



Willamette ESD – Oregon Department of Education

2015 e-Rate Training

Presented by Sabrina Carson

December 2014

How this training will look

There are 2 different sets of slides

- White slides with the USAC logo are the slides that were created by USAC and made available during fall training
- Slides with no logo and a green background, are my supplementary slides that will breakdown some of this information when necessary and incorporate information from other sources, including other USAC training presentations, to help you better understand the topic.
- There are several clarifications still under review by the FCC. Content in this presentation can change based on decisions made by the commission after this recording.



Overview

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



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.

Making Category Two Funds Go Farther

- There are now funds that are specifically budgeted for C2 applications. These funds cannot be absorbed by C1 services under any circumstance
- If there isn't enough C2 funding to cover all applications, we now have a clearer understanding of how funds will be prorated
- It is possible to have more than 1 discount rate for an application
- While the 2 in 5 rule has been temporarily suspended, there is some uncertainty about how funding will be effected in subsequent years.



Closing the Wi-Fi Gap

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.



Closing the Wi-Fi Gap

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.



Closing the Wi-Fi Gap

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)

Applicant Category Two Budgets

- It's important to remember that these budgets are calculated by individual building.
- ESDs that provide managed services will have a more complex application process for C2 funds because they must document which equipment is for which entity so that the school's budget can be charged appropriately.
- Communication between ESDs and schools will be paramount, as it is possible for both entities to apply for the same C2 funding without realizing it.
- EVERY eligible school has a budget for C2 services. Even our smallest entities will have SOME resources. Everyone who has a need for equipment should apply.



Closing the Wi-Fi Gap

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



Closing the Wi-Fi Gap

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.



Draft ESL – Category One

NEW Eligible Voice Services Subject to Phase Down

- Centrex
- Circuit capacity dedicated to providing voice service
- Interconnected VoIP
- Local, long distance, 800 service
- POTS
- Radio Loop
- Satellite telephone service
- Shared telephone service
- Wireless telephone service including cellular voice
 - Excludes data and text messaging



Draft ESL – Category One

New Eliminated outdated legacy services and other former Priority One services

- Paging
- Directory assistance charges
- Text messaging
- Custom calling services
- Direct inward dialing
- 900/976 call blocking
- Inside wire maintenance

New Eliminated services that do not provide broadband

- Web hosting
- Voice mail
- E-mail



Closing the Wi-Fi Gap

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

Reorienting Support to High Speed Broadband

- The application process for Telecom will be much more complex than usual. Many services considered ancillary in the past will now have to be allocated out of the totals.
- There will no doubt be increased scrutiny during review to ensure proper cost allocation.
- Many cellular carriers do not have a separate charge for texting services, which will make cost allocation difficult. The same holds true for many telecoms in regards to things like voicemail.

Phasing Down Support for Voice

- The discount rate reduction is a hard number that applies to every discount level. This means that districts with a 20% discount rate will have no telecom support for 2015.
- The potential budget impact should be estimated now to help form accurate budgets for 15/16.
- This phase down includes managed VoIP services. Data circuits that carry telecom signal will need to be cost allocated. As in previous years, the method of allocation is up to the applicant as long as it is measurable and produces a realistic result.



Closing the Wi-Fi Gap

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.



Draft ESL – Category Two

Eligible Internal Connections

- ***NEW***Subject to the Category Two five-year budget approach
 - Access points
 - Cabling
 - ***NEW*** Caching
 - Firewalls
 - Network switches
 - Routers
 - Racks
 - UPS
 - Wireless LAN Controllers
 - Improvements, upgrades and software necessary to support eligible broadband internal connections components



Draft ESL – Category Two

NEW Formerly Eligible as Internal Connections

- The following are no longer eligible for E-rate support:
 - Circuit Cards/Components
 - Interfaces
 - Gateways
 - Antennas
 - Servers
 - Software
 - Storage Devices
 - Telephone Components
 - Video Components
 - Voice over IP components
 - Video over IP components



Draft ESL – Category Two

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Closing the Wi-Fi Gap

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



E-rate Modernization Order

Maximizing Cost- Effective E-rate Spending



Cost-Effective Purchases

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

- There are several new questions on the form 471 that have not be asked before.
- Many service providers are unhappy about this change. Some have even stated that they do not share some of the requested information with anyone and are resisting the requirement. Be ready to take action if you run up against an uncooperative service provider.
- It may be beneficial to add criteria to your bid selection matrix that would give additional points to service providers that cooperate fully with these changes.




Cost-Effective Purchases

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.

Transparent Cost and Connectivity Data

- We still don't have a lot of detail about how a contract could qualify to become a PMC, but more information will become available as we get closer to funding year 2016.
- Preferred master contracts are only available for category two equipment.




Cost-Effective Purchases

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.

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Cost-Effective Purchases

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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E-rate Modernization Order

Simple, Fast, and Efficient E-rate Processes



Simple, Fast, and Efficient

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.



Simple, Fast, and Efficient

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.

Low-Cost, High Speed Business Class Internet

- If you already have an established relationship with the vendor for services that meet these criteria, this will work for you
- If you are searching for new services that you've never used before, it will always be in your best interest to file a form 470 the very first time you seek a new service. This way you don't fall into the trap of realizing that the service doesn't qualify and it being too late or the process of being too attached to a service provider to properly file a form 470.
- The \$3600 per building includes installation costs. If the service costs \$3400 per year with an installation fee of \$500, the service would not be eligible for the bidding exemption.



Simple, Fast, and Efficient

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**.

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Easing Signed Contract Requirement

- This is not meant as a tool to delay procurement or buy extra time for contract negotiations.
- An example of when this would be necessary would be if a district needed board approval in order to execute a contract, but the board meeting would not take place until after the deadline.
- This is dependent on state and local procurement rules. If it's not acceptable according to your rules, it's not acceptable for e-Rate.
- Proper documentation will be crucial here.
- If you find yourself in this situation it is strongly recommended that you ask the service provider to sign the contract prior to the deadline even if you can't.



Simple, Fast, and Efficient

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*.



Simple, Fast, and Efficient

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.



Simple, Fast, and Efficient

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.

New Discount Principles

- It is important to note that all eligible schools are to be included in the discount calculation, regardless of whether they are receiving services are not.
- It is no longer possible to artificially increase your discount rate by only providing services to high discount schools.
- The new calculation is a simple average, which means there will no longer be any discount bands in between the bands listed on the discount matrix. For example, you can no longer have a discount rate of 73% or 62% because the calculation will be made for the whole district at once and will therefore directly coincide with a discount band in the matrix. The only exceptions are the lowest rural discount rate of 25% and the max C2 discount rate of 85%.

New Discount Principles

- Revised Discount Matrix

% of students eligible for National School Lunch Program	Category one schools and libraries discount matrix		Category two schools and libraries discount matrix	
	Discount level		Discount level	
	Urban discount	Rural discount	Urban discount	Rural discount
< 1.....	20	25	20	25
1-19.....	40	50	40	50
20-34.....	50	60	50	60
35-49.....	60	70	60	70
50-74.....	80	80	80	80
75-100.....	90	90	85	85

Note lower top discount rate for Category Two services.

New Discount Principles

Example

- School District A (10 schools)
 - Total student population 3,000 students
 - Total students eligible for NSLP = 1,000 students
 - All but one of the schools are located in urban areas, so district = urban
 - 1,000 students eligible for NSLP/3,000 students = 33% eligible
 - The discount rate would therefore be 50%.



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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.

Urban/Rural Classifications

- There will certainly be winners and losers with this new discount calculation.
- There is significant concern in the e-Rate community regarding the new urban rural status. The primary issue is that many schools that had previously been considered rural will now be treated as urban if more than 50% of the schools or libraries are urban.
- If the district has an exact 50-50 split between urban and rural, the district will be considered urban.
- USAC is developing a tool that you can use to determine if a school is urban or rural. It has not been released yet.
- This issue is being considered by the FCC after significant public comment. More information will be made available as it is received.



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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.

Making Category Two Funds Go Farther

- School District Calculation
 - Calculate student population for each school
 - Calculate NSLP eligible population for each school
 - Sum NSLP eligible population for entire school district
 - Sum student population for entire school district
 - All of the above data points are already included in state reports
 - Calculate percentage of students eligible in district
 - the number of direct certified students times national multiplier of 1.6
 - Determine urban/rural status of district
 - Look up discount rate in discount matrix

Making Category Two Funds Go Farther

- School District Example
 - We calculated that Sunny School District has 40,000 students across all its schools.
 - 19,000 students are direct certified (48%)
 - $19,000 * 1.6 = 30,400$ total eligible students
 - The district is designated urban.
 - $30,400/40,000 = 76\%$ total eligible students
 - This qualifies the district for 90% C1 discount and 85% C2 discount.

Making Category Two Funds Go Farther

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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.

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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.

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Invoicing Changes

- The extension request **MUST** be filed by the invoicing deadline or it will be summarily denied.
- While this rule doesn't technically apply to previous funding years, it would be wise to apply for any extensions you might need now and get those invoices filed right away.



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Appeals

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



Simple, Fast, Efficient

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.

Helpful Links

- <http://www.universalservice.org/sl/> - USAC Main e-Rate site
- <http://www.sl.universalservice.org/menu.asp> - USAC Application portal
- <http://sltraining.usac.org/menu.asp> - USAC Training Site (Practice)
- <http://www.ode.state.or.us/sfda/reports/r0061Select.asp> - OR NSLP Data
- <http://www.ode.state.or.us/instid/> - Institution Lookup Tool
- <http://apps.fcc.gov/ecfs/> - FCC Appeal Submission Tool

Questions?

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