Erate?

- Why use Erate?
- Who should use the program?
- What’s the downside?
Definitions

- Federal Communications Commission (FCC), an independent U.S. government agency, oversees the E-Rate program
- Universal Service Administrative Company (USAC), a not-for-profit, administers E-Rate along with three other programs
- Schools and Libraries Division (SLD) is the part of USAC with responsibility for E-Rate
- Program Integrity Assurance (PIA) is the group that will send inquiries on your application. Respond timely in order to assure funding is not held.
- Billed Entity Number (BEN)
- Request for Proposal (RFP)
- Allowable Contract Date (ACD)
- Non Instructional Facility (NIF), no longer available for funding. Unless…
- Funding Commitment Decision Letter (FCDL)
- Receipt Acknowledgement Letter (RAL)
- Billed Entity Applicant Reimbursement (BEAR)
- Service Provider Invoice (SPI)
- E-Rate doesn’t stand for anything
Past 12 Years

Arizona has historically been approved at about 30% of the requested amounts. As of November 2015, we have 65% of our funding approved.
E-Rate? What is it?

- E-Rate Program provides reimbursements to eligible schools and libraries for
  1. Category 1 Services (Telecommunications)
     - Internet
     - Voice services (20% reduction each year starting with FY2015)
       - POTS
       - PRI
       - Cell Phones
  2. Category 2 Services (Infrastructure can be virtualized and paid monthly)
     - Routers
     - Wireless
     - Switches
     - Cache Engine
     - Internal Cabling
     - Basic Maintenance (Hardware, cable, tech support, patch and security updates)

- ARS 15-1261 establishes an “Erate Fund” at the District level

- Applicants must apply each year

- Established by the Telecommunications Act of 1996

- Entitlement program

- Reimbursements are based on the poverty level and the maximum one can get back is 85% of your billed amount

- Original budget of $2.25B Raised to 3.9 Billion for the 2015 funding year and will be adjusted for inflation going forward
General Information

- How large are the discounts on eligible products and services?
  - Discounts: 20% to 90% of eligible costs (85% Max for Category 2)
  - Discount for a school or library depends on:
    - Percentage of eligibility of students for National School Lunch Program (NSLP) in:
      - (for a school) the school
      - (for a library) the school district in which the library is located
    - Urban or Rural location of the school or library [https://sltools.universalservice.org/portal-external/urbanRuralLookup/](https://sltools.universalservice.org/portal-external/urbanRuralLookup/)
      - Be sure to check your BEN and correct any information that may be incorrect NOW.

- Who can apply?
  - Schools and School Districts
  - Libraries and Library Systems
  - Consortia
  - Charter Schools

Subscribe for updates at: [www.azed.gov/erate](http://www.azed.gov/erate)

Free Goods and Services

• Applicants and service providers are prohibited from using E-Rate to subsidize the procurement of ineligible or unrequested products and services.

• E-Rate cannot be used to get free stuff or kick-backs. The value of ineligible products that are needed to run the service have to be backed out in your vendor selection process.

• Cost of eligible goods and services cannot be inflated to cover the “Free” ineligible stuff.

• Nothing is FREE.
Non-Discounted Portion

- **Obligation to Pay Non-discount Share**
  - Applicants are required to pay their share of the cost (the “non-discount” portion or share) — this share cannot be donated, forgiven or ignored.
  - Service providers cannot waive or credit the applicant’s share.
  - Service provider must bill the applicant for non-discount share of services. If applicant can’t show proof of payment during invoice review; invoice will be denied and the school will be required to pay the FULL amount.
  - Deferred payment plans that allow the applicant to pay after USAC has paid will jeopardize a funding request.
Technology Planning

- Technology Plan Approver (TPA) – the agency certified by USAC that approves your technology plan (State E-Rate Coordinator)

- It has to be written (drafted) before the filing of the Form 470, finalized and approved before the start of services.

- Can be multi-year but major changes should be re-approved

- No longer a requirement but still suggested
Questions?
Arizona Broadband for Education Initiative

• The Arizona Corporation Commission on March 2, 2017 voted to update AUSF rules enabling Arizona to have a “State Match” program providing $8M in matching funds

• Brings $130M in infrastructure builds / projects to Arizona
High-speed Internet is the necessary foundation for taking advantage of technology in the classroom. I support expanding broadband connectivity in every classroom in our state to ensure our students have the tools and skills they need to succeed in school and beyond.

Governor Doug Ducey
## Bandwidth Recommendations

<table>
<thead>
<tr>
<th>Internet Service Provider</th>
<th>2017-18</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small School District</td>
<td>At least 1.5 Mbps per user</td>
<td>At least 4.3 Mbps per user</td>
</tr>
<tr>
<td>(fewer than 1,000 students)</td>
<td>(Minimum 100 Mbps for district)</td>
<td>(Minimum 300 Mbps for district)</td>
</tr>
<tr>
<td>Medium School District Size (3,000 students)</td>
<td>At least 1.0 Gbps per 1,000 users</td>
<td>At least 3.0 Gbps per 1,000 users</td>
</tr>
<tr>
<td>Large School District</td>
<td>At least 0.7 Gbps per 1,000 users</td>
<td>At least 2.0 Gbps per 1,000 users</td>
</tr>
<tr>
<td>(more than 10,000 students)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Funding Example

E-rate funding and rule changes have created an 
UNPRECEDENTED, SHORT TERM OPPORTUNITY 
to connect schools and libraries to fiber and create more upgrade options

- **Example:** District is in need of high speed internet but is several miles from the nearest telco location
- One-Time Build costs =
- For a school/library with 80% discount E-rate will pay for 80% of the costs =
- State *can* pay 10% =
- With State match, E-rate will pay and additional 10% =
- Net cost to District =

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$100,000</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>- $80,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>- $10,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>- $10,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>$ 0.0</strong></td>
<td></td>
</tr>
</tbody>
</table>
The process...

Arizona Broadband for Education Initiative

1. Engage ESH / Erate Coordinator to determine need
2. Will upgrade be pursued? Post Form 470 and include EPC Template
3. Evaluate Bid Responses "Risk Evaluation Matrix"
4. Winning bid requires special construction?
5. Notify vendor to begin install Notify ADE
6. USAC Funding Approved PCDL
7. Post Form 471 include State Funding Letter
8. State 10% Funding Approved?
9. Complete "State Match Funding Request"
10. Identify Alternative Funding Plan
11. Follow normal Erate process
12. Complete
Questions?
Getting Started

- MUST have an EPC login (Erate Productivity Center)
  - Add erate@azed.gov as an additional user to your account and I'll be able to see and review items with you
  - If you use a consultant, add them to your account as a consultant

- Must have a BEN (Billed Entity Number) or District BEN if you have multiple sites and a single person to manage your Erate filing

- Must track NSLP information and keep the documentation on hand or reported to the state for tracking
  - If it's reported to the state, then it will be online and all the PIA reviewers will have access at this URL: http://www.azed.gov/health-nutrition/frpercentages/

- Erate Consultant (Not required)
  - Cannot make decisions for you
  - Files paperwork and helps through the process
  - Many times they easily pay for themselves
Getting Started cont…

▪ Need an EPC Account?
  ▪ Call 888-203-8100 and get a case number
  ▪ Send an email to sldpr@gdit.com with a case number in the subject field and the following information in the body:
    Billed Entity Number:
    Billed Entity Name:
    Entity Legal Name:
    Physical Address:
    Mailing Address:
    County:
    Telephone Number:
    Organization Type: (School District, Library, Consortium)
    Sector: (Public, Private, Religious)
    Email address for Account Administrator:
    FCC Registration Number:
## Timeline

<table>
<thead>
<tr>
<th>Step</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>File Form 470</td>
</tr>
<tr>
<td>2</td>
<td>Wait 28 Days</td>
</tr>
<tr>
<td>3</td>
<td>Conduct Bid Evaluation and Award</td>
</tr>
<tr>
<td>4</td>
<td>File Form 471</td>
</tr>
<tr>
<td>5</td>
<td>PIA Review and <strong>FCDL</strong></td>
</tr>
<tr>
<td>6</td>
<td>File Form 486</td>
</tr>
<tr>
<td>7</td>
<td>Submit Invoices to USAC (Form 472/474)</td>
</tr>
</tbody>
</table>
THE PROCESS

FORM 470
Request Services (470)

- You post a Form 470 to:
  - Open a **competitive bidding process**
  - Notify potential bidders (service providers) of the types and quantities of services that you need (Be specific)
  - Define the scope of your needs (e.g., a school building, a library system, a state network)
  - You may also post an RFP and include a link in the 470
  - If using a State Contract, still must go through the bidding / evaluation process
  - Must be posted 28 (Minimum) days before vendor selection can begin (Use selection matrix)
  - Share all information with all bidders

Save your documentation…
Items to include on 470 (Examples)

- **Category 1 Services** *(No set limit to the monthly amount)*
  - **Internet**
    - 10M dedicated internet access with quotes for expansion to 100M in 10M increments with Ethernet handoff
  - **WAN**
    - 100M (Layer 2 or Layer 3) connections to all sites within the district (List them)
  - **Voice**
    - 5 - POTS for fax
    - 1 – PRI for phone system
    - 25 Cell phone plans (No data)
Items to include on 470 (Continued)

Category 2 (Always leave off brand names)  Erate budget is $150 per student (5 years)

- **Cabling**
  - 25 – Single Cat6 Data drops
  - 15 – Quad Cat6 Data drops
  - 15 – 7’ Cat6 patch cables
  - 15 – 15’ Cat6 patch cables
  - 2 – 6’ Fiber patch cables

- **Cache Engine**
  - Cache Engine for District Aggregation point to serve all sites in the district.

- **Firewall**
  - Firewall capable of traffic throughput for x number of devices

- **WIFI**
  - X number of WIFI devices covering x number of classrooms

- **Router**
  - Router to manage traffic for x number of sites and x number of devices (Mention any specific protocols you might require)

- **UPS**
  - X number of 2U rack mountable UPS’s capable of supporting the following Erate devices (List the devices it will support)

- **Data Switches**
  - 2 – 24 port POE switches
  - 1 – 48 port POE switch with uplink port
  - 2 – Uplink GBIC and cables

[https://portal.usac.org/suite/](https://portal.usac.org/suite/)
Network Overview
Sample Bid Evaluation Matrix

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>POINTS AVAILABLE</th>
<th>VENDOR 1</th>
<th>VENDOR 2</th>
<th>VENDOR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of the eligible products and services</td>
<td>30*</td>
<td>15</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Prior experience with the vendor</td>
<td>20</td>
<td>20</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Prices for ineligible services, products, and fees</td>
<td>25</td>
<td>20</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Flexible invoicing: FCC Form 472 or FCC Form 474</td>
<td>15</td>
<td>0</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Local or in-state vendor</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
<td><strong>65</strong></td>
<td><strong>68</strong></td>
<td><strong>92</strong></td>
</tr>
</tbody>
</table>

*This number must be higher than all other numbers in the same column.*

List of Disqualified Bidders:

**Vendor 1**
Reason for disqualification: All interested bidders received two weeks’ notice of a required pre-bid conference. Vendor 1 did not attend this conference and did not provide a reason for their absence.
<table>
<thead>
<tr>
<th>Factor</th>
<th>Points Available</th>
<th>Vendor 1</th>
<th>Vendor 2</th>
<th>Vendor 3</th>
<th>Vendor 4</th>
<th>Vendor 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of Eligible Products and Services</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Experience with the Vendor</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prices for Ineligible services and fees</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible Invoicing</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local or In-State</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor 1 Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THE PROCESS

FORM 471
Request services (471)

- You post a Form 471 to:
  - Select vendors for the coming year
  - Request specific funding amounts for services
  - Have a contract or “Legally Binding Agreement” in hand when posting the 471
    - Month to month and tariff services do not require a contract
  - Cannot be posted before the opening of the 471 window AND after waiting 28 days from posting your 470
  - Make sure your Category 2 vendors give you model numbers, part numbers, cost and their SPIN

Save all documentation for 10 years
Application Review

- **USAC** reviews your Form(s) 471 to:
  - Check the eligibility of the schools and libraries and their discount levels
  - Verify contract with vendors or “Legally Binding Agreement”
  - Verify that the services you requested are eligible for discounts
  - Give you an opportunity to make allowable corrections to your form
  - In some cases, ask for additional verification of your compliance with program rules
  - Respond to all inquiries within the timeframe allotted (Your funding depends on it)
  - Engage your vendor or the State Erate Coordinator for assistance with PIA inquiries
  - Verify you are a real entity
  - **Funding Commitment Decision Letter (FCDL)** – a letter issued by **USAC** to the applicant and the service provider that contains commitment decisions on funding requests
Non E-Rate Items

APPENDIX B

Services and components No Longer Eligible for Support (Effective Funding Year 2015)

<table>
<thead>
<tr>
<th>Category One (Priority One)</th>
<th>Category Two (Priority Two)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services and telephone components that were listed as eligible in the former Priority One</td>
<td>Components included in these former Priority Two entries:</td>
</tr>
<tr>
<td>category:</td>
<td>· Circuit Cards / Components</td>
</tr>
<tr>
<td>· 900/976 Call Blocking</td>
<td>· Data Protection (All except Firewall and Battery Backup)</td>
</tr>
<tr>
<td>· Custom Calling Services</td>
<td>· Interfaces, Gateways, Antennas (Other than included in the Order)</td>
</tr>
<tr>
<td>· Direct Inward Dialing (DID)</td>
<td>· Servers (Except for Caching)</td>
</tr>
<tr>
<td>· Directory Assistance Charges</td>
<td>· Software (Other than the software that support eligible broadband internal connections)</td>
</tr>
<tr>
<td>· Email</td>
<td>· Storage Devices</td>
</tr>
<tr>
<td>· Inside Wire Maintenance</td>
<td>· Telephone Components</td>
</tr>
<tr>
<td>· Paging</td>
<td>· Voice / Video Components</td>
</tr>
<tr>
<td>· Text Messaging</td>
<td></td>
</tr>
<tr>
<td>· Voice Mail</td>
<td></td>
</tr>
<tr>
<td>· Web Hosting</td>
<td></td>
</tr>
</tbody>
</table>
E-Rate Eligible Items

Appendix C

Services Eligible for Support (Effective Funding Year 2015)

<table>
<thead>
<tr>
<th>Digital Transmission Services and Internet Access</th>
<th>Eligible Voice Services (Less 20%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital transmission services and Internet Access services are eligible in Category One. These services include:</td>
<td>Eligible voice services are subject to an annual 20 percentage point phase down of E-Rate support beginning in funding year 2015. The reduced amount will apply to all applicants and all costs for the provision of telephone services and circuit capacity dedicated to providing voice services including:</td>
</tr>
<tr>
<td>· Asynchronous Transfer Mode (ATM)</td>
<td>· Centrex</td>
</tr>
<tr>
<td>· Broadband Over Power Lines</td>
<td>· VoIP</td>
</tr>
<tr>
<td>· Cable Modem</td>
<td>· Local, long distance and 800 service</td>
</tr>
<tr>
<td>· Digital Subscriber Line (DSL)</td>
<td>· POTS</td>
</tr>
<tr>
<td>· DS1 (T1), DS3 (T3), and Fractional</td>
<td>· Radio Loop</td>
</tr>
<tr>
<td>· Ethernet</td>
<td>· Satellite telephone service</td>
</tr>
<tr>
<td>· Fiber (Lit and Dark)</td>
<td>· Shared telephone service (Only the portion of the shared services relating to the eligible use and location may receive discounts)</td>
</tr>
<tr>
<td>· Frame Relay</td>
<td>· Wireless telephone service including cellular voice and excluding data and text messaging</td>
</tr>
<tr>
<td>· Integrated Services Digital Network</td>
<td></td>
</tr>
<tr>
<td>· Multi-Protocol Label Switching (MPLS)</td>
<td></td>
</tr>
<tr>
<td>· Telephone Dial-up</td>
<td></td>
</tr>
<tr>
<td>· Wireless Services (WAN)(e.g., microwave)</td>
<td></td>
</tr>
</tbody>
</table>
THE PROCESS

FORM 486
Start services (486)

- You post a Form 486 to:
  - Notify USAC that services have started and invoices for those services can be processed and paid
  - Report your status of compliance with CIPA
  - Must be filed within 120 days of the FCDL

- Acronyms and terms
  - Form 486 Notification Letter – a letter issued by USAC to the applicant and service provider after a Form 486 has been processed
  - Children’s Internet Protection Act (CIPA) – a law with specific requirements on Internet safety policies and filtering
THE PROCESS

BEAR FORM 472
OR
SPI FORM 474
2 ways to handle invoicing

- Discounts on bills (Form 474, SPI)
  - Service provider must handle the filing of invoices with USAC

- Reimbursements (Form 472, BEAR)
  - Applicant must pay for services and apply for reimbursements from USAC on a Quarterly basis
Record Retention

- Retain documents for 10 years (Keep an “E-Rate book for each year)

- Records may be kept electronically

- Applicants retain documents to show compliance:
  - Documents describing bid evaluation criteria and weighting
  - Any correspondence with potential bidders
  - Documents related to the selection of the service provider(s)
  - Signed and dated copies of contracts
  - Also, see further list on USAC website under document retention

- Retain documents to show your compliance:
  - Letters of Agency and any agreements with all consultants
  - Technology Plan (both draft and final approved version) and TPA Plan Approval letter
  - RFP, including evidence of publication date and any solicitation you did
  - Any and all bids (winning and losing)
  - Email to yourself if you get no or one bid
USAC Resources

- USAC Homepage

- USAC Reference Page

- USAC tools

- USAC Outreach and Training
  [http://www.usac.org/sl/about/outreach-training.aspx](http://www.usac.org/sl/about/outreach-training.aspx)

- Use the “Submit a Question” link on the web site

- Fax toll-free at 888-276-8736
- Telephone toll-free at 888-203-8100

Always ask in writing and insist on a written response.
Erate Resources for AZ

- Arizona Department of Education (ADE)
  http://www.azed.gov/erate/

- Arizona State Library Archives and Public Records
  http://www.azlibrary.gov/libdev/funding/e-rate

- Arizona State Procurement Office (AZSPO)
  https://procure.az.gov/bso/login.jsp

Please thank Mark Masterson (ADE CIO) for maintaining a State Erate Coordinator Director on his staff enabling Arizona to receive over $80M Federal Funds.
Mark.masterson@azed.gov
Questions?