

E-Rate Program & Process Overview



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Today's Presentation

- This presentation is based on information from Universal Service Administrative Company (USAC) School's and Library Division (SLD) website at <http://www.universalservice.org/sl/>.
- The presentation is for informational purposes only and is intended to follow Proper Service Provider Assistance at: <http://www.universalservice.org/sl/providers/step01/proper-service-provider-assistance.aspx> as of the date shown below.
- Please refer to the SLD website for updates. This presentation is not intended to be comprehensive, and is not to be used as a substitute for legal advice or your own review of SLD requirements.

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E-Rate Program & Process Agenda

- E-rate Program Overview
- Eligible Services
- Application Process
- Other Considerations
 - Deadlines
 - Contracts
 - Service Substitutions
 - SPIN Changes
 - Record Keeping
- Contact Information

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E-Rate Program

- The Telecommunications Act of 1996 expanded the Universal Service Fund to help fund telecommunications products and services for K-12 schools and libraries
- \$2.25 billion/year funding cap
- The Universal Service Administrative Company (USAC) was designated by the FCC to oversee the fund
- The Schools and Libraries Division (SLD) of the USAC oversees the Education Rate (E-rate) program.
- E-rate funding runs July 1 - June 30

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Overall Eligibility Issues

- Eligibility is determined by who uses services, where and for what purpose
- Users and locations of services must be "integral, immediate and proximate" to the education of students or the provision of library services or patrons
- Services must be used for "educational purposes"
- Services must not be sold, resold or transferred in return for compensation

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Eligible Entities

- All K-12 Public or Private Non-profit Schools, except those with endowments of \$50M or more
- All Public and Private Non-profit libraries
- Consortia consisting of eligible and non-eligible entities, however only eligible entities will receive E-Rate discount funds

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Eligible Non-Instructional Buildings

Non-instructional Facilities (NIFs) that can receive Priority 1 services:

- **SCHOOLS:**
 - Administrative Buildings
 - Bus barns and garages
 - Cafeteria offices
 - Athletic Facilities
- **LIBRARIES:**
 - Administrative buildings
 - Bookmobile garages
 - Interlibrary loan facilities
 - Library technology centers



Eligibility and Discount Matrix

Discounts to Schools and Libraries are based on the number of students eligible for National School Lunch Program (NSLP) and their classification of Urban or Rural.

% of Students Eligible	Discount	
	Urban	Rural
less than 1%	20%	25%
1 - 19%	40%	50%
20 - 34%	50%	60%
35 - 49%	60%	70%
50 - 74%	80%	80%
75 - 100%	90%	90%

Applicants must pay their non-discount portion.



Eligible Services

Eligible applicants can receive funding for 20-90% of costs in these four categories of service:

Priority 1:

1. Telecommunications
2. Internet Access

Priority 2:

3. Internal Connections
4. Basic Maintenance on Eligible Internal Connections

Eligible Service List found on the SLD E-rate Website at:
<http://www.universalservice.org/sl/tools/eligible-services-list.aspx>



Eligible Services - Telecom

Telecommunications

- Most services sold by a telecommunications provider are eligible for E-rate funding including monthly recurring charges for services, usage, installation, taxes and surcharges
- Examples – Local lines, T-1s, Plexar, Wide Area Networks, Long Distance, Cellular Service
- Not eligible: payphone service, directory listings and advertising, services to residences and end-user equipment such as phones and fax machines



Eligible Services – Internet Access

Internet Access

- Basic Internet access is eligible for E-rate funding as well as e-mail accounts, firewall service, and webhosting.
- Must be compliant with Children's Internet Protection Act (CIPA)
- Not eligible: fees for online content (i.e., databases & video streaming) or filtering.



Eligible Services – Internal Connections

Internal Connections

- Equipment on the library or school Local Area Network (LAN), such as routers, switches, hubs, servers, videoconferencing equipment, PBX, operating system software, cabling, installation of eligible products and project management
- Must be compliant with Children's Internet Protection Act (CIPA)
- Not eligible: application software and end-user equipment such as computers.



Eligible Services – Internal Connections

- **2 Out of 5 Year Rule:** Individual schools or libraries are eligible to be funded for internal connections two out of five years
 - Site specific: a district or library system may be funded each year for different sites
 - Started FY 2005-06
- **Basic Maintenance is exempt** from the 2 out of 5 year rule and can apply annually
- **No Transfer for 3 Years:** Equipment bought with E-rate funds must stay at that site for three years (unless site is closed)

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Eligible Services – Basic Maintenance on IC

Basic Maintenance on Internal Connections:

- Basic maintenance on eligible equipment is eligible for discount.
- Products and services generally eligible:
 - Repair and upkeep of eligible hardware
 - Wire and cable maintenance
 - Basic technical support
 - Configuration changes.
- Not eligible: On-site technical support, 24-hour network monitoring, network management, and help desks (beyond basic maintenance of only eligible components).

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Eligible Services - Priority 1 Installation Cost

One-time Installation Charges for Priority 1 Services

- Telecom and Internet Access installation charges involving construction of facilities (including conduit or buried cable) are eligible under the following conditions:
- One-time charges do not exceed \$500K
 - If so, charges must be amortized for at least three (3) years
- Service Provider remains the owner of the facilities
 - Service Provider has the right, but not the obligation, to remove the facilities should Customer terminate its agreement
 - Facilities cannot be transferred to customer or another provider

Reference Wide Area Network Fact Sheet:
<http://www.universalservice.org/si/applicants/step06/wide-area-network-fact-sheet.aspx>

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Priority 1 Leased Bundled Services

"On-Premise" Priority 1 Equipment

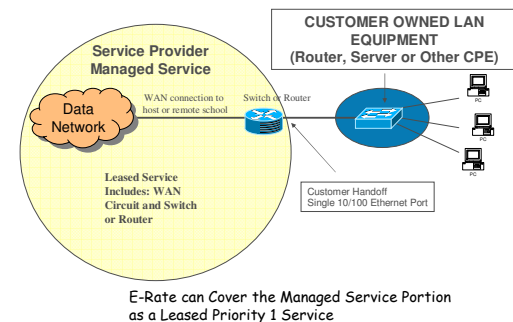
- Equipment located at the applicant site can receive funding as part of a telecommunications or Internet access service in certain limited conditions
 - Example: Router bundled with T-1
- Among Key Conditions:
 - Same Service Provider that provides the Priority 1 service must provide the equipment and own and maintain it
 - The school/library can never own the leased equipment
 - The equipment must be directly related to the end to end provision of the e-rate eligible service
 - The equipment cannot be used by the school or library for any other purpose beyond the telecom or internet access service

Reference On-Premise Priority 1 Equipment at :
<http://www.universalservice.org/si/applicants/step06/on-premise-priority1-equipment.aspx>

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On-Premise Priority 1 Equipment Example



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Now Eligible - Hosted VoIP

- **Interconnected Voice over Internet Protocol:**
 - (1) enables real-time, two-way voice communications;
 - (2) requires a broadband connection from the user's location;
 - (3) requires Internet protocol-compatible customer premises equipment (CPE); and
 - (4) permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.
- Applicants may wish to post VOIP services under both Telecommunications and Internet Access categories of services.

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Eligible Service List – Key Changes FY2007

- Format – Short & Direct
- Interconnected VoIP Services
- Wireless Internet Access for portable devices
 - Blackberry e-mail
 - Text Messaging
- Caution About Internet Access Eligibility
 - Does not include Direct Connections between sites
 - All Service must reach boundary of public Internet Space
- Not Eligible
 - Separately priced Firewall Service
 - Standby or Redundant equipment



Draft ESL – Key Proposed Changes FY2008

- Treat Centrex service as “basic” telephone service
- Clarifies that the basic conduit access to the Internet for the purpose of accessing distance learning and video conferencing is eligible for funding in the Internet access category but distance learning and video conferencing tools are not eligible for funding
- Clarifies the eligible components of a web hosting service
- Adds “failover” products or services to the list of miscellaneous ineligible components.”



Application Process

- **Technology Plan** – What is my plan?
- **Form 470** – What services do I want?
- **Form 471** – What services did I order?
- **Form 486** – When did services start?
- **Form 472 or Form 474** – How do I receive reimbursements or discounts?



Technology Plan What is My Plan?

- Tech Plan must be written before form 470 is submitted and include all E-rate services that will be requested
- Exception is Basic local and long distance
- Vendors should not help write or approve Technology Plan
- Technology Plan must be approved by an E-rate Technology Plan approver by the time services start
- Certified Tech Plan Approvers are listed at: <http://www.universalservice.org/sl/tools/search-tools/tech-plan-approver-locator.aspx>



Form 470 What Services Do I Want?

- Description of services being requested and certification form – can stand alone or also as part of a larger Request For Proposal (RFP)
- Lists all services plan to order as identified in tech plan
- Filed at any time during year and posted on SLD website for Service Provider bids
- Can be filed once for multi-year contracts, but 470 must indicate intent to sign multi-year contract
- Must wait 28 days after POSTING of Form 470 to select service provider, sign contract/agreement, and submit Form 471
- Maintain an open, competitive bid process
- “Price must be the primary factor” in decision criteria



Form 470 Decision-Making Matrix Example

Citation from SLD website:

<http://sl.universalservice.org/whatsnew/reminders%2Df470.asp#F470R2>

The following would be an acceptable weighting of factors listed to use in evaluating bid responses, as price is weighted higher than any other single factor:

Factor	Weight
Price	30%
Prior experience	25%
Personnel qualifications	20%
Management capability	15%
Environmental objectives	10%
Total	100%



Form 471 What Services Will I Order?

- "Request for Funding and Certification"
- Cannot be submitted until 29th day or later, after posting Form 470
- Contracts must be signed prior to filing a Form 471
- Must be filed during Application Window: FY2007 is **November 14, 2006 – February 7, 2007**
- Separate 471 Forms recommended for:
 - Priority one (Telecom and Internet access)
 - Priority two (I.C. and Basic Maintenance)

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Form 471 – Block 4



BLOCK 4

Discount calculation worksheet:

- **National School Lunch information obtained from:** State Department of Secondary and Elementary Education
- **Alternate discount mechanisms** on SLD website.
<http://sl.universalservice.org/reference/alt.asp>

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Form 471 – Block 5

Block 5 is the actual funding request.

- Most applicants create more than one Block 5. WHY?
 - Different categories of service
 - Each Service Provider needs a separate Block 5
 - Separate contracts with SAME service provider.
 - Internal audit reasons
- Each Block 5 becomes a separate FRN (Funding Request Number)
- Important to list correct SPIN (Service Provider Identification Number) for each FRN

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Form 471 Attachments



Item 21 Attachment to Block 5

- Spells out, line-by-line what the applicant wants
- It is the "heart" of the funding request
- Narrative overview or description and line item detail of products/ services requested and cost
- Additional details, such as equipment location
- See samples on SLD site:
<http://sl.universalservice.org/reference/form471item21attachments.asp>

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Form 471 Attachments

BLOCK 6 -- Certifications and Signatures



- More certification
- Total budget information (including staffing, training)
- **IMPORTANT!** Person signing and certifying must read and understand what they are signing. They will be held liable.
- See examples of form 471 on SLD website at:
http://sl.universalservice.org/data/pdf/TTT2004/FY2005_471_2004TTW.pdf

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Funding Commitment Decision Letters

- After Forms 471 are submitted they go through a Program Integrity Assurance (PIA) review process before funds are committed
- Funding Commitment Decision Letters (FCDLs) are issued in "waves" for all Forms 471 reviewed
- Provides instructions on filing Form 486 and for appealing decisions. See a sample funding letter at http://www.sl.universalservice.org/data/pdf/FY2002_FCDL.pdf



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Form 486 Filing Information

Purpose:

- Form 486 notifies the Schools and Libraries Division (SLD) that the Billed Entity and/or the eligible entities are ready to receive services
- Authorizes payment of invoices from the service provider(s) or applicant
- Indicates approval of Technology Plans, as required
- Indicates compliance with the Children's Internet Protection Act (CIPA)



Getting the Money



Applicant has the choice:

1. Form 472 - Pay bill in full and submit a Billed Entity Applicant Reimbursement (BEAR) form to the SLD OR
2. Form 474 - Have the service provider discount services on the bill. The service provider will then submit a SPI (Service Provider Invoice) form to the SLD



Form 472 - BEAR



Form 472 (BEAR Form)

- Filed by applicant to request reimbursement for services already received and paid in full
- USAC may request Service Certification
- Applicant must have already received bill from service provider and paid in full BEFORE submitting BEAR Form
- Includes Certifications in Block 4. Certifications must be submitted as part of the complete BEAR submission and these certifications must include the signature of Service Provider
- Without signature of Service Provider, BEAR will be returned to the Applicant



Appeals Process

- Any appeal must be **filed within 60 days** of the issuance of the decision from USAC and must be **postmarked** within 60 days of that date
 - Reference Appeals Guidelines at :
<http://www.universalservice.org/hc/about/filing-appeals.aspx>
- Two Ways to Appeal:
 1. Write a letter to USAC - Explain why you disagree with USAC's decision and what outcome you request
<http://www.universalservice.org/hc/about/filing-appeals.aspx#a#a>
 2. Write an Appeal directly to the FCC - Skip Option A - Explain why you disagree with USAC's decision
<http://www.universalservice.org/hc/about/filing-appeals.aspx#b#b>



Bishop Perry Middle School Order

- Major Appeal Decision of 2006
- SLD is now providing 15 calendar days to:
 - Correct ministerial/clerical errors on Form 470 or Form 471
 - File the required Form 470 and Form 471 certifications
 - Correct Form 470 application numbers on Form 471 without penalty of funding being denied in some circumstances
- Bishop Perry order reference:
<http://www.universalservice.org/si/tools/reference/what-USAC-is-doing.aspx>



Other Considerations

- Deadlines
- Contracts
- Service Substitutions
- SPIN Changes
- Record Keeping



Deadlines

- Deadlines for every form
- Deadlines for Delivery of Service:
 - **Recurring services** - must be delivered July 1 - June 30 of the relevant Funding Year
 - **Non-recurring services** - must be delivered and installed July 1 - September 30 of that Funding Year
- Extensions of the deadline for delivery and installation of **non-recurring** services may occur in certain conditions:
 - **Service Delivery Deadline Extension Requests**
www.sl.universalservice.org/reference/ServiceDeliveryDeadlines.asp
 - **Invoice Deadline Extension Requests**
www.sl.universalservice.org/reference/InvoicingDeadlines.asp

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Contract Considerations

Contracts need to be signed if :

1. Existing Contract is expiring before the end of Funding Year (June 30) and applicant wants to renew or sign new contract; or,
2. New services are being sought under contract

Contracts do **not** need to be signed if services are:

1. Month-to-Month or non-contracted tariffed services; or,
 2. Under an existing multi-year e-rate contract that is not expiring that funding year
- Note: a new Form 470 does not need to be filed, but a Form 471 does

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Contract Guidance

- Contract Guidance is posted on the E-rate website:
www.sl.universalservice.org/reference/contract_guidance.asp
- Contracts must be signed after posting the form 470 a minimum of 28 days and must be signed by both parties
- E-rate applicants must sign a contract with the service provider before signing and submitting a completed (certified) Form 471" (except for services to be delivered under non-contracted tariffed or month-to-month)
- This applies to all services/products: Telecom, Internet Access Internal Connections and Basic Maintenance on IC

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Service Substitution

If changes in services/products are made to a funding request, a service substitution request must be submitted by the applicant

Criteria for Service Substitution request:

1. Must have the same functionality as the services or products contained in the original proposal.
2. Does not result in an increase in the funding commitment. The total amount may be higher, but will only be funded at the amount originally approved.
3. Does not violate any contract provisions or state or local procurement laws
4. Does not result in an increase in the percentage of ineligible services or functions.
5. Has to be consistent with the establishing Form 470 posting and original RFP, if any.

<http://www.universalservice.org/sl/about/changes-corrections/service-substitutions/default.aspx>

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SPIN Changes Corrective vs. Operational

Corrective SPIN Change:

- Correcting a data-entry error on the Form 471.
- Reflecting a merger or new company.

Operational SPIN Change

- Deliberate decision to change the service provider.
- Additional information/certifications required.

Spin Change Guidance

<http://www.sl.universalservice.org/reference/SpinChange.asp>

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Required Recordkeeping

- Technology plan and approval letter
- Application documentation
 - NSLP data
 - Budget for Item 25 resources
 - Item 21 attachments
 - PIA submissions
 - All forms and attachments
- Bids and evaluations (incl. losing bids or "no" bids)
- Contracts
- Delivery, testing, and asset inventory records
- Invoices and proof of payment



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SLD E-rate Contact Information:

- **Help-line:** 1-888-203-8100
- **Fax:** 1-800-959-0733
- **E-Rate Website:**

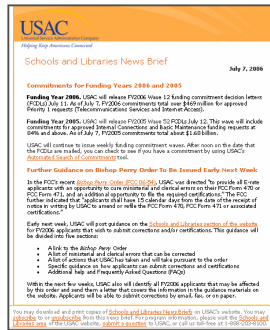
www.universalservice.org/sl/

- **Submit A Question:**

www.slforms.universalservice.org/EMailResponse/EMail_Intro.aspx



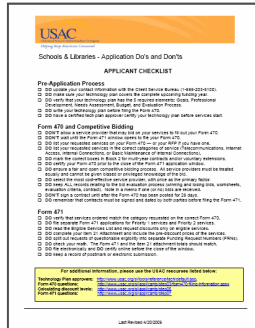
SLD News Briefs



- Emailed each week
- Subscribe from website
- Cover topics of current interest
- Archive of past issues
- Subscribe at: <http://www.universalservice.org/sl/tools/news-briefs/>



Tip Sheets



- One-page high-level guidance documents on major program topics
- Contain links to guidance documents
- Available on website at: <http://www.usac.org/sl/about/tip-sheets.aspx>



AT&T E-rate Invoice Service Centers:

- **SWBT (Local Telecommunications):** 800-759-8195
- **Advanced Solutions Inc. (Frame Relay, ATM):** 800-759-8195
- **SBC Long Distance:** 866-879-9476
- **SBC Internet Service:** 214-576-4413
- **SBC DataComm(Internal Connections):** 214-576-4555
- **Cingular (Cellular):** 678-893-1227
- **American Messaging, Inc.:** 248-538-1409
- **AT&T (Pre-Merger):** 908-234-5440



SBC and AT&T SPINs

- **Southwestern Bell Telephone (SWBT)**
- **Telecommunications Services - (Local Lines, Plexar, T-1, DS3, Opteman, OC1)**
SPIN 143004662
- **SBC Advanced Solutions, Inc.**
- **Advanced Telecommunications Services - (Frame Relay or ATM)**
SPIN 143022137
- **SBC Long Distance**
- **Telecommunications - Long Distance Services**
SPIN 143008823
- **Cingular Wireless**
- **Telecommunications - Cellular Services**
SPIN 143025240
- **American Messaging, Inc.**
- **Telecommunications - Paging**
SPIN 143003128
- **SBC Internet Services**
- **Internet Access - (DSL, DS1, DS3, ISP, firewall services, webhosting)**
SPIN 143004611
- **SBC Datacomm, Inc.**
- **Internal Connections (IC) and IC Maintenance - (Equipment, wiring, IC Services)**
SPIN 143004812
- **AT&T (Pre-merger)**
- **Telecommunications, Internet Access, Internal Connections and Basic Maintenance on IC**
SPIN 143001192



Questions?

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