Consortium Overview for Tribal Applicants

April 12, 2022
DISCLAIMER

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Housekeeping

- Audio is available through your computer’s speakers
- The audience will remain on mute
- Enter questions at any time using the “Questions” box
- If your audio or slides freeze, restart the webinar
- A copy of the slide deck is in the “Handouts” section of webinar panel

- Please indicate if you are a Tribal leader as we will answer Tribal leader questions first.
Meet Our Team

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Agenda

- Consortium Overview
- Establishing a Consortium
- The Roles and Responsibilities of Consortium Leaders and Members
- Calculating Discounts
- Filing FCC Form 471
- Invoicing
- Document Retention
- Question and Answer
- Resources
Application Filing Window

- For FY2022, the application filing window closed on March 22, 2022 for applications that **do not** include a new Tribal Library as a recipient of service.
  - If you filed an FCC Form 471 after March 22, 2022 (i.e., “out of window”), these entities must request a waiver from the FCC.

- On March 4, 2022, the Bureau extended the FY2022 application filing window for 65 days for **applications with a new Tribal library** included as a recipient of service.
  - Deadlines (without needing a waiver from the FCC):
    - FCC Form 470: April 28, 2022, and
    - **FCC Form 471: May 26, 2022.**

- Basic instructions for filing the FCC Window Waiver Requests are on the [FCC Form 471 Filing](#) page.
Consortium Overview
What is a Consortium?

• A consortium (plural consortia or consortiums) is a group of E-Rate eligible entities (schools and/or libraries) that seeks competitive bids or E-Rate funding for eligible equipment and services on behalf of its members.

• A consortium can conduct competitive bidding processes and/or apply for eligible equipment and services on behalf of its members.

• The consortium lead member, itself, does not need to be eligible for E-Rate discounts.

• A consortium has a designated **consortium leader** charged with
  • Completing and certifying specific forms filed by the consortium,
  • Responding to USAC inquiries on behalf of the members, and
  • Maintaining records on **all forms filed on behalf of consortium members**.
Member Benefits

• Consortium members, especially those individual entities that are small or new, may find that a consortium:
  • Creates greater purchasing power to negotiate lower prices
  • Promotes more efficient use of shared facilities
  • Centralizes filing and competitive bidding processes
Establishing a Consortium
Creating a Consortium

• The consortium must define its purpose, its members, and their roles.

• E-Rate Productivity Center (EPC) Entity Profile:
  • Each member, must create an EPC entity profile
  • The consortium leader must create a separate E-Rate entity profile for the consortium.

• EPC User Profile(s):
  • The leader, as a E-Rate eligible entity or outside entity, must also have a user profile in EPC.
  • Members should establish a user profile if they intend to file E-Rate forms.

• Each member must provide the leader with a “Letter of Agency,” which authorizes the consortium to perform specific actions on the entity’s behalf.

• A Tribal government can create a consortium for its Tribally controlled schools and libraries, and a Tribal government employee can act as the consortium leader.

• Review the Registration Checklist for New Tribal Libraries (PDF)
Letter of Agency (LOA)

After deciding to create the consortium and identifying a consortium leader, the members draft and sign a Letter of Agency (LOA).

An LOA establishes that eligible school or library entities have authorized the consortium leader identified in the letter to act on their behalf. An LOA is evidence establishing the relationship between the leader authorized to execute any program forms, and the members that are featured on E-Rate forms. The LOA must be signed and dated on or before the date that the FCC Form 471 was certified. The LOA should be tailored to cover the specific agreement between the consortium leader and the consortium members. For example, is the leader authorized to file the competitive bidding forms only? Or can they file any program forms?
Letter of Agency (LOA)

• The LOA must contain all of the following:
  • The name of the consortium
  • The name and signature, signature date, and title of an official who is an employee of the school or library entity and who is authorizing whatever actions are mentioned in the LOA
  • The specific timeframe the LOA or authorizing document covers (for example, Funding Year (FY) 2022)
  • A description of services to be covered by the LOA
    • The description of services can be as general as “all Schools and Libraries (E-Rate) services” or it can be more specific.
• Review the sample letter of agency (PDF) and be sure to modify it in accordance with your consortium agreement.
Children’s Internet Protection Act

Applicants must certify compliance with the Children’s Internet Protection Act (CIPA) to be eligible for Schools and Libraries (E-Rate) program discounts on Category One internet access and all Category Two services – internal connections, managed internal broadband services, and basic maintenance of internal connections.

- **Consortium Members** are each responsible for:
  - Submitting an [FCC Form 479](#) confirming compliance with the Children’s Internet Protection Act
  - Notifying its consortium leader that their respective entities are compliant with CIPA rules.

- **Consortium Leader** is responsible for:
  - Submitting the FCC Form 486 after receiving each FCC Form 479 and confirmation that services have started.
    - FCC Form 486 is required to be submitted before invoicing can begin.
    - **Deadline:** FCC Form 486 must be certified no later than 120 days after the service start date shown on the FCC Form 486 or 120 days after the date of the FCDL, whichever date is later.
  - Retaining the FCC Form 479 records for a period of ten years after the last day of service delivered for a particular funding year, which may be requested during an audit or other review process.

- Visit the [CIPA](#) page for more information about the act.
Roles and Responsibilities
Consortium Leader

- The consortium leader is designated by consortium members through an LOA.
  - The consortium leader can be an E-Rate eligible entity or an outside entity.
- The consortium leader has document retention responsibilities for any actions that they take on behalf of their members.
- Depending on how the duties between the leader and members for E-Rate processes are designated per the LOA, the consortium leader could be responsible for:
  - Ensuring that necessary certifications are made and for responding to USAC inquiries on behalf of the consortium members during both pre- and post-commitment processes.
  - The responsibility for invoicing resides with the entity (leader or member) that filed each respective FCC Form 471.
  - If services are shared by both eligible and ineligible entities, the consortium lead member must perform a cost allocation to ensure that only the eligible entities receive the benefit of the E-Rate discounted services.
  - The consortium leader completes the FCC Form 486, Receipt of Service Confirmation and Children’s Internet Protection Act and Technology Plan Certification Form, after collecting all FCC Forms 479 completed by the members listed on the filed FCC Form 471.
Consortium Members

• Each consortium member:
  • Creates an entity profile in EPC.
  • Keeps entity profile information (student count, NSLP and library square footage) up to date so that discount calculations and other program information will be accurate.
  • Signs the Letter of Agency (LOA) authorizing the Consortium Leader to act on their behalf.
  • Signs and certifies their FCC Form 479, notifying the Consortium Leader of CIPA compliance.
• The consortium member has document retention responsibilities for their actions and certifications. All members must retain records of Fixed Asset Listing and documentation to support their discount (NSLP, Student count, Square Footage information) and other documentation related to their participation in the E-Rate program.
Document Retention

• All applicants (including consortia) and service providers are required to retain receipt and delivery records relating to
  • pre-bidding,
  • bidding,
  • contracts,
  • application process,
  • invoices,
  • provision of services, and
  • other matters relating to the administration of universal service
• Documents are required to be retained for a period of at least 10 years after the latter of the last day of the applicable funding year or the service delivery deadline for the funding request.
• Use the E-Rate Program Applicant Document Retention List as a guide to understand the other documentation related to your participation in the E-Rate program that should be retained.
Library Discounts for New Entities
Discount Overview

The calculation of discount rates depends on two factors:

• The percentage of students eligible for the National School Lunch Program (NSLP).
  • For libraries, it is the percentage in the public school district where the main branch of a library system is located.
  • The urban or rural status of the main branch of the library, or the library itself, if independent.

FY2022 E-RATE COVID-19 RESPONSE UPDATE

• Due to the ongoing impact of the COVID-19 pandemic, the FCC acknowledges that it may be challenging to provide student enrollment and NSLP numbers as of October 1, 2021.
  • In preparation for the FY2022 application filing window, applicants will be permitted to provide full-time student enrollment numbers from their most recently approved FCC Form 471/NSLP profile information (including FY2020 or FY2021).
  • Applicants can use their more recently approved FCC Form 471 student enrollment/NSLP information available.
  • This includes providing full-time student enrollment numbers from the most recently approved FCC Form 471 and the most recent and available NSLP information, even if this information is across different school/funding years.
Library Discount

• A library’s discount for services is based on the National Student Lunch Program (NSLP) student count of the public school district in which the main branch or main administrative office of the library is located;
  • If the school district participates in E-Rate, this information is in EPC
  • Many states post their schools’ NSLP statistics online.
    • The following are examples of reports containing NSLP participation percentages.
      • Arizona: Free and Reduced-Price Percentage Report SY 2021-2022
      • Alaska: Free and Reduced Price Eligibility Report School Year 2021-2022
    • If you cannot locate a local school with NSLP statistics, contact your state’s Department of Education.
    • If you cannot find a local school participating in NSLP, you may consider contacting a local school to pursue establishing an Alternate Discount Mechanism.
Consortium Discount

• The discount calculation for a consortium application (FCC Form 471) is the simple average of the discounts of the members on the application rounded to the nearest whole number.

• If the consortium includes entities that are ineligible for E-Rate (e.g., healthcare facilities), the consortium leader must perform cost allocation to ensure that only eligible entities receive the benefit of the E-Rate discounted services
Urban or Rural Status

- Automatically populated by the EPC portal based on physical address.
- The definition of “rural” and the manner in which schools and libraries determine their urban or rural status changed in Funding Year 2015. An individual school or library is designated as “urban” if located in an “Urbanized Area” or “Urban Cluster” with a population of 25,000 or more as determined by the U.S. Census Bureau.
- Any school or library not designated “urban” will be designated as “rural.”
- **Note: Urban/rural discount for a school district or library system**
  - If more than 50 percent of the schools in a school district or libraries in a library system are considered rural, the school district or library system is eligible for a rural discount. If 50 percent or fewer of the entities are considered rural, the school district or library system is eligible for an urban discount.
- For information, visit the [Urban or Rural Status](#) page or you can call the Customer Service Center (CSC) for help to determine your urban/rural status.
# Discount Matrix

<table>
<thead>
<tr>
<th>Income</th>
<th>Urban Status Discount Rate</th>
<th>Rural Status Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured by percentage of students eligible for NSLP</td>
<td></td>
<td></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% for C1, 85% for C2</td>
<td>90% for C1, 85% for C2</td>
</tr>
</tbody>
</table>

- National School Lunch Program (NSLP)
- Category One (C1) Services
- Category Two (C2) Services
## Sample: Consortium Discount Calculation

<table>
<thead>
<tr>
<th>Libraries</th>
<th>Application 1 (C1)</th>
<th>Application 2 (C2)</th>
<th>Application 3 (C1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Main</td>
<td>60%</td>
<td>Included on Application</td>
<td>Included on Application</td>
</tr>
<tr>
<td>5th and 3rd</td>
<td>90% C1 85% C2</td>
<td>Included on Application</td>
<td>Included on Application</td>
</tr>
<tr>
<td>ABC Library</td>
<td>90%</td>
<td>Included on Application</td>
<td>Included on Application</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Application Discount</th>
<th>80.0%</th>
<th>78.0%</th>
<th>75.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation</td>
<td>60 + 90 + 90/3</td>
<td>60 + 85 + 90 / 3</td>
<td>60 + 90 / 2</td>
</tr>
</tbody>
</table>

- Discount rate varies based on the members on a particular application
- Discount rate is rounded to the nearest whole percentage
Category Two Budget Calculation

• Category Two services obtained through a consortium are subject to the individual consortium member entity’s budget limit.

• To learn more about categories of service within the E-Rate program, please review Session 2 of the FY2022 E-Rate Tribal Training Series, available on the E-Rate Tribal Training page.

• If a library files some forms separately from the consortium and files some forms within the consortium, any application for Category Two service counts towards the entity’s Category 2 budget for the 5 year period and any conflicts in the applications must be resolved before either application can be committed.

• It is strongly recommended that you work with our Customer Service Center if you have any questions about categories of service or your Category 2 budget.
Filing Consortium Forms
FCC Form 471 (Description of Services Ordered and Certification Form)

- FCC Forms 471 may be filed during the application filing window by:
  - a consortium member for its own entity or
  - a consortium leader on behalf a member.

- If the consortium leader files an FCC Form 471 on behalf of members, the leader must also certify the FCC Form 471 on behalf of the members.

- The consortium leader certifies that:
  - Each member has secured access to all the necessary resources (i.e., computers, training, software, maintenance and electrical connections) to make effective use of the requested discounts.
  - Each member has complied with state, Tribal, and local procurement laws as well as all E-Rate program rules.
  - That the most disadvantaged schools and libraries receive an appropriate share of benefits from shared services.

- The consortium leader is also responsible for ensuring that the services for which the consortium requests E-Rate support are the services that the consortium is authorized to procure on behalf of its members. Failure to do so may result in the denial or modification of funding requests for consortium members.
FCC Form 479 and FCC Form 486

• After each FCC Form 479 is certified by the consortium members, the consortium leader completes the FCC Form 486, Receipt of Service Confirmation and Children’s Internet Protection Act and Technology Plan Certification Form after collecting the certified FCC Form 479 from the consortium members.

• The FCC Form 486 provides notification to USAC that services have started and of the entity’s status of compliance with the Children’s Internet Protection Act (CIPA).

• The FCC Form 486 is not required if the consortium requested funding only for services to which CIPA does not apply.

• The consortium has to submit the FCC Form 486 to USAC by the FCC Form 486 deadline.
Invoicing
Invoicing Methods

• Invoicing method and payment of the non-discounted share is established by each consortium and ideally outlined in the Letter of Agency (LOA)

• A consortium applicant can choose from two different invoicing methods:
  
  • **FCC Form 472: Billed Entity Applicant Reimbursement (BEAR)**
    • Consortium Applicant pays the service provider directly for 100% of the bill.
    • Invoice submitted to USAC by the consortium billed entity (BEN) for reimbursement of the discounted share of the bill (e.g. up to 90%).
    • The applicant is paying in full for the requested services prior to seeking reimbursement from USAC for the discounted portion of costs. USAC provides the payment directly to the applicant.
  
  • **FCC Form 474: Service Provider Invoice (SPI)**
    • Applicant pays the service provide the non-discounted share of the bill (e.g., 10%)
    • Service provider then invoices USAC for the discounted share of the bill (e.g., up to 90%)
    • USAC provides the payment directly to the service provider.

• Non-payment of the non-discounted portion share is a violation of program rules and would be subject to recovery of the entire funding request commitment from the entity responsible for payment.
Invoicing Methods: Differences

1. Who submits the invoicing form to USAC to request reimbursement of the discounted share?
   - BEAR Method: BEN on FCC Form 471 submits FCC Form 472
   - SPI Method: Service provider submits FCC Form 474

2. Who receives payment from USAC of the discounted share?
   - BEAR Method: BEN on FCC Form 471
   - SPI Method: Service provider

3. How much is paid by the BEN to the service provider?
   - BEAR Method: 100 percent of the costs (discounted share and non-discounted share)
   - SPI Method: Non-discounted share only
Invoicing: FCC Form 472 (BEAR Method)

• In a consortium, the party who files the FCC Form 471 is responsible for paying the service provider’s bill.

• If the consortium member filed the FCC Form 471 application for its entity, the consortium member pays 100 percent of the service provider’s bill, then
  • Files FCC Form 472 with USAC for only the discounted portion of costs.
  • Receives payment from USAC for discounted share of costs.

• If the consortium leader filed the FCC Form 471, the consortium leader pays the discounted share and, potentially, the non-discounted share depending on the LOA terms. The consortium leader then
  • Files FCC Form 472 with USAC for only the discounted portion of costs.
  • Receives payment from USAC for discounted share of costs.

• Note: Review slide 25 for details on how consortia may file FCC Form 471s to ensure payment of the non-discounted share for the consortium and its members.
Invoicing: FCC Form 472 (BEAR Method)

Continued...

• The discounted portion reported on the FCC Form 472 must only include approved eligible equipment or services delivered and must not exceed the approved rates and quantities delivered to the Recipient of Service (ROS) as provided on the FCC Form 471.

• The consortium leader and/or the consortium members will also need to file the FCC Form 498 to be assigned an FCC Form 498 ID number to be able to submit a BEAR Form (or the FCC Form 472). Visit the Obtain an Applicant 498 ID page for more information.
  • Note: New applicants requesting a FCC Form 498 ID number will also need to obtain an Unique Entity Number (UEI) through SAM.gov and include the UEI on the FCC Form 498. New applicants are no longer required to obtain a DUNS number through third-party, Dun & Bradstreet, any longer. Please visit the Contact USAC if you have questions about SAM.gov.

• USAC will directly pay the applicant the discounted portion of the eligible costs.
Invoicing: FCC Form 474 (SPI Method)

- The responsibilities for paying the service provider’s bill for **non-discounted portion** after receipt of equipment or service on depends on who files the FCC Form 471 and the LOA terms.
  - The consortium leader and/or individual consortium members pay **only the non-discounted** portion of the bill.

- The service provider submits an FCC Form 474 to invoice USAC for the **discounted portion**
  - The discounted portion reported on the FCC Form 474 must only include approved equipment or services delivered and must not exceed the approved rates and quantities **delivered to** the Recipient of Service (ROS) on the FCC Form 471

- USAC will directly pay the service provider the discounted portion of eligible costs.
Invoicing: Non-Discounted Portion for Consortium

- A Consortium may use a variety of different approaches regarding the payment of the non-discounted share of costs including, but not limited to:
  - The consortium leader collects the non-discounted share of the bill from consortium members on a regular basis (i.e., monthly, quarterly, annually) and submits payment directly to the service provider.
  - For certain statewide consortia, the consortium leader pays the non-discounted share of the bill to the service provider for the entire consortium membership without collecting payment from individual members.
  - Each consortium member pays the non-discounted portion directly to the service provider.
  - **BEAR Method Only:** The consortium lead collects the payment from the consortium members for both the non-discounted and discounted portions of the bill to pay the service provider directly after receipt of equipment or services. The consortium lead then submits the BEAR Form to request reimbursement from USAC for only the discounted portion of the bill. After payment is received from USAC, the consortium leader is responsible for reimbursing the consortium members for their portion of the discounted costs.
Invoicing: Key Resources

- E-Rate Invoicing Webinar, February 10, 2022
- Invoicing: BEAR & SPI Method
Questions?
Upcoming Trainings

• FY2022 Tribal Library Training
  • Completed Sessions.
    A recording will be available on the E-Rate Tribal Training page.
    • Session 1: E-Rate Tribal Info Session for Tribal Library Applicants
    • Session 2: Establish a Consortium
  • Upcoming Sessions.
    • Session 3: Office Hours for Tribal Applicants
      April 19, 2022 at 4 p.m. ET - Register
    • Session 4: Office Hours for Tribal Applicants
      May 17, 2022 at 4 p.m. ET - Register
Resources

Below are links to resources.

- **USDA Food and Nutrition Service (USDA) State Agency Contact Map** – use to find your state’s NSPL program office
- **Urban or Rural Status** page
- **E-Rate Program Applicant Document Retention List**
- **Cost Allocation** page
- **Registration Checklist for New Tribal Libraries**
- **FCC Form 479 Instructions**
Additional Resources

• Competitive bidding for next funding year, FY2023, can begin in July 2022. Applicants will be able file the FCC Form 470 and start the competitive bidding process for FY2023.
  • FY2023 will run from July 1, 2023 to June 30, 2024.
• Subscribe to the E-Rate News Brief and the E-Rate Tribal e-Newsletter
  • Deadline reminders and Training announcements
• Training Resources
  • E-Rate Tribal Training webpage
  • E-Rate Webinars
  • Video Tutorials
• Email questions to TribalTraining@usac.org
• Call E-Rate Customer Service Center (CSC) at (800) 203-8100, Monday through Friday, 8 a.m. to 8 p.m. ET
Take Our Survey

• We want to hear about your webinar experience.
• Expect an email from invites@mailer.surveygizmo.com with a unique survey link in 1-2 business days.
• We appreciate your feedback!
Thank You!