

E-rate Program

Introduction to E-rate

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Introduction to E-rate

General Information

Organization

- Federal Communications Commission (FCC), an independent U.S. government agency, established and oversees the E-rate Program.
- Universal Service Administrative Company (USAC), a not-for-profit company, administers the E-rate Program along with three other programs.
- The Schools and Libraries Division (SLD) is the part of USAC with responsibility for the E-rate Program

Rules, Policies, and Procedures

- Congress directed the FCC to establish the E-rate Program in 1996.
- The FCC issues orders that create rules and establish policies.
- USAC develops procedures for specific actions, such as how to process applications, under the direction and guidance of the FCC.
- The FCC reviews USAC's procedures each year.

Timeline

- Applications are submitted and commitments are made by funding year (FY). A funding year runs from July 1 through the following June 30.
- USAC refers to the funding year as the year in which most services will begin, e.g., FY2014 runs from July 1, 2014 through June 30, 2015.

Entity Eligibility

- Who is eligible for funding?
 - Elementary and secondary schools and school districts
 - Non-traditional facilities (conditionally by state)
 - Libraries and library systems
 - Consortia: groups of eligible entities that band together to aggregate demand and negotiate lower prices
- Note – The FCC is encouraging consortia purchasing. Consortia applications will be given priority during the application review process.

Eligible Services

- The approved FY2015 Eligible Services list focuses on broadband and eliminates outdated services
- Category One: provides connectivity to the building
 - Voice Services (subject to phase down)
 - Telecommunications Services and Internet Access
- Category Two: provides connectivity throughout the building
 - Internal Connections
 - Managed Internal Broadband Services
 - Basic Maintenance of Internal Connections

Budget

- Program funding is currently capped at \$2.25 billion per year with an annual adjustment for inflation.
- Starting in FY2015 program funding will be capped at \$3.9 billion per year to meet the long-term needs of the program.
- Once a year, the FCC can roll over funds that are collected and are unused from prior funding years to the next full funding year.
- \$1 billion funding target from FY2015 through FY2019 for Category Two funding.

Category Two Budget

- Each individual school or library outlet will have a five-year budget for Category Two products and services.
- The **pre-discount** budget for a school is calculated annually by multiplying the total number of full and part-time students by \$150.
- The **pre-discount** budget for a library is calculated annually by multiplying the interior square footage of the library by \$2.30 (\$5.00 for urban libraries located in cities and urbanized areas with populations of 250,000 or more)
- There is a pre-discount funding floor (baseline funding) of \$9,200 if the above calculations do not reach \$9,200.

Discounts

- Discount levels depend on two things.
 - Percentage of students who are eligible for National School Lunch Program (NSLP).
 - Schools: in the school district as a whole.
 - Libraries: in the public school district in which the main library branch is located.
 - Urban or rural status.
 - The school district or library system is eligible for a rural discount when more than 50% of its schools or libraries are considered rural (based on 2010 census data).

Discount Guidelines

- Schools
 - All schools in a school district get the same discount and same urban/rural status (even when applying individually).
 - Independent schools calculate discounts and urban/rural status based on their own student population and address.
- Libraries
 - All libraries in a system get the same discount derived from the NSLP eligibility of the public school district in which the main branch is located.
 - Libraries calculate their urban/rural status based on their own outlets/branches.

Discount Guidelines

- Consortia
 - Consortia calculate their discount based on the simple average of the discounts of the members of the consortium.
 - All consortium members use their district-wide discount rate, even if only some schools in the district or some libraries in the system participate in the consortium.
 - Only a consortium can get a discount that doesn't come straight from the discount matrix.
- For all applicants, Category Two discounts are capped at 85%.

Discount Matrix

	<i>CATEGORY ONE DISCOUNT LEVELS</i>		<i>CATEGORY TWO DISCOUNT LEVELS</i>	
INCOME <i>% of students eligible for NSLP</i>	URBAN <i>Discount</i>	RURAL <i>Discount</i>	URBAN <i>Discount</i>	RURAL <i>Discount</i>
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%

FCC Forms

- How do I file a program form?
 - Three options:
 - File and certify online (**all forms except 500**)
 - File online, certify online (**all forms except 500**)
 - File and certify on paper (**only 486, 472, 500**)
 - For FY2015, FCC Form 470 and 471 are online only.
 - Over next two years, USAC will transition all remaining forms and certifications to online only.

Letters

Each time applicants file a program form, USAC sends you a notification or acknowledgement letter.

- Letters are color-coded by funding year

– 2014

Blue

– 2015

Yellow

– 2016

Pink

Note: When storing documents, USAC encourages you to separate your program forms and letters by funding year to better organize them.

Note: Documents must be retained for 10 years.

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Requesting Services (FCC Form 470)

FCC Form 470 Purpose

- Opens your competitive bidding process
- Notifies potential bidders of the types and quantities of services that you need
- Must be posted on the USAC website at least 28 days before filing the FCC Form 471

FCC Form 470 Purpose

- Requests for Proposal (RFPs) may be issued to describe additional specific needs and circumstances. Both the RFP and FCC Form 470 must be available for at least 28 days, and bidding cannot close until the latter of the two end dates.

Note: Technology Plans are no longer required; however the FCC strongly encourages applicants to review and adapt existing plans to program changes

FCC Form 470 Exemptions

- Master contracts designated by the FCC as preferred are exempt (starting with FY2015).
- Internet Access service is exempt if you are seeking support for commercially available Internet Access with minimum 100 Mbps download and 10 Mbps upload speeds at a pre-discount price of \$3,600 annually (including any one-time charges).
- Multi-year contracts that have an establishing FCC Form 470 do not require an annual 470 as long as costs/services are within the scope of the establishing 470 and contract

Acronyms

- Billed Entity Number (BEN): an identification number assigned by USAC to each school or library
- Personal Identification Number (PIN): a code assigned by USAC to applicants for use in certifying program forms online
- Allowable Vendor Selection/Contract Date (ACD): the date which marks the end of the 28-day waiting period

Response Letter

- FCC Form 470 Receipt Notification Letter (RNL): a letter issued by USAC to the applicant that summarizes the information provided in the FCC Form 470.
- If you notice mistakes, you can use the RNL to submit allowable corrections.

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Competitive Bidding

Competitive Bidding Requirements

- No one other than the applicant or an authorized representative of the applicant can prepare, sign or submit the FCC Form 470 or certification.
- The FCC Form 470 must describe the desired products and services with sufficient specificity to enable interested parties to submit bid responses.
- All potential bidders must have access to your FCC Form 470 and RFP.
- You must evaluate the incoming bids fairly and equally.

Sample Matrix

The price of the eligible products and services must be the most heavily weighted factor in your evaluation of bids

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the ELIGIBLE products and services	30	15	30	25
Prior experience w/vendor	20	20	0	20
Prices for ineligible services, products and fees	25	20	15	25
Flexible Invoicing: FCC Forms 472 or 474	15	0	15	15
Local or in-state vendor	10	10	8	7
Total	100	65	68	92

Competitive Bidding Timeline

After the 28-day waiting period closes, on the 29th day, you can:

1. Evaluate bids received
2. Choose your service provider(s)
3. Sign a contract or retain another **legally binding agreement** (if applicable)
4. Submit an FCC Form 471.

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Ordering Services (FCC Form 471)

FCC Form 471 Purpose

- Identifies the service providers and eligible services you have chosen on funding requests
- Identifies the eligible schools and libraries that will receive services
- Calculates how much support you seek for the funding year using the eligible costs of your services and your discount calculation information

Acronyms

- **Funding Request Number (FRN):** The identification number assigned to each FCC Form 471 funding request.
- **Service Provider Identification Number (SPIN):** The identification number assigned by USAC to a service provider.
- **Item 21:** A description of services and prices associated with each funding request, which is embedded into the FCC Form 471.

Response Letter

- Receipt Acknowledgment Letter (RAL): A letter issued by USAC to the applicant and the service provider that summarizes the information provided in the FCC Form 471. Both the applicant and the service provider should carefully review this letter.
- If you notice mistakes, you can use the RAL to submit allowable corrections.

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Application Review and Funding Commitments

PIA and USAC Reviews, FCC Form(s) 471

- Program Integrity Assurance (PIA) is the USAC group that reviews and makes funding decisions on program applications, as well as:
 - Verifies eligibility of the schools and libraries entities, entity discount levels, and the services requested.
 - Gives you an opportunity to make allowable corrections to your form.
 - In some cases, asks for additional verification of your compliance with program rules.

Decision Letter

- Funding Commitment Decision Letter (FCDL): Following application review, USAC issues this letter to both the applicant and the service provider. It contains decisions on approved or denied funding requests and next steps.

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**Begin Receiving
Services (FCC Form 486)**

FCC Form 486 Purpose

- Notifies USAC that your eligible services have started or been delivered and invoices for those services can be processed and paid
- Reports your status of compliance with Children’s Internet Protection Act (CIPA)—a federal law with specific requirements on Internet usage and safety policies.

Children's Internet Protection Act (CIPA)

- CIPA requires schools and libraries receiving discounts on Internet Access, Internal Connections, Basic Maintenance, and/or Managed Internal Broadband Services to certify that they are enforcing Internet safety
 - Internet safety policy
 - Technology protection measure (filter)
 - Reasonable public notice of and hearing/meeting
 - (For schools) education for students on internet safety with focus on social networking, chat rooms, and cyberbullying awareness and response

Response Letter

- **FCC Form 486 Notification Letter:** A letter issued by USAC to the applicant and service provider after an FCC Form 486 has been successfully processed.

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Invoicing USAC (FCC Forms 472, 474)

Requirements Before Invoicing USAC

- Applicants and service providers receive an FCDL from USAC for the services being invoiced.
- Applicants must file an FCC Form 486 and receive an FCC Form 486 Notification Letter.
- Service providers must file a Service Provider Annual Certification (SPAC) FCC Form 473 each funding year.

Two Methods of Invoicing

- 1) Billed Entity Applicant Reimbursement (BEAR) FCC Form 472: *filed by applicant* after services have been paid in full **OR**
- 2) Service Provider Invoice (SPI) FCC Form 474: *filed by service provider* after the applicant has been billed for the non-discount portion of eligible services.

Note: Applicants can choose their method of invoicing

Note: In the future applicants will be able to receive direct reimbursement from USAC after paying in full.

Response Letters

- **BEAR Notification Letter:** A letter issued by USAC to the applicant with a copy to the service provider after a BEAR is processed.
- **Quarterly Disbursement Report:** A letter issued to the applicant detailing all invoicing activity (BEARs and SPIs) during the previous quarter.

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Deadlines

Application Deadlines

- **FCC Form 470** - Posted at least 28 days before the filing of the FCC Form 471, keeping in mind the FCC Form 471 application filing window opening and closing dates
 - **FY2015 Deadline: February 26, 2015**
- **FCC Form 471** – Posted no later than 11:59 PM EDT on the day of the close of the FCC Form 471 application filing window
 - **FY2015 Deadline: March 26, 2015 by 11:59 PM EDT**

More Deadlines

- **FCC Form 486** - Received or postmarked no later than the latter of 120 days after the date of the FCDL or the service start date.
- **FCC Form 472/ FCC Form 474** - Received or postmarked no later than the latter of 120 days after the last day to receive service or the date of the FCC Form 486 Notification Letter.
 - Applicants and service providers can request and automatically receive a single 120-day invoicing extension if the request is made before the original invoice deadline.

More Deadlines

- Appeals - Received or postmarked no later than 60 days after the date of USAC's decision letter.
- Applicants and service providers must appeal to USAC first.

With questions, please contact us!

Phone: (888) 203-8100

Fax: (888) 276-8736

Website: www.usac.org/sl

Questions?