Overview of E-Rate and Wi-Fi Options

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Networkmaine

What is E-Rate?

E-Rate is a telecommunications discount program that reimburses a portion of bills paid for eligible products and services received by school and library applicants

E-Rate is not a grant program --- applicants do not receive money up front

- You apply for funding of anticipated costs of eligible items
- Only after those items have been installed or received and only after you have paid for those items, may you then submit a request to be reimbursed for the E-Rate portion

Who governs E-Rate?

E-Rate is governed by the Federal Communications Commission (FCC) and administered by the Universal Service Administrative Company (USAC)

The Schools and Libraries Division (SLD) of USAC collects and reviews all application documents, makes the funding decisions, and disburses awarded funds

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What does E-Rate support?

E-Rate supports connectivity – the conduit or pipeline for communications using telecommunications services and the Internet

Applicants are responsible for providing additional resources such as:

- end-user equipment (e.g. computers, telephones)
- software
- other elements necessary to realize the objectives of that connectivity

Who can apply for E-Rate?

Schools, school districts, libraries, and library systems are eligible to receive E-Rate funding

Consortia (groups of eligible entities) can band together to aggregate demand and negotiate lower prices

Example: Networkmaine files for E-Rate as a consortium for Internet and Transport Services on behalf of its members

What makes a school eligible?

To be eligible for E-Rate funding, schools must meet the statutory definition of elementary and secondary schools found in the No Child Left Behind Act of 2001 (20 U.S.C. § 7801(18) and (38)):

- An elementary school is a non-profit institutional day or residential school, including a public elementary charter school, that provides elementary education, as determined under state law

- A secondary school is a non-profit institutional day or residential school, including a public secondary charter school, that provides secondary education, as determined under state law, except that such term does not include any education beyond grade 12

What makes a school ineligible?

A school is ineligible if:

- the state does not consider it to be an approved school

- it operates as a for-profit business

- it has endowments exceeding $50 million

Are other entities eligible?

YES Eligible

- Approved private schools
- Non-instructional facilities (NIFs)

    school buildings that do not contain classrooms (e.g. administrative buildings, school bus garages)

- Alternative education programs

    if the entity provides elementary or secondary education to its student population *and* if the school facility is eligible for support because elementary and secondary education is provided at that facility
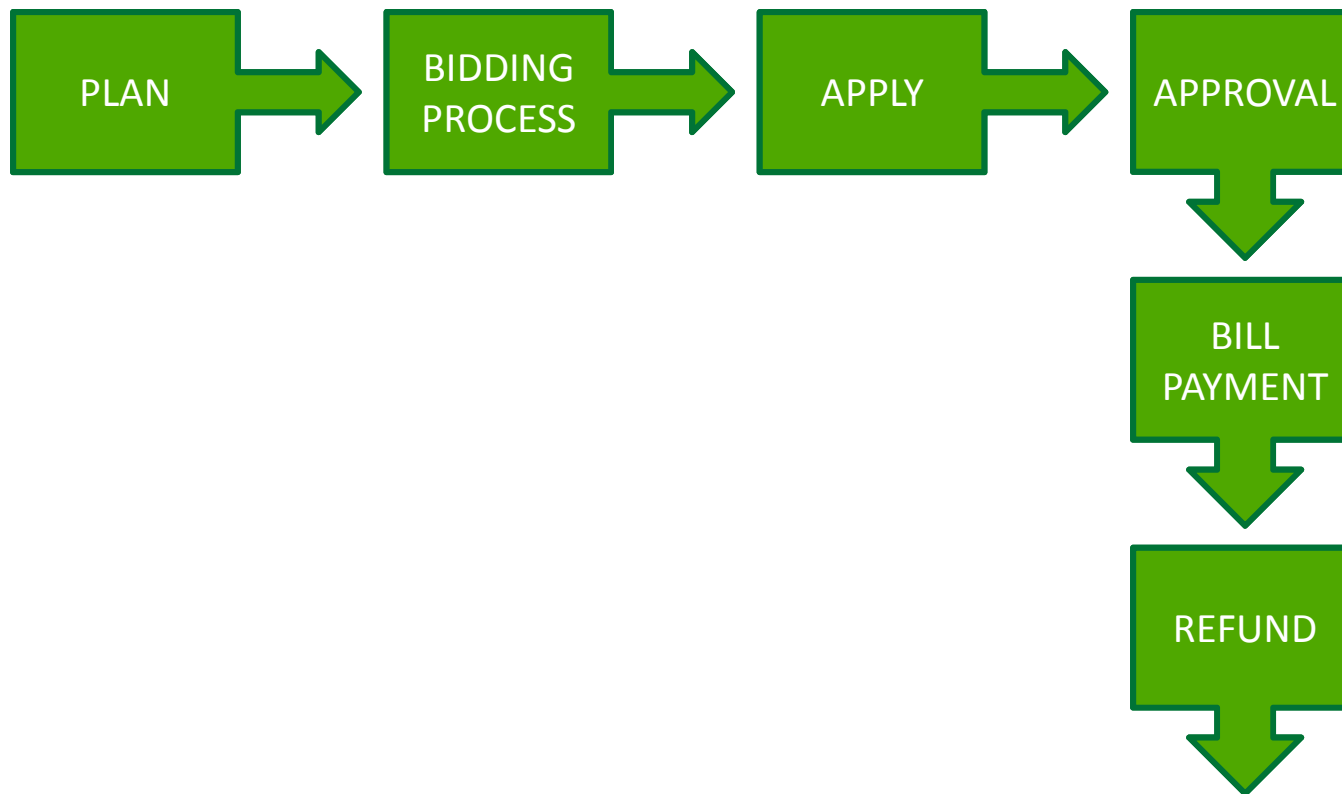
NO Not Eligible in Maine

- Head Start
- Separate Pre-K facilities
- Separate Adult Education facilities

The Process

How does the process work?

PLAN → BIDDING PROCESS → APPLY → APPROVAL → BILL PAYMENT → REFUND

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What is an E-Rate year?

- E-Rate funding commitments are made by the funding year (FY)

- Each funding year runs from July 1 through the following June 30

- The funding year number is the year in which most services will begin

  Example: FY2017 = July 1, 2017 - June 30, 2018

- The application process starts the year before the funding year

- Applicants must apply every year they want E-Rate

How can I get E-Rate?

There are four basic forms that must be filed annually

1. FCC Form 470

   I want a product or service

2. FCC Form 471

   I have chosen a service provider and this is how much funding I am entitled to

3. FCC Form 486

   I am receiving the service and I am CIPA compliant

4. FCC Form 472/474

   Bills have been paid and I want to receive my funding

Where do I apply?

At least one individual for your organization will need a login for each of the following:

1. EPC Portal – you MUST be in EPC to apply for E-Rate

   USAC's account management and application portal where profile information will be stored for your organization and most form filing, processes, and interactions will occur

2. BEAR Applicant Login Area

   Separate area (outside of EPC) where applicants file for reimbursements against paid bills

Step 1: Making a Plan

PLAN → BIDDING PROCESS → APPLY → APPROVAL → BILL PAYMENT → REFUND

YOU ARE HERE

{NOW!!!}
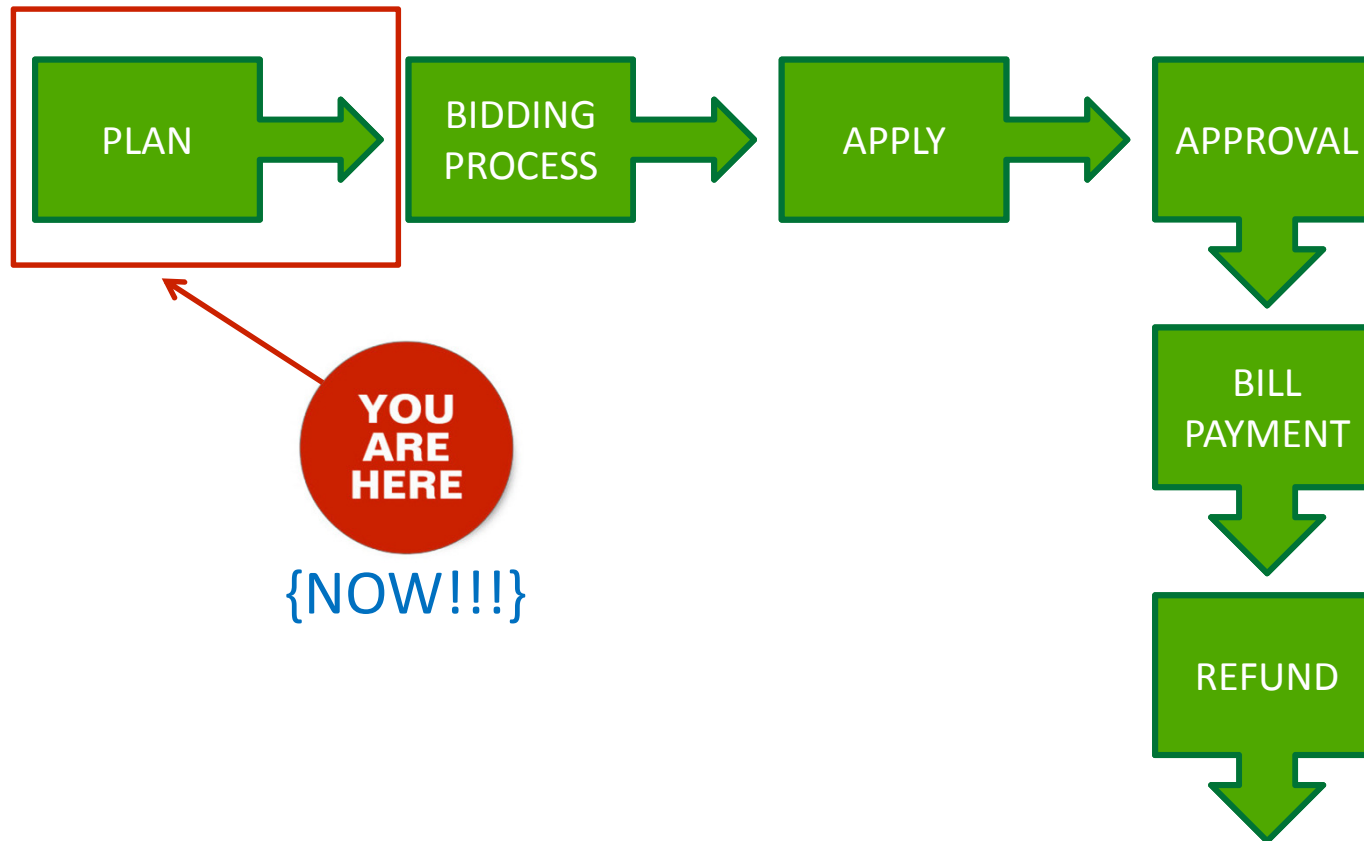
How do I plan?

- Determine what eligible products and services you need
  - USAC releases an Eligible Services List each year
- Determine what you can afford
  - Budget the entire cost of the service or project pre E-Rate *E-Rate will potentially reimburse some of your costs but should never be considered a guaranteed funding source*
  - Determine your potential E-Rate discount
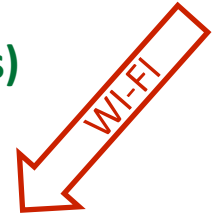
What is eligible for E-Rate?

PLAN

Category 1 Services
(connections TO schools)

BROADBAND

- Data Transmission and Internet Access

- Voice Services (phasing out)
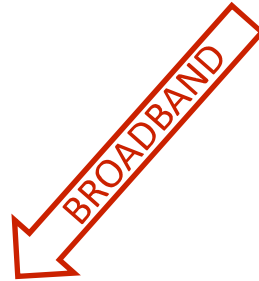
Category 2 Services
(connections WITHIN schools)

WI-FI

- Broadband Internal Connections

- Basic Maintenance of Eligible Broadband Internal Connections

MANAGED WI-FI

- Managed Internal Broadband Services

What about Wi-Fi?

Support is available for components used to distribute high-speed broadband throughout a school's building:

- Routers
- Switches
- Wireless access points
- Internal cabling
- Racks
- Wireless controller systems

- Firewall services
- UPS equipment supporting eligible equipment
- Software supporting these components

- These eligible functions can be virtualized in the cloud or combined in equipment (e.g. routing and switching)

- Equipment can be installed as early as the April 1 prior to the start of the funding year or as late as September 30 after the funding year ends

What about Basic Maintenance?

- Covers the repair and upkeep of eligible products

- The underlying product must be eligible for E-Rate in order for their associated repair and upkeep services to be eligible

- Includes hardware, wire, and cable maintenance, along with basic technical support and configuration changes

- Services must be for actual work performed and parts repaired or replaced

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What about Managed Wi-Fi?

- Refers to the practice of outsourcing the maintenance and monitoring responsibilities of a network to a third party provider

- Limited to eligible expenses or portions of expenses that directly support and are necessary for broadband connectivity within schools

- Covers the operation and management of a LAN or WLAN

- Anticipated to be eligible at least through FY2019

What are my options?

Options

1. The school owns the equipment <u>but</u> outsources the management of it to a third party for a fee

2. A third party <u>both</u> owns and installs the equipment <u>and</u> manages the service. The school leases the equipment as part of the managed services contract.

3. The school owns the equipment <u>and</u> manages the equipment (E-Rate reimburses for equipment only; E-Rate does not reimburse for costs to manage own equipment)

Are there funding limits for C1?

Category 1:

No funding limit

NOTE:

Total available E-Rate program funding is based on demand up to an annual funding cap

Are there funding limits for C2?

Category 2: Pre-discount 5 year budget of $150 per student
(adjusted annually for inflation)

- Budget is calculated per school, not per district --- each school gets its own budget

- You cannot move funding from one school to another

- Each school's total budget can be spent throughout the 5 year term either all in one year or allocated to multiple years

- Year 1 of term = the first year you apply for C2 funding

- If you have received some C2 $, subtract it from the total budget to determine remainder

- Small schools with less than 62 students receive a budget floor of $9200 pre-discount

- Current budget rules are in place FY2015-FY2019

Budget Examples

Formula:

students x $150 x discount rate = 5 year C2 budget

Total Students at School	Discount Rate	Calculation	Total C2 E-Rate $ across 5 years
50	70%	Minimum threshold < 62 students $9,200 x 70%	$6,440
100	85%	100 x $150 x 85%	$12,750
1000	50%	1000 x $150 x 50%	$75,000

What discount will I receive?

- E-Rate discounts can range anywhere from 20% to 90% of eligible costs

- E-Rate discounts are district-wide

- Discounts are based upon the poverty level of students as determined by eligibility to participate in the National School Lunch Program (NSLP) and the urban or rural designation

DISCOUNT

DISCOUNT MATRIX

Use the discount matrix to determine a discount based on the percentage of students qualifying for NSLP and the urban/rural location designation.

% of students eligible for the National School Lunch Program	Category One Discount Level		Category Two Discount Level	
	URBAN discount	RURAL discount	URBAN discount	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%

PLAN

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Step 2: Competitive Bidding Process

PLAN → BIDDING PROCESS → APPLY → APPROVAL → BILL PAYMENT → REFUND

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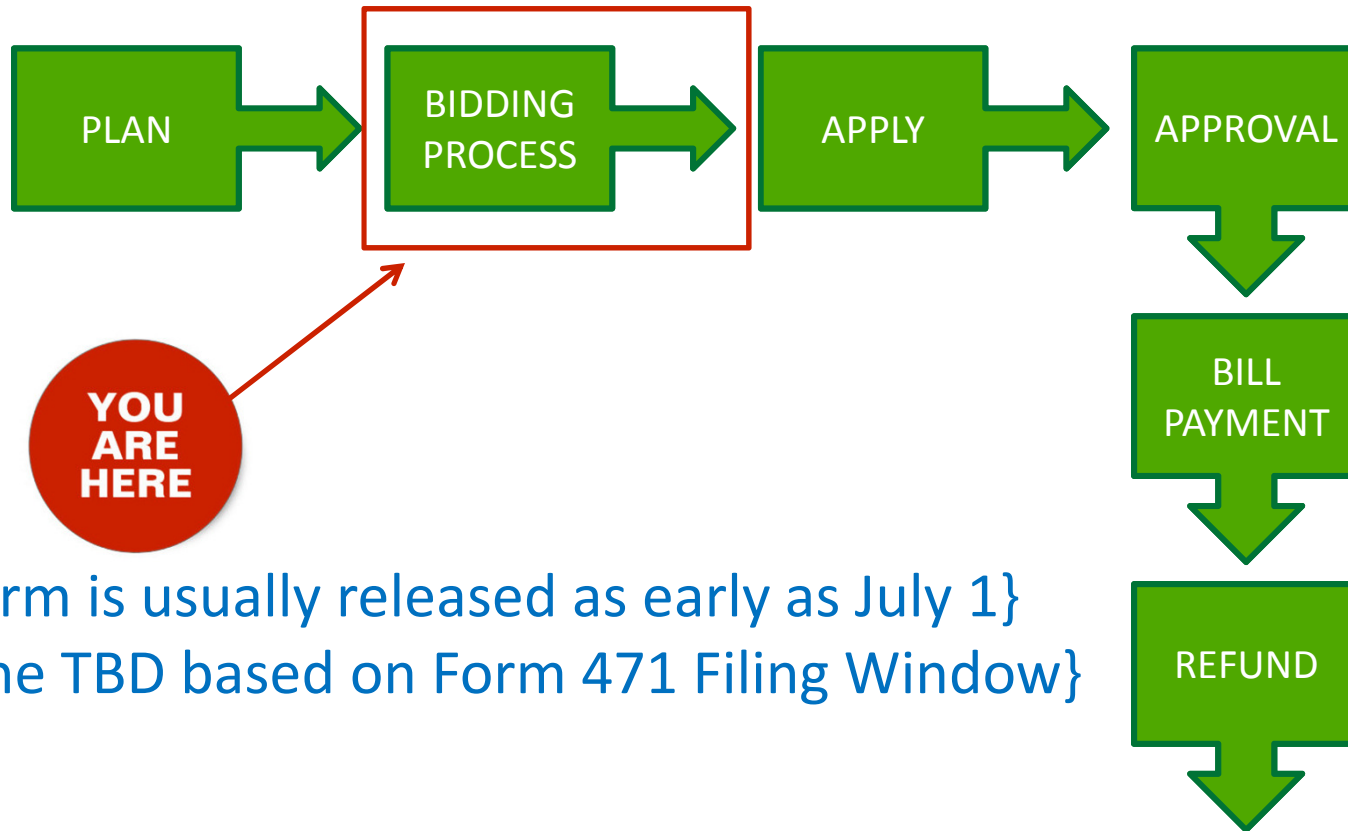
{new form is usually released as early as July 1}
{deadline TBD based on Form 471 Filing Window}

What do I do?

- The competitive bidding process is launched when an FCC Form 470 is filed

- This must be done annually unless you filed a Form 470 in a previous year that resulted in a multi-year contract covering the entire upcoming Funding Year

  Example: a Form 470 was filed in FY2016 that resulted in a multi-year contract including FY2016 – FY2018; no new Form 470 is required for this service in FY2017 or FY2018

The FCC Form 470

A request for products and/or services that opens a competitive bidding process

- Potential vendors have at least 28 days to respond with bids

- After 28 days, applicants can evaluate the responses and make a decision / award a winning bid

- Cost must be the primary factor in choosing a solution

- Filing a Form 470 does not obligate an applicant to sign contracts or accept E-Rate funding

- If you do want E-Rate, the bidding process must result in a contract or legally binding agreement that is signed and dated before the FCC Form 471 can be filed

Only after the 28-day waiting period can you …

1.

Evaluate the bids you received using a bid evaluation matrix

2.

Choose your service provider(s) and notify the winner(s)

3.

Sign a contract or legally binding agreement

4.

File the next form (FCC Form 471)
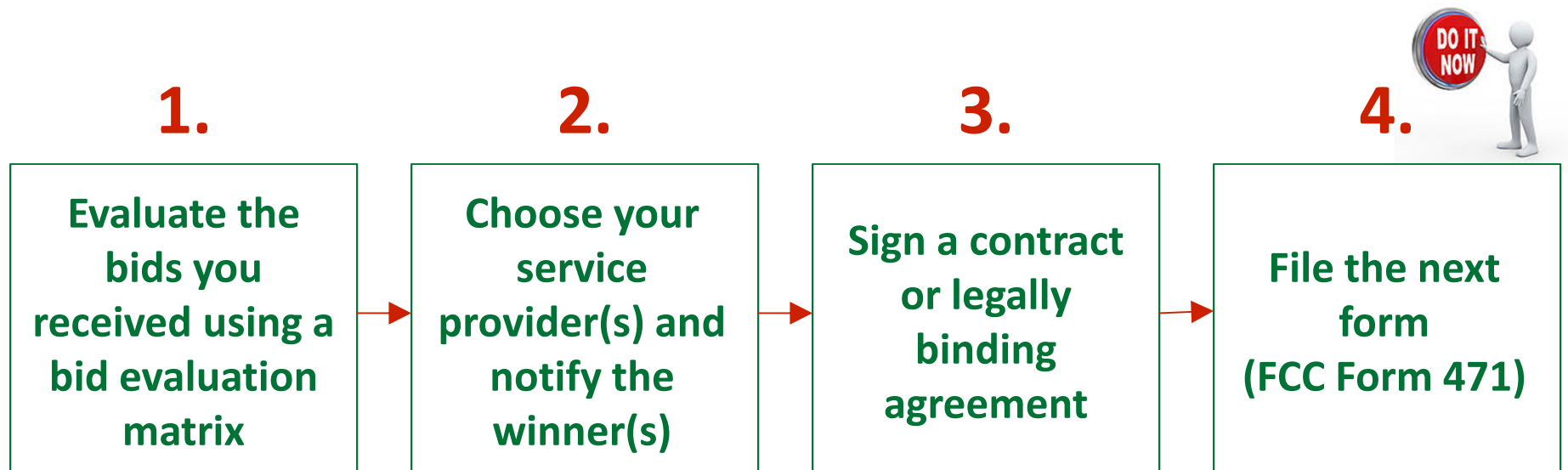
Step 3: Applying For Funding

{dates TBD by USAC}
{~ Jan/Feb – April/May}
{required form can't be filed until a Form 470 has been filed + 28 days}

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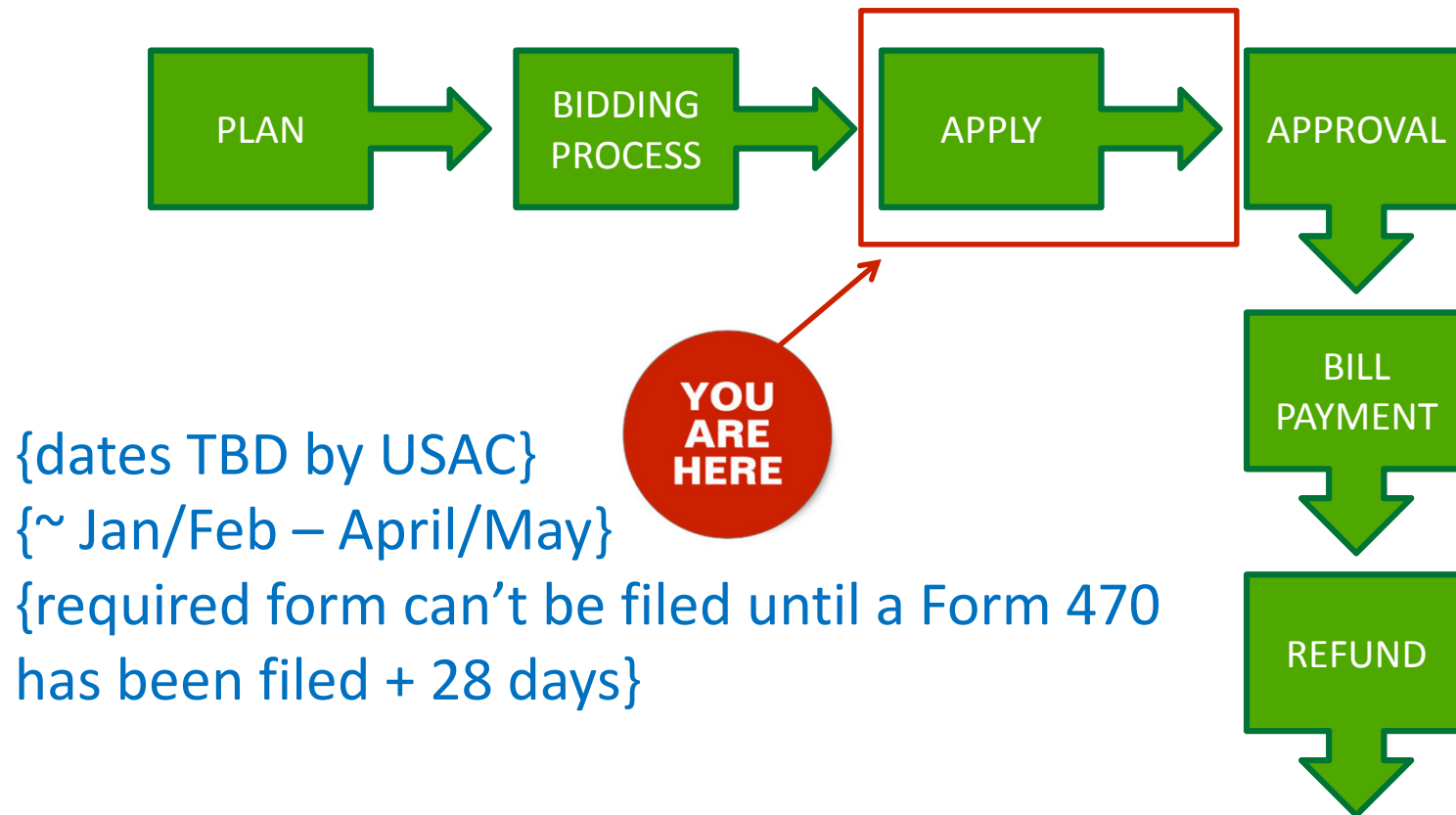
What do I do?

APPLY

- To apply for E-Rate discounts – to request funding – for a given funding year, you will file an FCC Form 471

- This form must be filed <u>annually</u> every year that you want to receive E-Rate

The FCC Form 471

An indication of who has been selected to provide services and the amount of funding being requested

- Lists selected service provider(s), services / products, quantities, and costs

- Identifies the eligible entities that will receive the services

- Calculates how much funding support is being sought and the E-Rate discount to be applied

- Cannot include any items not listed on a Form 470

- Cannot be filed until the FCC Form 470 has been posted for at least 28 days and a contract / legally binding agreement has been signed and dated

Structure of a Form 471

APPLY

FCC Form 471	**Funding Request**	**FRN Line Item**
• File a separate form for each category of service	• Add one funding request per service type, service provider, FCC Form 470, contract/service agreement • Provides summary information • Each request is identified by an ID number called a Funding Request Number (FRN)	• Add one or more line items per FRN • Provides details about the individual services or products listed on the funding request

Category 1 → Internet Access → Line Item 1, Line Item 2

Digital Transmission Service → Line Item 1

Category 2 → Internal Connections → Line Item 1

Internal Connections → Line Item 1, Line Item 2

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Step 4: Funding Approval

PLAN → BIDDING PROCESS → APPLY → APPROVAL

APPROVAL → BILL PAYMENT → REFUND

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{likely no earlier than July}
{weekly waves throughout the year}

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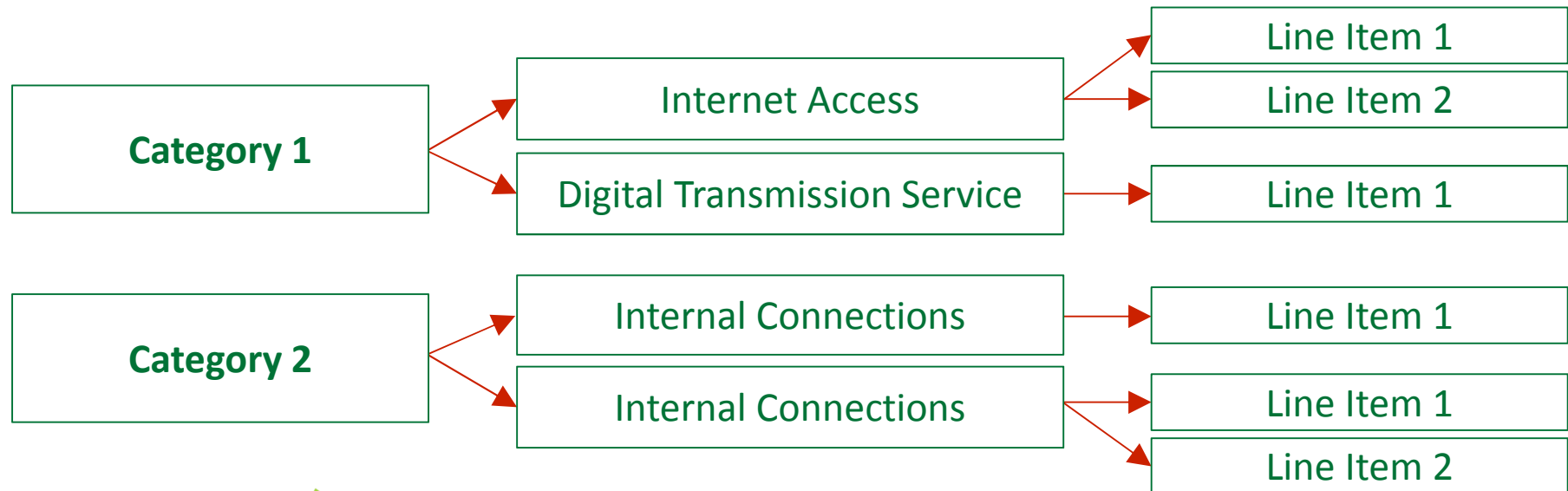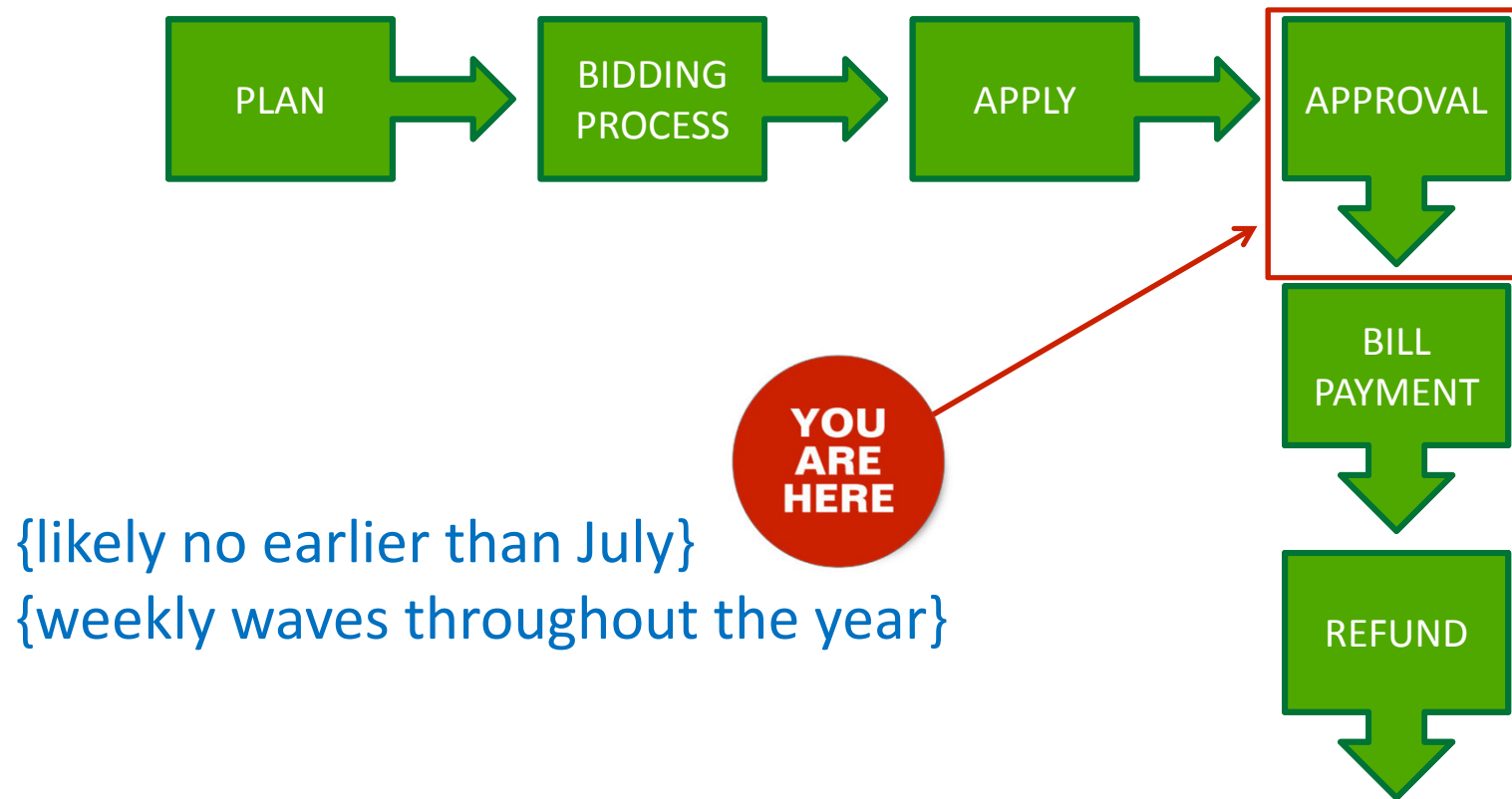
What happens next?

- The Form 471 is reviewed for accuracy, eligibility of entities, eligibility of requested products and services, discount rates, and compliance with program rules

- Program Integrity Assurance (PIA) may contact you to verify any of these items and submit documentation

- A Funding Commitment Decision Letter (FCDL) is issued indicating which funding requests were approved and the amount of funding committed to the applicant

- FCDLs are released in weekly waves usually beginning soon after the filing window closes

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Step 5: Bill Payment

PLAN → BIDDING PROCESS → APPLY → APPROVAL

YOU ARE HERE → BILL PAYMENT
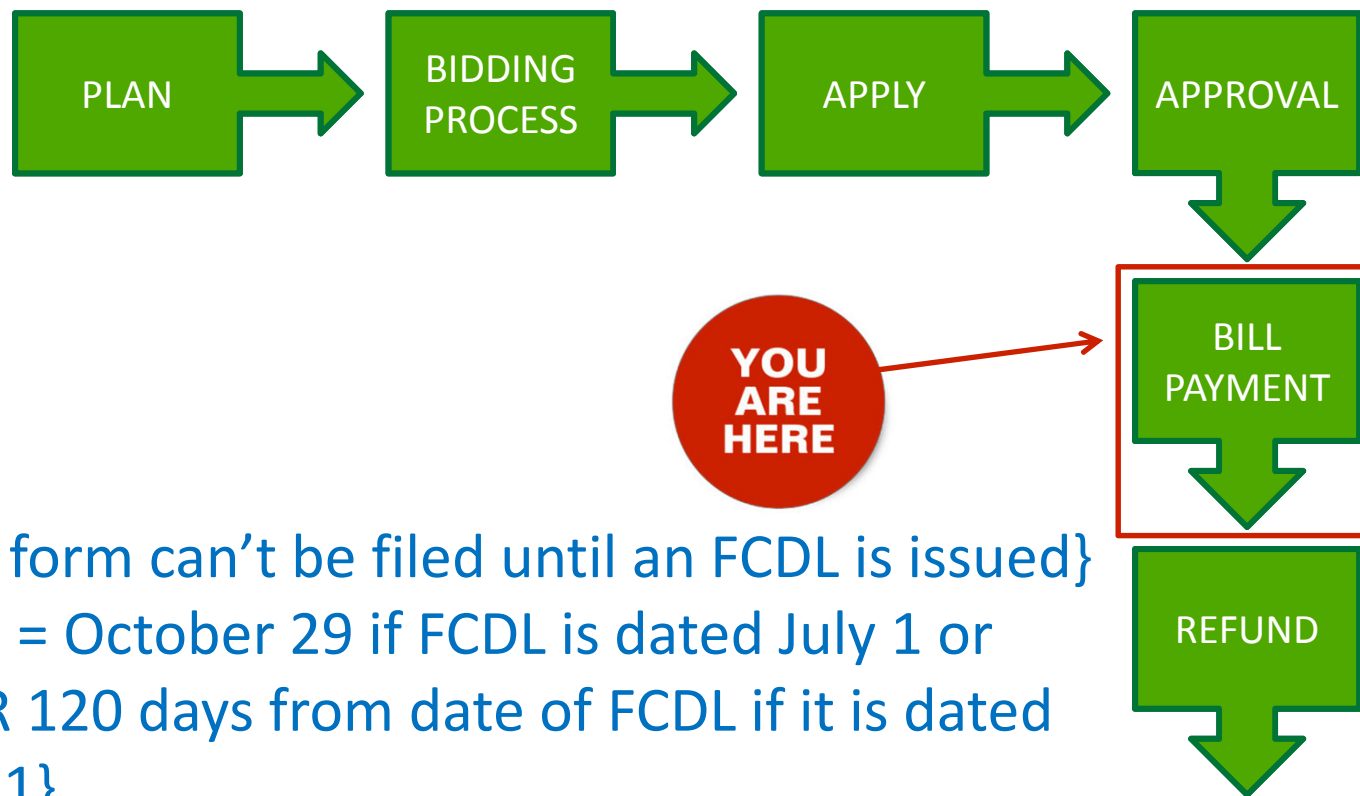
REFUND

{required form can't be filed until an FCDL is issued}
{Deadline = October 29 if FCDL is dated July 1 or earlier OR 120 days from date of FCDL if it is dated after July 1}

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What happens next?

- It is very likely that the funding year will start and you will receive bills from your service provider before you have received a Funding Commitment Decision Letter

- Applicants are responsible for paying bills in a timely manner

- Once you do receive an FCDL, you will need to file an FCC Form 486

The FCC Form 486

An indication that services for a particular Funding Request Number (FRN) have started and that the applicant is CIPA compliant

- Filed after a Funding Commitment Decision Letter (FCDL) has been received

- Must be filed for funding to be released

- Must be certified no later than 120 days after the service start date or 120 days after the date of the FCDL, whichever is later

- Best practice: File ASAP after receiving your FCDL

Step 6: Filing for a Refund

PLAN → BIDDING PROCESS → APPLY → APPROVAL

APPROVAL → BILL PAYMENT → REFUND
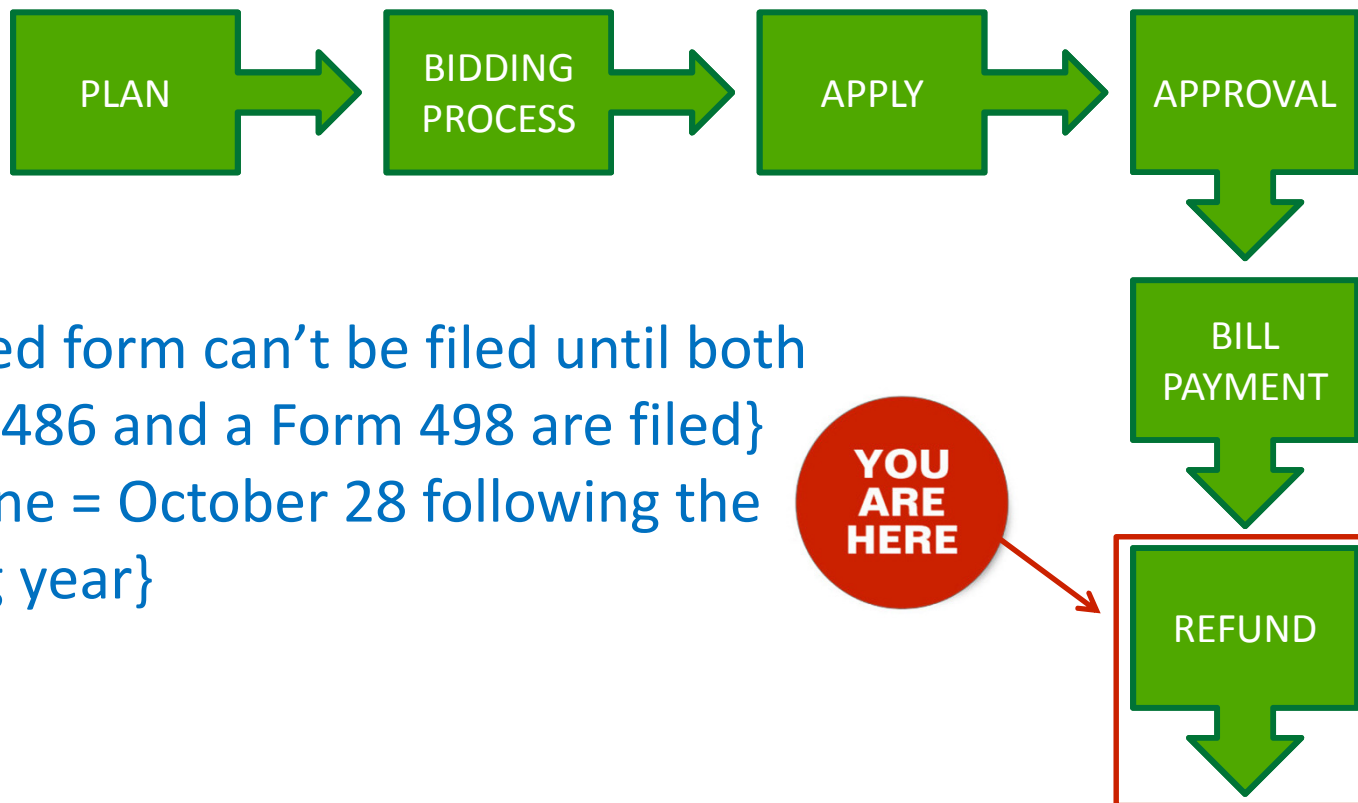
{required form can't be filed until both a Form 486 and a Form 498 are filed}
{Deadline = October 28 following the funding year}

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What do I do?

A Form 498 must be on file for your organization

- If you have a Form 498 on file from a previous year, you do not need to file another one

- If you do not have a Form 498 on file, you must file one before you can invoice USAC for a refund of the discount percentage of bills you have paid

The FCC Form 498

An indication of the bank account to which E-Rate reimbursements will be direct deposited

- Requires supporting banking documentation to be filed as well, e.g. a cancelled check
- Will result in an approved 498 ID to be used on all subsequent reimbursement requests

REFUND

What do I do next?

After you have …

1. received a funding commitment

2. filed a Form 486

3. filed a Form 498 and received a 498ID

4. and paid the service provider

… you can then invoice USAC for a refund of the discount portion

The FCC Form 472/474

A request for reimbursement of actual paid bills

Only one method can be used for an FRN for entire funding year

- Invoice method #1:

  Billed Entity Applicant Reimbursement (BEAR) FCC Form 472

  - Filed by the applicant after the service provider has billed the applicant for the entire cost of services

- Invoice method #2:

  Service Provider Invoice (SPI) FCC Form 474

  - Your service provider automatically applies your discount rate to each bill
  - Filed by the service provider after they have billed the applicant for the cost of services minus the applicant's discount

REFUND

Summary of the Application Process

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Deadline Review

Pre-Commitment Deadlines

FCC Form 470

- Submit no later than 28 days before the last day of the FCC Form 471 filing window

FCC Form 471

- File only during the application filing window (exact dates vary each year)
- File by 11:59 PM EDT on the last day of the filing window

Post-Commitment Deadlines

FCC Form 486

- Deadline is 120 days after service start date or 120 days after the date of the FCDL — whichever is later

FCC Form 472 / 474

- Deadline is 120 days after the last day to receive service or 120 days after the date of the FCC Form 486 Notification Letter — whichever is later
- For most applicants, these dates are October 28 (for recurring services) and January 28 (for non-recurring services) following the close of the funding year

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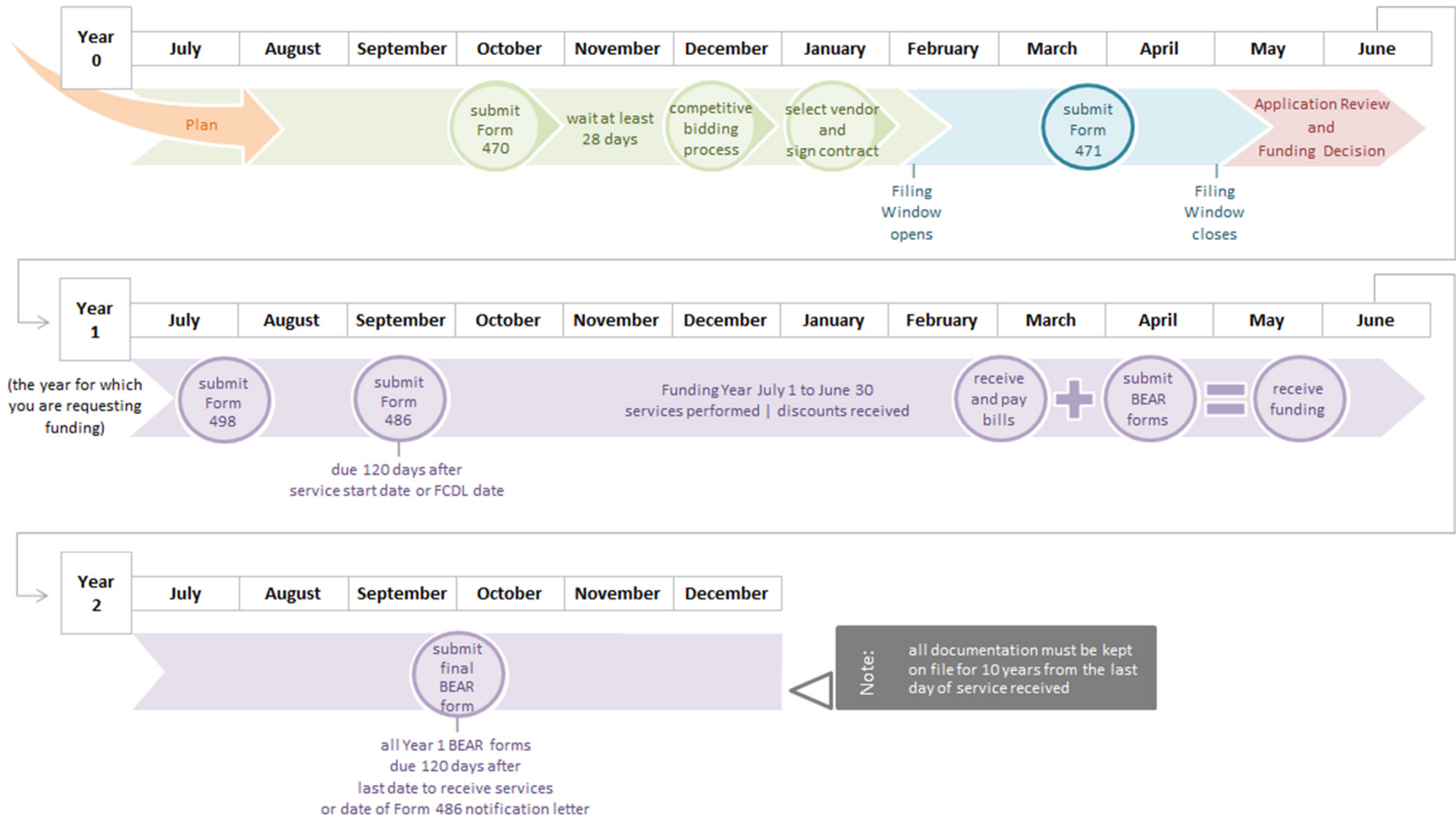
E-Rate Filing Calendar
(one application cycle)

Any Given Year

| July | August | September | October | November | December | January | February | March | April | May | June |

for current funding year (A)

submit Form 498 · submit Form 486 · Funding Year July 1 to June 30 services performed | discounts received · receive and pay bills **+** submit BEAR forms **=** receive funding

for following funding year (B)

Plan · submit Form 470 · wait at least 28 days · competitive bidding process · select vendor and sign contract · submit Form 471 · Application Review and Funding Decision

Next Year

| July | August | September | October | November | December | January | February | March | April | May | June |

for current funding year (B)

submit Form 486 · Funding Year July 1 to June 30 services performed | discounts received · receive and pay bills **+** submit BEAR forms **=** receive funding

for following funding year (C)

Plan · submit Form 470 · wait at least 28 days · competitive bidding process · select vendor and sign contract · submit Form 471 · Application Review and Funding Decision

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E-Rate Filing Calendar
(multiple funding years)

Questions?

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