

E-rate Category 2 Workshop for Public Schools: Eligibility and Bidding



Presented by Julie Tritt Schell
PA E-rate Coordinator
for the Pennsylvania Department of Education
December 2019

Category 2 Overview

- Category 2 funds Wi-Fi and related wiring, infrastructure and equipment **inside** buildings
- Can purchase/install equipment from April 1, 2020 – Sept 30, 2021
 - Cannot invoice USAC until July 1
- Intention is to have all schools and libraries obtain Category 2 funding over a set multi-year “cycle”
- All competitive **bidding requirements** will continue to apply and applicants can only apply for what they need 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%
75 – 100%	85%	85%

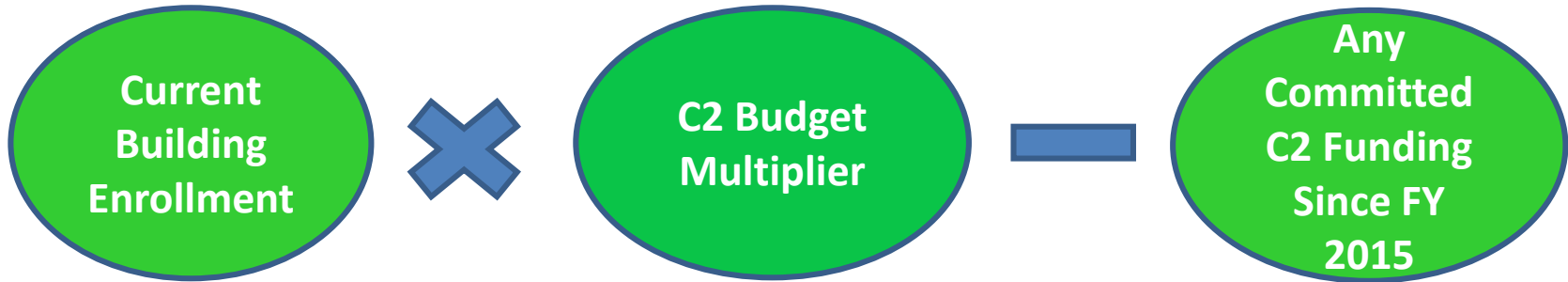
Category 2 Budgets

- Recently, the FCC extended the Category 2 Pilot Cycle from 5 years to 6 years.
 - Cycle 1 (pilot) = FY 2015 – FY 2019 → FY 2015 – FY 2020
 - Cycle 2 = FY 2021 – FY 2025
- Schools/libraries receive a per pupil or per square foot “pre-discount” amount (multiplier) that can be spent anytime during the C2 cycle
 - FY 2020 *anticipated* multipliers:
 - Schools: **\$195.63/pp/school (includes a 1-time 20% increase!)**
 - Urban libraries: \$6.52 (locale codes 11, 12, 21)
 - All other libraries: \$2.99
 - Minimum budget/building: \$11,998.43
 - No unused funding will be rolled over into next C2 cycle (FY 2021)

Category 2 E-rate Budgets

- For FY 2020, funds are allocated **per school/library** (not on a shared-district basis) and applicants **cannot** move funding from one school or one library to another
 - For FY 2020, equipment **MUST** stay at the location indicated on the Form 471 for a period of **3 years** after the date of purchase
 - For FY 2021, funds will be allocated district-wide or library system-wide and equipment can be transferred **between** buildings
 - Asset inventory must be updated to track equipment
- 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
- 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

FY 2020 Category 2 Budget Formula



EXAMPLES:

School	Enrollment	FY 2020 Budget Multiplier	FY 2020 Base Budget	Used Since FY 2015	FY 2020 E-rate C2 Funding Cap
Red School	625	\$195.63	\$122,268	\$50,000	\$72,268
Green School	300	\$195.63	\$58,689	\$20,000	\$38,689
Yellow School	50	\$195.63	\$11,998.43	\$2,500	\$9,498.43
Blue School	120	\$195.63	\$23,475	\$25,000	\$0

Because $(50 * \$195.63) < \text{floor amount}$

Because enrollment decreased significantly

Where to Find How Much Has Been Used Since FY 2015?

2 Ways:

1) USAC's Category 2 Budget Tool

<https://sltools.universalservice.org/portal-external/budgetLookup/>

- Caution: ONLY use this tool to obtain the previously-used funding data
- Don't look at what it shows for the remaining balance because the tool has not been updated to reflect the FY 2020 multipliers

Easy Nav: www.usac.org/e-rate

Resources

[Eligible Services List](#)

[Tools](#)

[Weekly SL News Brief](#)

[Training](#)

[Announcements](#)

FCC Form 471 Tools

[Category Two Budget Tool](#)

Schools and Libraries (E-rate)

Category 2 Budget Lookup Tool

Note that C2 budgets are pre-discount. Only approved pre-discount amounts are charged against an entity's C2 budget. Individual schools and libraries have C2 budgets.

School districts, library systems, consortia, and non-instructional facilities (NIFs) do not. [\(more...\)](#)

Entity Number

Enter up to 100 entity numbers separated by commas.

Enter Entity Number or paste from your clipboard

Lookup C2 Budget Status

Using USAC's C2 Budget Tool

STEP 1: Enter building entity numbers into tool

Entity Number

Enter up to 100 entity numbers separated by commas.

20832
20831
234602

List School/Library Entity Numbers Here

Lookup C2 Budget Status Clear

STEP 2: Expand each “+”

Category 2 Budget Status

Understanding the search results [\(more...\)](#)

Entity # 20832	Entity Name ENGLE MIDDLE SCHOOL
Entity # 20831	Entity Name PENN LONDON ELEMENTARY SCHOOL
Entity # 234602	Entity Name AVON GROVE INTERMEDIATE SCHOOL

STEP 3: Copy “Approved Pre-Discount” Amount

Entity #	Entity Name	
20832	ENGLE MIDDLE SCHOOL	
+ FY2019		
C2 Budget	Approved Pre-Discount	Remaining Balance
\$134,760.68	\$8,025.80	\$126,734.88

ONLY use this data point. This amount includes the approved, pre-discount amounts of all FRNs in FY 2015 – FY 2019. It also includes all processed (not pending) Form 500's that were submitted to reduce or cancel funding.

Where to Find How Much Has Been Used Since FY 2015?

2) Cool New C2 Budget Tool from Funds for Learning

<https://www.fundsforlearning.com/FFLServices/c2budgetcalculator.php>

Category Two Budget Calculator

The Category Two budget amount is based on student population and the discount rate is based on prior-year application data. Both are actual figures based on user data input.

Step 1: Enter a billed entity number, a zip code, all or part of the entity's name, or the entity's city in the box below.

Search Term: ←

Step 2: Select a state if you wish to narrow your search.

State:

Step 3: Select an entity type if you wish to narrow your search.

Entity Type: School Districts
 Library Systems

Only need BEN, zip, name, etc., unlike USAC's tool that requires building entity numbers.

Caveat: This tool currently does not show results for schools that have not used any C2 budgets, and does not include C2 “used” commitments where an entity was listed on a consortium C2 application.

FFL C2 Budget Tool - Results

Search Results

Name	Billed Entity Number	NCES Number	Street	City	State	Zip	Category	Type	Urban/Rural
AVON GROVE SCHOOL DISTRICT	126215		375 S. JENNERSVILLE RD	WEST GROVE	PA	19390	DISTRICT	PUBLIC	Not Found

Category 2 Budget Per Site

Available Pre-Discount C2 Budget for FY 2020

New C2 Budget Table Options ▾

Site Name	BEN	FY2020 Budget	FY2015-2019 Budget Util.	FY2020 Avail. Budget	FY2020 Avail. Discount
AVON GROVE HIGH SCHOOL	20833	\$343,917.54	\$50,407.51	\$293,510	x 60% \$146,755
AVON GROVE INTERMEDIATE SCHOOL	234602	\$294,814.41	\$14,330.42	\$280,484	x 60% \$140,242
ENGLE MIDDLE SCHOOL	20832	\$165,111.72	\$8,025.80	\$157,086	x 60% \$78,543
PENN LONDON ELEMENTARY SCHOOL	20831	\$180,762.12	\$47,097.81	\$133,664	x 60% \$66,832
		\$984,605.79	\$119,861.54	\$864,744	\$432,372

What E-rate Will Pay

\$195.63 x Current Enrollment in EPC

Amount Used Since FY 2015 - From USAC C2 Budget Tool

Stay Within Your C2 Budget!

**Never Request More \$ Than is In Your Category
2 Budget.
Don't Do it.
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



Sneak Peak at NEXT Year's Changes

- Next C2 cycle: FY 2021 – FY 2025
- All C2 **budgets will be reset** at beginning of each C2 cycle
 - Unused funding will NOT carry over from previous C2 cycle
- Budget calculations will be **district-wide** or **library system-wide** instead of at building-level
 - Nice hybrid option for districts/library systems with 10 or less buildings
- Budget **multipliers will remain constant** for entire C2 cycle
 - Will only be adjusted for inflation before NEXT C2 cycle (FY2026)
 - FY 2021 – FY 2025 set multipliers:
 - Schools: **\$167/pp**
 - Libraries: **\$4.50/sq ft**
 - NOTE: All libraries will have identical multiplier
 - Minimum/building: **\$25,000**
- Equipment can be **transferred** between schools

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



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

Internal Connections

- 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)

- 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 7/1/2020 – 6/30/2021
 - Does **not** follow the 4/1/2020 – 9/30/2021 schedule
 - Does **not** follow the first 12 months of ownership schedule
- 100% eligible = basic tech support, configuration changes
 - Costs common when purchasing new equipment
 - Often referred to as “Manufacturer Support Services”
- 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.

Managed Internal Broadband Svcs

- Managed Internal Broadband Services (MIBS)
- Has not traditionally been popular among applicants
- Covers 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 C2 budget

Category 2 Procurement Options/Requirements



General C2 Bidding Requirements

- ✓ Equipment list **MUST** allow for equivalent manufacturer's products to be bid
 - "Cisco 48-port PoE Switch or equipment that is equivalent in functionality and quality"
 - May include a requirement that equivalent equipment must be fully **interoperable** and compatible with District's existing "**XYZ**" equipment
 - Be sure to list your existing equipment

- ✓ Binary bid disqualification reasons be stated in the State and Local Procurement Requirements of the Form 470 or in the RFP
 - **DQ reasons must be yes/no (either they complied or they did not)**

- ✓ **NEW:** Absent a bid due date, new requirement to consider all bids received up until the date you conduct your bid evaluation I suggest the following language:

"Deadline for vendor proposals is January XX, 2020 at 9:00 am Eastern. We reserve the right to reject late-submitted proposals. Proposals must be e-mailed to the Form 470 contact unless otherwise noted."

General C2 Bidding Requirements

- ✓ **NEW:** FCC recently adopted an Order prohibiting the use of Universal Service funding, including E-rate funds, to purchase equipment and services from companies deemed a national security risk. I recommend that from now on, both Category 1 and Category 2 Form 470's and/or RFPs contain the following language:

“In accordance with FCC Rules, proposals that include equipment from Huawei or ZTE, or have components from these companies embedded in proposed products, will be disqualified.”

General C2 Bidding Requirements

- ✓ 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)

- ✓ 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=>

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

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

Category 2 Bidding Options

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

- 1) Post Form 470/RFP
- ~ or ~
- 2) Use PA PEPPM Contract

Note: Directions for using either procurement option take into account PA procurement laws

- *PA Co-Stars contract is not E-rate eligible*

Option # 1: C2 Form 470 w/RFP

Post Form 470 and RFP

- RFP required if cost of equipment exceeds \$20,600 (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)
- 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
- Best option for **structured cabling projects**

C2 Form 470

- RFP must be uploaded when 470 is posted
- All addenda and additional information provided to vendors also **must** be uploaded into EPC at the time of issuance
 - Locate 470 in EPC > Related Actions > Add an RFP Document
 - Restart 28-day clock for service or entity changes

Add New Service Request

Service Type *

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

Function *

Please select a value

Please select a value

- Cabling
- Caching
- Firewall Service and Components
- Racks
- Router
- Switches
- UPS/Battery Backup
- WAP
- Wireless Controller
- Antennas, Connectors, and Related Components

Adding Service Requests to 470

Add New Service Request

Service Type *

Internal Connections

Basic Maintenance of Internal Connections

Managed Internal Broadband Services

Function *

Switches

Quantity *

2

Unit

Each

Manufacturer

Hewlett Packard or equivalent

Are you also seeking Installation, Activation and Initial Configuration for this service? *

Yes

No

<input type="checkbox"/>	Service Type	Function	Manufacturer	Manufacturer Other Description	Entities	Quantity	Unit	Installation and Initial Configuration?	Associated RFPs
<input type="checkbox"/>	Internal Connections	Switches	Hewlett Packard or equivalent			2	Each	Yes	

ADD NEW SERVICE REQUEST

EDIT SERVICE REQUEST

REMOVE SERVICE REQUEST

Narrative

If you would like to provide further detail about the services sought, you may do so in this box below. Examples of such further detail include specific additional capacity levels that you are seeking, additional descriptions of the services bidders should be aware of or any disqualification factors.

Seeking HP Model XXXXX or equivalent switches. Equivalent proposals must be compatible and fully interoperable with the library's existing XXX HP equipment.

C2 Form 470 Competitive Bidding

- After the Form 470/RFP has been posted online, vendors submit proposals directly to the school
- 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**
 - Be sure to retain all correspondence with vendors

Option # 2: PEPPM Mini-Bid

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 manufacturers in that “Category”
 - Can list preferred manufacturer, but must request bids for “equivalent” products
 - Minimum 2 week bidding period
- 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
- PEPPM Mini-Bid Guide available at:
http://e-ratepa.org/?page_id=6121

PEPPM Category List Example

- Open PEPPM Product/Category/Vendor spreadsheet
- Filter by which 'Category' your equipment falls under
- Copy Awarded Vendors' E-mails in "TO" line of single e-mail
- Use sample cover letter and attach completed equipment bid list
- Release separate mini-bid for each different 'Category' of service (don't combine)

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

EXAMPLE - DO NOT USE

PEPPM vs 470/RFP

PEPPM

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

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

Hints When Constructing Form 470

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

Next Steps

- Vendors will submit proposals directly back to the contact indicated on the 470/RFP or mini-bid
- After bid due date, ensure bids are compliant with minimum qualifications and conduct bid evaluation
 - Remember that 470/RFP bidding evaluations can't assign points
- Contact winning vendor to seek contract
- Seek board approval (if required)
- Sign contract
 - All C2 requests must have signed contracts
 - Contract can be as simple as a vendor quote that is signed by the school or library. Be sure to include:
 - Contract signing date (must be before 471 filing date)
 - Contract term: 4/1/2020 through 9/30/2021
 - Purchase is contingent upon E-rate funding and local funding approval
- Upload into EPC Contract Module
- Submit Form 471

C2 Purchasing Reminders

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

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

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

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



General Category 2 Bidding Timeline

- Post 470/release RFP before holiday recess
- Bids due 29 days after 470 is posted (mid-late January)
- Evaluate bids late Jan – Feb
- Seek board approval at February meeting
- Sign contracts by February 27
- Upload contracts to EPC Contract Module by March 1
- Complete 471 no later than March 10



Questions?

