



E-rate Program and Filing Process Overview

2017 E-rate Training



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AGENDA

1. The Basics
2. Discounts
3. Category 2 Budgets
4. How to Apply
5. Request Services (FCC Form 470)
6. Competitive Bidding & Selecting a Vendor
7. Request Funding (FCC Form 471)
8. Application Review & Funding Commitments
9. Start Services (FCC Form 486)
10. Invoicing (FCC Forms 472 & 474)
11. Deadlines

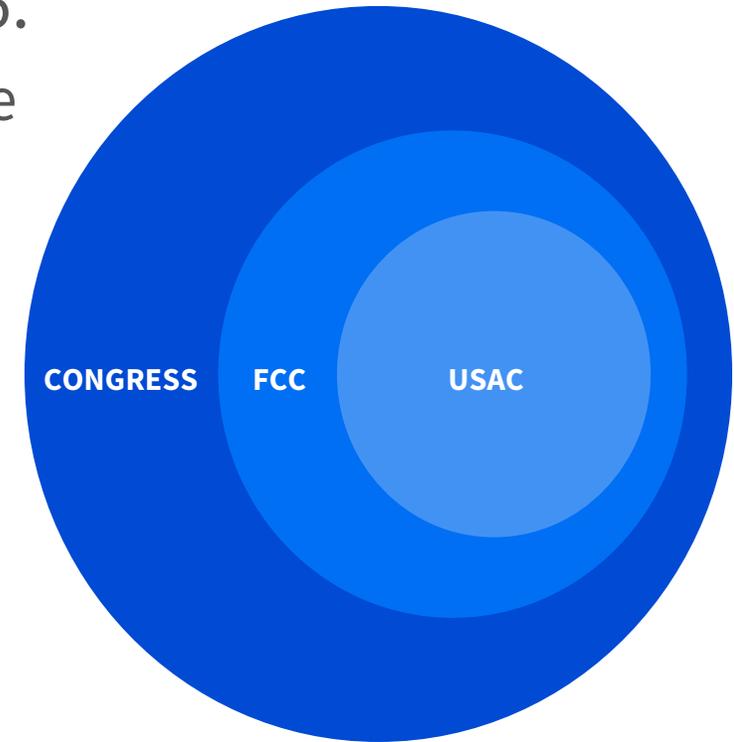
WHAT IS THE SCHOOLS AND LIBRARIES (E-RATE) PROGRAM?

Helps ensure that schools and libraries can obtain high-speed Internet access and telecommunications at an affordable rate

Keeps students and library patrons connected to broadband by providing a discount on eligible services

WHO MAKES THE RULES?

- Congress wrote the Telecommunications Act of 1996.
 - Part of this act directed the FCC to establish and oversee the E-rate program.
- The FCC sets rules and policies for the program through “Orders”.
 - These orders determine how USAC administers the day-to-day operations of the E-rate program.
- USAC develops procedures, such as how to process applications.
 - USAC’s procedures are reviewed and approved annually by the FCC.



TIMELINE

The Funding Year (FY)

- E-rate funding commitments are made by funding year.
- USAC refers to the funding year as the year in which most services will begin.
- Funding years run from July 1 to June 30 (e.g., FY2017 = Jul1, 2017 to June 30, 2018).

JANUARY 2018

JULY

DECEMBER

FY2016 ends June 30

FY2017 begins July 1

WHO CAN GET DISCOUNTS?

- Elementary and secondary schools and school districts
 - Public, private, charter, parochial, and Tribal, are types of schools and school districts.
 - Non-traditional facilities (Pre-K, Head Start, juvenile justice, and adult education) are eligible if they fit their state's definition of elementary/secondary education.
 - Look up non-traditional facility eligibility on our [website](#).

WHO CAN GET DISCOUNTS?

- Libraries and library systems
 - Public, private, academic, research, Tribal are types of libraries and library systems.
 - Bookmobiles and kiosks are eligible if they are considered library branches in their state.
- Consortia
 - Eligible entities can form consortia by banding together to aggregate demand and negotiate lower prices.

CONSORTIUM BENEFITS

- Beneficial for small schools and libraries or those inexperienced with E-rate.
 - Only one member of the consortium files forms (the consortium leader)
 - Apply together on one application
 - Share expertise by combining knowledge resources
- Consortium applications are more streamlined than previous years.
- Consortia can also include ineligible entities under limited circumstances and subject to cost allocation requirements.

WHAT PRODUCTS AND SERVICES ARE ELIGIBLE?

Category One (C1)

Data Transmission Services and
Internet Access

Category Two (C2)

Internal Connections, Managed Internal
Broadband Services, and Basic
Maintenance of Internal Connections

PRODUCTS & SERVICES ELIGIBLE FOR E-RATE

- Every year, the FCC publishes the [Eligible Services List](#), which governs the eligibility of products and services in the upcoming funding year.
 - FCC issues a Public Notice attaching a draft eligible services list and seeking comments on it
 - FCC reviews comments received, then issues an order with the final list
 - Some examples of products and services include:

CATEGORY ONE EXAMPLES	CATEGORY TWO EXAMPLES
Leased lit fiber	Access points
Ethernet	Switches
Multi-Protocol Label Switching (MPLS)	Routers
OC-1, OC-3, OC-12, OC-n	Supporting software used to distribute high-speed broadband
Satellite Service	Installation, activation, and initial configuration

E-RATE PROGRAM BUDGET

- Funding is capped at \$3.99 billion.
 - The cap is adjusted annually for inflation.
 - \$1 billion funding target for “Category Two” funding.
- Once per year, the FCC may direct USAC to roll over unused funds from prior funding years into the next funding year.

YOUR E-RATE DISCOUNT

- Discounts range from 20% to 90% for Category 1 services and from 20 to 85% for Category 2 services.
- Discounts are calculated using three pieces of information:
 - Poverty level
 - Urban or rural status
 - Service type

DISCOUNTS: YOUR POVERTY LEVEL

- The E-rate program uses the National School Lunch Program (NSLP) to determine poverty level.
- [Alternative Discount Mechanisms](#) can also be used
- Discounts depend on the percentage of students who are eligible for NSLP.

DISCOUNTS: YOUR POVERTY LEVEL

- Discounts are calculated for the school district or the library system (not for individual schools or library branch).
 - Library system members must use the NSLP calculation from the school district of the main branch's location.
 - Schools that are members of school districts use their district's average.
 - An independent school or library: An independent school calculates its NSLP figures based on its own student population, and an individual library uses the NSLP figure for the school district in which it is located.

DISCOUNTS: URBAN OR RURAL STATUS

- Urban or rural status is based on 2010 census data.
- Check your status on our [website](#).
- School districts are considered rural if more than 50% of its schools are rural.
- Library systems are considered rural if more than 50% of its branches are rural.

DISCOUNTS: CATEGORIES OF SERVICE AND VOICE PHASE DOWN

Your discount also depends on what type of service you are purchasing:

CATEGORY ONE

UP TO 90%

CATEGORY TWO

UP TO 85%

VOICE SERVICES

**Up to 10% for
FY2018**

LOOK UP YOUR DISCOUNT

INCOME <i>% of students eligible for NSLP</i>	Category One Discount Levels		Category Two Discount Levels	
	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%

VOICE SERVICE DISCOUNT FOR FY2018 (last year of voice phase down)

- For FY 2018 – only applicants at a 90% discount level will be eligible for support at 10%

	VOICE Discount Levels	
INCOME <i>% of students eligible for NSLP</i>	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	0%	0%
1% to 19%	0%	0%
20% to 34%	0%	0%
35% to 49%	0%	0%
50% to 74%	0%	0%
75% to 100%	10%	10%

CONSORTIUM DISCOUNTS

- A consortium's discount is the simple average of its members' discount levels.
 - Members still use district-wide discount rates for their individual calculation.
 - Only consortia can get a discount that doesn't appear on the discount matrix.
 - The discount calculation for each consortium FCC Form 471 is based on the discounts of the members who share the services on that form.
 - ◇ In other words, consortia do not always have the same discount across all of their program forms.

FIVE-YEAR CATEGORY TWO (C2) BUDGETS

- USAC calculates a C2 budget for each individual school or library branch.
 - The budget for one entity cannot be shared with other entities in a consortium, district, or system.
- The school or library can receive discounts on the cost of C2 services up to its C2 budget amount. It can:
 - Spend the budget over a five-year period,
 - Use the entire budget in one funding year,
 - Allocate over five different funding years,
 - Spend the budget on one, two, or all three of the C2 service types.

FIVE-YEAR CATEGORY TWO (C2) BUDGETS

- The C2 budget is re-calculated every year.
 - More students in a school or expansion of the library results in a budget increase.
 - Fewer students in a school or downsizing in a library results in a budget decrease.
 - ◇ If the C2 budget decreases below funding already spent for the five-year period, the school or library does not have to reimburse USAC for the discount on the difference between the budget and the pre-discount amount.
- The C2 budget multiplier is adjusted each year for inflation.

WHAT'S MY FIVE-YEAR C2 BUDGET?

(All figures are for FY2017)

- Pre-discount budget calculations are based on the number of students (for schools) or the square footage (for libraries).
 - Schools:
 - ◇ Total students (including peak part-time) x \$153.47
 - Libraries:
 - ◇ Total internal square footage x \$2.35
 - ◇ For urban libraries with Institute of Museum and Library Services (IMLS) locale code of 11, 12, 21, the calculation is total internal square footage x \$5.12

WHAT'S MY FIVE-YEAR C2 BUDGET? (All figures are for FY2017)

- Minimum budget of \$9,412.80
 - If the budget calculation results in a value less than \$9,412.80, the school or library's pre-discount budget is set at the minimum budget
- Remaining C2 Budget = (Pre-discount budget) – (Pre-discount amounts committed in prior funding years)

C2 BUDGET EXAMPLES

Example #1 – School (using FY2017 numbers)

Formula:

students x **\$153.47** = FY2017 five-year pre-discount C2 budget

Total number of students: 1,000

FY2017 multiplier: \$153.47

Calculation:

FY2017 C2 pre-discount budget : 1,000 students x \$153.47 = \$153,470

The school then subtracts any pre-discount C2 funding requests from FY2016 and FY2015.

If the school requested support for \$90,000 in C2 services in FY2016 and \$10,000 in FY2015 (\$100,000 pre-discount), the FY2017 remaining balance would be **\$53,470.**

C2 BUDGET EXAMPLES

Example #2 - Library (using FY2017 numbers)

Formula:

Internal ft² x **\$2.35** = FY2017 five-year
C2 pre-discount budget

Total internal square footage: 5,000

FY2017 Multiplier: \$2.35

Calculation:

FY2017 calculation: 5,000 square feet x \$2.35
= \$11,750 pre-discount

The library then subtracts any pre-discount
C2 funding requests from FY2016 and FY2015.

If the library requested \$0 in FY2016 and
\$5,000 in FY2015 (\$5,000 pre-discount), the
FY2017 remaining balance would be **\$6,750**.

C2 BUDGET EXAMPLES

Example #3 – Small School (using FY2017 numbers)

Formula:

students x **\$153.47** = FY2017 five-year
C2 pre-discount budget

Total number of students: 45

FY2017 multiplier: \$153.47

Budget floor in FY2017: \$9412.80

Calculation:

C2 budget calculation: 45 students x \$153.47 =
\$6,906.15

\$6,906.15 < \$9,412.80, so the school's budget is
automatically raised to the budget minimum of
\$9,412.80

Actual C2 pre-discount budget amount: \$6906.15 →
\$9412.80

The school then subtracts any pre-discount C2 funding
requests from FY2016 and FY2015. If the library
requested \$0 in FY2016 and \$9,200 in FY2015 (pre-
discount), the remaining balance would **be \$212.80** in
FY2017.

OTHER CATEGORY 2 BUDGET INFORMATION

- NIFs are school buildings with no classrooms or library buildings not open to the public (e.g., administrative buildings). NIFs do not have C2 budgets.
 - If the NIF is essential for the transport of the services to a school or library, the entities benefiting from the services must allocate the costs from their budgets.
 - If the NIF receives services for itself, those costs must be allocated out of the funding request.
- Read the [C2 Budget Tool User Guide](#) and check the [Category Two Budget Tool](#) and using your entity number on the USAC Tools website.
 - Applicants can return unused committed funds from prior funding years using the FCC Form 500.

E-RATE PRODUCTIVITY CENTER (EPC)

- EPC is the E-rate account management and application portal for applicants, service providers and consultants.
- In EPC you can:
 - File most program forms
 - Maintain a list of your related entities (e.g. individual schools for districts, library branches for library systems, and consortium members for consortia)
 - Update your entity information (e.g. contact information and entity information such as student counts and square footage)
 - Add additional users on your organization's account and assign them rights (permissions) to file forms.

HOW TO APPLY

- Call our Client Service Bureau at call (888) 203-8100 to set up an account in EPC and make sure your school or library has a Billed Entity Number (an ID number assigned by E-rate).

1.

Request services
(FCC Form 470),
run a competitive
bid process, and
select a vendor

2.

Request funding
(FCC Form 471)
and undergo
application review

3.

Confirm the start
of services and
status of CIPA
compliance
(FCC Form 486)

4.

Request
reimbursements
(FCC Form 472)
OR receive
discounts
(FCC Form 474)

ABOUT FCC FORM 470 (REQUEST SERVICES)

- The FCC Form 470 opens the competitive bidding process and notifies potential bidders of the types and quantities of services that you need:
 - Posted to the USAC website
 - Potential vendors review forms and submit bids to you
- Only an authorized representative of the applicant can prepare, sign, or submit the FCC Form 470

REQUESTS FOR PROPOSALS (RFPs)

- Requests for Proposals (RFPs) may be created to describe specific needs and circumstances in more detail.
 - We use “RFP” and “RFP document” generically to refer to any supplemental document that helps to describe the requested services or provides more information that is not in the FCC Form 470.
 - For most types of funding requests, you are not required to issue an RFP unless your state or local procurement rules or regulations require it.
 - If you issue an RFP and/or an RFP document, all of these documents must be attached to the FCC Form 470 you submit in EPC.

FCC FORM 470 RESPONSE LETTER

- After posting FCC Form 470, USAC will issue a letter called the Receipt Notification Letter (RNL).
 - The RNL summarizes the information provided in the FCC Form 470.
 - The RNL is posted to your E-rate Productivity Center (EPC) account “News” feed.
- Carefully review the letter.
 - If you notice mistakes on your form you can submit corrections.
 - Navigate to the form in EPC, and choose “Related Actions” to submit allowable corrections.

FCC FORM 470 EXEMPTIONS

- Not everyone is required to file an FCC Form 470
 - Multi-year contracts
 - ◇ You do not need to file a new FCC Form 470 if the contract is still in effect and the costs/services are still within the terms of the establishing FCC Form 470.
 - ◇ NOTE: You do still need to file a new FCC Form 471 requesting E-rate support each funding year.

FCC FORM 470 EXEMPTIONS

- Not everyone is required to file an FCC Form 470
 - Low-cost, high-speed Internet
 - ◇ You do not need to file an FCC Form 470 for Internet access if your service meets ALL of the following conditions
 - It is commercially available, business class Internet access.
 - It offers minimum speeds of 100 Mbps download / 10 Mbps upload.
 - The pre-discount price — including any one-time charges — is \$3,600 or less annually per entity (school or library).

WHAT IS COMPETITIVE BIDDING?

- Competitive bidding is a formal process to choose the vendors/service providers who provide your products and services
 - Describe your desired services and requirements using FCC Form 470 (and RFP if applicable).
 - Service providers read your documents and bid on your services.
 - Wait 28 days then compare the offers you receive.
 - Select the most cost-effective bid using price of the eligible products and services as the primary factor



COMPETITIVE BIDDING REQUIREMENTS

- In your FCC Form 470 and RFP, you must describe the desired products and services you need with sufficient specificity for service providers to be able to submit responsive bids.
- All potential bidders must have access to your FCC Form 470, RFP, and RFP documents.
- Be prepared to accept bids and answer questions.
- You must select the most cost-effective bid.

COMPETITIVE BIDDING REQUIREMENTS

- The competitive bidding process must be open and fair.
 - "Open" means that information shared with one bidder must be shared with all.
 - "Fair" means that bidders must be evaluated fairly and equally.
- 28-Day Waiting Period
 - FCC Form 470 and any RFPs (if applicable) must be posted on the USAC website for a minimum of 28 days.
 - The end of the 28-day period is when you are allowed to review bids and select vendors — your allowable contract date (ACD).

ONLY AFTER THE 28-DAY WAITING PERIOD, YOU CAN...

1.

Evaluate the bids you received

- Use a bid evaluation matrix

2.

Choose your service provider(s)

- Notify the winner

3.

Sign a contract or legally binding agreement

- Upload the contract into EPC

4.

File the next form (FCC Form 471)

MORE ON EVALUATING BIDS

- To evaluate incoming bids, create a Bid evaluation matrix.
- Develop evaluation criteria or factors to assess the bids.
- Assign each evaluation criterion or factor a point value or percentage.
 - The Price of the eligible products and services must be the most heavily weighted factor — the “primary factor” — in your evaluation.
- The vendor who receives the most overall points or the highest percentage is the winner.

SAMPLE: BID EVALUATION MATRIX

- Evaluate your bids using a matrix, filled in with your chosen factors and point values.

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE products and services	50	20	50	40
Prior experience w/vendor	20	20	0	20
Prices for ineligible services, products and fees	15	10	5	15
Flexible Invoicing: FCC Forms 472 or 474	10	0	10	10
Local or in-state vendor	5	5	0	5
TOTAL	100	55	65	90

- Vendor #3 wins

ZERO BIDS OR ONE BID

- If you receive only one bid, and it is cost-effective, you may accept it.
 - Document your decision with a memo or email for your records.
- If you did not receive any bids, you can solicit bids.
 - Reach out to vendors in the area.
 - Ask your current service provider to submit a bid or to send you an email that they are willing to continue to provide service at your current level and cost.

ABOUT FCC FORM 471 (REQUEST FUNDING)

- Your application for funding identifies:
 - The services you chose
 - The service provider(s) you selected and their Service Provider Identification Number (SPIN)
 - The eligible schools/libraries that will receive the services
 - The cost of your chosen services
 - Your discount level to calculate your funding request
 - Your current connectivity speed
- USAC recommends communicating with your service provider:
 - If you need help completing technical details
 - To notify them of your desired invoicing method

FCC FORM 471 RESPONSE LETTER

- After posting the FCC Form 471, USAC will issue a letter called the Receipt Acknowledgment Letter (RAL).
 - RAL summarizes the information provided in the FCC Form 471.
 - RAL will post to your EPC account "News" feed.
- Carefully review the letter.
 - If you notice mistakes on your form you can make corrections.
 - Navigate to the form in EPC, choose "Related Actions," then "Submit Modification Request (RAL)" to submit allowable corrections.

STRUCTURE OF AN FCC FORM 471 FUNDING REQUEST

FCC Form 471

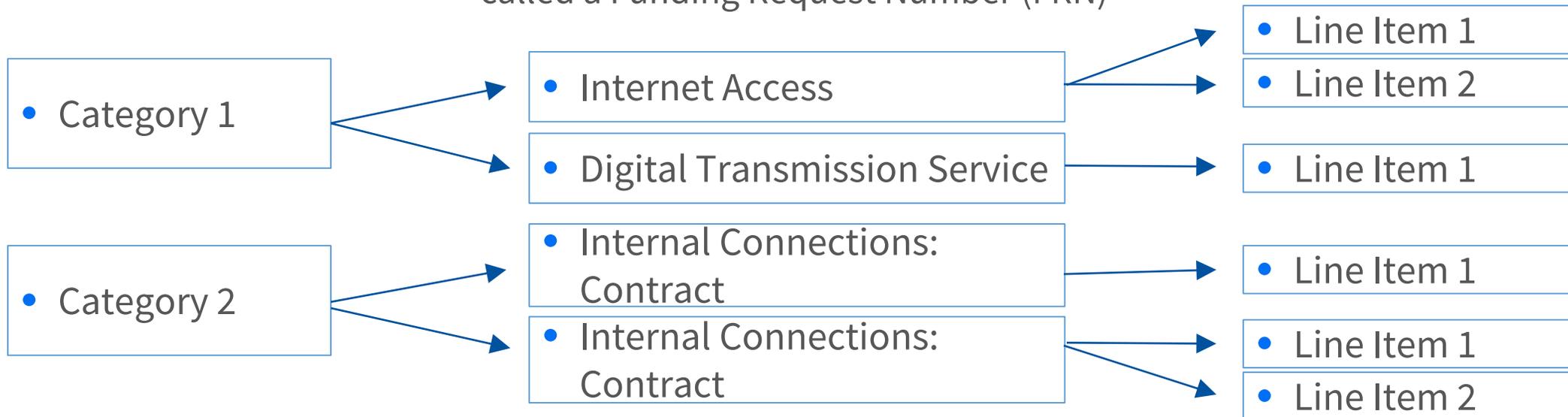
- File one per category of service

Funding Request

- Add one 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)

FRN Line Item

- Add one or more per FRN
- Provides details about the individual services or products listed on the funding request



COST ALLOCATION: GENERAL INFORMATION

- E-rate funds may only be used to pay for services and products used by eligible entities for an eligible purpose (i.e., a primarily educational purpose).
- If a product or service has both eligible and ineligible functions, the cost of the ineligible functions must be allocated out of a funding request.
- A cost-allocation requires a clear delineation of costs.
- The cost-allocation must be based on a reasonable, tangible basis that reaches a realistic result.
- Cost-allocations must be supported by documentation.

APPLICATION REVIEW: PROGRAM INTEGRITY ASSURANCE (PIA)

- After submitting FCC Form 471, your application goes into review.
- Program Integrity Assurance (PIA) is the group at USAC that reviews your application and makes decisions on funding.

APPLICATION REVIEW: PROGRAM INTEGRITY ASSURANCE (PIA)

- Your PIA reviewer may contact you to:
 - Verify eligibility of one or more of your schools or libraries (usually only if they have not appeared on an application before).
 - Verify eligibility of the requested services.
 - Ask for additional documentation to verify your compliance with program rules.
- Some applications undergo additional review.
 - In “selective review,” the PIA reviewer may request more detailed responses to specific questions.

QUESTIONS FROM YOUR PIA REVIEWER

- You have 15 days to respond to PIA questions.
 - You can ask for an automatic seven-day extension if you need it.
- If you need help understanding the PIA inquiry, ask your reviewer for help.
- To answer inquiries, ask for extensions, or find your reviewer's contact info:
 - Navigate to the FCC Form 471 in EPC.
 - Choose "Related Actions."
 - Choose "Respond to Inquiries."



FUNDING DECISION

- When PIA's review is complete, you and your service provider receive a notification with decisions about your funding.
- The notification is called the Funding Commitment Decision Letter (FCDL).
- Your FCDL will show:
 - Approved funding amounts
 - Modified or denied funding amounts
 - Next steps
- FCDLs are delivered via EPC and you will also receive an email.
 - Go to the Notifications section of EPC and generate the letter.

ABOUT FCC FORM 486 (START SERVICES)

- Notifies USAC that your eligible services have started or been delivered.
- File FCC Form 486 after you've received your FCDL or your services have started, whichever is later.
 - Many applicants start service on July 1, the first day of the funding year.
- Confirms your status under the Children's Internet Protection Act

ABOUT FCC FORM 486 (START SERVICES)

- After submitting FCC Form 486, you and your service provider will receive two notifications.
 - The first notification will confirm the form was certified.
 - The second notification will be your FCC Form 486 Notification Letter telling you that your form has been reviewed and approved.

CHILDREN'S INTERNET PROTECTION ACT (CIPA) COMPLIANCE

- CIPA is a law with specific requirements for entities that receive E-rate discounts on Internet access.
- CIPA compliance includes:
 - Internet safety policy
 - Technology protection measure/filter
 - Holding one hearing or meeting (with reasonable public notice) on the Internet safety policy
 - (For schools only) education for students on Internet safety with focus on social networking, chat rooms, and cyberbullying.

ABOUT INVOICING (FCC FORMS 472/474)

- You or your service provider invoices USAC to receive funding.
- Applicants can choose their method of invoicing.

BEAR Method

- FCC Form 472, Billed Entity Applicant Reimbursement (BEAR) Form
- Applicant files this form after paying for the services in full to request reimbursement from USAC for the discount amount.

SPI Method

- FCC Form 474, Service Provider Invoice (SPI) Form
- Service provider files this form after billing the applicant for the non-discount share to request reimbursement from USAC for the discount amount.

INVOICING REQUIREMENTS

- If you choose to invoice via the BEAR Form, USAC will send the payment via electronic transfer directly to your organization's bank account.
- First, you must provide your banking information on FCC Form 498 to obtain an [Applicant 498 ID](#).
- This form is available in the school or library's EPC profile under "Related Actions" if your account administrator assigned you rights to access this form.

INVOICING REQUIREMENTS

- Before invoicing USAC for your funding, you must have:
 - Received an FCDL with a positive commitment.
 - Received an FCC Form 486 Notification Letter.
 - Received and paid for your products or services.
- Your service provider must have completed FCC Form 473, the Service Provider Annual Certification (SPAC) Form, for that funding year.

PRE-COMMITMENT DEADLINES

- Use the [Deadlines Tool](#) on our website to help determine your deadline.
- FCC Form 470
 - Post to the USAC website 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 Forms 472 and 474 (invoicing)
 - 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.

POST-COMMITMENT DEADLINES

- Invoice Deadline Extensions
 - You can request and receive one 120-day extension of the invoice deadline.
 - The request must be submitted on or before the original invoice deadline.
 - You do not need to provide a reason for your request.

ABOUT FCC FORM 500 (FUNDING ADJUSTMENTS)

- Requests specific changes to your funding commitments after USAC issues your FCDL, such as:
 - The contract expiration date listed on FCC Form 471.
 - The service start date listed on FCC Form 486.
 - The cancellation or reduction of a Funding Request Number (FRN).
 - The request to extend the deadline for delivery of non-recurring services.
- Form 500 for Category 2 (C2) funding reductions
 - If you do not use all of your C2 funding commitment, submit FCC Form 500 to release unused funding back to your five-year C2 budget.
 - USAC will assume you are using your commitment unless you file this form.

DOCUMENT RETENTION

- You must keep all documentation for 10 years from the last date of service.
 - For multi-year contracts this means 10 years from the contract expiration date
- Keep all records such as:
 - Competitive bidding documentation
 - Contracts
 - Forms
 - Proof of payment and delivery
 - All other matters relating to the program

DOCUMENT RETENTION

- For an exhaustive list of E-rate documentation, refer to the [E-rate Program Binder](#).
- Documents can be retained in hard or soft copy.
- Label and organize documents so that you can easily locate them.

Q&A SESSION

THANK YOU!

