

E-rate Program

E-rate Modernization Order

Fall 2014 Applicant Trainings

Order Highlights

- Closing the Wi-Fi Gap
- Applicant Category Two Budgets
- Changes to Eligible Services
- Maximizing Cost-Effective Purchases
- Simplifying the Administration of the E-rate program
 - Purchasing and Contracts
 - Discount Calculations
- Invoicing and Appeals
- Document Retention

E-rate Modernization Order

Closing the Wi-Fi Gap

Making Category Two Funds Go Farther

- \$1B funding target in FY 2015 and FY 2016 for Category Two funding.
- If Category Two demand exceeds available funds, prioritize based on discount rate.
- If there are insufficient funds in a single discount rate, prioritize based on the percentage of students that are eligible for free and reduced school lunches within each applicant's school district.
- Top Category Two discount rate now 85% instead of 90%.
- Two-in-Five rule not in effect for FY 2015 and FY 2016.

Applicant Category Two Budgets

- School budgets are \$150 per student **PRE-DISCOUNT** based on the count of full time and part time students at that school with a floor of \$9,200.
- Library budgets are \$2.30 **PRE-DISCOUNT** times the square footage of the library (inside the four walls) with a floor of \$9,200.
- Budgets are recalculated every year based on current student population or square footage, and can go up or down.
- Any funding commitments that include an entity as a recipient of service in FY 2015 will count against the pre-discount budget for that entity in FY 2016.

Applicant Category Two Budgets

- Each individual school and each library outlet or branch has a Category Two budget.
- Non-instructional facilities (NIFs) – including school NIFs with classrooms and administrative buildings – do not have Category Two budgets.
 - If a NIF is essential for the effective transport of information to or within a school or library, the applicant must allocate the NIF costs to the entities benefiting from the service.
- Districts or library systems may not average their costs across multiple school or library budgets.

Applicant Category Two Budgets Example

- Red School District qualifies for a 50% discount rate.
- There are 1,000 students in total. High School has 550 students but 10 middle school students also take advanced classes there.

| School | F/T & P/T Students | Pre-discount Category Two Budget | Post-discount Category Two Budget |
|-------------------|--------------------|----------------------------------|-----------------------------------|
| Red Elementary | 100 | $100 * 150 = \$15,000$ | $\$15,000 * 0.5 = \$7,500$ |
| Red Middle School | 300 | $300 * 150 = \$45,000$ | $\$45,000 * 0.5 = \$22,500$ |
| Mountain Top ES | 50 | $50 * \$150 = \$9,200$ (floor!) | $\$9,200 * 0.5 = \$4,600$ |
| Red High School | 560 | $560 * \$150 = \$84,000$ | $\$84,000 * 0.5 = \$42,000$ |
| District Office | 0 | \$0 (NIFs don't qualify) | \$0 (NIFs don't qualify) |

Reorienting Support to High Speed Broadband

- Focus on providing support for broadband, removes eligibility of other services.
- Category One services now **ineligible**:
 - Web hosting, voicemail, email, and texting
 - Outdated or legacy voice services including, but not limited to:
 - Paging service
 - Inside wire maintenance
 - Custom calling service

Phasing Down Support for Voice

- 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.
- Applies to all costs incurred for the provision of telephone services and circuit capacity dedicated to providing voice services, including:
 - Local phone service, long distance service, plain old telephone services, radio loop, 800 service, satellite telephone, shared telephone service, Centrex, wireless telephone service such as cellular, and interconnected VoIP.

Phasing Down Support for Voice Example

- Big Red School District has 10,000 students of which 7,000 students are eligible for NSLP giving the district an 80% discount.
 - Big Red School District seeks \$100,000/year for their local and long distance VOIP service.
 - Local and long distance VOIP is subject to the phase down
 - FY 2015: $\$100,000 \times (80-20)\% = \$60,000$ post-discount
 - FY 2016: $\$100,000 \times (80-40)\% = \$40,000$ post-discount
 - FY 2017: $\$100,000 \times (80-60)\% = \$20,000$ post-discount

Cellular Data Connections

- Data plans and air cards are eligible only if a school or library can demonstrate that individual data plans are the most cost-effective options for providing internal broadband access.
- Must be able to demonstrate either that installing a wireless local area networks (WLAN) is not physically possible, or provide a cost comparison to implement an individual data plan solution versus a WLAN solution.
- Cost comparison may be established by seeking bids on WLANs and individual data plans.
- Voice portion remains eligible but subject to phase down.

Category Two - Internal Connections

- **Eligible:** Broadband distribution services and equipment needed to deliver broadband to students and library patrons and are eligible. For example:
 - Routers
 - Access Points
 - Switches
 - Internal cabling
- **Ineligible:** Components that do not support broadband distribution are no longer eligible. For example:
 - Servers
 - Circuit cards
 - Voice/VOIP components
 - Video components

***NEW* Category Two – Managed Internal Broadband Service**

- For FY 2015 and FY 2016
- New Category Two Managed Internal Broadband Service
 - Created to help cover the operation, management, and monitoring of a LAN or WLAN.
 - Applicants benefit from greater flexibility to choose among managed Wi-Fi options

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Maximizing Cost- Effective E-rate Spending

Transparent Cost and Connectivity Data

- No more separate Item 21 attachments – now embedded in the FCC Form 471.
 - FRN line items list all requested products and services.
- Pricing data will be publicly available unless you can show a specific law, rule, or other restriction bars publication of the purchasing price data.
- Contracts executed after the effective date of the Order may not contain any restriction barring publication of this pricing data.

Transparent Cost and Connectivity Data

- Preferred Master Contracts
 - Must be designated by FCC.
 - May be exempt from FCC Form 470 posting requirement and/or required in bid evaluations.
 - Likely that none will be designated for FY 2015.

Encouraging Consortia Purchasing

- A consortium lead may seek bids on behalf of the schools, school districts, and libraries for which it has authority to seek competitive bids for E-rate eligible services, even if it does not have authority to purchase services for the consortium members.
- Consortia applications will be given priority during the review process.

Offering Lowest Corresponding Price

- The LCP rule prohibits an E-rate provider from “charg[ing]” E-rate applicants a price higher than the lowest price that provider charges to non-residential customers who are similarly situated to a particular school, library, rural health care provider or consortium that purchases directly from the service provider.
- LCP rule means that providers must both:
 - submit bids to applicants at prices no higher than the lowest price they charge to similarly-situated nonresidential customers for similar services; and
 - charge applicants a price no higher than the LCP.

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Simple, Fast, and Efficient E-rate Processes

Multiyear Contracts

- Streamlined application process available starting in FY 2016 for multiyear contracts filed in FY 2015 as long as:
 - the multi-year contract is five years or less, and
 - to the extent applicable, any changes in the requested services are within the scope of the original FCC Form 470 and multi-year contract.

Low-Cost, High Speed Business Class Internet Access

- No FCC Form 470 posting is required if you are seeking support for Internet Access as long as it meets **all** of these requirements:
 - Bandwidth speeds of at least 100 Mbps downstream and 10 Mbps upstream;
 - Pre-discount price of \$3,600 or less annually, including any one-time installation and equipment charges; and
 - Service and price are commercially available.
- Each school or library must receive the eligible service at a cost of less than \$3,600 annually and applicants may not average the cost of services across a number of buildings to qualify for this exemption.

Easing Signed Contract Requirement

- Applicants must have a signed contract or ***other legally binding agreement*** in place prior to submitting their FCC Forms 471 to USAC.
- Signed contracts constitute the best evidence that a legally binding agreement exists.
- A verbal offer and/or acceptance will not be considered evidence of the existence of a legally binding agreement.
- Existence of a written offer from the service provider containing all the material terms and conditions and a written acceptance of that offer can be evidence of the existence of a legally binding agreement.

Technology Plans

- Technology Plans are no longer required.
- The FCC, however, strongly encourages all applicants to carefully review existing plans given the many changes in the program resulting from the *E-rate Modernization Order*.

Requiring Electronic Filing

- Starting in FY 2015, all applicants must file their FCC Form 471 online.
 - Item 21 is now integrated in the form. Can't submit application without completing this item.
- New FCC Form 470 will be only online.
- In FY 2015, applicants will still be able to certify their FCC Forms 470 and 471 on paper.
- Over next two years, USAC will transition all remaining forms to online only.

New Discount Principles

- Discounts are calculated for the organization as a whole.
- Discount rates do not change based on which entities within a district/system are receiving service.
- Libraries derive their discount from the NSLP eligibility of the district in which the main outlet is located.
- Consortia continue to use simple average of member discounts.
- Rural status is determined at the district/system level and only if more than 50% of schools or libraries are rural.

Urban/Rural Classifications

- Urban/rural status is based on most recent decennial U.S. Census data.
- Urban/rural status is now determined for the entire school district or library system, instead of for individual schools or libraries.
- More than 50% of the schools or libraries in a district/system must be rural for district/system to be classified as rural.
- Non-instructional facilities do not get an urban/rural status and are not counted in the determination of whether more than 50% of the entities are rural.

Community Eligibility Program (CEP)

- Nationwide program to reduce NSLP paperwork burden.
- Schools must have at least 40% of their students directly certified to qualify for CEP.
- All students eat free, but this does not mean they are counted as eligible for E-rate purposes. Must still determine eligibility percentage.
- Schools apply national multiplier (1.6) to directly certified population to determine NSLP eligible population.
- Schools are capped at 100% NSLP eligible for purposes of determining the E-rate discount.

Discount Surveys

- Surveys continue to be valid, though you can no longer extrapolate them.
- If you send out a survey to each student, and you only get responses from half, and only half of those are eligible, then you can only report 25% of your students as eligible for NSLP.
- Starting in FY 2015, you can use NSLP applications as your survey instrument, because you can no longer extrapolate the results.

Invoicing Changes

- BEAR payments to applicants
 - Beginning in FY 2016, applicants that pay the full cost of the E-rate supported services to a service provider will be able to receive direct reimbursement from USAC.
- Deadline for filing invoices
 - The latter of 120 days after the last day to receive service or the date of the FCC Form 486 notification letter.
 - Applicants can request and automatically receive a single one-time 120-day extension of the invoicing deadline.

Appeals

- Appeals must be filed with USAC first.
- Waiver requests should continue to go to the FCC.

Document Retention

- 10 years from last date to receive service.
- FY 2015: this is at least June 30, 2026
 - Any document from a prior year that supports current year must be kept until 10 years from last date to receive service as well.
 - E.g., Contract from 2010 for recurring services, used to support FY 2015 FRNs, must be kept until at least June 30, 2026
- Documents may be retained in electronic format or paper and must be disclosed upon request.

Tribal Consultation, Training, and Outreach Program

- Commitment to enhancing the FCC's Tribal consultation, training, and outreach in the E-rate program
- Objectives
 - To ensure that Tribal schools and libraries are able to participate effectively in E-rate
 - To gain a better understanding of the current state of connectivity among Tribal schools and libraries
 - To enable the FCC to take steps that will reduce the digital divide and promote high-speed broadband connectivity to Tribal lands

Tribal Consultation

- More extensive government-to-government consultation between the FCC and Tribal Nations is necessary
 - To understand the need for E-rate on Tribal lands AND
 - How to successfully connect Tribal schools and libraries with high-speed connectivity
- E-rate maps of fiber connectivity to schools and libraries
 - <http://www.fcc.gov/maps/E-rate-fiber-map>

Tribal Consultation

- Data, and how best to gather it, is critically important and will be an integral part of Tribal consultation, led by the Office of Native Affairs & Policy, in coordination with other FCC Bureaus and Offices
 - How has E-rate impacted connectivity on Tribal lands?
 - Which Tribal schools and libraries receive E-rate and for what uses?
 - What services are available on Tribal lands?
 - What is the price structure on Tribal lands?
 - What speeds are available and needed on Tribal lands?
 - Where is broadband infrastructure still most needed?

Tribal Training

- Training specific to the individual and often unique needs of Tribal schools and libraries is necessary
 - Tribal-specific E-rate training
 - Most appropriate timing and mechanism to provide Tribal-specific training, outreach, and materials
 - Incorporate and distribute E-rate training materials when mobilizing the Native Learning Lab

Tribal Training

- ATALM (Association of Tribal Archives, Libraries, and Museums) 2014 study on digital inclusion in Native communities and the role of Tribal libraries
 - <http://www.atalm.org/node/312>
- Top 3 barriers to Tribal library participation in E-rate
 - Lack of awareness of the program
 - Uncertainty about eligibility
 - Complicated application process

Tribal Outreach

- USAC Tribal Liaison – ***Mackenzie Howard***
 - The FCC directed USAC to appoint a Tribal liaison to assist with Tribal-specific outreach, training, and assistance
 - Will coordinate closely with the FCC on all Tribal training initiative
 - Responsibilities include:
 - Point person at USAC for Tribal schools and libraries throughout the E-rate process
 - Helping to conduct and coordinate Tribal-specific trainings and materials
 - Fielding questions from Tribal schools and libraries

With questions, please contact us!

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Questions?