

RESOURCES

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USAC—SLD
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E-MPA
E-Rate Management Professionals Association
www.e-mpa.org

FCC
www.fcc.gov



Funding Commitments

The Schools & Libraries Division (SLD) usually begins issuing funding commitments in May prior to the start of the funding year. Commitments are issued weekly in “funding waves.”

Eligible Services List

The Eligible Services List (ESL) for each funding year provides guidance on the eligibility of products and services under the Schools and Libraries Program.

<http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx>

E-rate Definitions

BEAR-Billed Entity Applicant Reimbursement Form (Form 472) - Used to request reimbursement for funded services which the school or library paid for in full.

BEN-Billed Entity Number - Unique number assigned by SLD to the school or library.

Category One (C1) - Services needed to support broadband connectivity to schools and libraries. Although phased out by July 1, 2019, C1 also includes voice and VoIP services and circuits that carry voice.

Category Two (C2) - Internal connections equipment or services necessary to bring broadband into, and provide it throughout, schools and libraries. Includes managed services and maintenance of eligible equipment.

CIPA - Children’s Internet Protection Act

COMAD - Commitment Adjustment - Procedure to request repayment of funds.

EPC - Online portal for all things E-rate. USAC’s E-rate Productivity Center.

ESL - Eligible Services List - List of products and services eligible for E-rate discount.

FCDL-Funding Commitment Decision Letter - Notification of the funding decisions including funding amounts for all of the services included on the applicant’s Form 471.

RFCDL—Revised Funding Commitment Decision Letter—Notification of funding changes

FRN-Funding Request Number - Unique number assigned by SLD for each request for funding on Form 471.

PIA-Program Integrity Assurance - USAC team responsible for reviewing E-Rate applications prior to funding.

PQA –Payment Quality Assurance - Audits E-Rate Payments during the current year.

RAL-Receipt Acknowledgement Letter - Lists services included on applicant’s Form 471.

SPI- Service Provider Invoice (Form 474). Service Providers submit Form 474 to invoice USAC for discounts.

SPIN-Service Provider Identification Number. Unique number assigned by SLD to a service provider.

SSR-Service Substitution Request. Is a request to change the products or services specified in the 471.

Form 470 - First form filed with USAC. Lists services for which an applicant would like to receive proposals.

Form 471 - Second form filed with USAC. Lists services for which an applicant would like to receive discounts.

Form 472 - Billed Entity Applicant Reimbursement (BEAR) form.

Form 474 - Service provider invoice (SPI) form.

Form 498 - Applicants and Service Providers use this form to provide banking information for electronic payments.

Form 486 - Third form filed with USAC. Notifies USAC that services have started.

Form 498 - Banking account information needed so that BEAR Reimbursements can be filed electronically via EFT

Form 500 - Report changes in amounts, service start date, contract expiration date, cancellations, entity closings.

Kellogg & Sovereign® Consulting - E-rate Primer® May, 2018

FCC E-Rate Modernization Order

The FCC adopted the *E-Rate Modernization Order* and *2nd R&O on Reconsideration* in 2014 to upgrade and modernize the E-Rate program. See www.kelloggllc.com/news.aspx for further details on the various changes including the following highlights:

- Funding cap of the program increased to \$3.9 billion, adjusted for inflation each year.
- The Discount Rate will be calculated at the District Level
- Income Surveys may no longer be prorated
- Rural & Urban status will be determined based on Census Bureau definitions
- Category One “C1” (Broadband Connectivity) replaces Priority 1 (Telecommunications & Internet Access)
- Voice and VoIP Services will be phased out by 20% discount rate reduction each year. Includes circuits dedicated to voice. No support for voice services beginning July 1, 2019.
- Category Two “C2” (Internal Broadband Connections, Maintenance and Managed Broadband Services) replaces Priority 2 (Internal Connections & Maintenance).
- C2 allotment is BY SITE over five year funding cycle. Increased by inflation adjustment each year. Schools—\$150/student; Libraries—\$2.30/sq.ft. Some urban libraries-\$5.00/sq. ft.
- C2 funding = eligible amount x discount rate (capped at 85%)
- Allow self-construction of WAN connections if most cost effective option beginning in FY2016
- Technology Plans—No longer required by E-Rate
- Document Retention increased to 10 years from last date to receive service (previously 5 years)
- Invoicing—Beginning in FY2016, BEAR payments to be paid directly to the applicant (EFT only)
- Multi-Year Contracts—Ease of administrative burden, expedited application & review up to five years
- Steps taken to increase cost effectiveness, allow for pricing transparency and increased compliance



PURPOSE

Since 1998, the E-rate program has been providing discounts to assist schools and libraries in the United States to obtain affordable access to telecommunications and information services.

ADMINISTRATION

The E-rate program is administered by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC), a not-for-profit corporation overseen by the Federal Communications Commission (FCC).

FUNDING YEARS

FY 2020: 7/1/2020-6/30/2021

FY 2019: 7/1/2019-6/30/2020*

FY 2018: 7/1/2018-6/30/2019

FY 2017: 7/1/2017-6/30/2018

*Applications for FY 2019 will be due March, 2019



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Certified
E-rate Management Professionals (E-mpa®)



E-Rate Primer®

May 2018

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E-rate: Universal Service for Schools & Libraries

“E-rate” is a nickname. The official name of the program is the Universal Service Program Schools and Libraries Program. E-rate is one of four programs supported by the Universal Services Fund (USF). The total provided to schools and libraries is \$3.9 billion per year plus an index for inflation.

The first category of supported services, Category One, includes the services needed to support broadband connectivity to schools and libraries. The second category of supported services, Category Two, includes the services and internal connections needed for broadband connectivity within schools and libraries.

E-rate is administered by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC), a not-for-profit corporation overseen by the Federal Communications Commission (FCC).

E-rate is a discount, not a grant. The program provides discounts of 20% to 90% on the cost of broadband services, and up to 85% for internal connections for broadband, broadband management services, and basic maintenance of broadband internal connections. The E-rate program

does not cover the cost of end-user equipment such as computers and telephone handsets, instructional software, teacher training, or the salaries of school or library technology staff.

Funding is committed in a two-step application process. The first form filed is the Form 470 which describes the services requested and starts a minimum 28-day competitive bidding period. The second form filed is the Form 471 which describes the services ordered and the specific amount of discounts requested.

Eligible schools must meet the federal definition of an elementary or secondary school and includes all K-12 public schools and all K-12 non-profit private schools with endowments not exceeding \$50 million.

Eligible libraries must meet state LSTA requirements and includes all public libraries and many private, not-for-profit libraries accessible to the public.

Discounts are determined by economic need and rural or urban classification. The discount rate for libraries is based on the income level of schools in their service area.

E-RATE DISCOUNT MATRIX

INCOME Measured by % of students eligible for the National School Lunch Program	CATEGORY ONE		CATEGORY TWO	
	URBAN Discount	RURAL Discount	URBAN Discount	RURAL Discount
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 24%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%

How Does the E-Rate Program Work?

ELIGIBLE SERVICES

Category 1

Services needed to support broadband connectivity to schools and libraries.

Examples:

Internet Access, DSL, ATM, Fiber, Ethernet, Cable Modem, T-1, Wireless services (microwave)

No Longer Eligible:

Web hosting, voice mail, email, paging, data plans, text messaging, telephone components

Phasing out Voice:

2019-20 reduction is 100% thus the voice service phase out is complete.

Category 2

Discounts for the internal connections equipment or services necessary to bring broadband into, and provide it throughout, schools and libraries.

Connections are limited to:

- ◆ broadband connections used for educational purposes on a school campus or library branch
- ◆ basic maintenance of these connections
- ◆ services that manage and operate owned or leased broadband internal connections

Examples:

Wireless access points, cabling, caching, firewalls, switches, routers, UPS, racks supporting eligible components, and WLAN controllers

How does the program work?

FCC Form 470 and optional RFP—Competitive Bidding Period:

Filing of FCC Form 470 starts the mandatory 28-day period for accepting proposals based on the applicant's (school/library) request for proposal (RFP).

FCC Form 471: "Services Ordered and Certification" form.

The FCC sets the Form 471 filing window closing date which is usually in March prior to the funding year for discounts beginning in July. The Form 471 is the application for funding. Forms 471 received after the filing deadline are designated as "Out of Window."

Funding Commitment Decision Letter (FCDL): USAC issues the FCDL to announce its decisions on funding requests.

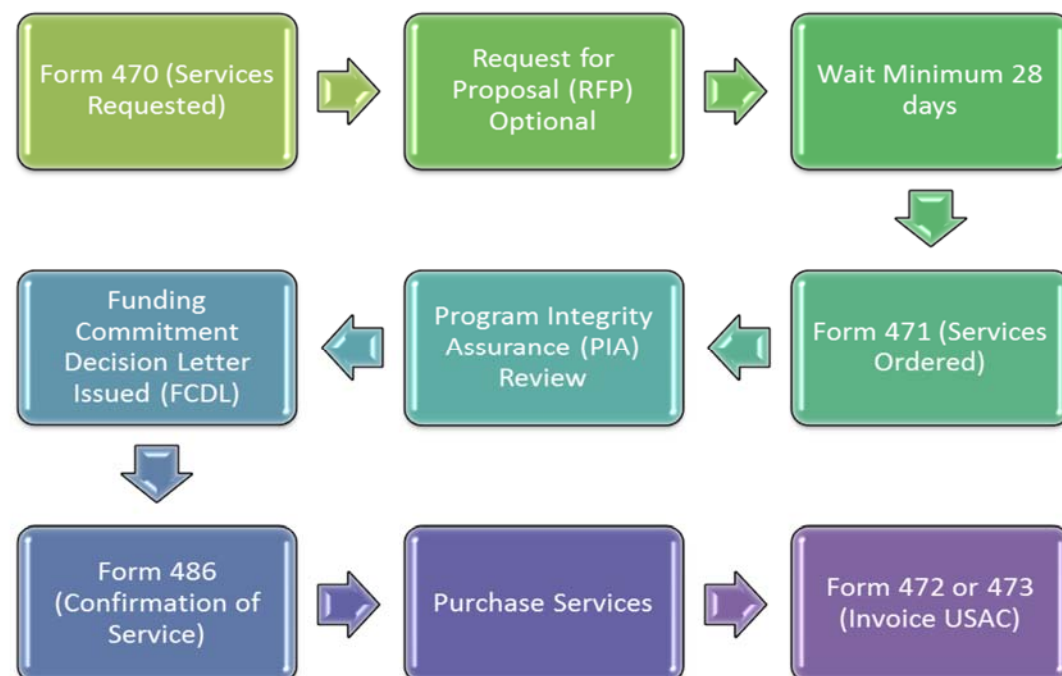
FCC Form 486: "Receipt of Service Confirmation Form." Notifies USAC that services have started and certifies that the applicant is in compliance with the Children's Internet Protection Act (CIPA). Consortia certify receipt of Forms 479 (certification of compliance with CIPA) from their members.

FCC Forms 472 and 473:

After services are received, USAC is invoiced for the discounted funds by either the applicant (Form 472) or by the service provider (Form 473) who files on behalf of the applicant.



FCC Form 498: Both applicants and service providers must complete FCC Form 498 to register their organizations with USAC. Since all payments are made by EFT, participants must provide secure banking information.



E-Rate Assistance

Kellogg & Sovereign® Consulting's team of trusted and experienced E-Rate professionals are available to assist your school or library with every step of the process. From initial planning and the competitive bidding process to funding approval and receipt of E-rate funding.

KSLLC works with you to ensure the schools and libraries you represent receive every last dollar.

Thank you in advance for your trust in our firm. We will take excellent care of your E-rate filing needs.

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Requirements for Participation in E-Rate

1. Register with the FCC:

Each entity must have a FCC registration number: www.fcc.gov

2. Comply with the Children's Internet Protection Act (CIPA):

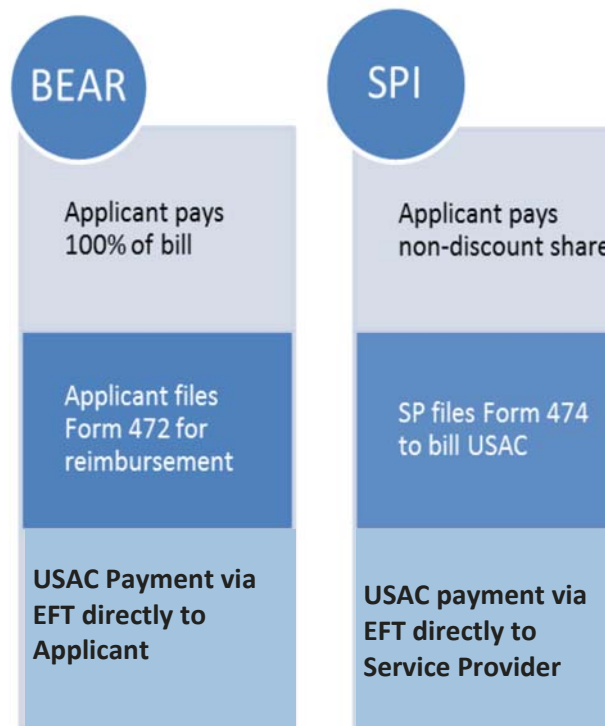
Applicants must have a technology protection measure and Internet policy that addresses specific issues regarding minors. The applicant MUST discuss CIPA at a public hearing or board meeting. They also must conduct programs that educate minors about appropriate online behavior, including interacting with other individuals on social networking websites and in chat rooms and, cyber bullying awareness and response. www.kelloggllc.com/cipa.aspx



3. Secure resources to support the use of the services and equipment provided by E-rate funding:

Applicants are responsible for providing additional resources, such as end-user equipment, hardware and software, professional development, electrical capacity, and the other elements necessary to realize the objectives of E-rate supported connectivity.

How Discounts are Collected



The applicant (school or library) can choose to either have their service provider apply discounts to bills (Service Provider Invoice "SPI" method) or the applicant can pay their bill in full then apply for reimbursement (Billed Entity Applicant Reimbursement "BEAR" method).

SPI method: the service provider will apply credits to the applicant's bill and invoice USAC for the E-rate portion.

BEAR method: Payments are remitted by USAC via electronic funds transfer directly to the applicant.

FCC Form 498 must be completed and certified online by the applicant (one time set up) to provide USAC with banking information.

Special Rules

TRANSFERABILITY. E-rate equipment must be used at the particular location, for the specified purpose for a period of three years. Equipment may be transferred after 3 years (exception if school or library is closed) and disposed of or sold after 5 years.

ASSET REGISTER. Recipients of E-rate funding for Internal connections MUST maintain asset and inventory records of equipment purchased with E-rate discounts sufficient to verify the actual location of the equipment for a period of ten years after purchase.

TEN YEAR RECORD RETENTION REQUIREMENT. Both applicants and service providers must retain records related to E-rate for a period of ten years from the last date of service delivered for a particular funding year.

CATEGORY 2 BUDGET. Each school or library entity may receive C2 funding each year up to their budgeted amount less funds spent in the prior 4 years. Schools receive \$150/student adjusted for inflation each year.

MANAGED INTERNAL BROADBAND SERVICES (MIBS) provided by a third party for the operation, management and/or monitoring of eligible broadband internal connections components are eligible as a Category 2 service.