E-Rate Overview

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Introduction to E-Rate

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

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 such as computers
- 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

NETWORKMAINE

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 Maine Department of Education does not consider it to be an approved school

- it operates as a for-profit business

- it has endowments exceeding $50 million

What makes a library eligible?

To be eligible for E-Rate funding, libraries must meet the statutory definition of library found in the 1996 Library Services and Technology Act (Pub. L. 104-208) (LSTA) and must be eligible for assistance from a state library administrative agency under that Act

Eligible types of libraries include:

- Public and private libraries
- Academic libraries
- Research libraries if they make publicly available library services and material suitable for scholarly research and are not an integral part of an institution of higher education

What makes a library ineligible?

A library is ineligible if:

- the Maine State Library does not consider it to be an approved library

- it operates as a for-profit business

- does not have a budget that is completely separate from any schools' budgets (e.g. elementary and secondary schools, colleges and universities)

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
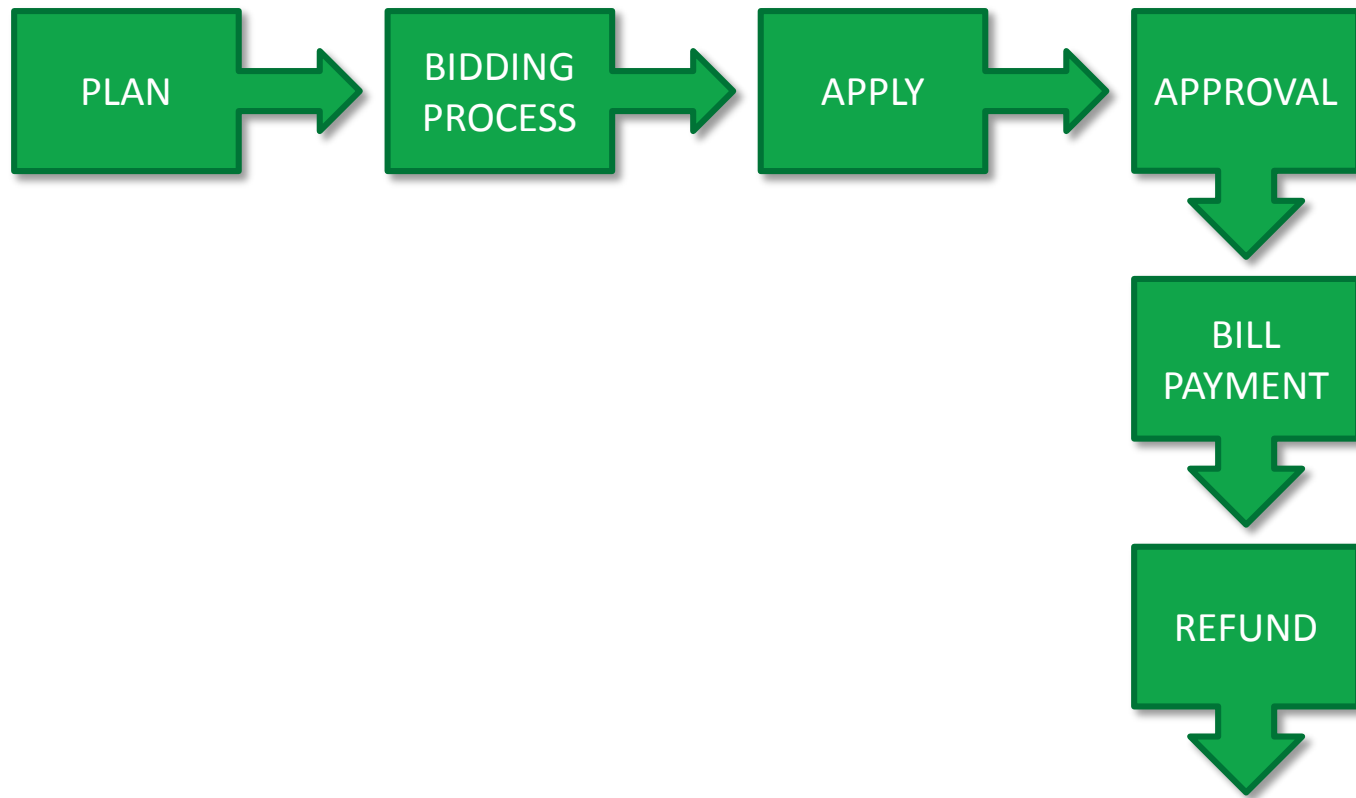
NO Not Eligible in Maine

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

The E-Rate Process

How does the process work?

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

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: FY2020 = July 1, 2020 - June 30, 2021

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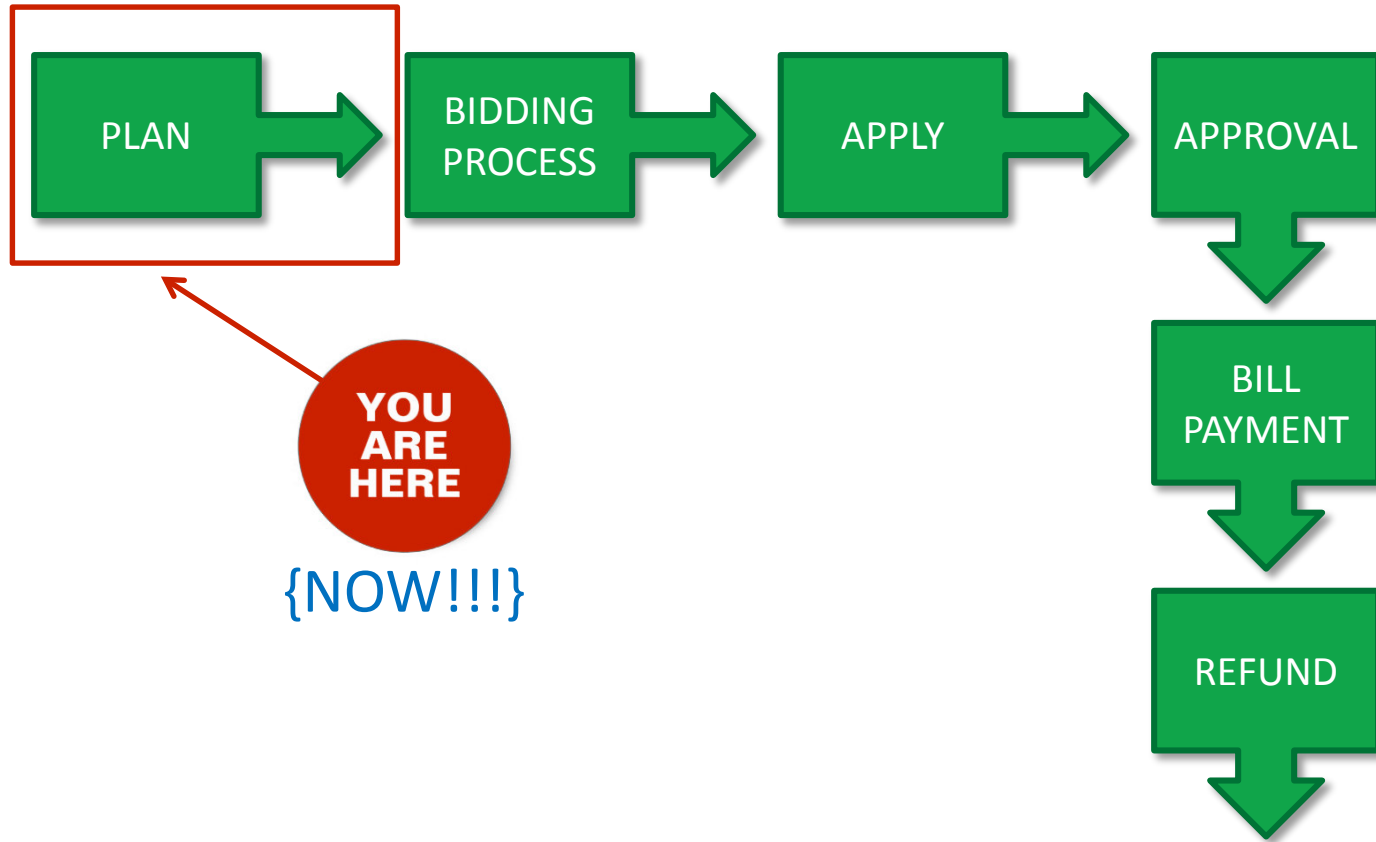
1. EPC Portal – you MUST be in EPC to apply for E-Rate

   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 <u>potentially</u> reimburse some of your costs but should never be considered a guaranteed funding source*
  - Determine your potential E-Rate discount
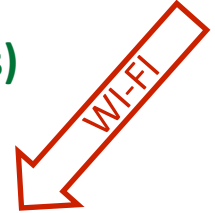
What is currently eligible for E-Rate?

Category 1 Services
(connections TO schools)

- Data Transmission and/or Internet Access
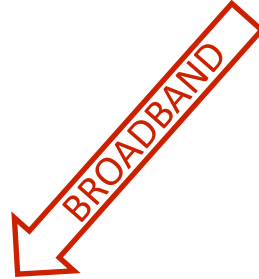
BROADBAND

Category 2 Services
(connections WITHIN schools)

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

WI-FI

MANAGED WI-FI

What about Broadband?

If you are a member of MSLN, Networkmaine files on your behalf for Internet Access and circuits to your building(s) and you do not need to file E-Rate forms for these services except as directed by the consortium during annual enrollment

If you are not a member of MSLN and you wish to obtain E-Rate funding for these services, you must file E-Rate forms as program rules dictate

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What about Voice Services?

Voice services are no longer eligible for E-Rate

All voice services including circuits dedicated entirely to voice have been phased out of the E-Rate program as of FY2019

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What about Wi-Fi?

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

- Antennas
- Connectors
- Routers
- Switches
- Cabling
- Wireless access points
- Wireless controller systems
- Racks housing eligible equipment

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

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 Internal Broadband Services?

- 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

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:

Category 2 funding requests are subject to a pre-discount 5 year budget

C2 Budgets FY2015-FY2019

- Five-year budgets are calculated per-student and per-square foot at the entity level, rather than at the school district or library system level

- To provide sufficient funding for schools with low student counts and small libraries, a pre-discount funding floor is utilized Applicants may request funding in one or multiple years of the five-year funding cycle

- Before the start of each funding year, the budget multipliers and funding floor are adjusted annually for inflation, but are not rounded

C2 Budgets FY2015-FY2019

FY2015-FY2019 Budget Calculations

	Schools (per student)	Libraries (per square foot)	Urban Libraries (per square foot)	Funding Floor
Five Year Base Budget Multiplier	$150	$2.30	$5.00	$9200.00
FY2019 Budget Multipliers Adjusted for Inflation	$159.66	$2.44	$5.32	$9,793.04
Calculation	budget multiplier x school building enrollment, less any committed C2 funding beginning in FY2015 (pre-discount amounts)	budget multiplier x library square footage, less any committed C2 funding beginning in FY2015 (pre-discount amounts)	budget multiplier x library square footage, less any committed C2 funding beginning in FY2015 (pre-discount amounts)	

C2 Budgets FY2020

- FY2020 will be treated as a sixth year of the initial five-year budget term

    FY2015 – FY2019 → FY2015 – FY2020

- A prorated portion of Category 2 funding will be available to all applicants in FY2020, regardless of whether or not they spent all of their initial five-year budget

- There are no significant changes to how applicants should apply for support for Category 2 services in FY2020

C2 FY2020 Budget Formula

All individual FY2015 – FY2019 entity budgets will be increased for FY2020 by adjusting the budget multiplier and funding floor for inflation before calculating a 20% additive

Formula

budget multiplier * school building enrollment or square footage, minus any committed C2 funding since FY2015 (pre-discount amounts) for each entity

budget multiplier ✕ school building enrollment or library square footage ▬ any committed C2 funding since FY2015 (pre-discount amounts)

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C2 Budgets FY2020

PLAN

FY2020 Budget Calculations Adjusted for Inflation with the 20% Additive				
	Schools (per student)	Libraries (per square foot)	Urban Libraries (per square foot)	Funding Floor
Budget Multipliers *	$195.63	$3.00	$6.52	$11,998.43
Calculation	$195.63 budget multiplier x school building enrollment, less any committed C2 funding beginning in FY2015 (pre-discount amounts) for each school	$3.00 budget multiplier x library square footage, less any committed C2 funding beginning in FY2015 (pre-discount amounts) for each library	$6.52 budget multiplier x library square footage, less any committed C2 funding beginning in FY2015 (pre-discount amounts) for each library	

C2 Budgets Beginning FY2021

- All applicants will begin fixed five-year budget cycles

- All budgets will be reset beginning in FY2021 and at the beginning of each new budget cycle

- A one-time adjustment for inflation will be announced at least 60 days prior to each five-year cycle

- Unspent funds from previous cycles will not rollover

- Budget calculations will be district-wide and library system-wide rather than at the entity level (school or library)

- Applicants may submit applications in any funding year during the five-year cycle

C2 Budgets FY2021-FY2025

PLAN

FY2021-FY2025 Budget Calculations			
	Schools (per student)	Libraries (per square foot)	Funding Floor
Budget Multipliers	$167	$4.50	$25,000
5 Year Calculation	budget multiplier x school building enrollment, less any committed C2 funding beginning in FY2021 (pre-discount amounts)	budget multiplier x library square footage, less any committed C2 funding beginning in FY2021 (pre-discount amounts)	

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What discount will I receive?

- E-Rate 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

- Discounts can range anywhere from 20% to 90% of eligible costs

- Discounts are district-wide based on the buildings within the district

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%

Step 2: Competitive Bidding Process

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

YOU ARE HERE
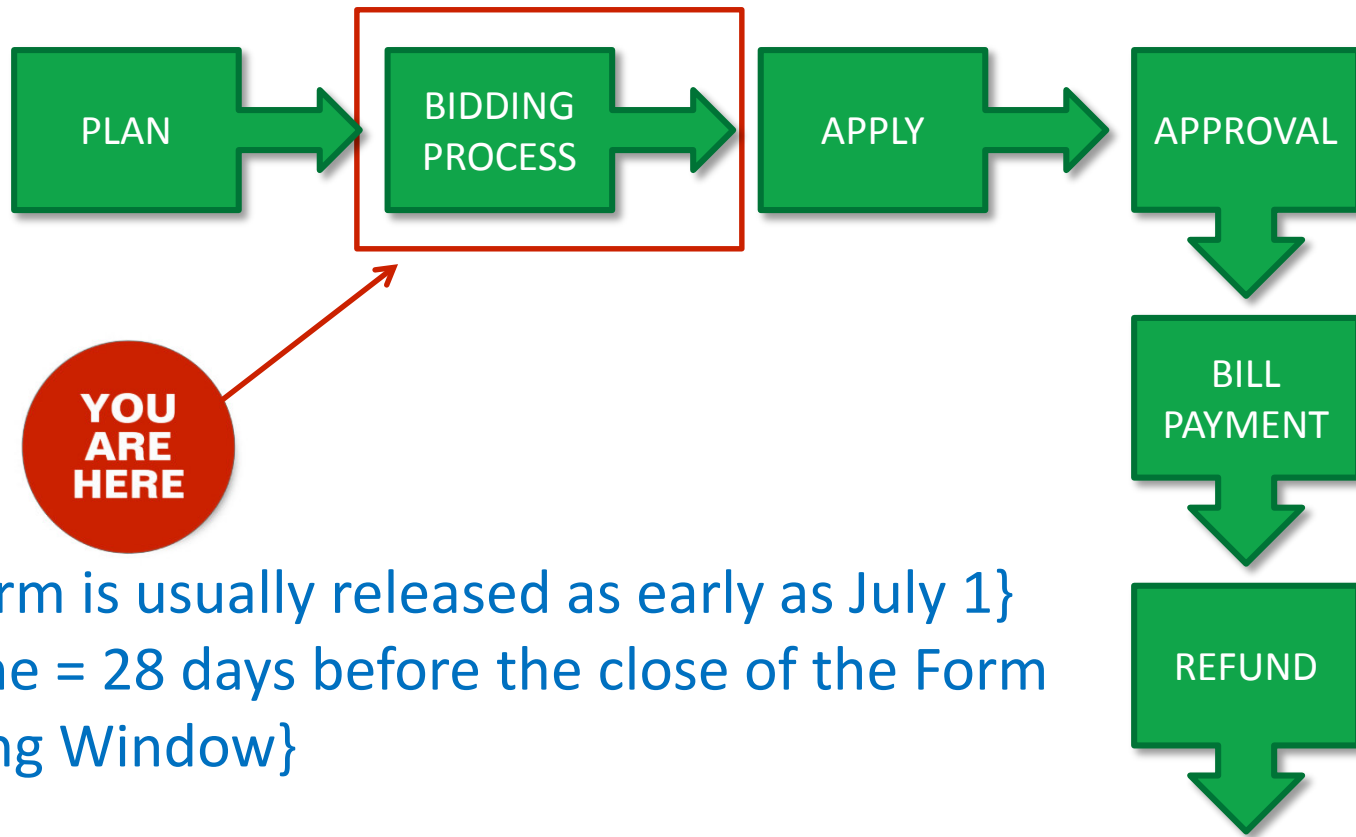
{new form is usually released as early as July 1}
{deadline = 28 days before the close of the Form 471 Filing Window}

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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 FY2018 that resulted in a multi-year contract including FY2018 – FY2020; no new Form 470 is required for this service in FY2019 or FY2020

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.

2.

3.

4.

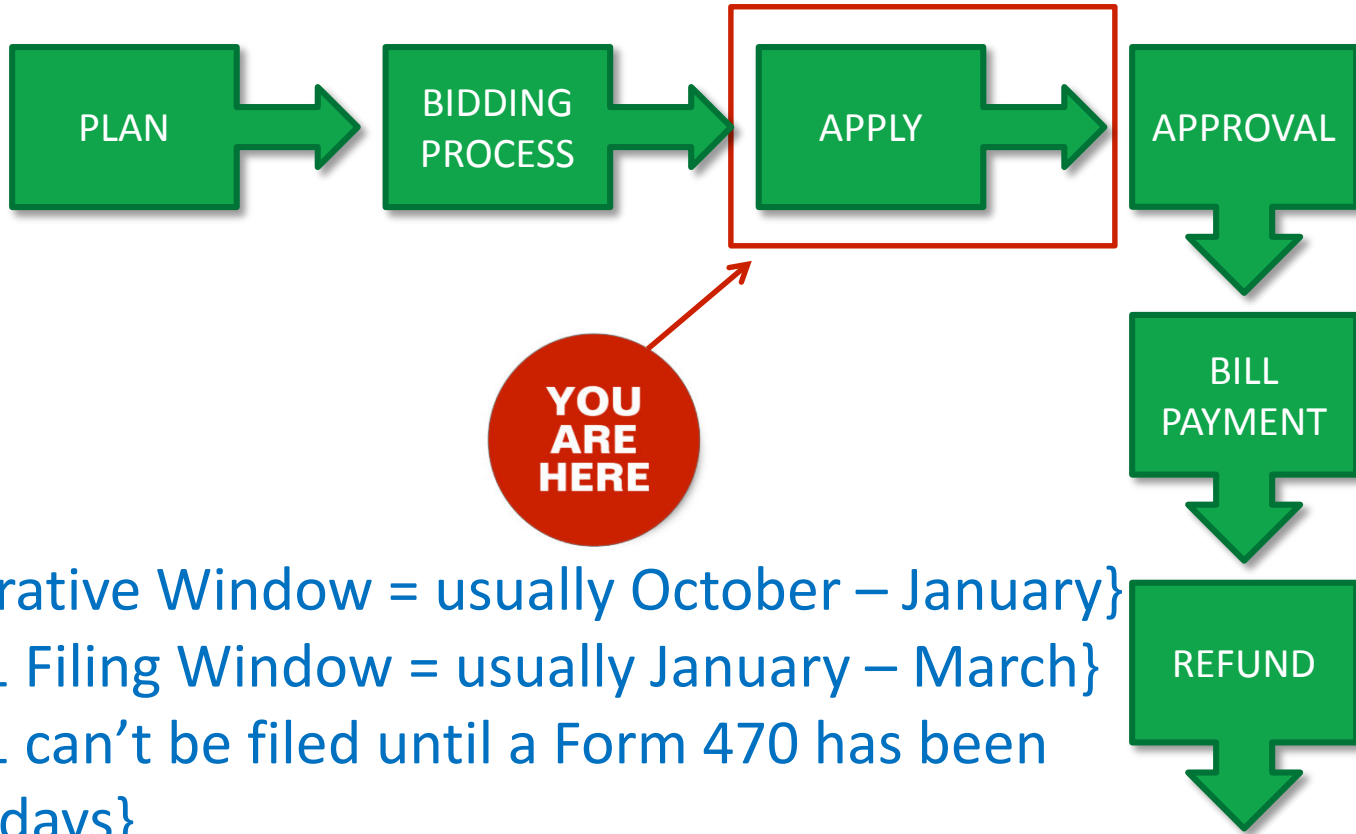| Evaluate the bids you received using a bid evaluation matrix | Choose your service provider(s) and notify the winner(s) | Sign a contract or legally binding agreement | File the next form (FCC Form 471) |

Step 3: Applying For Funding

PLAN → BIDDING PROCESS → APPLY → APPROVAL

YOU ARE HERE

APPROVAL → BILL PAYMENT → REFUND

{Administrative Window = usually October – January}
{Form 471 Filing Window = usually January – March}
{Form 471 can't be filed until a Form 470 has been filed + 28 days}

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What do I do?

Applying for E-Rate discounts for a given funding year requires two steps:

1. During the Administrative Window you will prepare your EPC profile with updates to your member schools and the data that will be used on the Form 471 to calculate E-Rate discounts

2. During the Form 471 Filing Window you will file an FCC Form 471 to provide USAC with information about the services you are requesting and the calculated discount for which you are eligible

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

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

APPLY

Structure of a Form 471

APPLY

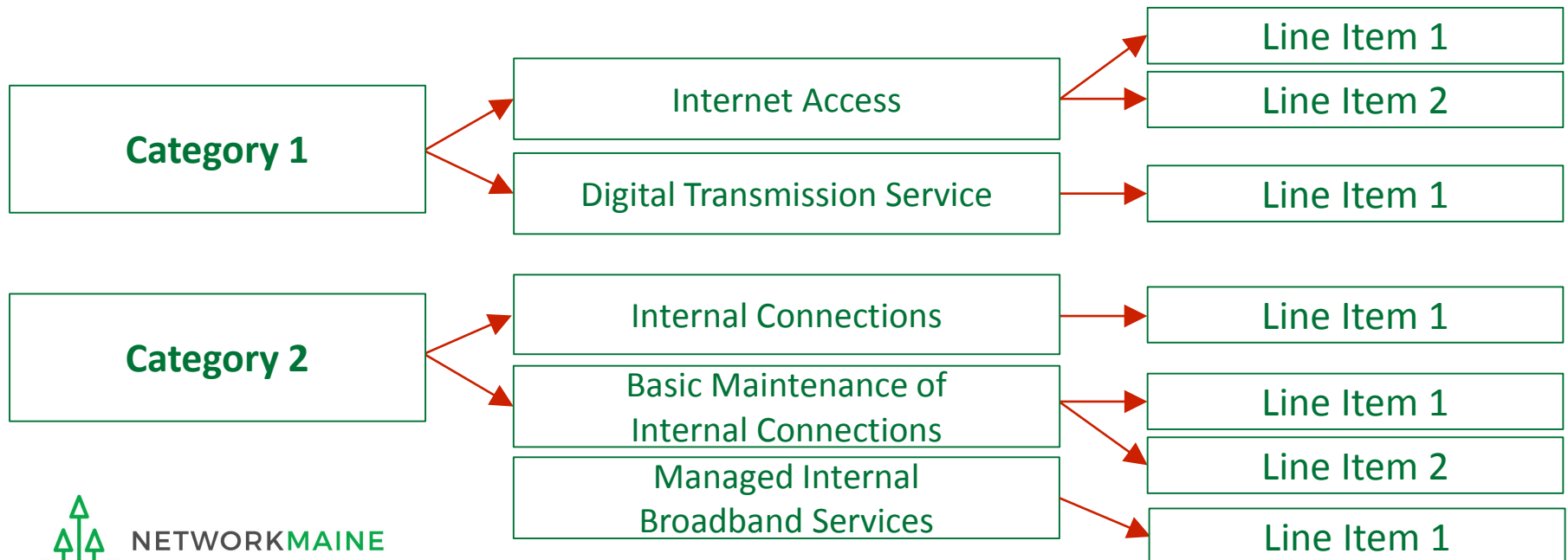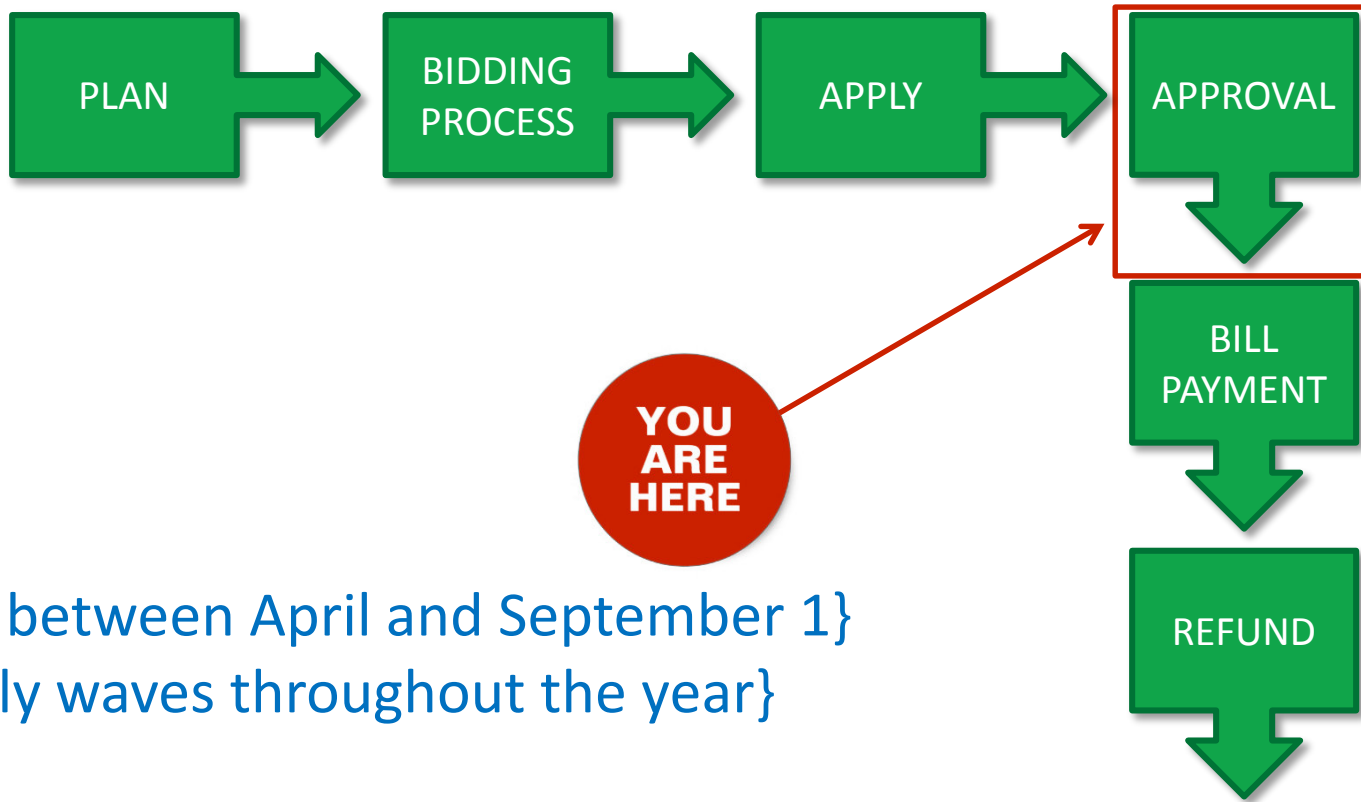| **FCC Form 471**	**Funding Request**	**FRN Line Item**
• File a separate form for each category of service	• Add one funding request per service type, service provider, FCC Form 470, contract/service agreement • Provides summary information • Each request is identified by an ID number called a Funding 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
- Basic Maintenance of Internal Connections → Line Item 1, Line Item 2
- Managed Internal Broadband Services → Line Item 1

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Step 4: Funding Approval

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

YOU ARE HERE

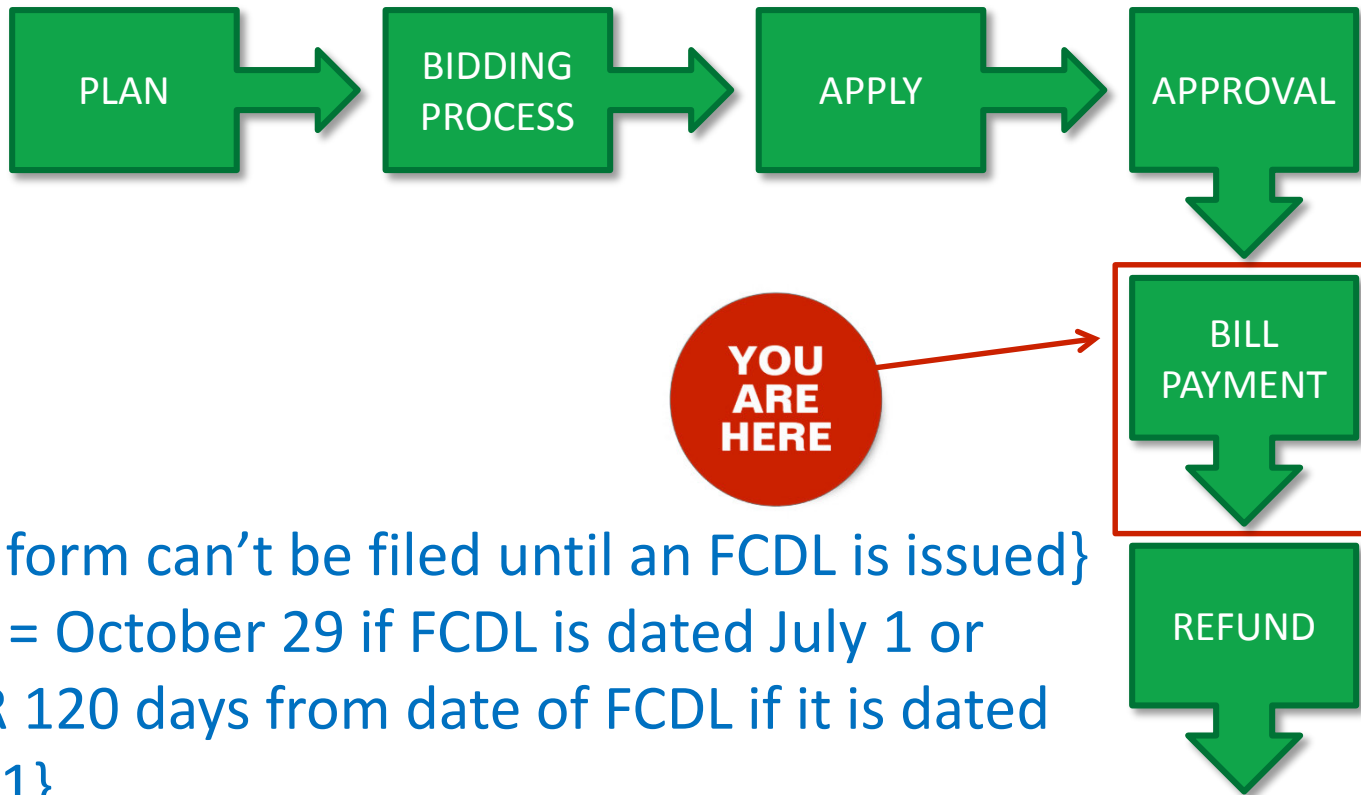{likely between April and September 1}
{weekly waves throughout the year}

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
                                            ↓
                                       BILL PAYMENT
                                            ↓
                                         REFUND
                                            ↓
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YOU ARE HERE → BILL PAYMENT

{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}

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

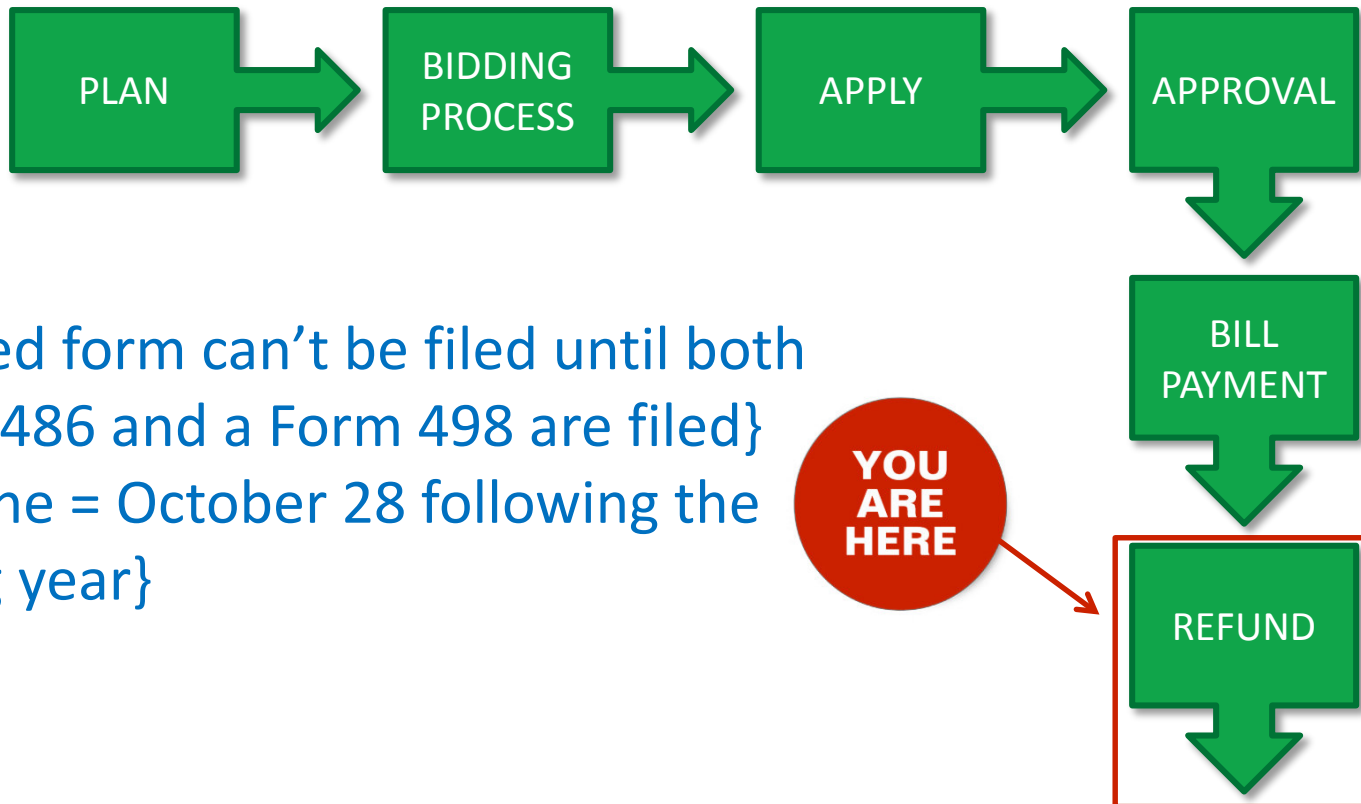- Once you do receive an FCDL, you will need to file an FCC Form 486

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

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PLAN  →  BIDDING PROCESS  →  APPLY  →  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}

YOU ARE HERE

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What do I do?

A Form 498 must be on file for your organization

- This form generally only needs to be filed once during or before the first year your entity applies for E-Rate

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

- If your entity does 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

REFUND

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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

What do I do next?

REFUND

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

- 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

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

- 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

Summary of the Application Process

Summary of the Process

Pre-Commitment

FCC Form 470

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

Administrative Window

- Profile changes cannot be made after window closes

### FCC Form 471

- File only during the FCC Form 471 filing window

Post-Commitment

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
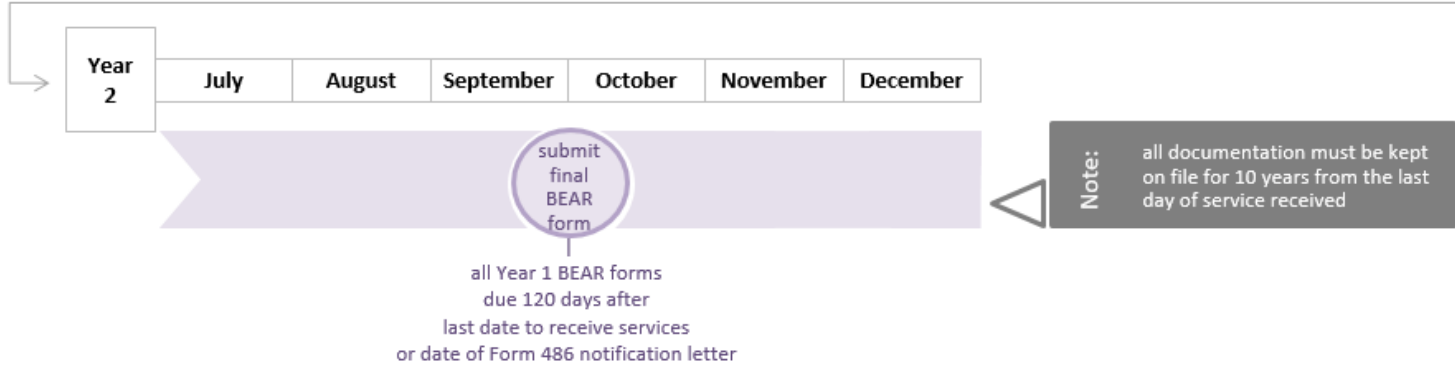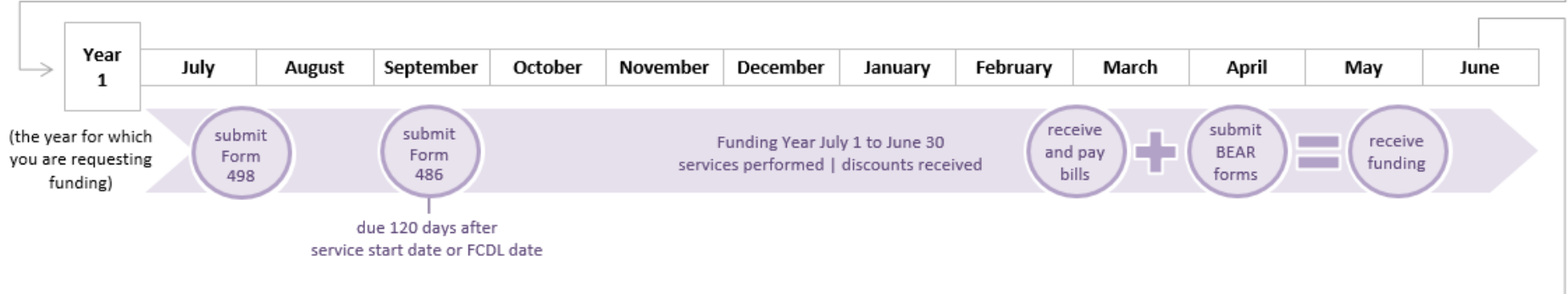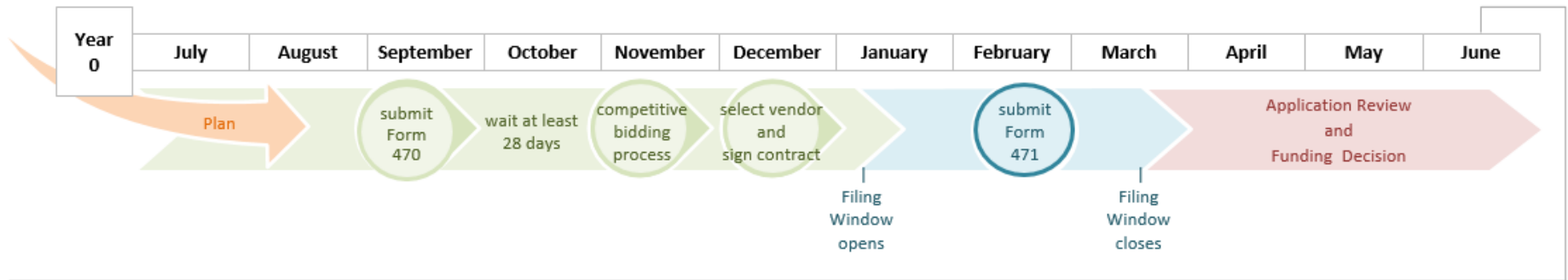
E-Rate Filing Calendar
(one application cycle)

E-Rate Filing Calendar
(multiple funding years)
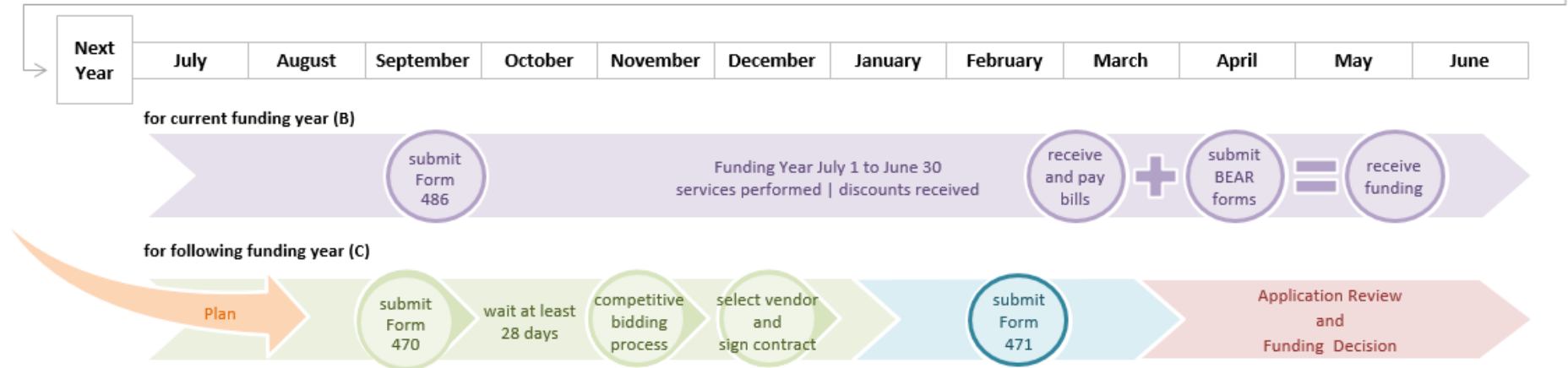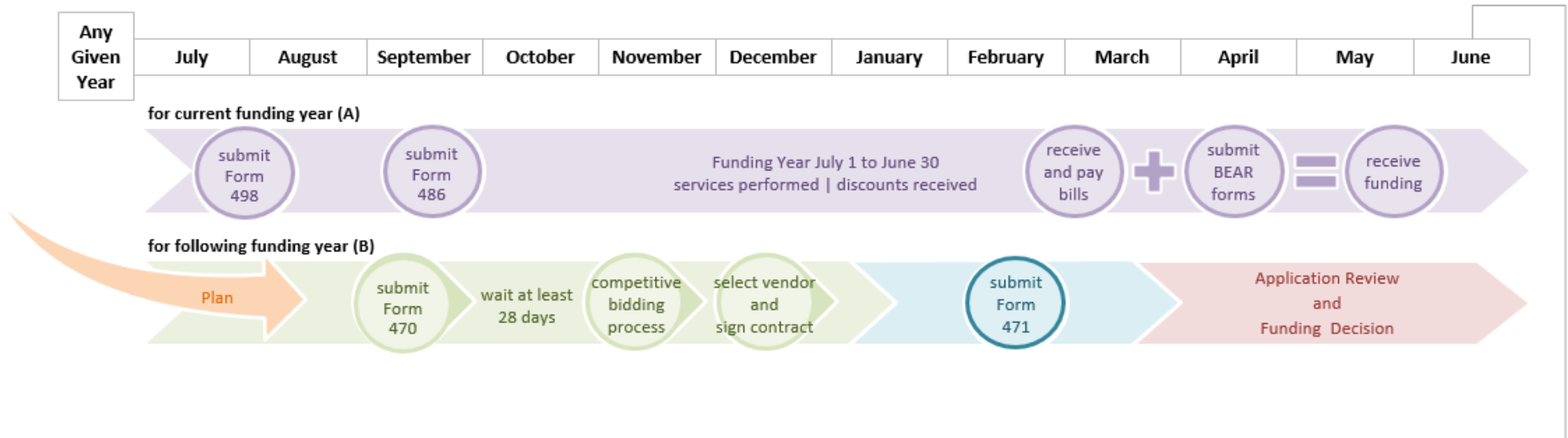
Dates to Remember

Form	Event	FY2019	FY2020	FY2021
Form 470	Competitive Bidding	July 1, 2018 to February 27, 2019	July 1, 2019 to February 26, 2020	*Projected:* July 1, 2020 to February 2021
Form 471	Application to Request Discounts	January 16, 2019 to March 27, 2019	January 15, 2020 to March 25, 2020	*Projected:* January 2021 to March 2021
Form 486	Service Start Date + CIPA Certification	120 days from FCDL or Service Start Date (whichever is later)	120 days from FCDL or Service Start Date (whichever is later)	120 days from FCDL or Service Start Date (whichever is later)
n/a	Recurring Services Category 1 or 2	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
BEAR or SPI	Invoicing Deadline (Recurring Services)	October 28, 2020	October 28, 2021	October 28, 2022
n/a	Non-Recurring Category 2 Purchase/Installation	April 1, 2019 to September 30, 2020	April 1, 2020 to September 30, 2021	April 1, 2021 to September 30, 2022
BEAR or SPI	Invoicing Deadline (Non-Recurring Services)	January 28, 2021	January 28, 2022	January 28, 2023

Networkmaine

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