Erate Category Two Funding

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Overview of Category 2 (C2)

- Previous Webinars: (www.dpi.wi.gov/erate)
  - Introduction to E-rate: Program Basics, and Getting Ready to File
- Today we'll focus on C2 Funding and the E-rate Bidding Process
- Let's start by reviewing C2 Budgets

Category 2 Budgets

- Your district or library has a five-year C2 budget, to offset in-building network costs

- The current five year budget cycle is: 2021-2025

- The budget amount is $167/student; $4.50/library square foot

- Beginning (FY21) budgets are districtwide

- USAC's Budget Tracker shows how much C2 budget your district or library has remaining

Remaining C2 Budget by District

Category 2 Budget: Example

- Ebenezer School District has 1,000 students

- Its C2 budget = 1,000 x $167 = **$167,000** for 5 years

- Over this period it can receive E-rate funding for purchases of up to $167,000 of in-building eligible equipment and services

- The budget covers pre-discount costs of equipment or services

- See USAC's Discount Matrix for your discount

Category 2 Funding

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Guiding rule:
In-building cost to bring internet to students, patrons and staff

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

[DRAFT FY23 Eligible Services List](#)

C2 = Internal Connections

In-building cost to bring internet to students, patrons and staff

- Routers, switches
- Cabling
- Access points
- Access point controllers
- UPS
- Basic Firewall
- Software supporting this equipment

NOT
- Servers
- Filtering
- Devices (laptops, etc)
- Next Gen Firewall

Managed Internal Broadband Services

- MIBS Covers
  - Services provided by a third party for the operation, management, and monitoring of eligible broadband internal connections are eligible MIBS (e.g., managed Wifi)

- Contract with 3rd party vendor to operate the internal network

- Various service models:
  - 3rd party vendor owns and installs the equipment & applicant may lease the equipment as part of a managed service contract
  - Applicant owns equipment and 3rd party manages it for them

Basic Maintenance of Internal Connections

- BMIC Covers
  - Maintenance and technical support to maintain reliable operation of eligible broadband internal connections (i.e. routers, switches)
  - Multi-year maintenance service subscriptions (i.e.software upgrade patches, patch fixes)

Bidding Must Be Transparent, Open & Fair

- Open:
  - There are no secrets in the process
  - Information shared with any bidder must be shared with every bidder
- Fair:
  - All bidders must be treated the same

What is a Bid?

- Detailed description and request for quotations for equipment and services
- Goal is to get the best match for services and equipment at the lowest price
- E-rate eligible services and equipment are listed in the Eligible Services List (ESL)
  - 2023 ESL to be released very soon

Be Specific

- Description of products and services sought should be detailed, specific, and complete

- While you must accept bids for equivalent equipment, the more specific you are about your needs, the easier the bid evaluation will be

Critical Note: "or Equivalent"

- In bidding for hardware, if you specify a particular manufacturer and/or part number, be certain to also say: **"or equivalent"**

Example: Brand A Model # <u>or equivalent</u> cloud managed gigabit switch with 8-ports and POE+

- Important: Not saying "or equivalent," may result in a funding denial by not giving other vendors the opportunity to bid

Determine Bid Evaluation Criteria

- You can include many factors, but price must be the most heavily weighted

- Other factors that are important to you can be weighted almost as heavily as price

- These factors can include previous experience with the vendor, and references

- USAC has provided a sample bid evaluation matrix.
  - We strongly recommend that you adopt the USAC format.

Bid Evaluation Matrix

FACTOR	POINTS AVAILABLE	VENDOR 1	VENDOR 2	VENDOR 3
Price of the eligible products and services	50*	20	50	40
Prior experience with the vendor	25	25	0	25
Prices for ineligible services, products, and fees	15	10	5	15
Local or in-state vendor	10	10	0	0
TOTAL	100	65	55	80

Do I need to post separate bid documents?

- Usually, you can enter your bid narrative directly into the Form 470 and do not need to post separate bid documents
  - The Form 470 narrative is plain text and has a character limit

- If needed, a separate bid document (aka RFP) is uploaded into EPC as part of your Form 470 application:
  - Category 1 fiber projects (RFP required)
  - Complex equipment bids (RFP optional)
  - Local purchasing requirements/Board policy

What is a "Cardinal Change"?

- "A cardinal change is a change that is outside of the scope of your original project, and is significant enough that bids submitted in response to your original submission would not adequately address the change in scope."

  --USAC News Brief, February 18, 2018

- To minimize need to refile, be thorough in your details and ensure accuracy before you post the 470

C2 - Facility Walkthroughs

- Facility Walkthroughs are crucial for complex installations
  - You need the vendor to perform installation
  - You aren't sure about precise quantities of equipment and cabling

- New Construction:
  - Consider having a bidders meeting with the architect and making blueprints available for inspection

Timing

- Minimum bidding period (posted Form 470) is 28 calendar days

- Consider a longer bidding period depending on:
  - Scope of the project
  - Degree of detail in your requests
  - Requirement of a facility walkthrough
  - Number of E-rate vendors in your region

- Remember: it's not just about your schedule - you have to consider vendors' availability to respond as well

Receiving One Bid or No Bids

- If you don't receive any bids after 28 days, you can solicit bids from any vendor at your discretion
- If you receive only one bid and it meets your requirements, you can accept it

After Accepting a Bid

- Be sure to file the following and save for ten years:
  - Your bid evaluation matrix
  - All bids received
  - All communications with vendors, written or electronic

- Tentative Timeline (based on last year's dates)
  - Now - Early February 2023: File Form 470 (issue your bid request and wait 28 calendar days)
  - Mid January - Mid March 2023: File Form 471 (request funding)

Common Bid Violations

- Failure to use price as the most heavily weighted factor in bid evaluation
  - Matrix includes other factors with equal or higher weight than price and/or
  - Awarded the bid to higher-priced bidder but has no bid evaluation matrix to support the choice
- Service type mismatch, or service sub-type mismatch
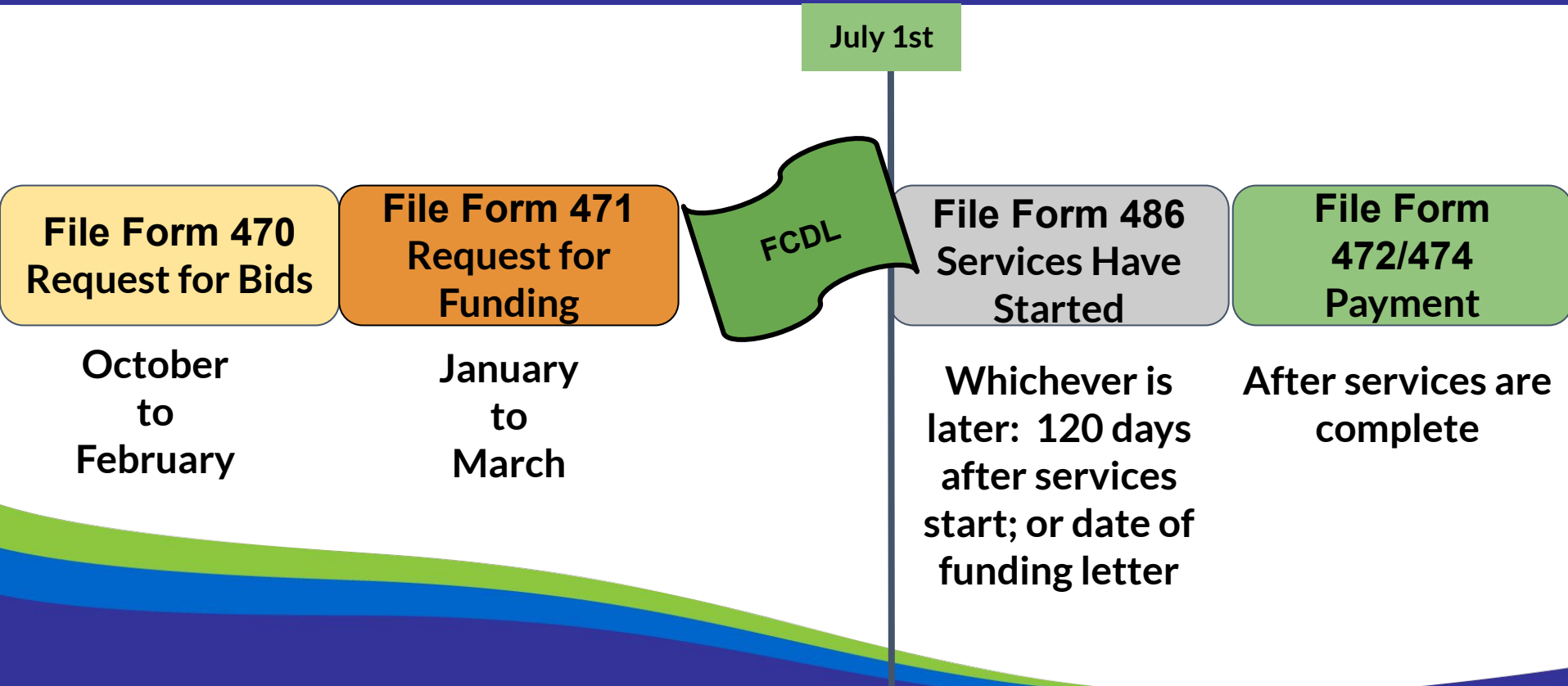 - Post Form 470 select the incorrect sub-type

Service Type Mismatch

- Required by USAC, vendors can search requests for the kind of equipment and services that they offer
  - If you choose the wrong service type, a bidder might not find your RFP even though they are searching for that type of bid
  - If you select a service type in your RFP that does not match the type of service you are actually requesting, your request can be denied

PIA Reviews all Applications

- You need to work together with reviewers

- Note the deadline for response and be certain to meet it
  - Provide your documentation in a complete, clear, and well organized way
  - If you cannot meet the deadline, request an extension

- Read the inquiry carefully and know what it is asking you to document
  - If you are not certain, email (don't phone) your reviewer to request clarification
  - If uncertain how to respond, ask PIA for additional time and contact DPI
  - A wrong answer can result in denial of funding

Timeline Overview

July 1st

File Form 470
Request for Bids

October
to
February

File Form 471
Request for Funding

January
to
March

FCDL

File Form 486
Services Have Started

Whichever is later: 120 days after services start; or date of funding letter

File Form 472/474 Payment

After services are complete

Application Timeline
(Estimated Dates Based on Last Year's Timeline)

- **Now: Review CAT 2 Needs & File Form 470**
  - Recommended: file Form 470 by early February
  - Drop dead filing date is <u>28 days before</u> Form 471 deadline (mid-Feb.)
- **Now: Lookup CAT 2 Budget, Plan CAT 2 Purchases**
  - Align to district/library budget for coming year
- **Now: Update EPC Profile with F/R lunch and enrollment**
  - Use DPI <u>Provided</u> Data, https://dpi.wi.gov/erate
  - Enter data by January 6, 2023 when EPC Profile Window Closes
- **Form 471 Filing Window Opens/Closes** (est. January 9, 2023 - March 17, 2023)

Where to Get Help

- USAC Client Services Bureau Phone Number & Online Form
  - SLD website: http://www.usac.org/sl/
  - Client Service Bureau: 888-203-8100

- If you get PIA Review Questions: Provide requested documentation and communicate with the reviewer via the EPC Portal; contact DPI if needed

- USAC Short Video Series

- USAC School & Library Division Webinar Series

Upcoming Webinars

DPI Webinars: (https://dpi.wi.gov/broadband/events/month)

- Thursday, January 10, 1:30pm: Filing the Forms 470 and 471 for Internet Access. Focus on TEACH (BadgerNet) Customers

Thank You

https://dpi.wi.gov/erate

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