



Willamette
EDUCATION SERVICE DISTRICT

2017 e-Rate Refresher

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Process Overview

- Discount Calculation Estimate
- Eligible Products and Services
- Competitive Bidding
- ORPIN
- Deadlines
- Changes, Tips and Best Practices.

Calculating Discounts for Planning

C1 Discount Calculation (calculated at district level):

1. Determine NSLP Eligibility Percentage (Use ODE NSLP Reports)
2. Establish Urban-Rural Status of district
3. Identify Discount rate based on NSLP% and U/R Status in the discount matrix

C2 Budget Calculation (calculated at school level – creates a 5 year budget):

1. Determine total enrollment at school
2. Multiply Enrollment by \$150
3. Multiply the product by discount percentage obtained above

E-rate Discounts

E-rate Discount Matrix

	Category one schools and libraries discount matrix		Category two schools and libraries discount matrix	
	Discount level		Discount level	
% of students eligible for National School Lunch Program	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

Category One

Eligible Voice Services Subject to Phasedown

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

Category One

Circuits and the Voice Phasedown

- Circuits are subject to the voice phasedown if any portion of the circuit is dedicated to voice.
 - Circuits wholly dedicated to voice such as PRIs and SIP trunks are fully subject to the phase down.
 - A T-1 or other connection that is dedicated to voice is subject to the phasedown.
 - If any portion of a data circuit has voice services DEDICATED (not PRIORITIZED), only the DEDICATED PORTION of the circuit is subject to phasedown.
 - Data circuits with PRIORITIZED voice (not DEDICATED) are not subject to phasedown
- If there is a voice application running over a data circuit with no portion of the circuit dedicated to voice (e.g. Skype, QoS), the circuit is not subject to the phase down.
- VoIP service bundled with Internet access requires cost allocation to separate the voice usage from the Internet/data usage.

Category One

Voice Service

- Starting with FY2015, voice services are subject to a 20% reduction continuing until FY2019 when all voice services are phased out.
- For FY2017, the reduction to voice services is 60%.

Discount %	FY2015 -20%	FY2016 -40%	FY2017 -60%	FY2018 -80%	FY2019 -100%
90	70	50	30	10	0
80	60	40	20	0	0
70	50	30	10	0	0
60	40	20	0	0	0
50	30	10	0	0	0
40	20	0	0	0	0
30	10	0	0	0	0
25	5	0	0	0	0
20	0	0	0	0	0

Category One

Eligible Data Transmission Services and Internet Access

Some examples include:

- Fiber (Lit and Dark)
- Self-Provisioned Fiber
- Wireless Service
(e.g. microwave)
- Satellite Services
- DS-1, DS-2, DS-3
- Ethernet
- T-1, T-3, Fractional T-1
- Cable Modem
- DSL
- ISDN
- MPLS

Category One

Special Construction

- Special Construction is any investment in the implementation of Dark, Lit, or Self-Provisioned Fiber.
- There are several additional requirements involved in the application for these services
 - RFP's are required
 - When filing for dark fiber, you must also accept bids for leased lit fiber and provide a comparison of total cost of ownership.
 - You must ask the service providers to separate the special construction costs
 - You should outline minimum maintenance specifications for the fiber in your supporting documentation/RFP
 - If you bid a managed service for your dark fiber, then you have to add the monthly recurring or annual recurring cost of this service to the cost of your dark fiber for the comparison
 - We should notify service providers that the DISCOUNTED share of the installation/special construction can be paid upfront in year one.

Category One

Special Construction

- **Clarification of Functions in 470**
 - Line item “Dark Fiber” – For leased dark fiber
 - Line item “Lit Fiber” – Leased Lit
 - Line Item “Self-Provisioned” – fiber to own.
 - Other – Used to procure modulating electronics for fiber you already own (Yes, this hardware can be purchased as C1!!)

Category One

State Match

- **ODE has created a pilot for the 10% State Match program.**
 - It is not yet known if our program has been approved by USAC for use in 2016.
 - Continuation into 2017 is largely dependent on success in 2016.
 - Only applicants with 70% or higher discount rates are eligible for State Match Funds.

Category Two

What is Category Two?

- Category Two includes equipment and services needed to bring broadband into and throughout schools and libraries.
- Subject to five-year budgets (2017 is year 3) for schools and libraries.
- Category Two includes internal connections, basic maintenance of internal connections and managed internal broadband service.

Category Two

Eligible Internal Connections

- Access points
- Cabling
- Caching
- Firewalls
- Switches
- Routers
- Racks
- UPS
- Wireless LAN Controllers
- Improvements, upgrades and software necessary to support eligible broadband internal connections components

Category Two

Eligible Internal Connections: Virtualized and Cloud-Based Functionalities

- As part of the E-rate Modernization Order, broadband distribution services and equipment that can be virtualized in the cloud are eligible.
- This includes virtual or cloud based functionalities so long as they support eligible internal connection functions.
 - For example, software virtualizing routing or switching in the cloud is eligible.
- Equipment and functionalities must still be competitively bid and the most cost-effective solution must be chosen.

Category Two

Managed Internal Broadband Services (e.g. Managed Wi-Fi)

- Services provided by a third party:
 - Operation
 - Management
 - And/or monitoring of eligible broadband internal connection components
- The third party may manage the school or library's equipment or provide the equipment as part of a lease.

Category Two

Basic Maintenance of Internal Connections

- Support for basic maintenance of eligible internal connections such as:
 - Repair and upkeep of hardware
 - Wire and cable maintenance
 - Basic tech support
 - Configuration changes
- Support for BMIC is limited to actual work performed under the contract.

Category Two

Basic Maintenance of Internal Connections

- Basic maintenance does not include:
 - Services that maintain ineligible equipment
 - Upfront estimates that cover the full cost of every piece of eligible equipment
 - Services that enhance the utility of equipment
 - Network management services, including 24-hr network monitoring
 - On-site technical support
 - Unbundled warranties

Operations and management of eligible equipment not supported as BMIC but eligible as Managed Internal Broadband Services

Miscellaneous

Miscellaneous Charges

- Eligible Charges
 - Taxes, surcharges and other similar reasonable charges
 - Lease fees to rent or lease eligible components
 - Shipping charges
 - Training
 - Installation and configuration
 - Installation may be provided by a third party

Requesting Services (Form 470)

Purpose

- Opens your competitive bidding process
- Notifies potential bidders of the types and quantities of services that you need
- Must be posted on the USAC website at least 28 days before filing the FCC Form 471

Note: Request for Proposals (RFPs) or other supplemental documents may be issued in addition to describe specific needs and circumstances. If you issue an RFP (or provide supplemental documents), both the RFP/supplemental documents and FCC Form 470 must be available for at least 28 days, and bidding cannot close until the latter of the two end dates.

Competitive Bid Process

After the 28-day waiting period closes, on the 29th day, you can:

1. Evaluate bids received
2. Choose your service provider(s)
3. Sign a contract (if applicable)
4. Submit an FCC Form 471.

Note-Your bidding/waiting period can be longer than 28 days if needed. It can be as long as your local procurement rules allow, as long as it ends prior to the 471 deadline so that the 471 can be submitted in time.

Competitive Bidding

Competitive Bidding Requirements

- No one other than the applicant or an authorized representative of the applicant should prepare, sign or submit the FCC Form 470 or certification.
- The FCC Form 470 must describe the desired products and services with sufficient specificity to enable interested parties to submit bid responses.
- All potential bidders must have access to your FCC Form 470, RFP (or other supplemental documents describing the procurement, if you have them).
- You must evaluate the incoming bids fairly and equally.

RFP – E-Rate Style

- Follow your district's procurement process
- ORS 279A.010 requires school districts to follow the State's contracting laws **only if the contracting agency (school district) has not adopted its own set of rules and procedures.**

The ORCPP Program

- What if you could:
 - Reach a broader audience for your RFP
 - Identify a list of possible providers and target them with the announcement of your RFP?
 - Post your RFP in a central location watched daily by providers?
- **NOW YOU CAN, FOR FREE, WITH ORPIN!**
- <http://orpin.oregon.gov/open.dll/welcome>

ORCPP Contacts

- **Adam Helvey, Procurement Analyst**
Department of Administrative Services
503.373.2106
Adam.L.Helvey@oregon.gov
- **Kelly Stevens-Malnar, Procurement Analyst**
Department of Administrative Services
503.378.3976
Kelly.A.Stevens-Malnar@oregon.gov

Deadlines

Application Deadlines

- **FCC Form 470** - Posted on EPC (and in any other location your procurement rules require) at least 28 days before the filing of the FCC Form 471, keeping in mind the FCC Form 471 application filing window opening and closing dates each year
- **FCC Form 471 and Item 21 Attachment** – Submitted via EPC no later than 11:59 PM ET on the day of the close of the FCC Form 471 application filing window (exact window dates are different each year, but usually start in December or January and end in March)
- **FCC Form 486** - Submitted via EPC no later than 120 days after the date of the FCDL or the service start date, whichever is later

Deadlines

More Deadlines

- **Installation of Services/Delivery of Hardware** – Delivery/Installation of Category 1 recurring services and Category 2 hardware must occur by September 30 AFTER the funding year ends. In other words, you have 15 months total to complete these projects.

**** This deadline does NOT apply to Special Construction fiber projects at this time. Those must be completed by the end of the funding year, June 30th.**

- **FCC Form 472/ FCC Form 474** – Still being processed in the legacy application system at the time. Must be submitted no later than 120 days after the date of the FCC Form 486 Notification Letter or end of the funding year at issue, whichever is later. The deadline usually falls on October 28th each year unless you were funded late in the year.
- **Appeals** - Received or postmarked no later than 60 days after the date of USAC's decision letter

Positive Changes

- Additional 1.5B added to Funding Cap
 - New cap as of 2015 was 3.9B, which will be adjusted for inflation each year
- Increased Security Around C2 Funding
 - 5 year school budgets that are consistent
- No More Tech Plan Requirement
 - The FCC no longer gets to influence educational technology.
- Non-discounted portion of large projects can now be amortized
 - You can make payment arrangements with vendors and still get your reimbursements.
- Updated Definition of “Rural”
 - Oregon had FAR more winners than losers with this change.

Same Old Challenges

- “MAKING THE E-RATE APPLICATION PROCESS AND OTHER E-RATE PROCESSES FAST, SIMPLE AND EFFICIENT”
 - Not so much... The simplifications only apply to a very narrow subset of applicants. It made life miserable for the rest of us.
- Voice Phase-down
 - The phasing out voice services was difficult for many, and will be more so in 2017.
- Cost Allocation
 - Making ancillary components of voice services ineligible created a cost allocation nightmare.
- EPC
 - Significant issues with the new application system.

New Challenges

- Extended Document Retention
 - 10 years from last date of service. Electronic documents are ok.
- Reduction of maximum C2 discount
 - A necessary evil in order to allow lower discount applicants more equitable access.
- District-wide Discounts
 - There were winners and losers, and administrative burden increased.
- Tightened Invoice Extension Rules
 - You get 1 extension ONLY, but you MUST request it before the deadline. This is a huge issue because many larger applicants have billing discrepancies or other issues that can delay invoicing.

Lessons Learned

- C2 vendors are scarce (and maybe scared)
 - Vendors and applicants were so accustomed to not having access to C2, that it was a significant challenge to find bidders for projects.
 - When asked why, the overwhelming answer (particularly from wiring contractors) was that they weren't given enough time or access to the building(s) to formulate an accurate quote.
 - There are no state contracts for hardware in Oregon. There are "piggyback" (yes this is actually an e-Rate term) contracts including WSCA, but they still require the applicant to file a 470 and conduct a competitive bidding process.
 - With the new application process and the line item detail necessary to ensure that the budget for each school is charged properly, the quoting process is often more complex than in previous years. A shopping list of hardware won't cut it anymore,

Tips and Best Practices

- Ways to help C2 vendors help us!
 - Start EARLY this year.
 - Allow wiring contractors enough time to schedule walkthroughs.
 - For wiring - Be as specific as possible in your description, and include simple building schematics to give them an idea of linear footage, number of switch plates and ports needed, etc.
 - For Hardware – You can be specific about functionality, just not about brands. You can list Cisco XYZ router OR EQUIVALENT and then list the specific function or compatibility needed. If you refuse bid because the hardware is not the correct brand, you are not in compliance with e-Rate bidding rules.
 - Always state any disqualifying factors on the form 470 and RFP. If you don't, you cannot disqualify a vendor bid.

Lessons Learned

- There is a lot more data entry to do nowadays
 - Hardware must be allocated to specific school locations. Costs for hardware located at a district office must be allocated between any school that it serves. Services to the district office (or any NIF) must be allocated out.
 - Districts must enter data for ALL schools in their district whether they are receiving services or not. NSLP/CEP data must be entered for them all.
 - In Oregon, charter schools can be excluded from the application under certain circumstances.
 - The public charter school is its own fiscal agent.
 - The public charter school does not receive internet and/or telecommunication services through the district as part of the charter contract or other contract for services.
 - The public charter school has previously applied for and been granted its own eRate discount OR the public charter school has NOT applied (as the Billed Entity) for the e-Rate program in the past.

Tips and Best Practices

- Let the form 471 templates help you (USAC PROMISES THEY WILL ACTUALLY WORK THIS YEAR)
 - To save time and hassle later, use the template from the form 471 as part of the RFP. Ask the bidders to fill out the template as part of the bid response, and you'll have a large portion of the FRN completed already!
 - You can also use the template to cut down on NSLP data entry! You can download the NSLP report from the ODE website, then copy and past entire columns of data into the recipients template. I'll have full instructions on the resource page.

Lessons Learned

- Cost allocation is not an exact science.
 - For reasons unfathomable, the FCC decided that while it was already taking away voice funding, it should also make small ancillary items ineligible altogether during the phasedown.
 - We must now cost allocate the ineligible items from our voice and cellular invoices. In many cases these items are bundled with other services making them impossible to identify on your own.
 - Some telecom vendors are unhappy with the voice phasedown and thusly the cost allocation process. Some vendors will not easily provide assistance in identifying ineligible charges.
 - The time it takes to identify and calculate ineligibles is ~~ridiculous~~ significant.

Tips and Best Practices

- Do your best and document everything.
 - Start early so that you have sufficient time to review quotes or invoices and identify the obvious ineligible.
 - Contact your sales rep for assistance in identifying ineligible (or lack thereof). Use EMAIL and document their response (or lack thereof). Use this documentation during review if you are questioned about your cost allocation (or lack thereof)
 - If PIA sees a voice FRN with no ineligible allocated out, they will automatically contact you and ask you about it. In other words they EXPECT SOME ineligible costs on every voice FRN. To help minimize this, you can use the narrative section of the FRN to state that you contacted the vendor for assistance and that they told you that there were no ineligible. If the vendor didn't respond, then you can put that there too, but PIA will contact you anyway.
 - Use the SPIN information search on the USAC website to identify the e-Rate contact for your vendor. If your sales rep fails to respond to you, start pestering the e-Rate contact about it.

Lessons Learned

- Handling the new Invoice Extension Rules
 - The new invoice extension rules, in my mind, were not just ill-conceived, but they were “pork bellied” into the Modernization Order without any chance for public comment or discussion.
 - This is a plain faced attempt to make it easier for them to reclaim monies from past funding years so that they can roll funds over to future funding years.
 - Basically, you can only get 1 extension, and that’s ONLY if you request it before the deadline date.
 - This means that if you submit an invoice before the deadline, but an invoice reviewer zero pays (rejects) it after the deadline, you’re not getting your money and they won’t give you an extension.
 - This also means that if the service provider submits a SPI form late, or not at all, and you don’t realize it until after the deadline, you’re not getting your money and they won’t give you an extension.

Tips and Best Practices

Handling the new Invoice Extension Rules

- If you think you might miss the invoicing deadline, you **MUST** file an extension request prior to the invoicing deadline.
- If you filed your BEAR form on time, but have not received a reimbursement by the day before the deadline, then file an extension right away, before the deadline passes. **DO THIS EVEN IF YOU ARE ACTIVELY WORKING WITH A REVIEWER ON AN INVOICE REVIEW.**

2017 and Beyond

- EPC will be scrapped... in 2018. In other words, we're stuck with it for one more year.
- USAC has committed to making as many superficial changes as possible in order to help ease the burden at least a little bit. However, the software platform they used to build the system has many limitations that will prevent many common-sense fixes from being done. USAC will release info on updates as they come online.

Resources and Information

- Make sure that you have the EPC email address added to your “Safe” list epc.application.administrator@usac.org
- You can access EPC at <https://portal.usac.org/suite/>
- Keep an eye out for the USAC weekly newsletters for updates and instructions. Subscribe here <http://www.usac.org/about/tools/publications/subscription-center.aspx>
- Join my listserv or additional resources <http://listsmart.osl.state.or.us/mailman/listinfo/erate>
- My contact info:
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Thank you!