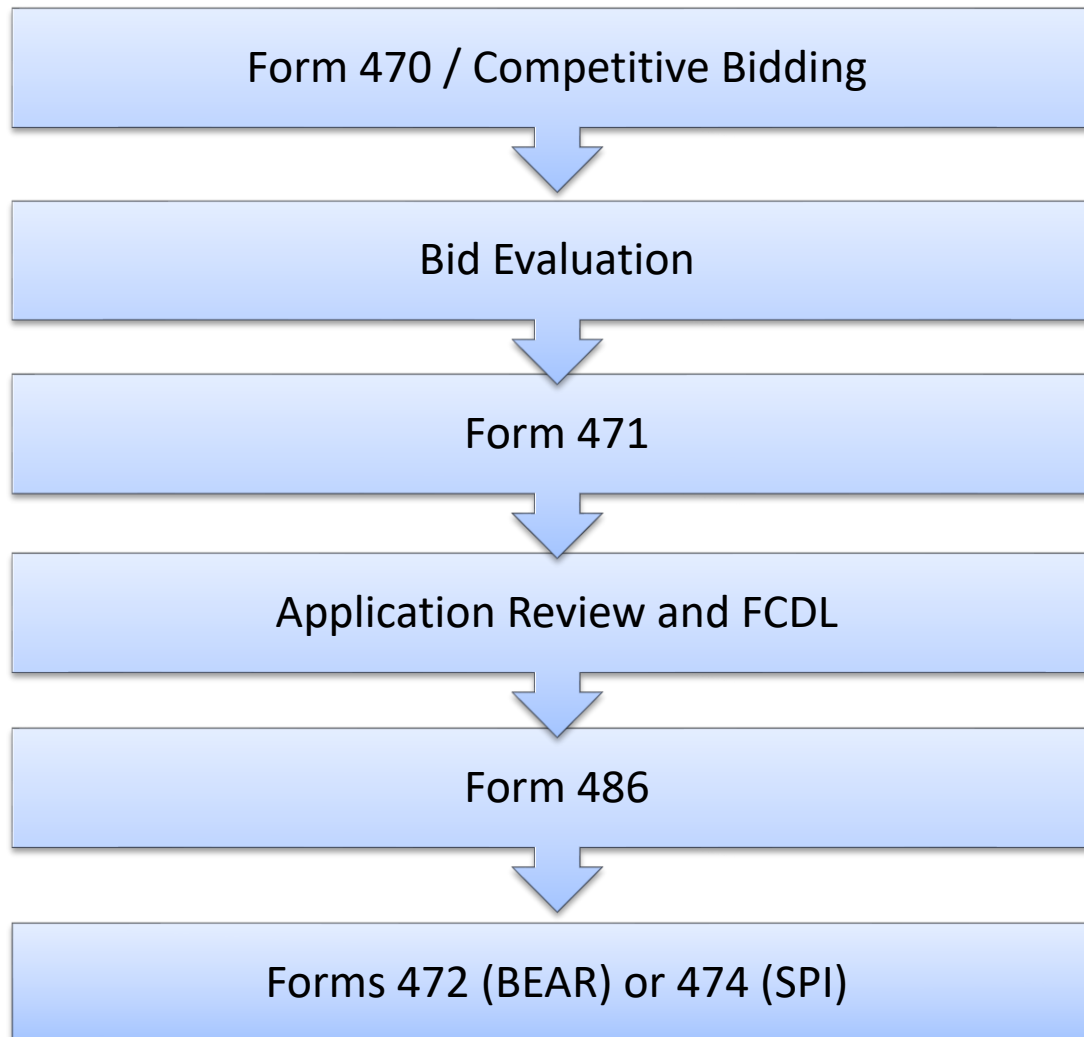
# What is E-rate?

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- Annual \$3.9 billion federal program
  - Fund made up from USF charges on your phone bills
  - One of 4 separate universal service programs
- 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

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# FY 2019 Application Cycle

- Funding years named for the year in which they begin
  - FY 2019 = July 1, 2019 – June 30, 2020
  - Application process begins 6-10 months ahead of start of next funding year

FUNDING YEAR 2019 APPLICATION CYCLE																														
									FY 2019 - Non-Recurring Services/Equipment Purchases - April 1, 2019 - Sept 30, 2019																					
									FY 2019 - Recurring Services - July 1, 2019 - June 30, 2020																					
Form	Description	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021
470	Competitive Bidding Window (min. 29 days)	July 1, 2018 - February 20, 2019																												
AW	Administrative Window (EPC Profile Updates)	Oct 1 - Jan 7, 2019																												
	Newly Signed Vendor Contracts Uploaded to EPC																													
471	Funding Request Application Window	Jan 10 - Mar 20, 2019																												
PIA/ FCDL	PIA Review/Funding Decision Letters (FCDL) Issued								Apr 19, 2019 - Sept 1, 2019																					
486	CIPA Certification/Turn on Funding																													
472	BEAR Deadline - Recurring Services																								Oct 28					
	BEAR Deadline - Non-Recurring Services																										Jan 28			

# What Entities are Eligible in PA?\*

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- 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?\*

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- 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
  - Exception is BEAR reimbursement form
- 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

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1. School
  - Public or private
2. School District
3. Independent Library
  - Stand-alone library, not a branch
4. Library System
  - Defined as library that 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”
  - IUs that act as both schools and consortia can have two different classifications
    - And two different E-rate Billed Entity Numbers

# EPC Account Administrator

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- 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?

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**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
- 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?

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- 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?\*

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## 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
  - CEP schools' 1.6 multiplier calculated automatically
    - PDE data will contain raw CEP data to use
  - Alternatives to using NSLP data available
- 2) Urban or rural location of the school

# Discount Calculations

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- 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 Category 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	
<b>DALLASTOWN AREA SCHOOL DISTRICT</b>	<b>U</b>	<b>4518</b>	<b>1208</b>	<b>26.7%</b>

**% NSLP = 27%**

**Not a majority of schools are Rural**



# Discount Matrices – C1/C2

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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

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- 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

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- Based on the simple average of all consortia members

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

- 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?

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- All enrollment and NSLP data will be entered into EPC profile during the “Admin Window”
  - System automatically calculates discounts
  - Data is then be ported into Form 471 from EPC
- For Funding Year 2019:
  - Can enter data now!
    - Oct 1 is the earliest this can be done each year
  - Oct 2018 draft data hopefully will be released by PDE mid-December
    - I will send to the listserve
    - Applicants will then have until January 7 to update their data in EPC
  - Data will then be “locked down” on January 8
  - If you don’t update data, system will use data in EPC from FY 2017
    - Can use 2-year old data. No older
- 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?



# Categories of Service

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

# Category 1 Eligible Services\*



# Category 1 Services – Not Eligible

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- Voice Services
- 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
- 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

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## Most Common:

- Cable Modem/DSL
- Leased Lit Fiber
- Leased Dark Fiber
- Self-Provisioned Fiber  
(Purchase of Dark Fiber) – new  
in FY 2016
- Special Construction Charges
  - Costs to build network

## Also Eligible:

- Broadband over Power Lines
- T-1, T-3, Fractional T-1
- DS-1, DS-2, DS-3
- OC-1, OC-3, OC-12, OC-n
- Frame Relay
- ISDN
- Satellite Services
- Wireless Service (e.g. microwave)

# Category 1 Services: Eligible Internet Access Services

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- Two main types:
  - Bundled Internet (most common)
    - Internet and transport are bundled together
  - Raw, commodity Internet
    - No transport included
- Installation charges are eligible if bid on 470 and requested on 471
- Also eligible (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

## **Form 470 Quirk:**

- *If seeking “Bundled Internet with Fiber Transport,” you must select the Lit Fiber Service dropdown and then list in the narrative that you are seeking X amount of Internet bandwidth*

# C1 Drop Down Menu in Form 470

## FCC Form 470 - Funding Year 2019

### Lawrence School District - Lawrence SD FY 2019 470 for C1 and C2 - Form #190000072

Last Saved: 9/1/2018 3:44 PM EDT

Basic Information

Service Requests

Technical Contact Information

Procurement Information

FCC Form 470 Review

Certifications & Signature

Please select the option below that matches the services for which you are seeking bids.

### Add New Service Request

Function \*

Please select a value

Please select a value

Leased Lit Fiber (with or without Internet Access)

Internet Access and Transport Bundled (Non-Fiber)

Transport Only - No ISP Service Included (Non-Fiber)

Internet Access: ISP Service Only (No Transport Circuit Included)

Leased Dark Fiber and Leased Lit Fiber

Self-Provisioned Network (Applicant Owned and Operated Network) and Services Provided Over Third-Party Networks

Network Equipment

Maintenance & Operations

Cellular Data Plan/Air Card Service

Other

\* Select "Other" when the service you want is not otherwise listed. Be sure to provide additional details about this service by uploading an RFP document.

CANCEL

ADD

# Select from Drop-Down Options

Review this guidance if unsure which drop downs to select. Note: additional guidance for certain service types may be more confusing than helpful. See next slide for plain language explanation.

## Add New Service Request

Function \*

Please select a value

### Information on How to Seek Bids for Different Services:

- Select "Leased Lit Fiber (with or without Internet Access)" when seeking bids for either a bundled solution of internet access (delivered over lit fiber) or transport only (delivered over lit fiber).
- Select "Internet Access and Transport Bundled (Non-Fiber)" when seeking bids for services provided over non-fiber-based service-provider-owned networks that include commercial internet access service (e.g., copper, microwave, or coaxial cable, but excluding Leased Lit Fiber).
- Select "Transport Only – No ISP Service Included (Non-Fiber)" when seeking bids for services provided over non-fiber-based service-provider-owned networks that do not include commercial internet access (e.g., copper, microwave, or coaxial cable, but excluding Leased Lit Fiber).
- Select "Internet Access: ISP Service Only (No Transport Circuit Included)" when only seeking bids for commercial internet access service. Note: this does not include any type of transport circuit.
- Select "Leased Dark Fiber and Leased Lit Fiber" when seeking bids that include Leased Dark Fiber. This option MUST be selected to help ensure compliance with a competitive bidding requirement: applicants that request bids for Leased Dark Fiber must also request bids for Leased Lit Fiber. Leased Lit Fiber requests included in this service request type can be with or without internet access.
- Select "Self-Provisioned Network (Applicant Owned and Operated Network) and Services Provided Over Third-Party Networks" when seeking bids for services provided over a self-provisioned network on a technology-neutral basis (e.g., fiber, copper, microwave, or coaxial cable).
- Select "Network Equipment" when seeking bids for modulating electronics or other equipment necessary to make a Category One service functional.
- Select "Maintenance & Operations" when seeking bids for maintenance and operations costs for Leased Dark Fiber or a Self-Provisioned network.
- Select "Cellular Data Plan/Air Card Service" when only seeking bids for a commercial wireless data plan.
- Select "Other" when the service you want is not otherwise listed. Be sure to provide additional details about this service by uploading an RFP document.

CANCEL

ADD

# Category 1 Drop Down Cheat Sheet

If you want...	Select this 470 Drop Down Option	RFP Required?
Leased Lit Fiber Connectivity	Leased Lit Fiber (with or without Internet Access) Must explain service request in narrative text box	No
Leased Dark Fiber Connectivity	Leased Dark Fiber and Leased Lit Fiber  Also must state minimum and maximum capacity needs in the narrative text box plus # of leased lit fiber circuits being requested. EPC will prompt you to specify # of leased dark fiber strands being requested.	YES
Self Provisioned Fiber (Applicant owned)	Self-Provisioned Network (Applicant Owned and Operated Network) and Services Provided Over Third-Party Networks	YES
Non-Fiber Connectivity (coaxial cable, microwave, copper, etc.)	Transport Only – No ISP Service (Non-Fiber)	No
Category 1 Network Equipment	Network Equipment	YES
Maintenance and Operations	Maintenance and Operations	YES
Internet Access with FIBER Transport	Leased Lit Fiber (with or without Internet Access) Must explain service request in narrative text box	No
Internet Access with NON-FIBER transport (for example, cable modem, DSL)	Internet Access and Transport Bundled	No
Commodity Internet Access (no transport)	Internet Access: ISP Service Only	No

# Bidding Exemption for Bundled Internet

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- “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 Internet Access

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- 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 Internet Access

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- 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



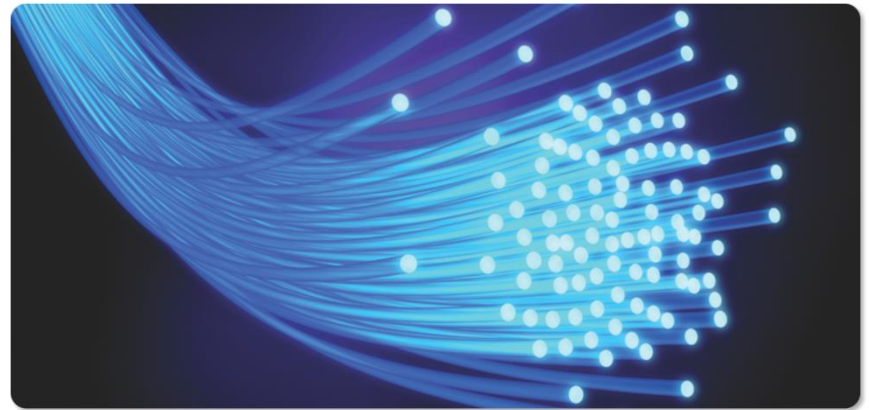
# Let's Discuss Fiber

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Not this kind of fiber....



*This* kind of fiber....



# 3 Types of Eligible Category 1 Fiber

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**Leased Lit  
Fiber**

**Leased Dark  
Fiber**

**Self-  
Provisioned  
Fiber**

# Leased Lit Fiber

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- Fiber based network where service provider owns, lights, and manages the network
- Must be “lit” by June 30
- Typically contract for 1 or 10 gb connection to each building

# Leased Dark Fiber

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- Applicant leases capacity on a provider-owned fiber network
  - Typically lease # of strands
- Applicant lights the fiber -- not the vendor
  - Network equipment to light the fiber is E-rate eligible
- Maintenance/Operations (M&O) charges are eligible
  - Can be provided by same fiber vendor or another vendor
    - Specify in RFP which type of arrangement wanted
- Must be “lit” by June 30

# Self-Provisioned Fiber

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- “BYO” – Build Your Own Network
- Applicant contracts with vendor to construct the network
  - Thereafter, owns and is responsible for maintaining the network (whether in-house or contracted)
    - M & O costs are E-rate eligible
  - Typically purchase at least 12 strands
- Applicant lights the fiber -- not the vendor
  - Network equipment to light the fiber is E-rate eligible
- Must be “lit” by June 30

# Bidding Requirements

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- **Leased Lit Fiber**
  - RFP not required, but addresses must be in 470 if no RFP
    - RFP strongly suggested
- **Leased Dark Fiber**
  - RFP required
  - Must also seek bids for Leased Lit Fiber
    - Cannot specify preference
  - M&O and Network Equipment should be on same 470
    - Can be different procurements
    - Use “Other” category on 470
    - RFP required
- **Self-Provisioned Fiber**
  - RFP required
  - Must also seek bids for “Services Over 3<sup>rd</sup> Party Networks”
    - Essentially means Lit and Dark Fiber Services
    - Cannot specify preference
  - M&O and Network Equipment should be on same 470
    - Can be different procurements
    - Use “Other” category on 470
    - RFP required

# Evaluating Cost Effectiveness

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- Applicants are required to demonstrate that they selected the most cost-effective service
- Analysis should include:
  - Cost comparison, including upfront and recurring costs
  - Evaluation of the expected useful life of the networks
  - Comparison of total costs of each solution
    - Leased Dark and Self-Provisioned Fiber analysis should include costs of network electronics and M&O

# What is Special Construction?

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- “Build” Charges
  - One time charges incurred for physical installation of new service
  - Can be for Leased Lit, Leased Dark or Self Provisioned Fiber
- Special Construction includes:
  - Construction of network facilities
  - Design and engineering
  - Project management
- Special Construction does NOT include:
  - Network equipment
- Special PIA Review
  - Intensive
  - 40+ network questions asked of applicant AND service provider
  - Examples at: <http://e-ratepa.org/wp-content/uploads/2014/03/4-7-Fiber-Questions.pdf>





# Special Construction Payments

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- E-rate Discounted Share
  - E-rate will no longer pay for entire discounted amount in 1<sup>st</sup> year
    - Hoping FCC will revisit this for FY 2019
  - Network must be “lit” by June 30 in order for Special Construction to be paid
- Applicant Non-Discounted Share
  - Applicants can ask vendors for up to a 4 year payment plan for the non-discounted share of these costs
    - This is a permanent option
  - Request must be included on the Form 470 and be listed in contract
  - Vendors are not required to agree (but most do)
  - Finance and interest charges are not E-rate eligible
- **For example:**
  - If there is a \$100,000 SC Charge with 60% E-rate discount:
  - Applicant may request to pay vendor \$10,000/year for 4 years to pay off non-discounted amount of SC charge
  - Previously, E-rate would pay for \$60,000 in Year 1, but that ended in FY 2018

# Excess Strands Put in Trench?

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- Often, vendors will want to lay additional fiber strands in trench/conduit for future use
- Such excess strands have VERY strict E-rate rules
  - Applicant should make clear in RFPs that vendors will be required to disclose excess strands and cost associated with including that fiber

# What if You Can't Meet June 30 Deadline?

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- If new fiber network cannot be lit by June 30, applicant can request a 1-year extension to complete the special construction and light the fiber
  - Delay must be due to weather or “other reasons”
    - Such as very late FCDL
- Must request extension from USAC via Form 500
  - Is not “automatically” granted

# Close-Proximity Fiber Eligibility

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- 1 school – 2 buildings
  - Fiber between those buildings = C2
  - Does PDE recognize it as single school?
- 1 building – 2 schools
  - Fiber between those schools = C2
- 2 schools, not in same building
  - Fiber between those buildings = C1
  - Must be bid as “self-provisioned fiber”
    - Requires RFP
    - Requires to be bid against 3<sup>rd</sup> party networks
      - Must be on same 470

# Questions about Category 1?



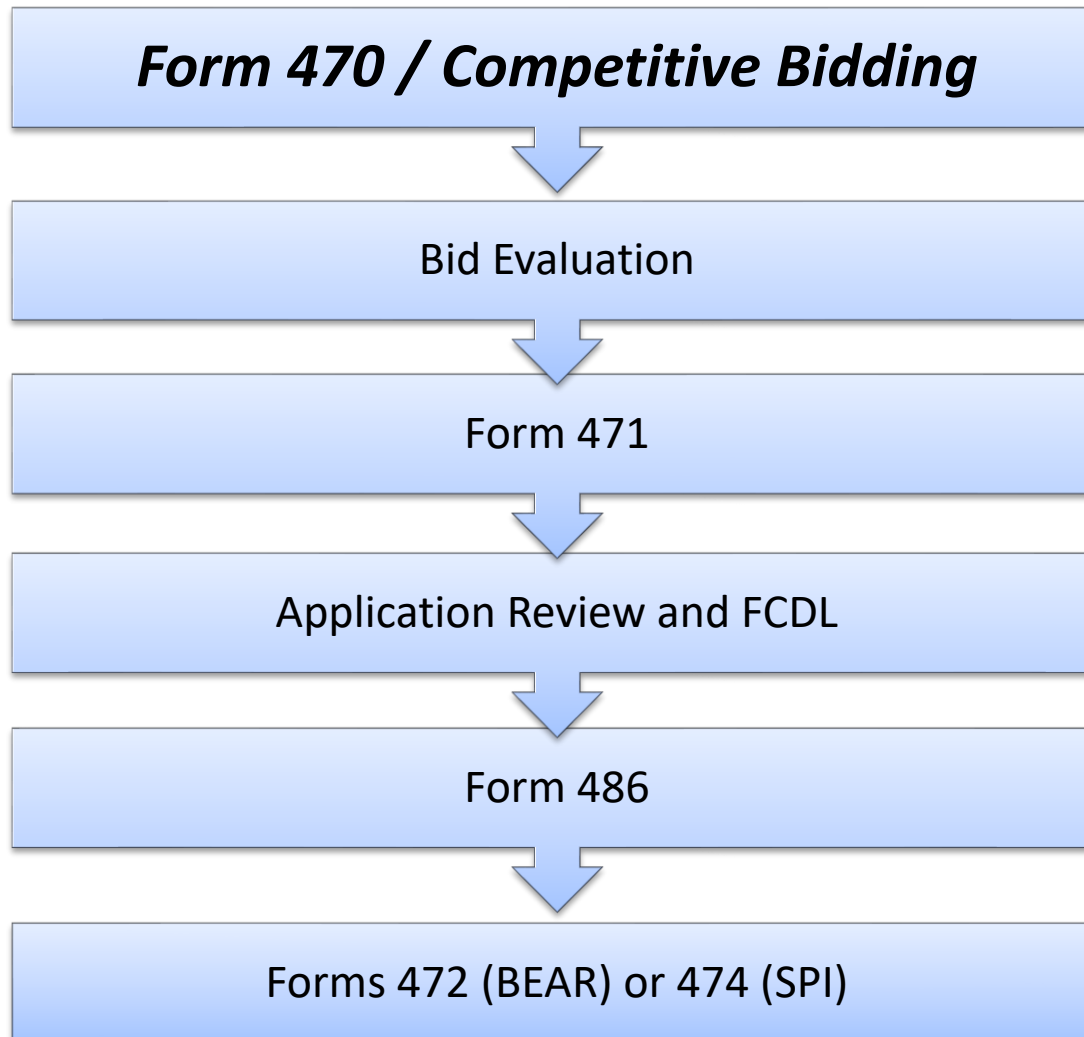
# Application Process Overview

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E-rate Step	Suggested Timeline
Bid All New Services – Form 470	Now – early December
Bid Evaluation/Sign Contracts	January/February
Request E-rate Funding – Form 471	February – March 20 (deadline)
Application Review - PIA	April - August
Funding Commitment - FCDL	April - August
Turn-On Funding/CIPA Compliance – Form 486	FCDL receipt – October 28
Receive Services	July 1, 2019 – June 30, 2020
Submit Invoice to USAC – Form 472 BEAR -- if not receiving discounted bills -- vendor submits Form 474 to USAC if they are providing discounted bills	October 28, 2021 (deadline)

# Let's Begin...

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# Step 1: Posting the Form 470

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## 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?

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- 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

# Requests for Proposals (RFPs)

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- If using, they must be uploaded with Form 470 at time of filing
  - Addenda/any documents given to vendors after 470 filing must be uploaded to existing 470
    - Restart 28-day clock for service/entity changes
- RFPs not required, except for:
  - Minimum state bidding threshold requirements
  - All applicants seeking dark fiber or self-provisioned fiber projects
- Vendors cannot provide RFP language or bid lists

# Where and When to File the Form 470

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- Form must be filed in EPC
  - Category 1 and Category 2 *can* be filed on the same 470

**Deadline:** Form 470 must be posted online at least 29 days before the Form 471 window close

- March 20 = 471 Deadline; therefore...
- February 20, 2019 = 470 Deadline
  - DO NOT wait this long! Gives you 1 day to evaluate bids, negotiate contracts, seek board approval, sign contracts, and then file the Form 471 by the 471 deadline
  - File 470 before December 1 if possible

**Research now:**

- Are my contracts expiring June 30, 2019?
- What additional bandwidth will I need for the entire NEXT school year?
- Let's File a 470...

# Competitive Bidding\*

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- 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

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- You are allowed to....
  - 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
  - Ever accept **anything** of value in excess of \$20/instance-\$50/year from a vendor

# Competitive Bidding Rules

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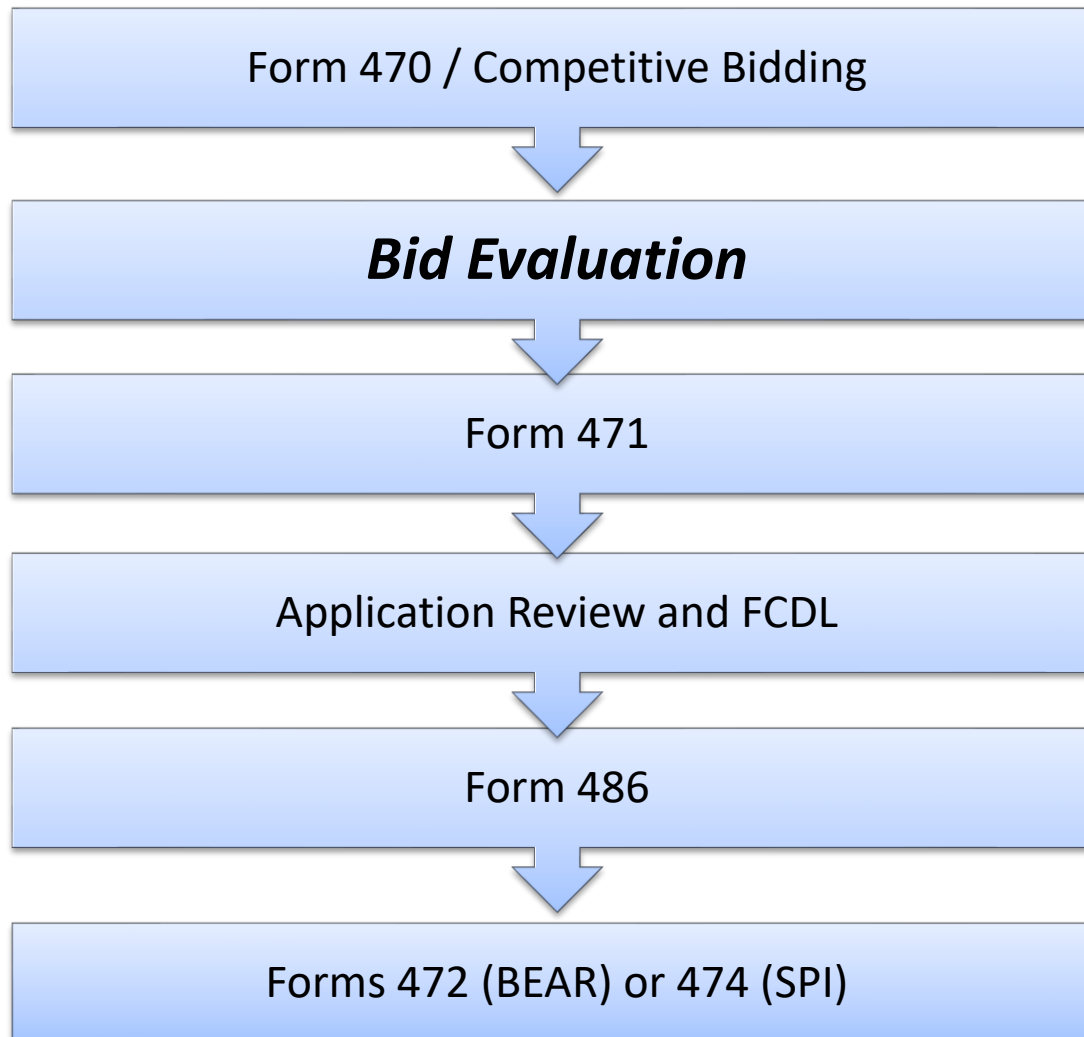
- You are not required to...
  - meet with any vendor during or after the 470 bidding period
  - respond to “generic” or “spam” e-mails such as: “I saw your 470, please call me to discuss your needs”
  - respond to inquiries for services you did not request
  - purchase any service/equipment listed on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

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



# Step 2: Bid Evaluation/Vendor Selection

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# Step 2: Bid Evaluation

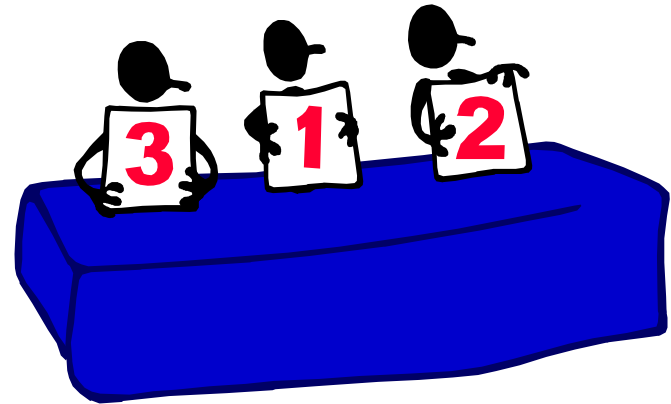
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- On 29<sup>th</sup> day after 470 is posted (or later), billed entity must review all bids received for all services
  - Keep documentation of criteria used to select vendor
  - Keep all winning and losing bids
  - Keep bid evaluation matrix
  - Retain 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
  - Recommended: Price of eligible services should be at least 51% of weight
- Create Bid Evaluation Matrix\*

# Bid Evaluation

---

- Applicants can consider other criteria besides price in bid evaluation. Examples:
  - Quality of proposed solution
  - Cost of ineligible items
  - References
  - History with vendor
  - Ability to meet installation deadline
- 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 A	Vendor B	Vendor C
Proposal Cost		\$750	\$800	\$1000
-- Weighted Points (% to lowest bid)		100%	80%	75%
Price of Eligible Services/Equipment (weighted)	60	60	48	45
Ability to Meet Installation Timeline	20	10	10	20
Quality of Proposed Solution	10	10	10	10
References	10	8	8	5
<b>TOTAL POINTS</b>		<b>88</b>	76	80



# 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 Contracts\*

---

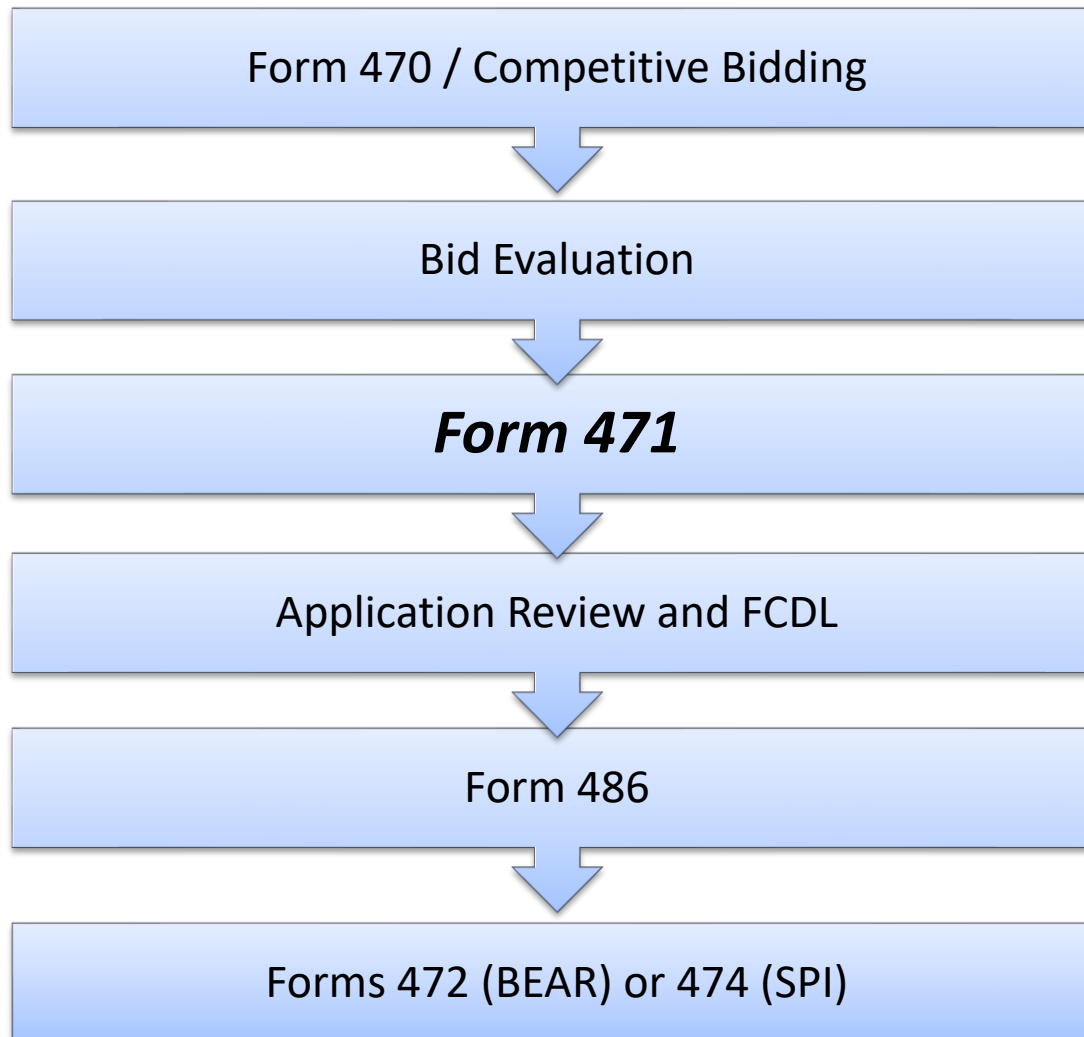
- List extensions and expiration date in contract (cannot be open-ended)
  - For example, 3-year contract, with two 1-year renewals is ok and will not require new 470 until the end of 5 years
  - 3-year contract that automatically renews is not ok and will require new 470 at the end of 3 years
- Include 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

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# 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)

# Admin Window\*

---

- **FY 2019 Administrative Window – Oct 1 – Jan 7**
  - 3-months 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 *draft* data should be available mid-December
- Confirm all entities, including NIFs, are in EPC portal
  - Contact CSB at 888-203-8100 to make entity adjustments

# When and How Many to File

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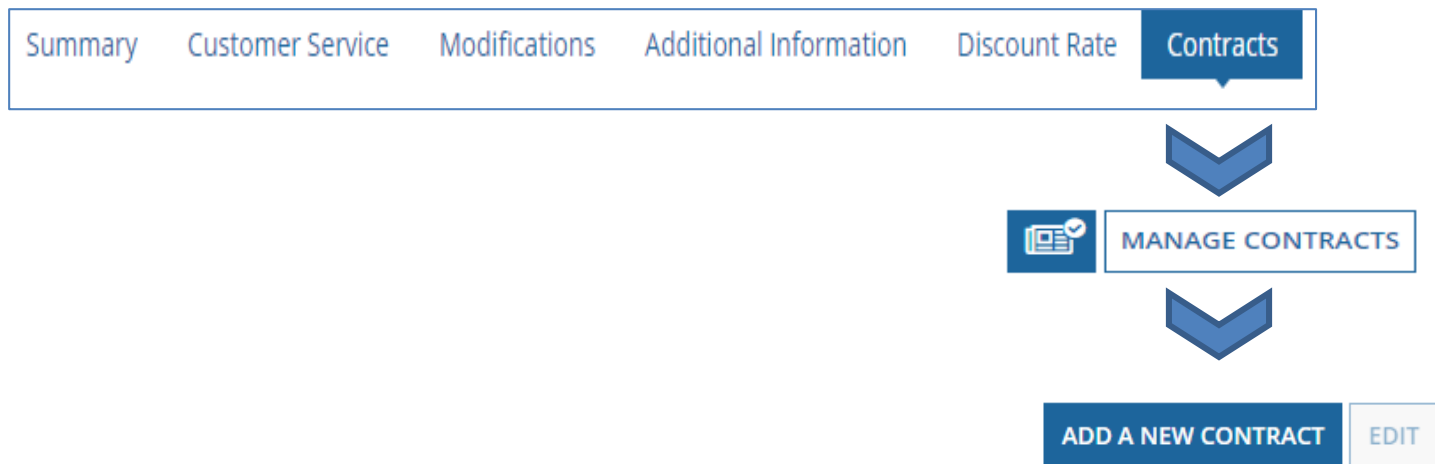
- **471 Application Window: January 10 – March 20**  
**Do NOT miss this deadline!**
- Must be filed in EPC
- Can file a single 471 for all C1 requests
  - Multiple Category 1 471s are ok
- Category 2 requests must be placed on a separate 471



# Before Starting Your Form 471...

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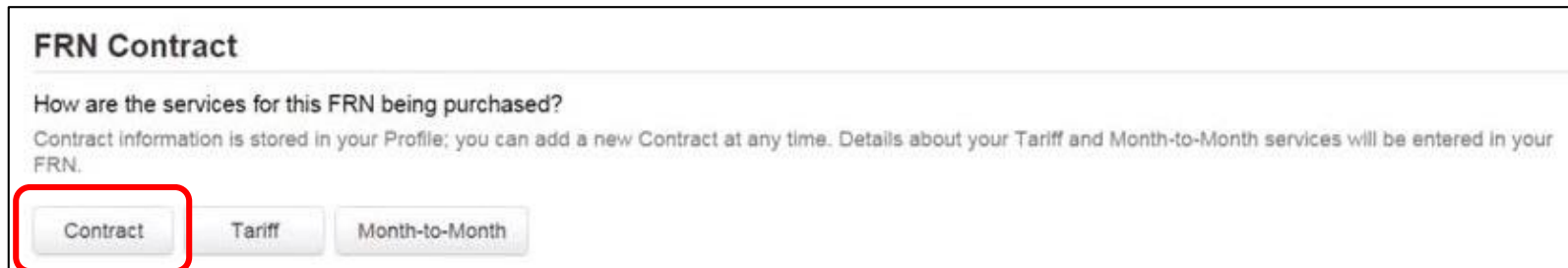
- Update the Connectivity Questions
  - > Click on District Name > Related Actions > Connectivity Questions
  - > Complete for any new schools or libraries
- Obtain board approval (if needed)
- Sign vendor contracts
- Enter Contract Data for each contract in EPC
  - > Click on District Name > Contracts from top toolbar



# Purpose of Contracts Module

---

- Must indicate on 471 how you will be purchasing the requested services – either via a contract, tariff or Month-to-Month (MTM):



The screenshot shows a web form titled "FRN Contract". Below the title is the question "How are the services for this FRN being purchased?". A paragraph of text follows: "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 of the form are three buttons: "Contract", "Tariff", and "Month-to-Month". The "Contract" button is highlighted with a red rectangular border.

- If you select 'contract,' you will then link to a Contract Record from the Contract Module
- All contract data (not MTM) is entered into Contract Module
  - Outside of 471
- Separate Contract Record for each contract
- Then link to that CR when completing the Form 471

# Contract Module

---

- Assign is a very descriptive nickname
  - Recommended: Service – Vendor – Year Signed
  - Example: “Internet – Comcast – 2019”
- Upload copy of contract
- Enter following data:
  - 470 used to bid service
  - Contract signing date
  - # of bids
  - How many contract extensions, if any
  - Service provider selected (SPIN)
- Contract record will not ask for contract expiration date
  - This is listed with each funding request in the 471

# Purpose of the Connectivity Module

---

- The Connectivity Questions Module a “survey” that’s given to applicants each year
- The answers are not considered during PIA review and are not connected to your FRNs
- Answers should be as of “today” and not what will be purchased in FY 2019
- Data from last year remains in the Module and only must be updated if data has changed
- All questions must be answered before Form 471 can be certified
  - If any new schools or libraries have opened, you must complete their connectivity questionnaire before submitting a Form 471
- Only schools and libraries must complete the survey
  - Consortia do not complete the survey for their members
  - Admin Buildings (NIFs) do not complete a survey

# Where Are the Questions?

- On the top toolbar, click on “Related Actions”

Records / Applicant Entities

## #125300 - MCGUFFEY SCHOOL DISTRICT

MANAGE ORGANIZATION CREATE A CUSTOMER SERVICE CA...

Summary Customer Service Modifications Additional Information Discount Rate Contracts FCC Forms FRN Appeals News **Related Actions**

- Then “Manage Connectivity Questions”

- Manage Organization**  
This function allows you to update information about an entity or BEN.
- Create a Customer Service Case**  
This function allows you to submit a question about an E-rate form or topic. You can also submit a specific request or an attachment.
- Manage Organization Relationships**  
Process to relate an Organization to another Organization
- Create FCC Form 470**  
This function allows you to create an FCC Form 470 for your entity.
- Create FCC Form 471**  
This function allows you to create an FCC Form 471 for your entity.
- Create FCC Form 498**  
This function allows you to create an FCC Form 498 for your entity.
- Create FCC Form 486**  
This function allows you to create an FCC Form 486 for your entity.
- Manage Contracts**  
Create, edit, and remove contracts for your organization
- Manage Connectivity Questions**  
Form for Entities to answer required Connectivity Questions.

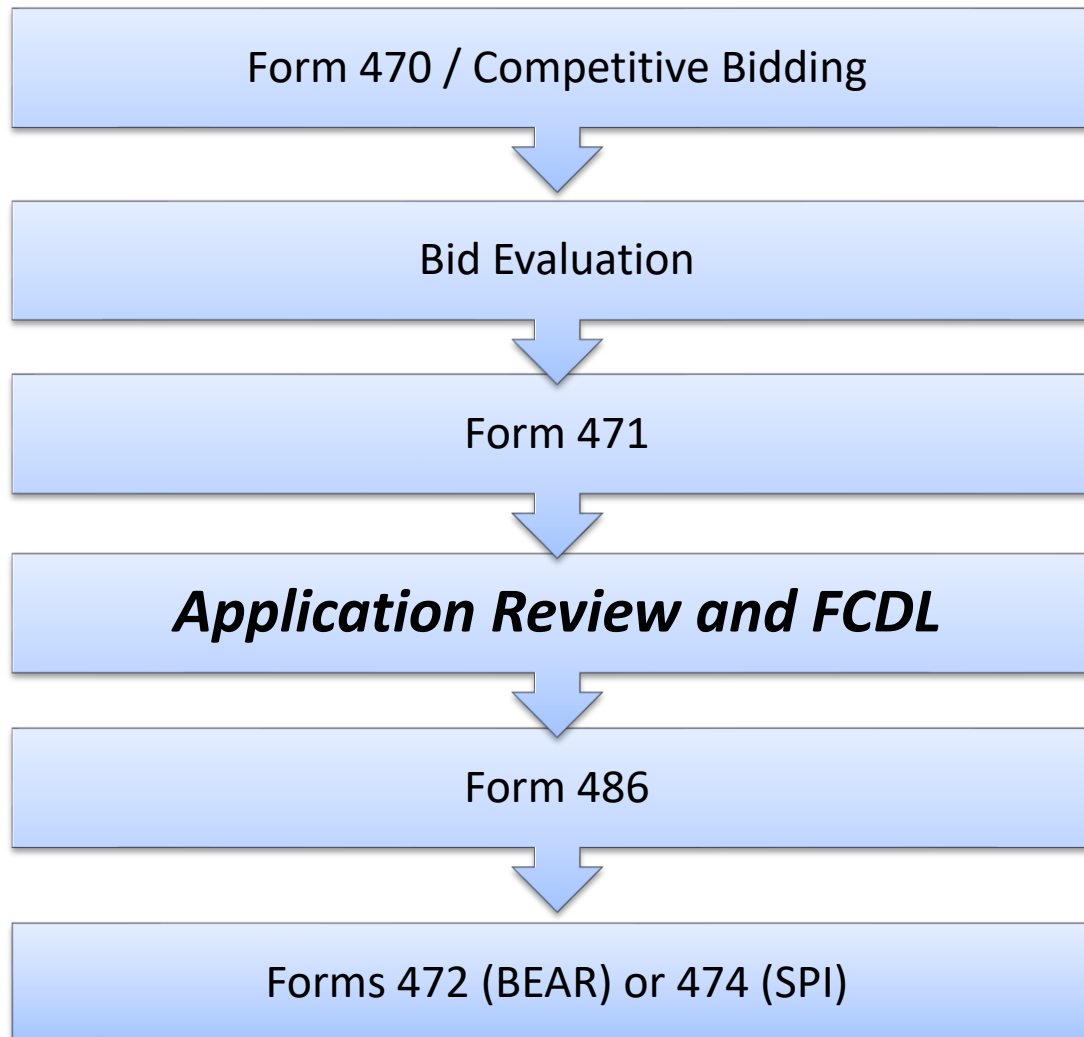


# Questions on Form 471, Contracts Module, or Connectivity Survey?



# Step 4: Application Review

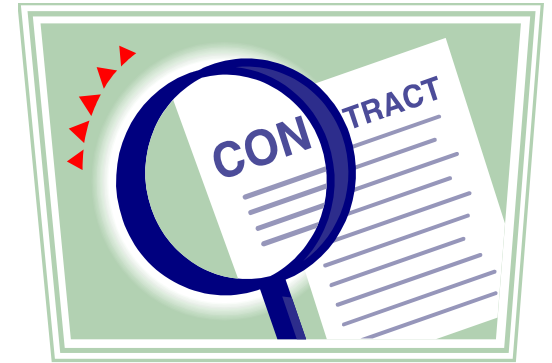
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# Step 4: PIA Review

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- 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



<https://data.usac.org/publicreports/FRN/Status/FundYear>

# FY 2019 PIA Review Overview

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- 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

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## FCDL = Funding Commitment Decision Letter

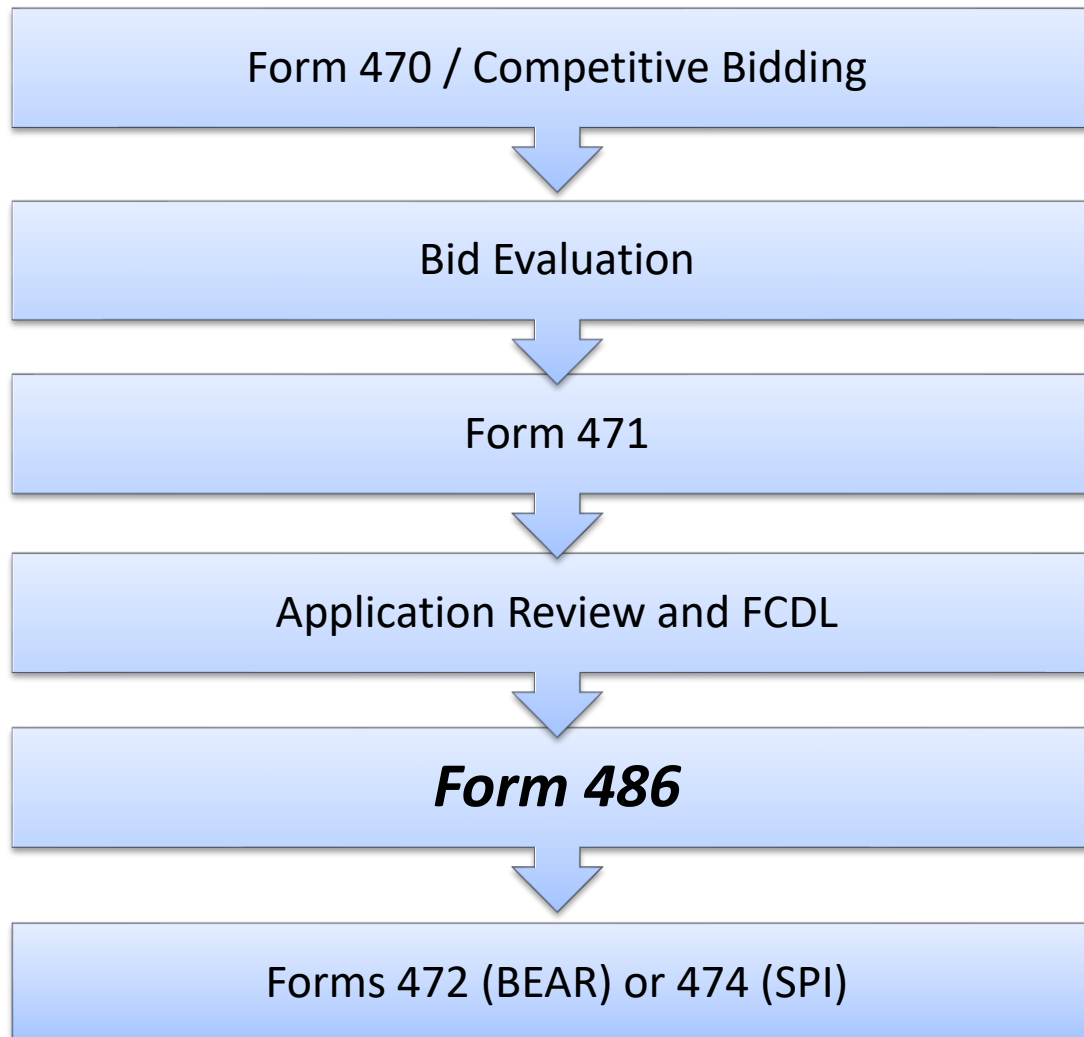
- Tells you which funding requests of Form 471 are approved or denied
- Notification e-mailed to 471 contact
- Must log-in to EPC to see FCDL
- Can appeal within 60 days if you don't agree with their decision
  - Appeal to SLD if they made an error
    - Can then appeal to the FCC if USAC denies
  -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



➤ **Watch PA E-rate listserve for weekly wave notices!** ⬅

# Step 5: Filing the Form 486

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# Step 5: Form 486\*

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- Form 486 has two purposes:
  - It informs the SLD that services have (or will) start, and
  - It informs the SLD that your school or library is CIPA compliant.
- Can only be filed after the FCDL has been issued
- 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 2018?*



# CIPA Requirements

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**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

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Effective 7/1/2012:

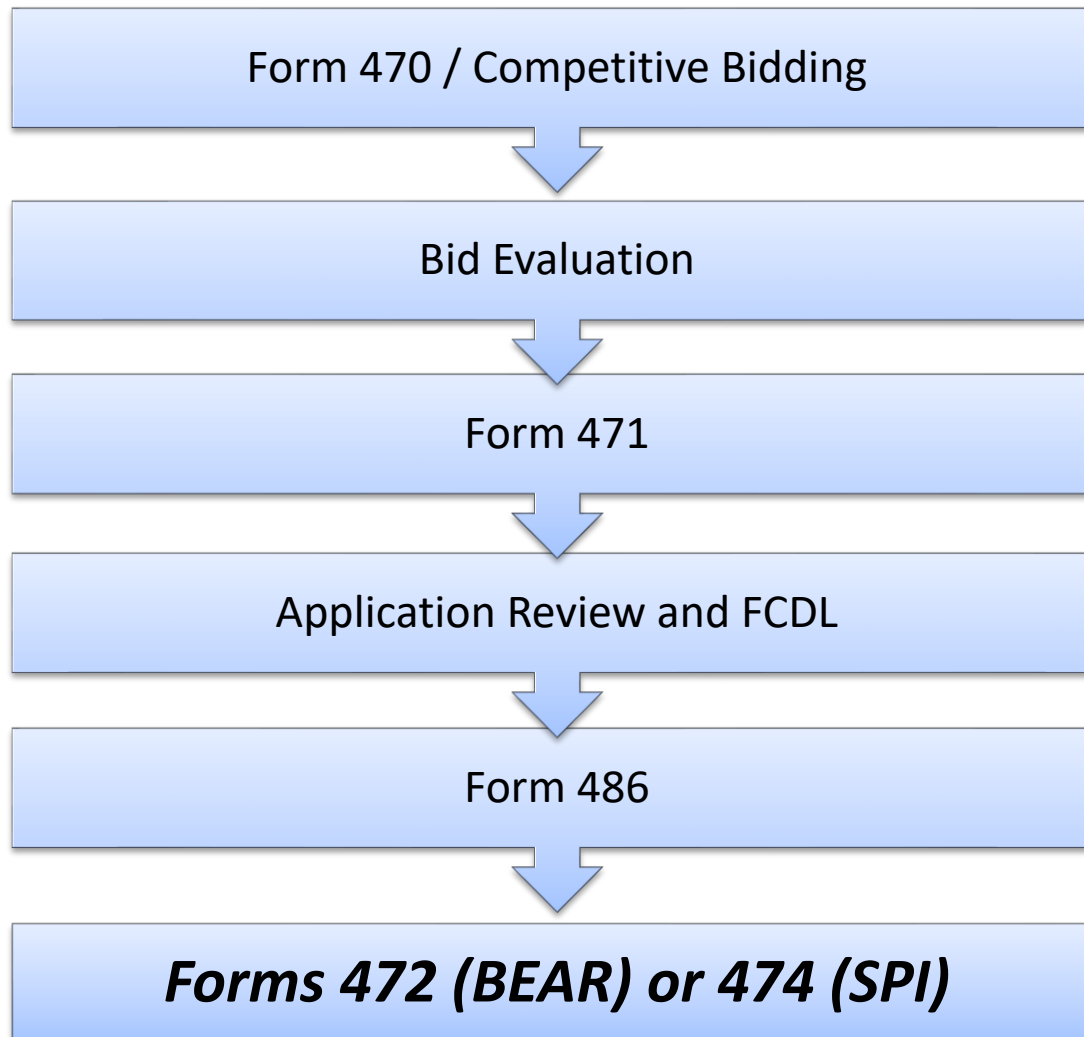
- Schools' (not libraries) Internet Safety Policies must include "...  
*educating minors about appropriate online behavior, including interacting with other individuals on social networking websites and in chat rooms and cyberbullying awareness and response.*"
- This means that schools are required 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!

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

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- 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, notify your vendor after contract signing, 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

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- 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)
  - Upload BEAR PIN template in EPC – PIN e-mailed within a week
- Calculated based on eligible charges on actual bills

## **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



USAC  
Universal Service Administrative Company  
*Helping Keep Americans Connected*

Need Help?

**Applicant Login:**

BEN: 125402

PIN: \*\*\*\*\*

Email:

Last Name:

FUNDING YEAR 2019 APPLICATION CYCLE

FY 2019 - Non-Recurring Services/Equipment Purchases - April 1, 2019 - Sept 30, 2019

FY 2019 - Recurring Services - July 1, 2019 - June 30, 2020

Dec 2018 Jan 2019 Feb 2019 Mar 2019 Apr 2019 May 2019 June 2019 July 2019 Aug 2019 Sept 2019 Oct 2019 Nov 2019 Dec 2019 Jan 2020 Feb 2020 Mar 2020 Apr 2020 May 2020 June 2020

[Terms and Conditions of PIN Usage](#)

February 20, 2019

<https://www2.sl.universalservice.org/bear/login.aspx>



# 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

# Reimbursement Method - BEAR

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- 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

How does USAC know your bank account info?

**You've already provided the information on the Form 498**

# Form 498 – Banking Data Form

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- 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 e-mailed or 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 2017 BEAR for recurring services?  
Deadline = October 28, 2018

# 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
- Submitted in EPC

[Funding Request Report](#) | [FCC Form 470](#) | [FCC Form 471](#) | [FCC Form 486](#) | [FCC Form 500](#) | [SPIN Change](#)  
[Appeal](#) | [Service Substitution](#) | [Hurricane Impact Designation](#) | [Manage My Organization](#) | [USAC](#)  
[Website](#) | [Contact Us](#) | [Help](#)

# Allowable SPIN Changes

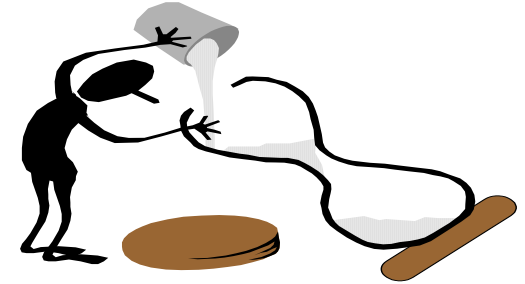
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- Cannot switch vendors because of lower price
- Legitimate reasons include:
  - Breach of contract
  - Service provider is unable to perform
  - Bankruptcy
  - Delayed provision of new service
- Must select vendor that received the next highest point 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
  - 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
    - Fiber installation can request a 1-yr extension but must be submitted by June 30
- PIA inquiries – yes





# Where to Find Data

---

- **FY 2016 - FY 2018 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/sl/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

---

- 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 2018
  - Can't be submitted until funding committed
  - Review the list!
- Be sure BEAR Forms are filed for FY 2017
  - October 28, 2018 deadline
  - Review the list!
- File FY 2019 Form 470s
  - Review C1 contracts for expiration dates
  - Determine what schools need C2 equipment
    - And which procurement option to use
- Update enrollment/NSLP in EPC

# E-rate Help

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- **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](mailto:jtschell@comcast.net)
  - [www.e-ratepa.org](http://www.e-ratepa.org)

# Questions?



# E-rate Category 2 Workshop for PA Schools Funding Year 2019



Presented by Julie Tritt Schell  
PA E-rate Coordinator  
for the Pennsylvania Department of Education  
Fall 2018

# Category 2 Overview

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- 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
- All competitive **bidding requirements** will continue to apply and applicants can only apply for what they need
- Form 471 application is required to be submitted each year
- 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%
<b>75 – 100%</b>	<b>85%</b>	<b>85%</b>



# Category 2 E-rate Budget Caps

---

- Each **school** is entitled to a pre-discount cap of \$156.23 per student, or a minimum building cap of \$9,852.23, over 5 years
  - AVTS budgets based on total number of students
    - Not the # of students in the building at any given time
- Each **library** is entitled to a pre-discount cap over 5 years, based on their Locale Code:
  - Urban Libraries (those with locale codes of 11, 12 or 21): \$5.21/sq. ft.
  - Other Libraries: \$2.39/sq. ft.
  - Square footage is the area for all floors occupied by the library, including those areas off-limits to the public
- These C2 multipliers will be adjusted for inflation, likely in February
  - Base your calculations on the FY 2018 amounts shown above

# Category 2 E-rate Budgets

---

- Non-Instructional Facilities (NIFs):
  - Don't receive C2 funding because there is no student population
  - If equipment is located in the NIF and serves several schools, those schools' budgets can be used to fund the equipment
- Money is allocated **per school/library** (not on a shared-district basis)
  - Applicants **cannot** move funding from one school or one library to another
- Commitment must be spent during the funding year
  - There is no provision to allow applicants to spend funds and be reimbursed in a later year

# Category 2 Funding Budget Example

---

School	Maximum Density Student Count – FY 2019	Budget Multiplier	5-Year Budget Cap	E-rate Discount	E-rate Funding Cap	District's Share %	District's Share \$
School A	625	\$156.23	\$97,643	60%	\$58,585	40%	\$39,057
School B	300	\$156.23	\$46,869	60%	\$28,121	40%	\$18,747

- 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 their 40% non-discounted share

# 5-Year Budgets

---

- The “5-Year C2 Cycle” begins the first year *any* school in a district obtains E-rate funding, beginning FY 2015
  - Example, if the first school in a district received C2 funding in FY 2017 (with no other school receiving E-rate C2 funding in FY 2015 or FY 2016), C2 Year 1 for that district would be FY 2017 (Year 5 would be FY 2021)
- What happens after 5-year Budget Plan is over?
  - Unsettled: We *believe* that each school will receive the remainder of their C2 budgets
  - FCC will announce in coming months what will happen to applicants that have exhausted their 5 year (meaning they started in FY 2015)
- Rules say that after FY 2019, BMIC, MIBS and caching are no longer eligible

# Calculating Remaining C2 Budgets

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## Formula:

(School Enrollment \* \$156.23) – approved pre-discount amounts  
since FY 2015 = Remaining C2 Budget

- Multiply each school's current enrollment by \$156.23, then **subtract** the pre-discount amount of any C2 E-rate funding used in FY 2015, FY 2016, FY 2017, & FY 2018 for that school or library
- C2 budget is “reduced” 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
  - Takes a few months for USAC to process
- FY 2019 Inflation Factor will not be announced until Feb/March
  - Presume that your budget is based on \$156.23

# Calculating Remaining C2 Budgets

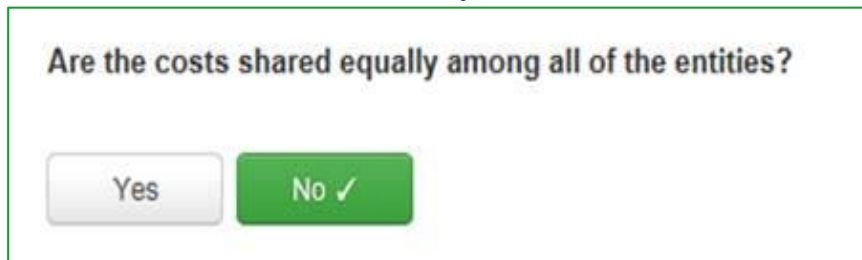
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- **Caution:** Do NOT use “View C2 Budgets” tool in Form 471
  - These are not accurate and don’t include anything from FY 2015
- **Use this tool** on USAC’s website under Tools:  
<https://sltools.universalservice.org/portal-external/budgetLookup/> -
- Includes all commitments from FY 2015 – FY 2018
  - Does NOT update when you change enrollments in EPC profiles
  - Does NOT include pending Form 500’s
  - Must do offline math to accurately determine what C2 remains for each school for FY 2019

# C2 Budget Options for Shared Equipment

---

- If equipment is shared by 2+ entities, the cost of the equipment must be allocated from the C2 budgets of the schools sharing the equipment
  - Core switches and wireless controllers are good examples of shared equipment
- Deciding which cost allocation method to choose -- and making sure you do so correctly on your Form 471 -- is important
- After identifying the schools sharing the equipment, the 471 will ask *"Are the costs shared equally among all of the entities?"*
  - If you answer "Yes," the system will split the costs of this line item equally among the recipients identified
  - This may not be the best use of your C2 dollars



Are the costs shared equally among all of the entities?

Yes No ✓

# C2 Budget Options for Shared Equipment

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Can use a weighted C2 budget figures instead of straight cost allocation:

- By percentage of enrolled students
- By percentage of devices connected
- Other verifiable method

	Total Enrollment (or devices, etc)	% of Total	% x Cost of Shared Component
Plainfield Elem	225	0.21	\$6,355.93
Jacksonville HS	256	0.24	\$7,231.64
Franklin HS	581	0.55	\$16,412.43
	1062		\$30,000.00



# Requesting More Funding Than Remains in C2 Budget

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

- What happens if you do?
  - Your Form 471 will go into manual PIA review
  - Will be required to identify exactly what FRN line items should be reduced or eliminated to come into budget



# PA C2 Budget Utilization

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- Since FY 2015, PA's schools and libraries have received nearly \$100 million in Category 2 funding
- 64 districts haven't used **ANY** of their C2 budgets
- 126 districts have **50% or more** of their C2 budgets remaining that must be utilized in FY 2019
  - \$27 million at stake

# What's Eligible and Not Eligible for Category 2 Funding?



## 3 Sub-Categories for C2

- Internal Connections
- Basic Maintenance (BMIC)
- Managed Internal Broadband Services (MIBS)

# Internal Connections Eligibility

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- Wireless Access Points/Controllers
- Structured Cabling
- Caching Servers
  - Only eligible servers
- Firewalls
  - No ancillary modules/functions are eligible, like anti-spam, anti-virus, etc.
- Network Routers & Switches
- 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

# Basic Maintenance (BMIC) Eligibility

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- Limited eligibility
- Multi-year contracts must be amortized
  - Cannot apply for full cost of multi-year BMIC contract in Year 1
  - Must amortize and submit 471 each year
- Can only be for services/work performed from 7/1/2019 – 6/30/2020
  - Does not follow the 4/1/2019 – 9/30/2020 schedule
  - Does not follow the first 12 months of ownership schedule
- 100% eligible = basic tech support, configuration changes
  - Costs common when purchasing new equipment
- 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”



**For these reasons, I do not recommend applicants use their C2 budgets for BMIC. Rather, use C2 budgets for eligible equipment/installation.**

# MIBS Eligibility

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- Managed Internal Broadband Services (MIBS)
- Have not traditionally been popular among applicants
- Cover the operation, management, or monitoring of a LAN
- 2 Options:
  - 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 Procurement Options/Requirements for PA Public Schools



# Category 2 Bidding Options

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- **Nonpublic schools/libraries - simple:**
  - Post 470 only; No RFP required
  - Wait 29 days, conduct bid evaluation, sign contract and submit 471
  - Can consider other factors besides cost
- **PA Public schools:**
  - 2 Options:
    - 1) Post Form 470/RFP  
~ or ~
    - 1) Use PA PEPPM Contract



# Public Schools C2 Bidding: Option # 1

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## Post Form 470 and RFP

- RFP required if cost of equipment exceeds \$20,100 (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)
- Most school boards must approve contract prior to signing
  - Contract must be signed before submitting Form 471
- Use this option for **structured cabling projects**

# Public Schools C2 Bidding: Option # 2

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## Conduct PEPPM Mini-Bid

- No Form 470 required (PEPPM filed Form 470 when contracts were being competitively bid)
- Must conduct PEPPM Mini-Bid Procurement
  - Request proposals from all manufactures in that “Category”
  - Can list preferred manufacturer, but must request bids for “equivalent” products
  - Minimum 2 week bidding period; longer preferred
- Then conduct bid evaluation among all product lines that offer the ‘category’ of service, including equivalents
- Can consider other factors besides price
- Sign contract (or vendor quote) and use those contract dates – not PEPPM dates – in EPC contract record

**Note:** PEPPM Mini-bids cannot be issued to vendors before January 2, 2019. New PEPPM contract is being bid and awarded vendors’ list won’t be available until then.

# PEPPM vs 470/RFP

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## 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

## RFP

- Must post 470 & RFP if over \$20,100
- 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

# C2 Bidding Reminders – All

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- ✓ 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
- ✓ 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)**
- ✓ Include **Prevailing Wage** Determination for all projects involving labor where the total project is over \$25,000 (public schools only)
  - Obtain PW Determination and attach to RFP:
  - <https://www.dlsecureweb.pa.gov/PrevWage/Pages/DetermRequest.aspx?ID=&PageType=>

# C2 Bidding Reminders

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- ✓ All RFP amendments must be uploaded into EPC with original Form 470
  - Includes relevant information given to vendors that would impact bid (FAQs)
  - Restart 28-day clock if “cardinal change” made to RFP (adding equip/services, modifying project scope)
- ✓ All C2 services/equipment must have a signed contract before Form 471 is filed
- ✓ Cannot contact PEPPM bidder ahead of bidding to seek equipment list

# Category 2 Installation Timeline

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- C2 equipment purchase/installation time within a funding year is expanded
- Funding Year for C2 non-recurring services/equipment is **April 1 – September 30**
  - Full 18 months
  - Equipment must be installed before September 30
    - Even if installation isn't included on the FRN
    - Can request 1-year extension if request is made before September 30
      - Use Form 500 to submit request
  - Invoices to USAC cannot be submitted prior to July 1
  - **SSD on 471 cannot be earlier than 7/1/2019**
  - Only make pre-FCDL purchases if you can afford to pay 100% of cost and seek reimbursement later
    - And are willing to assume risk of an E-rate funding denial

# C2 Purchasing Reminders

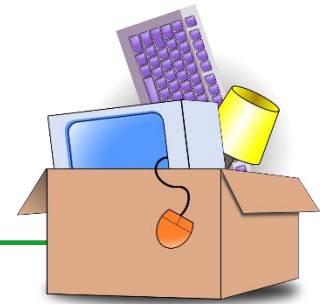
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- ✓ Create and Maintain Asset Inventory
  - All audits require this to be submitted
  - Sample: <http://e-ratepa.org/wp-content/uploads/2014/03/Asset-Register-Sample.xlsx>
- ✓ Only purchase exact equipment that was approved on 471
  - If equipment 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



# Equipment Transfer Rules

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- 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



# C2 Form 471 Filing Reminders

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- Apply for Multi-Year Product Licenses in 1<sup>st</sup> year
  - No need to amortize
- Don't apply for Basic Maintenance Services as Licenses
  - Must amortize
- Ignore the “View Category 2 Budget Information” in the Form 471
- Don't ever apply for more than C2 budget cap for a school
- Have Structured Cabling Contracts be Single Priced
  - By school
- Break Out All Components into Separate FRN Line Items – Including Switches
- Break Out Ineligible Costs
  - Firewalls: Anti-virus, anti-spam, filtering, DDOS features
  - UPS: Network cards
- Sign vendor contracts before submitting 471
- Wisely Allocate C2 Budgets for Shared Equipment
  - Use weighted calculation if it maximizes your C2 budgets

# Questions?

