

## E-rate: What's New for 2016?

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### What is E-rate?

- Federal program that provides discounts to assist most schools and libraries in the United States (and U.S. territories) to obtain affordable telecommunications (telephone) and Internet access.
- Funded through the **Universal Service fee** charged to companies that provide telecommunications services.

### General information

- **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

### E-rate Rules

- The **FCC** sets rules and policies through orders
  - Policies are defined in the text of orders
    - **E-rate Modernization Report and Order** adopted July 11, 2014.
    - **Second Modernization Report and Order** adopted December 11, 2014.
  - **USAC/SLD** develops procedures for specific actions, such as how to process applications
  - **USAC** submits its procedures to the **FCC** for approval each year

### Who can apply?

- Libraries and library systems
  - Must be eligible for LSTA funds – in NE – all public libraries are eligible
- Schools and school districts
- Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices

### Calculate Your Discount



## Discounts

- How large are the discounts on eligible products and services?
  - Discounts: **20% to 90%** of eligible costs
  - Discount for a library depends on:
    - Percentage of K-12 students eligible for **National School Lunch Program (NSLP)** in the school district in which the library is located- can't include PreK
    - **Urban or rural** location of the library

## Calculate Your Discount – 3 Steps

1. Find your NSLP data on the Nebraska DOE website:  
[http://www.education.ne.gov/DataServices/Data\\_and\\_Information.html](http://www.education.ne.gov/DataServices/Data_and_Information.html)
2. Check your Urban/Rural Status in the **Lookup Tool** –
  - <https://sltools.universalservice.org/portal-external/urbanRuralLookup/>
  - Based on 2010 U.S Census data. The FCC defines **Urban** areas as areas with populations equal or greater than 25,000. **Rural** encompasses all territory not in an urban area.
3. Use the Discount Matrix to determine your discount.

## Discount Matrix

INCOME Measured by % of students eligible for the National School Lunch Program	CATEGORY ONE		CATEGORY TWO	
	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%

Note lower top discount rate for Category Two services.

## Funding Commitments

- Commitments for E-rate are made by Funding Year, which runs from July 1 through the following June 30
  - **FY 2016 is July 1, 2016 – June 30, 2017**
- Funding available:
  - **Category One: \$3.9 billion**
  - **Category Two: \$2 billion - \$1 billion each for FY 2015 and FY 2016**
  - **Category One applications funded first. If more money is needed, will be taken from Category Two.**
  - **If Category Two demand exceeds available funds, prioritize based on discount rate.**

## Eligible Services List



## What is “E-rate-able”?

- The FCC publishes the **Eligible Services List** each year.
- The list can be found on the SLD website in PDF format:
  - <http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx>

## Eligible Services List

- Streamlined
  - For FY 2014, the ESL was 49 pages
  - For FY 2016, the ESL is 8 pages
  - Divides services into:
    - **Category One** - services providing high-speed connectivity **to** the building
    - **Category Two** - services providing high-speed connectivity **throughout** the building

## Eligible Services List

- Focus on providing support for Broadband
  - To close the Wi-Fi gap
- Phase down of Voice Services
  - To make E-rate dollars go farther
  - Worked for FY 2015 – Enough money to fund all applications! Demand did not outstrip available funds.

## Category One – Eligible

- Digital transmission services and Internet access services – basically anything that provides high speed broadband.
- Broadband over Power Lines
- Cable Modem
- DSL
- DS-1, DS-2, DS-3
- Ethernet
- Fiber (Lit and Dark)
- Integrated Services Digital Network (ISDN)
- Satellite Services
- T-1, T-3, Fractional T-1 or T-3
- Wireless Service (e.g. microwave)

## Category One – Phase Down

### Eligible Voice Services Subject to Phase Down

- The discount rate for all voice services will be reduced by 20 percentage points beginning in FY 2015, and reduced by an additional 20 percentage points each subsequent funding year, until FY 2019, when all voice services are phased out.
- Centrex
- Interconnected VoIP
- Local, long distance, 800 service
- POTS
- Radio Loop
- Circuits dedicated to providing voice service only
- Satellite telephone service
- Shared telephone service
- Wireless telephone service including cellular voice
  - Excludes data and text messaging

## Category Two

### What is Category Two?

- Category Two includes equipment and services needed to bring broadband into and throughout libraries.
- Subject to five-year budgets.
- Includes Internal Connections, Managed Internal Broadband Services, and Basic Maintenance of Internal Connections.

## Category Two

### Eligible Internal Connections

- Access points
- Antennas
- Cabling
- Caching
- Firewalls
- Network switches
- Routers
- Racks
- Uninterruptible Power Supply/Battery Backup
- Wireless LAN Controllers
- Improvements, upgrades and software necessary to support eligible broadband internal connections components

## Category Two

### NEW – Managed Internal Broadband Services (eg. Managed Wi-Fi)

- Services provided by a third party
  - Operation
  - Management
  - And/or monitoring of eligible broadband internal connection components
- The third party may manage the library's equipment or provide the equipment as part of a lease.

## Category Two

### Basic Maintenance of Internal Connections

- Support for basic maintenance of eligible internal connections such as
  - Repair and upkeep of hardware
  - Wire and cable maintenance
  - Basic tech support
  - Configuration changes
- Support for BMIC is limited to actual work performed under the contract

## Miscellaneous

- Could fall into either Category One or Two
  - Taxes, surcharges and other similar reasonable charges
  - Lease fees to rent or lease eligible components
  - Shipping charges
  - Training
  - Installation and configuration
    - \*New\* Installation may be provided by a third party – previously it had to be part of the contract when you purchased the equipment. Now you can have someone else install the equipment.

## Category Two Budgets



## Category Two Budgets

### What are Category Two budgets?

- Each library receiving Category Two support starting between FY2015 and 2019 will have a five-year budget for Category Two products and services (those that distribute broadband *within* libraries).
  - Products and services ordered in excess of an entity's Category Two budget will not receive E-rate discounts.
  - There is no budget for Category One services (those that connect broadband to libraries).

## Category Two Budgets

### How much is my budget?

- The **pre-discount** budget for a library is calculated by multiplying the total area in square feet – including all areas enclosed by the outer walls of the library and occupied by the library – by \$2.30, with a minimum of \$9,200 if the library is less than 4,000 square feet.
  - Libraries located in cities and urbanized areas with a population of 250,000 or more are eligible for a budget of \$5 per square foot.

## Category Two Budgets

### How much is my budget?

- Example: Your library is 3,500 square feet.
  - 3,500 square feet x \$2.30 per square foot = \$8,050.
  - However, there is a \$9,200 floor. Since the result of the calculation is less than \$9,200, the pre-discount budget is \$9,200.
  - At a 50% discount rate, the library will receive \$4,600 in E-rate funds to spend on Category Two services for the next 5 years:  $\$9,200 \times 0.5 = \$4,600$ .

## Category Two Budgets

### How much is my budget?

- You can use your pre-discount budget in a manner that best meets your needs. You could spend all of it in FY2016, spend 1/5 each year, or any other combination up to your total.
- Budgets are recalculated every year based on current square footage, and can go up or down.

## Technology Planning



## Technology Plan

**NO LONGER  
REQUIRED!!!**

Still a good idea to have one!

## CIPA



## CIPA/NCIPA Compliance

*(Children's Internet Protection Act)*

- Compliance with CIPA required for:
  - Internet access
  - Internal connections
- CIPA requires:
  - Internet Safety Policy
  - Technology Protection Measure
  - Public Notice and Meeting/Hearing
- SLD information on CIPA:
  - <http://www.usac.org/sl/applicants/step05/cipa.aspx>



### E-rate Forms

- There are four basic forms:
  1. Form 470 (I want a service)
  2. Form 471 (I have chosen a service provider)
  3. Form 486 (I am receiving the service)
  4. Form 472/474 (I have paid all my bills – give me my money!)
- New: Form 498 – to provide bank information for direct reimbursement payments (BEARs).

### Forms and Deadlines – FY 2016

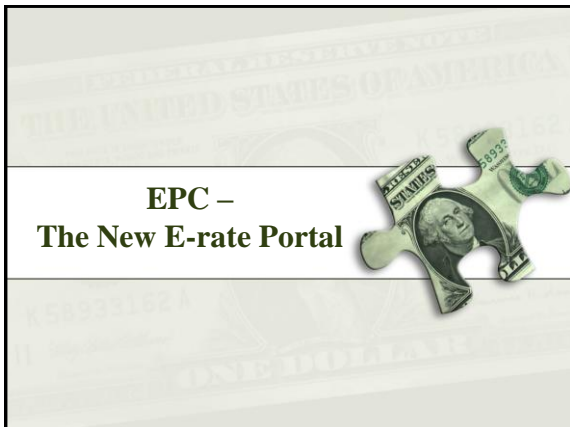
Form or Event	Deadline or Dates
Funding Year (FY)	➤ Funding Year you are currently applying for is 2016 - July 1, 2016 through June 30, 2017.
Form 470	➤ Starts request for services. Must be posted at least 28 days before filing Form 471. Keep in mind: (1) timeframe for all bids (2) Form 471 filing window. Will receive <i>Receipt Notification Letter – RNL</i> . Usually file around <b>October/November</b> each year.
Form 471 window	➤ Tells USAC what services you want, the provider, costs, discount %, contract or MTM, etc. Form 471 can only be submitted during the Application Filing Window, usually <b>early December to mid-March</b> preceding the start of the Funding Year. Exact filing window dates are posted on the USAC web site. Will receive <i>Receipt Acknowledgement Letter – RAL</i> .
PIA Review	➤ USAC's Program Integrity Assurance (PIA) staff review all applications, which can take months. PIA will contact you with questions.
FCDL sent	➤ Starting late Spring, <i>Funding Commitment Decision Letters (FCDL)</i> sent to applicants. This continues for months.
Form 486	➤ Confirms start of service. Must be received within 120 days after FCDL date or 120 days after the Service Start Date, whichever is later.
Form 472 / 474	➤ Get reimbursements (#472) or discounts on bills (#474). Received no later than 120 days after the date of the Form 486 Notification Letter or 120 days after the last date to receive service, whichever is later.

### E-rate Forms

- Libraries must retain copies of any E-rate paperwork that supports current year for **10 years** after the **last date of service**.
  - FY 2016: this is at least **June 30, 2027**.
  - E.g., Contract from 2010 for recurring services, used to support FY 2016 FRNs, must be kept until at least **June 30, 2027**.
- Documents may be retained in electronic or paper format.
- Exception: CIPA documentation – keep forever.

### E-rate Forms

- You must retain:
  - FCC Forms and letters received from USAC (e.g., FCC Forms 470, 471, 486)
  - Any other USAC correspondence.
  - Copies of bids.
  - Contracts/service agreements signed with service providers.
  - Correspondence with service providers regarding bidding process.
  - Copies of bid matrix or decision process for selecting winning bid.
  - Proof of delivery of the service and/or equipment.



## E-rate Productivity Center (EPC)

Starting in FY 2016, all forms must be filed via the E-rate Productivity Center (EPC)

➤ <http://www.usac.org/sl/tools/e-rate-productivity-center/default.aspx>

## Why Move to a Portal?

- Move to one location for all program activities.
  - Complete and certify program forms
  - Obtain the status of applications
  - Submit requests
  - Receive timely reminders and notifications
  - Respond to PIA questions
  - Ask USAC questions
- Improve the customer experience.
- Streamline the application process.

## Advantages of the Portal

- All of your forms, submitted documentation, and requests will be in one location online and easily accessible.
- Users can access the portal from **any device** (e.g., desktop computer, laptop computer, tablet, smartphone) and **any browser**.

## Advantages of the Portal

- Libraries can update and store address information and other data (NSLP, etc.). This information can then be uploaded into online forms so that you do not have to re-enter it every year.
- Consortia and statewide applicants will have a complete list of their members, and service providers and consultants will have a complete list of their clients.

## Advantages of the Portal

- Applicants will no longer need a Personal Identification Number (PIN) to certify forms.
- Account administrators can create as many account users as they wish, and decide which activities the users can perform (*i.e.*, set their permissions or user rights).
  - Full user – can complete, file, and certify.
  - Partial – can complete, but not submit or certify. Can also update organizational info.
  - View only – can see, but not do anything. Can also update organizational info.

## How to Log In

- USAC creates an account for the applicant organization and identifies an account administrator.
- Applicant organization types:
  - Independent school
  - Independent library
  - School district
  - Library system
  - Consortium / statewide applicant

## Apply Online - <http://www.usac.org/sl/>

## Request services - Form 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
  - Define the scope of your needs (e.g., a library building, a library system, a state network)



### Form 470

- **Must be posted for at least 28 days** before you choose a vendor, sign contracts, and file Form 471
- **FY2016 Filing Window for Form 471 - TBA**

### Form 470

**When is the FCC Form 470 not required?**

- Applicants are exempted from the competitive bidding rules when ordering business-class Internet access services, if:
  - the pre-discount cost is \$3,600 or less annually (\$300/month), and
  - the bandwidth provided is at least 100 Mbps downstream and 10 Mbps upstream
  - service and price are commercially available
- Cost can include one-time installation charges and eligible equipment charges and services.

### Receipt Notification Letter (RNL)

- Letter issued by **USAC** that summarizes the information provided in the Form 470
- Applicant can use the RNL to make corrections or changes
- Gives the **Allowable Contract Date (ACD)** – the date 28 days after the Form 470 is posted to the USAC website

### Competitive bidding

- After you close the competitive bidding process for your services (on or after the **Allowable Contract Date**):
  - You can evaluate the bids received
  - You can choose your service provider(s)
  - You can sign a contract **or legally binding agreement**
  - You can post a Form 471 – only during the Application Filing Window

### Competitive bidding

- Must have a **fair and open bidding process**
  - All vendors are treated the same; have access to same information
  - Vendors cannot be involved in your 470
- Must choose most **cost-effective bid**
  - Cost must be primary factor
  - Fully document your bid review process and any decision(s)
    - Record dates of any decisions, actions taken, etc.

### Competitive bidding

**Bid Evaluation Matrix (sample)**

Factor	Points Available	Vendor 1	Vendor 2	Vendor 3
Price of the <b>ELIGIBLE</b> goods and services	30	15	30	25
Prior experience w/ vendor	20	20	0	20
Prices for ineligible services, products & fees	25	20	15	25
Flexible Invoicing: 472 or 474	15	0	15	15
Environmental objectives	5	5	3	2
Local or in state vendor	5	5	5	5
<b>Total</b>	<b>100</b>	<b>65</b>	<b>68</b>	<b>92</b>

## Form 471



## Choose services – Form 471

- You post a Form 471 to:
  - Report information on the service providers and services you have chosen, and the costs.
  - Include discount calculation information including student **NSLP** counts
  - Certify your compliance with program rules

## Form 471

- File after the Form 470 has been posted for at least 28 days **AND** contracts or **legally binding agreement in writing** are signed (if the service requires a contract) **AND** the Application Filing Window opens
  - **FY2016 Filing Window for Form 471 – TBA**
- Must be filed each funding year
- Form 470 certifications must also be filed online before the close of the 471 filing window

## Acronyms and terms

- **Funding Request Number (FRN)** – the identification number assigned to a Form 471 funding request
- **Service Provider Identification Number (SPIN)** – the identification number assigned by **USAC** to a service provider
  - Service providers may have more than one **SPIN** in order to identify separate business units, different states in which they operate, etc.

## Receipt Acknowledgement Letter (RAL)

- Letter issued by **USAC** to the applicant and service provider that summarizes the information provided in the Form 471
- Ministerial and clerical errors can be corrected using the RAL until USAC issues the Funding Commitment Decision Letter
- Applicants can request funding reductions, but not funding increases.

## Application Review



## Application review

- **USAC reviews your Form(s) 471 to:**
  - Check the eligibility of the libraries and their discount levels
  - 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

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- **Program Integrity Assurance (PIA)** – the **USAC** group that reviews and makes funding decisions on program applications
- **Funding Commitment Decision Letter (FCDL)** – a letter issued by **USAC** to the applicant and the service provider that contains commitment decisions on funding requests

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## Funding Commitment Decision Letter (FCDL)

- **FCDL** reports status of individual funding requests:
  - Funded
  - Not funded
  - As yet unfunded (internal connections)
  - Canceled
- May receive more than one FCDL
- Use info on FCDL to prepare Form 486

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## Appeals

- Funding denials can be appealed
  - Generally, appeal first to the SLD
  - Then appeal to FCC if SLD denies appeal
- Must be filed within 60 days of denial on FCDL
- FCC has been granting many appeals
  - But can take a year or more
- See Appeals Procedure on SLD Website:
  - <http://www.usac.org/about/about/program-integrity/appeals.aspx>

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## Form 486



## Start services – Form 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** (if needed)
- All the information you need to complete your 486 is in your Funding Commitment Decision Letter (FCDL).

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## Form 486

- Form 486 deadline is 120 days after service starts
- **-OR-**
- 120 days after date of Funding Commitment Decision Letter date, whichever is later
  - October 29 deadline for FCDL before July 1

## Form 486 Notification Letter

- Letter issued by **USAC** to the applicant and service provider after a Form 486 has been processed

## Forms 472/474



## Invoicing USAC - Forms 472/474

- Applicants have a **choice of two invoicing methods** to receive discounts:
  - Billed Entity Applicant Reimbursement (**BEAR**) Form 472
    - to receive reimbursement after you have paid your bills in full
  - Service Provider Invoice (**SPI**) Form 474
    - to receive the discount on your bills

## Invoicing USAC - Forms 472/474

- **BEAR Form** is filed by the applicant after they have paid for the services in full.
  - Form due October 28, 120 days after last service date, June 30
  - Or 120 days after date of Form 486 Notification Letter
- **SPI Form** is filed by the service provider after the applicant has been billed for the non-discount portion of the cost of eligible services.

## BEAR payments to applicants

- As of July 1, 2016, applicants will receive direct reimbursement from USAC.
- Electronic bank transfers only. USAC does not issue checks.
- BEAR will be online only via EPC.

## Direct Payment – Form 498

- Form 498 – to provide USAC with banking information. Available in January 2016, so you can fill out the information before you need to do a BEAR.
  - Basic banking information: Contact person, Applicant (library) information, Bank account and routing numbers.
- NEW: Will need a Federal Employer ID Number (EIN/TaxID) – used for payroll.

## Direct Payment – Form 498

- NEW: DUNS Number: Dun & Bradstreet "Data Universal Numbering System" – used to identify business entities.
  - Free to get one if it is required for a federal form - E-rate qualifies.
- Check to see if you already have one: D&B's online D-U-N-S database: <https://www.dandb.com/dunsnumberlookup/> or call (866) 705-5711 to speak to a representative
- Apply online through Dun & Bradstreet's website: <http://www.dnb.com/get-a-duns-number.html>

## Invoicing USAC - Forms 472/474

- **BEAR Notification Letter** – a letter issued by USAC to the applicant and service provider after a BEAR has been processed
- **Quarterly Disbursement Report** – a report issued to the applicant detailing all invoicing activity (BEARs and SPIs) during the previous quarter

## Getting help

- **SLD Client Service Bureau (CSB)**
  - 1-888-203-8100
  - Submit a Question –
    - [http://www.slforms.universalservice.org/emailresponse/email\\_intro.aspx](http://www.slforms.universalservice.org/emailresponse/email_intro.aspx)
- USAC website – [www.usac.org/sl](http://www.usac.org/sl)

## Useful Links

- SL News Briefs -
  - <http://www.usac.org/sl/tools/news/default.aspx>
- Application Process -
  - <http://www.usac.org/sl/about/getting-started/process-overview.aspx>
- NLC E-rate website -
  - <http://nlc.nebraska.gov/erate/>

## Useful Links

- E-rate Central
  - <http://e-ratecentral.com/>
- Funds for Learning
  - <https://www.fundsforlearning.com/>

## Questions???

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