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:
- 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

Funding Commitments

- Commitments for E-rate are made by Funding Year, which runs from July 1 through the following June 30:
  - FY 2018 is July 1, 2018 – June 30, 2019
- Funding available:
  - $3.99 billion, adjusted annually for inflation
  - Once per year, the FCC may direct USAC to roll over unused funds from previous funding years into the next funding year.
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

3 Steps
1. Find your NSLP data on the Nebraska DOE website: https://www.education.ne.gov/dataservices/data-reports/
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

<table>
<thead>
<tr>
<th>INCOME</th>
<th>CATEGORY ONE</th>
<th>CATEGORY TWO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>URBAN Discount</td>
<td>RURAL Discount</td>
</tr>
<tr>
<td>Less than 1%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>1% to 19%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>20% to 34%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>35% to 49%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>50% to 74%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>75% to 100%</td>
<td>90%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Note lower top discount rate for Category Two services.

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:

Eligible Services List
Streamlined
- For FY 2014, the ESL was 49 pages
- Since 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

Focus on providing support for Broadband
- To close the Wi-Fi gap

Phase down of Voice Services
- To make E-rate dollars go farther
- Working so far.
  - Enough money to fund all applications
  - Demand did not outstrip available funds.

**Eligible Services List**

**Category One – Eligible**
Digital transmission services and Internet access services – basically anything that provides high speed broadband.
- Broadband over Power Lines
- Cable Modern
- 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)

**Fiber Options**
- **Leased Lit Fiber**: Fiber-based broadband service, owned and managed by service provider. Customer pays a recurring fee to use the network.
- **Leased Dark Fiber**: Customer leases a portion of a provider-owned and maintained fiber network and pays to have that fiber lit in order to use that fiber.
- Program rules require applicants considering a Leased Dark Fiber solution for their connectivity must also request bids for a Leased Lit Fiber solution - Utilize the “Leased Dark Fiber and Leased Lit Fiber” drop-down option in EPC when submitting the FCC Form 470.

**Self-Provisioned Network**:
- Complete customer ownership of a high-speed broadband network.
- Customer hires a vendor to construct the network or a portion of the network, and owns and maintains that network or portion.

**Special Construction**
Special construction refers to the upfront, non-recurring costs associated with the installation of new fiber (leased lit fiber, leased dark fiber, and self-provisioning) to or between eligible entities.

Special construction charges eligible for Category One support consist of three components:
1. Construction of network facilities;
2. Design and engineering; and
3. Project management.
Special Construction

- Installation of all Category One non-recurring services may begin six months prior to the July 1 start of the funding year (i.e., or after January 1) if the following conditions are met:
  - Construction begins after selection of the service provider and a valid competitive bidding process.
  - A Category One recurring service must depend on the installation of the infrastructure.
  - The actual service start date for that recurring service is on or after the start of the funding year (July 1).

Category One – Voice Phase Down

Discount rate reduced by 20 percentage points each funding year, until all voice services are completely phased out.

<table>
<thead>
<tr>
<th>Discount %</th>
<th>FY2015 - 20</th>
<th>FY2016 - 40</th>
<th>FY2017 - 60</th>
<th>FY2018 - 80</th>
<th>FY2019 - 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>70</td>
<td>50</td>
<td>30</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>80</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td>0</td>
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<tr>
<td>70</td>
<td>50</td>
<td>30</td>
<td>10</td>
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<tr>
<td>60</td>
<td>40</td>
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<td>30</td>
<td>10</td>
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<tr>
<td>25</td>
<td>5</td>
<td>0</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Category One – Phase Down

Eligible Voice Services Subject to Phase Down

- 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.

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

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

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.

– USAC calculates a C2 budget for each library.
– The library can receive discounts on the cost of C2 services up to its C2 budget amount.
– Products and services ordered in excess of an entity’s C2 budget will not receive E-rate discounts.

How much is my budget?

For FY 2017, 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 $2.35, with a minimum of $9,412.80.

– C2 budget multiplier is adjusted each year for inflation.

Example: Your library is 3,500 square feet.

– 3,500 square feet x $2.35 per square foot = $8,225.
– However, there is a $9,412.80 minimum budget. Since the result of the calculation is less than $9,412.80, the pre-discount budget is $9,412.80.
– At a 50% discount rate, the library will receive $4,706.40 in E-rate funds to spend on Category Two services for the next 5 years: $9,412.80 x 0.5 = $4,706.40.
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 one Funding Year, 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:


E-rate Forms
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 am paying my bills – give me my money!)

– New: Form 498 – to provide bank information for direct reimbursement payments (BEARs).

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 2018: this is at least June 30, 2029.
  – E.g., Contract from 2010 for recurring services, used to support FY 2018 FRNs, must be kept until at least June 30, 2029.
• Documents may be retained in electronic or paper format.
• Exception: CIPA documentation – keep forever.

Forms and Deadlines – FY 2018

<table>
<thead>
<tr>
<th>Form or Event</th>
<th>Deadline or Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Year (FY)</td>
<td>Funding Year you are currently applying for is 2018- July 1, 2018 through June 30, 2019.</td>
</tr>
<tr>
<td>Form 470</td>
<td>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 Receipt Notification Letter – RNL. Usually file around October/November each year.</td>
</tr>
<tr>
<td>Form 471 window</td>
<td>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. Exact dates TBA. Will receive Receipt Acknowledgement Letter –RAL.</td>
</tr>
<tr>
<td>PIA Review</td>
<td>USAC’s Program Integrity Assurance (PIA) staff review all applications, which can take months. PIA will contact you with questions.</td>
</tr>
<tr>
<td>FCOL sent</td>
<td>Starting late Spring, Funding Commitment Decision Letters (FCOL) sent to applicants. This continues for months.</td>
</tr>
<tr>
<td>Form 486</td>
<td>Confirms start of service. Must be submitted no later than 120 days after FCOL date or 120 days after the Service Start Date, whichever is later.</td>
</tr>
<tr>
<td>Form 474 / 472</td>
<td>Get discounts on bills (SPI-#474) or reimbursements (BEAR-#472). Must submit Form 498 (Bank Account Information before submitting BEAR. BEAR due 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.</td>
</tr>
</tbody>
</table>

E-rate Productivity Center (EPC)

Starting in FY 2016, most forms are filed via the E-rate Productivity Center (EPC).

http://portal.usac.org
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 are 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.

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

How to Log In

- 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.
  - View only – can see, but not do anything. Can also update organizational info.

Apply Online - http://www.usac.org/sl/

An easy-to-use application process for institutions to file and receive funding.
Persons and entities doing business with the FCC must obtain an FCC RN and supply it when doing business with the FCC.

To look up your library’s FCC RN, or request one, go to:

https://fjallfoss.fcc.gov/coresWeb/publicHome.do
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

When is the FCC Form 470 not required?

- 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.

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
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

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 – BUT, 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.

Bid Evaluation Matrix (sample)

<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 goods and services</td>
<td>30</td>
<td>15</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Prior experience w/ vendor</td>
<td>20</td>
<td>20</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Prices for ineligible services, products &amp; fees</td>
<td>25</td>
<td>20</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Flexible Invoicing: 472 or 474</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Environmental objectives</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Local or in state vendor</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</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>

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.

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.
- Includes discount calculation information including student NSLP counts
- Certify your compliance with program rules

Choose services – Form 471

• USAC recommends communicating with your service provider:
  - If you need help completing technical details
  - To notify them of your desired invoicing method

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
• FY2018 Filing Window for Form 471 – TBA
• Must be filed each funding year

Structure of a Form 471 Funding Request

Adding a funding request is a two-step process. For each service, you create an FRN (Funding Request Number) and then create one or more FRN line items to provide the details.

FCC Form 471
- Must file a separate 471 for each category of service

Funding Request
- Add one per service type
- Provides summary information
- Each request is identified by a unique 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
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

- 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.

Program Integrity Assurance (PIA)

- the USAC group that reviews and makes funding decisions on program applications.
  - You have 15 days to respond to PIA questions.
    - You can ask for an automatic seven-day extension if you need it.
  - 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 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
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

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 EPC and auto-fills into your 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
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

**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.

**Direct Payment – Form 498**

Form 498 – to provide USAC with banking information.
- You must submit the 498 and your bank account documentation before you can do the BEAR Form.
- 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.

**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 –

USAC website – www.usac.org/sl
Useful Links

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

Questions???

Christa Porter
Library Development Director
Nebraska Library Commission
800-307-2665
christa.porter@nebraska.gov
http://nlc.nebraska.gov/erate/