

E-rate for Beginners: Where to Start



Funding Year 2016/2017

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What is E-rate?

- Federal program overseen by FCC, run by USAC
- \$3.913 billion cap, plus unspent \$ from prior years (\$1.9B for FY 2016)
- Provides discounts ranging from 20-90% on broadband, internet and voice services, and 20-85% on internal connections equipment
- All services/equipment must be competitively bid on USAC website for at least 28 days
- Funding years based on first day of funding
 - FY 2016 = July 1, 2016 – June 30, 2017
 - FY 2015 = July 1, 2015 – June 30, 2016

Where Are You and What Should You Be Doing Now?

- Great time to be coming into the program!
- Middle of FY 2015
- Start applying for FY 2016

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What is EPC?

- EPC = E-rate Productivity Center
- New account and application management portal
- Over the next 6 months, all E-rate forms, letters and interactions will be phased in to the EPC Portal system
- Advantages?
 - All forms, submitted documentation and requests will be archived in a single location
 - Lots of data will be entered into EPC prior to filing the application
 - Forms will be pre-populated with information
 - Supposed to provide streamlined reviews
- You **MUST** be in EPC to apply for E-rate

Establishing Your Initial EPC Account

- USAC created an EPC account in their database for each applicant entity and identified an Account Administrator (person who signed FY 2015 Form 471)
 - One AA per Billed Entity
- The AA can perform these functions:
 - Create Users
 - Assign Users' Rights/Permissions
 - Change AA to another user
 - Join Consortia
 - Link to Your Consultant
 - Enter Enrollment/NSLP Data

Unsure if You're in EPC?

- Contact USAC at 888-203-8100 and ask:
 - Has your EPC account been created?
 - Who is the AA that was established for your entity's account?
 - Has the AA logged in and accepted the Terms and Conditions?
- If your account has not been established, or you need to change AAs, USAC can help you with this
- USAC's EPC Website: www.usac.org/sl
 - Contains FAQs
 - User Guides
 - Video Tutorials

A Few EPC Quirks...

- An AA **MUST** be a school or library employee
 - Not a consultant
- The AA must have a unique e-mail address
 - If the AA works with a different entity, they must have a different e-mail address to be the AA for the other entity
- The AA must be “invited” into EPC
 - Will have 15 minutes to log in and accept T/C after clicking on invitation link

Setting Up Your EPC Account

- Click on District Name (first entity on the Organization list)
- Then > Related Actions on left toolbar
- Then perform these functions:
 - Establish other users and giving them permissions (if any)
 - Be sure those users then establish their passwords, and accept their terms and conditions
 - Review your school list to make sure all buildings are listed
 - Add your NIFs by creating a customer service case with USAC
 - Ensure that the addresses are accurate for each building, as well as the “profile” information for each school
 - Join a consortium, if applicable
 - Link to a consultant, if applicable
 - Update your enrollment/NSLP data
 - NSLP data should already be in your portal from FY 2015 but will need to be updated for 2016

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Accessing EPC...

SCHOOLS AND LIBRARIES (E-RATE)

USAC Home | Schools and Libraries Program

APPLY ONLINE | MAKE UPDATES | FORMS | TOOLS

ABOUT THE PROGRAM

- Setting Started
- Acronyms & Terms (PDF)
- Reference Area
- Program Integrity
- Eligible Services List
- Document Retention
- Trainings & Outreach

RESOURCES & TOOLS

- Apply Online
- E-rate Productivity Center
- Forms
- Deadlines
- Latest News
- Samples & Examples
- Funding Commitment Tool
- Search Tools
- Submit a Question

APPLICANTS

Steps to funding for eligible schools, school districts, libraries, and consortia **GET STARTED**

SERVICE PROVIDERS

Steps to funding for telecommunications, Internet access, and internal connections providers **GET STARTED**

LATEST NEWS

- News Brief Issued (10/1/2015)
- Service Provider Webinars - Date Change Notification (10/2/2015)
- E-rate Modernization Order Information Now Integrated into Steps (10/1/2015)
- Special Edition News Brief - Letter from Neil Blackwell (9/29/2015)
- Webinar: Introducing EPC, the E-rate Productivity Center (9/1/2015)

QUICK LINKS

- E-rate Program Applicant Trainings - View Here
- FY2016 Eligible Services List - Now Available!
- FY2016 FCC Forms 470 - View Now
- EPC Instructional Videos - Now Available!
- EPC is Now Available - Learn More!

E-RATE PRODUCTIVITY CENTER (EPC)

The E-rate Productivity Center (EPC) is the account and application management portal for the Schools and Libraries (E-rate) Program. Applicants, consultants, and service providers participating in the E-rate Program will use the tool to manage program processes and to submit questions.

Log In

This summer, applicants will be able to file the FCC Form 470 in EPC.

Over the course of the next year, the remaining E-rate Program forms for applicants and service providers will be available in EPC. EPC will allow users to get information about the status of their applications, reminders about important dates, and correspondence from Program Integrity Assurance (PIA) and other review teams. Letters and other correspondence will be stored in EPC so that users can easily access them at any time.

Additional Resources

To learn how to use EPC to successfully maintain your account with USAC, watch our video tutorials and read our online user guides.

- EPC Glossary of Terms
- EPC Frequently Asked Questions (FAQ)

Applicant User Guides

- Getting Started
- Navigating EPC
- Managing Users
- Managing Your Organization
- Customer Service
- Searching FCC Forms 470
- Filing FCC Form 470
- NSC Connections

Service Provider User Guides

- Getting Started
- Navigating EPC
- Managing Users
- Managing Your Organization
- Customer Service
- Searching FCC Forms 470

EPC Video Tutorials

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DISCOUNT CALCULATIONS



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School Discount Calculation

- Discount level for a school or district depends on:
 1. **% of students** who are eligible for National School Lunch Program (NSLP)
 - Doesn't matter if a school serves lunch or participates in the NSLP
 - Recommend to use October, 2015 data sent to TN Dept of School Nutrition
 - Remove pre-k and adult education students' enrollment and NSLP eligibility as these populations are not eligible for E-Rate in TN
 2. **Urban or rural** location of the school or library
 - Individual school and library is designated as "urban" if located in an "Urbanized Area" or "Urban Cluster" with a population of 25,000 or more
 - Any school or library not designated "urban" is considered "rural" and will receive the additional rural discount
 - 2010 U.S. Census data is used to determine rural status
 - Can check urban/rural status using USAC tool at:

<https://stools.universalservice.org/portal-external/urbanRuralLookup/>

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School District Example

School	Urban/Rural	Enrollment	NSLP	
DALLASTOWN EL SCH	R	185	83	
LOGANVILLE-SPRINGFIELD EL SCH	R	434	77	
YORK TWP EL SCH	R	463	176	
ORE VALLEY EL SCH	R	554	191	
DALLASTOWN AREA SHS	U	1715	366	
LEADERS HEIGHTS EL SCH	U	164	33	
DALLASTOWN AREA MS	U	1003	282	
DALLASTOWN AREA INTERMEDIATE	U	1380	408	
DALLASTOWN AREA SCHOOL DISTRICT	U	5898	1616	27%

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Category 1 Discount Matrix

INCOME Measured by % of students eligible for NSLP	URBAN LOCATION Discount	RURAL LOCATION Discount
If the % of students in your school that qualifies for the NSLP...	...and you are in an URBAN area, your discount will be...	...and you are in a RURAL area, your discount will be...
Less than 1%	20%	25%
1% to 19%	40%	50%
20% to 34%	50%	60%
35% to 49%	60%	70%
50% to 74%	80%	80%
75% to 100%	90%	90%

Community Eligibility Provision

- CEP program provides an alternative to NSLP household applications for free and reduced price meals in high poverty LEAs
 - NSLP estimates are derived from existing data from other income-based programs instead of NSLP applications
 - A school, group of schools, or the entire district must have an Identified Student Percentage of 40% or more and must offer both breakfast and lunch daily to qualify for CEP
- For E-rate, CEP schools will use the **1.6 multiplier** as is currently permitted by USDA and other federal programs
- CEP schools must retain back-up calculations which may be requested during PIA and audits
- Schools are capped at 100% NSLP eligibility for purposes of determining E-rate discount

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Category 2 Discount Matrix

- Maximum Category 2 discount is 85%
- All other discount bands will remain the same

NSLP Eligibility	Urban	Rural
Less than 1%	20%	25%
1 – 19%	40%	50%
20 – 34%	50%	60%
35 – 49%	60%	70%
50 – 74%	80%	80%
75 – 100%	85%	85%

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EPC Impact?

- All enrollment and NSLP data **MUST** be entered into EPC profile *before* filing the Form 471
 - Will then be ported into Form 471 from profile
- FY 2015 Block 4 data was already captured and is already in EPC profile
 - Can update this data or use for FY 2016 application
 - Enrollment/NSLP data good for 2 years
- Libraries will not enter this data
 - Will enter the school district in which the library is located
 - *Libraries cannot submit 471 without schools entering their enrollment/NSLP data*

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What's Eligible and Not Eligible for Category 1 Funding?



What's Eligible for Category 1?

- **Category 1 (to the building):**
 - **Telecommunications/broadband services**
 - Lit leased fiber and Leased dark fiber
 - Ethernet
 - T-1 lines
 - Cable modem/DSL service
 - **Purchase/Lease** of dark fiber beginning in FY 2016
 - **Internet access**
 - Can include Internet and transport charges
 - Content Filtering is not eligible
 - **Voice services (being phased out by 20%/year)**
 - PRIs, VOIP, local, long distance, cellular voice – eligible
 - Data plans, DID blocks, special calling features – not eligible
 - Only exceptions for mobile data plans are for bookmobiles, or where you can prove that they are more cost effective than installing WIFI in the library
 - Voice Services' discount for 2016 is your calculated discount minus 40%

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Voice Phase Out Schedule

If Your Entity's Discount is (in a given year):	Voice Discount Will Be:				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
20%	No Funding	No Funding	No Funding	No Funding	No Funding
25%	5%	No Funding	No Funding	No Funding	No Funding
40%	20%	No Funding	No Funding	No Funding	No Funding
50%	30%	10%	No Funding	No Funding	No Funding
60%	40%	20%	No Funding	No Funding	No Funding
70%	50%	30%	10%	No Funding	No Funding
80%	60%	40%	20%	No Funding	No Funding
90%	70%	50%	30%	10%	No Funding

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What's Eligible and Not Eligible for Category 2 Funding?



What's Eligible for Category 2?

- **Category 2 (inside the building):**
 - Internal connections
 - Wireless equipment (WAPs/controllers)
 - Internal wiring
 - Hub, routers, switches
 - Firewalls, racks, UPSs (to support eligible equip)
 - Caching servers (this is the only eligible server)
 - Basic maintenance of eligible IC
 - Warranties with separate cost are not eligible
 - Managed Internal Broadband Services
 - Paying an outside vendor to own/maintain the equipment
 - Paying an outside vendor to maintain library-owned equipment
 - Eligible for \$30/year/student
 - No voice or video equipment is eligible for C2

Category 2 - Other

- Training on how to use *eligible* equipment is eligible (limited)
- Installation and configuration is eligible
 - Doesn't have to be provided by the same vendor
- Multi-year licenses are eligible and can be requested in full in first year
- Eligible equipment may be purchased and/or installed on or after **April 1** prior to the beginning of the funding year
 - *No invoicing can take place before July 1 of the funding year*

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Category 2, 5-Year Budget Caps

- Each **school** is entitled to a **pre-discount** cap of \$150 per student, or a minimum building cap of \$9200, over a rolling five years
- Money is allocated **per school** (not on a shared-district basis), and applicants **cannot** move funding from one school to another
- Money must be spent during funding year (cannot apply for full budget and spend down over multiple years)
 - FY 2016 = April 1, 2016 – September 30, 2017
 - There is no provision to allow applicants to spend funds and be reimbursed in a later year
- Can use school's entire budget all in a single year or can apply over multiple years

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Category 2 – Enrollment Anomalies

- If enrollment increases, you receive benefit of extra students next year
- If enrollment decreases, you aren't required to pay back funds
- New schools may **estimate** the number of students who will be attending the new school and seek funding based on that estimate
 - However, if an applicant **overestimates** the number of students who enroll in that school, it must return to USAC by the end of the next funding year any **excess funding** based on the actual number of enrolled students
- Students who attend **multiple** schools, such as those that attend vocational schools part-time, may be counted by **both** schools in order to ensure appropriate LAN/WLAN deployment for both buildings

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Category 2 Funding Budgets (Cont'd)

- All competitive **bidding requirements** will continue to apply and applicants can only apply for what they need
- Form 471 application is required to be submitted each year

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Category 2 Funding Budgets - NIFs

- Non-Instructional Facilities (NIFs) don't have C2 budgets because there is no student population
- If equipment is located in the NIF and serves a school(s), that school's (or those schools') budget can be used to fund the equipment.

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Category 2 Budgets

- Any funding commitments that include a school or library as a recipient of service in that funding year will count against your pre-discount budget for that entity
- If not all committed funding is spent, you can file a Form 500 to return the remaining unused commitment to USAC
 - If entities are sharing the service, USAC will need specific information so that they know how to apply the returned funds to specific entities
- C2 Budget Calculator:
<https://sltools.universalservice.org/portal-external/budgetLookup/>

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Category 2 Funding Budget Example

School	Maximum Density Student Count	Budget Multiplier	5-Year Budget Cap	E-rate Discount	E-rate Funding Cap	District's Share %	District's Share \$
Plainfield Elementary	50	\$150	\$9,200*	70%	\$6,440	30%	\$2,760
Jacksonville Middle School	105	\$150	\$15,750	70%	\$11,025	30%	\$4,725
Newville High School	325	\$150	\$48,750	70%	\$34,125	30%	\$14,625

- The Budget Cap is the **pre-discount price**. E-rate discounts will then apply **on top of** the budget cap.
- In this example, district would still owe 30% non-discounted share.

** Although $50 \times \$150 = \$7,500$, the minimum floor is invoked because school has less than 62 students*

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Category 2 Bidding

- **Post 470**
 - Post RFP or other documentation as required by state/local guidelines
- or
- **Use TN Education Broadband Consortium Mini-Bid process**
 - Must seek proposals from all vendors in a certain “category” such as wireless, switches, UPSs, etc.
 - More information on the mini-bid process will be made available at the on-site training beginning on March 1, 2016 and subsequent materials will be posted online on our website. Tennsec.com

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Application Process – 7 Easy Steps

1. Bid All Services/Equipment – Form 470
2. Vendor Selection/Bid Evaluation
3. Request E-rate Funding – Form 471
4. Application Review – PIA
5. Funding Commitment – FCDL
6. Turn on Funding/CIPA Compliance – Form 486
7. Submit Invoice to USAC – Form 472 BEAR
 - If paying invoices in full
 - Also, must submit Form 498 to provide bank routing information for direct reimbursements if using BEAR
 - (Vendor submits invoice to USAC if you receive discounted bills)



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Step 1: Posting the Form 470

- Form 470 opens the competitive bidding process for any new contract
 - If multi-year contract signed, 470 not required in out years of contract
- RFPs may be used to describe specific needs and circumstances, but aren't required
 - If available, RFPs must be uploaded into Form 470 when it's posted
- Descriptions of equipment/services cannot be manufacturer-specific
- Form 470 must be filed in EPC

Deadline: Form 470 must be posted online at least 29 days before the Form 471 window close (example: April 15 close = March 18 deadline). File 470 ASAP



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Step 2: Vendor Selection/Bid Evaluation

- After the Form 470 has been posted online, vendors submit proposals to the school or library
 - Proposals must be accepted for a minimum of 28 calendar days, but applicants may accept proposals after this date
- Vendors will contact you if they need additional information
- When contacted by a vendor, you must indicate your willingness to receive a proposal for services listed on Form 470
 - You **CANNOT** say you are just going to stay with your current vendor
- On 29th day after Form 470 is posted (called the Allowable Contract Date) or later, you may conduct your bid evaluation and select a vendor
- **Price of eligible services/equipment MUST be the most heavily weighted factor during bid evaluation**

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Vendor Selection/Bid Evaluation

- Vendor selection must be done before you submit Form 471
- Be careful not to make any decisions, sign anything or file any forms during 28-day waiting period
- Contracts must be signed and dated by applicant
 - Unless receiving services on month-to-month basis
- Cannot select 2 vendors to provide the same service to the same population/group
 - FCC believes there should always be one bidder that is more 'cost effective' than any other

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Step 3: Filing the 471

- **Purpose of the Form 471**
 - Formally requests E-rate funding commitments from USAC
 - Shows discount calculations (data imported from EPC)
 - Gathers contract information from EPC
 - 470 #, contract signing/expiration dates, contract extensions, etc.
 - Or gathers MTM/470 information if no contract
 - Asks detailed questions about services or equipment
 - Asks which entities (buildings) are receiving the service/equipment
- Filed by entity that actually pays the bills (the Billed Entity)

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When and How Many to File

- 471 Application Window: open now through at least April 29, 2016 (unusually late deadline this year – usually in March)
 - **Do NOT miss this deadline!**
- Can file a single 471 for all C1 requests
 - Multiple Category 1 471s are ok
- Category 2 requests must be placed on a separate 471
- New Form 471 for FY 2016
- Must be filed in EPC Portal
- Enrollment and NSLP data will be pre-populated using EPC Portal data



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Step 4: PIA Review

- Program Integrity Assurance (PIA) Review
- Checks for rule compliance
 - eligible services
 - eligible entities
 - appropriate discount
- Most applicants receive a PIA contact
 - Applicants have 15 days to respond
 - DO NOT ignore requests – they will come via an EPC email notification starting this year.
 - Funding will be denied if no response is received.
- If they are going to deny an FRN, they will tell you so and give you 1 more chance to submit new information



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Step 5: SLD Issues FCDL

- FCDL = Funding Commitment Decision Letter
- Beginning in FY 2016, will be delivered in EPC Portal
- Tells you which funding requests of Form 471 are approved, denied or reduced
- Provides information for the next form - Form 486
- Can appeal if you don't agree with your decision
 - Must do so within 60 days of the date of your letter
 - Appeal to SLD if they made an error
 - Can then appeal to the FCC if USAC denies
 - Appeal to FCC for waivers and policy issues
- Watch TN E-rate listserve for weekly wave notices!



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Step 6: Filing the Form 486

- Form 486 signifies that it's OK for SLD to pay any invoices for that FRN, AND certifies CIPA compliance
- **Deadline:** Must be certified no later than:
 - 120 calendar days after the Service Start Date featured on the Form 486 or
 - 120 calendar days after the date of the Funding Commitment Decision Letter
whichever is later
- Submit using info from FCDL
 - Use 07/01/2015 as service start date for FY 2015
 - Will be done in EPC for FY 2016
- USAC then issues the Form 486 Approval Letter to vendor and applicant
 - Letter in EPC for FY 2016

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CIPA Requirements

Any school or library receiving either Internal connections or Internet access must...

- Filter all Internet access
- Have an Internet Safety Policy that addresses required elements
 - Policy must have been adopted after public hearing
- Recipients only receiving telecommunications services are exempt from E-rate CIPA compliance

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Step 7: Receiving E-rate Funding!

- Applicant has a choice
 - Discounts on bills (vendor invoices USAC)
 - or*
 - Reimbursement process (applicant pays bills in full, then invoices USAC)
- Must select one or the other for entire year
- If you want discounted bills, call provider and file Form 486 as soon as you are funded
 - Vendors sometimes have additional forms to complete to proceed with discounted bills



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Discounted Billing Method

- Discounts appear on applicant's bill
- Service provider submits Form 474 to USAC after providing discounted bill
 - the Service Provider Invoice Form (SPIF)
- Providers usually get reimbursed by USAC within 30 days from date of submission
- Applicants do nothing except make sure they are receiving the discounts they deserve on bills
 - **Do the math!**



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Reimbursement Method - BEAR

- Applicant pays bill in full
- Applicant submits Form 472 – BEAR Form for reimbursement*
 - Quarterly, semi-annually, or at end of year
 - Complete one BEAR for each SPIN
- Calculated based on eligible charges on actual bills
 - Not AP register or amount committed
 - Subtract ineligible charges
- **Deadline:**
 - October 28 (following close of funding year) for recurring services;
 - January 28 for non-recurring services/equipment
 - Can request 1 extension
 - Request must be submitted prior to the original invoice deadline

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Reimbursement Method - BEAR

- Starting July 1, 2016:
 - SLD approves BEAR and posts approval letter in EPC
 - SLD then sends remittance electronically to applicant
 - Applicants will need to provide bank account information to USAC in order set up EFT arrangements
 - Use Form 498 to provide this information – form available now in EPC
 - USAC will no longer mail checks
 - All reimbursements will be made electronically

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Where Are You and What Should You Be Doing Now?

- Great time to be coming into the program!
- Middle of FY 2015
 - Most applications funded
 - Make sure that your Form 486 has been filed
 - Request discounted bills from vendors if, wanted
 - File Form 472 BEARs in July/Aug 2016 to get reimbursed where discounts weren't applied to invoices
- Start applying for FY 2016
 - 1) Set up your EPC Portal
 - 2) Decide what services/equipment you will need for FY 2016
 - 3) File Form 470 to competitively bid the services or equipment
 - No need to file 470 if your services are covered under a multi-year contract that was signed more than 28 days after a 470 was submitted, and expires on/after June 2017 or, if you plan to use one of the available consortium contracts for 2016
 - Wait at least 28 days, evaluate bids, award/sign contracts
 - 4) Submit Form 471 to USAC to request funding
 - Form 471 deadline is no earlier than April 29, 2016

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Want More E-rate Training?

- Training presentations on tennsec.com website
- On site training begins March 1, 2016
 - Register here
<http://csmcentral.com/tennsec/#show15-31>
- Webinars will be available through Form 471 filing deadline as more information is available
- USAC trainings and tutorials available at:
<http://www.usac.org/sl/tools/e-rate-productivity-center/default.aspx>

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E-rate Help



- **SLD**
 - Client Service Bureau (CSB)
 - E-rate “Help Desk” where applicants can get answers to questions
 - Accessed via **888-203-8100**
 - ‘Submit a Question’ on SLD website
 - Contact USAC in EPC Portal
- **TN E-rate Coordinator – Kim Friends**
 - E-mail kfriends@tennsec.com
 - Beth McConnell bmccconnell@tennsec.com
 - Audra Thayer athayer@tennsec.com
 - Tennsec.com