



Resources

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SLD

www.usac.org/si

E-mpa

www.e-mpa.org

FCC

www.fcc.gov

E-Rate Central

www.e-ratecentral.com

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.

CIPA - Children's Internet Protection Act

CSB - Client Service Bureau. E-Rate help desk and forms processing center. 1-888-203-8100.

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

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

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

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.

Priority One (P1) - Telecommunications and Internet Access categories of service (funded first).

Priority Two (P2) - Internal Connections and Basic Maintenance of Internal Connections (funded second).

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

SLD-Schools & Libraries Division - Administers the schools and libraries section of Universal Service.

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

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

SRIR-Selective Review Information Request. Additional review of application prior to funding.

USAC-Universal Service Administrative Company - Non-profit company responsible for administration of universal service programs

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

Form 471 - Second form filed with USAC. Lists services that applicant would like to receive discounts on.

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

Form 474 - Service provider invoice (SPI) form.

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

Form 500 - Optional form used to report changes in amounts, service start date, contract expiration date, cancellations.

Kellogg & Sovereign® Consulting - E-rate Primer® July 2011

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." Priority One (P1) services are funded first and therefore telecommunications & Internet Access funding is announced first. It is not unusual for funding to be delayed for up to one year, especially for Priority Two (P2) services. www.kelloggllc.com/funding.aspx

Program Changes

The FCC released the Sixth Report & Order ("6R&O") in September, 2010 to upgrade and modernize the E-Rate program. See www.kelloggllc.com/news.aspx for further details on the various changes including the following:

- Lease of Dark Fiber-eligible from any provider with restrictions
- Community Use of School's E-rate services after hours
- Funding for certain residential facilities of schools that serve populations facing unique challenges
- Indexing the funding cap to inflation. Starting with FY2010 will be increased based on the Dept. of Commerce GDP.
- E-rate Deployed Ubiquitously (EDU) 2011 pilot program to support off-premise wireless device connectivity
- Technology Plans—no longer required for telecommunications and Internet Access Services (although still required by most states). Removed budget as a required element.
- Competitive Bidding Process-codifies fair and open process and bidding violations.
- Gifts-Prohibits gifts from service providers and potential service providers. Provides minimal exceptions.
- SPIN Changes—allowed only if legitimate reason to change such as breach of contract or unable to perform and must select provider with next highest point value.
- Eligible Services—various clarifications. Leased Dark fiber eligible, Web hosting eligible, wireless Internet applications not eligible, Anti-virus and Anti-spam software plus enhanced firewalls not eligible, unbundled warranties not eligible.
- Disposal of equipment—new guidelines for disposal five years after installation date including permission to resell.



Eligible Services. The FCC releases the list of eligible services annually. As technologies and initiatives change, the list of products and services is adjusted accordingly. You will want to take the time to read through the full listing of eligible services posted on the USAC web site: www.usac.org/si/tools/eligible-services-list.aspx



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e-rate primer[®]

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Inside

What is E-rate **P.1**

How Does the Program Work **P.2**

Special Rules, Requirements **P.3**

Definitions and Resources **P.4**

Program Changes **P.4**

E-Rate Funding for your school or library

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

SLD-USAC

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

FUNDING YEARS

FY 2013:

7/1/2013-6/30/2014

FY 2012:*

7/1/2012-6/30/2013

FY 2011:

7/1/2011-6/30/2012

FY 2010:

7/1/2010-6/30/2011

*Applications for FY 2012-13 will be due Feb-Mar, 2012.



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 Support mechanism. E-rate is one of four programs supported by the Universal Services Fund (USF).

E-rate supports connectivity—the conduit or pipeline for communications using telecommunications services and/or the Internet.

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. Funded at up to \$2.25 billion per year plus index for inflation by contributions from telecommunications companies, the E-rate program provides discounts of 20% to 90% on the cost of telecommunications, Internet access, internal connections, and basic maintenance of internal connections for schools and libraries. 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 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 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 NSLP level of schools in their service area.

INCOME Measured by % of students eligible for the National School Lunch Program	URBAN LOCATION Discount	RURAL LOCATION Discount
If the % of students in your school that qualifies for the National School Lunch Program is...	...and you are in an URBAN area, your discount will be...	...and you are in a RURAL area, your discount will be...
Less than 1%	20%	25%
1% to 19%	40%	50%
20% to 34%	50%	60%
35% to 49%	60%	70%
50% to 74%	80%	80%
75% to 100%	90%	90%



What is eligible for E-rate discounts?

E-rate discounts are available for four categories of service: telecommunications, Internet access, internal connections & basic maintenance of internal connections.

FIRST PRIORITY FOR FUNDING

TELECOMMUNICATIONS.

Services used to communicate information electronically between sites. The services must be provided by a telecommunications carrier recognized by the FCC as providing telecommunications on a common carrier basis. Examples: basic telephone service and digital transmission services such as T-1 lines.

INTERNET ACCESS. "Basic conduit access" to the Internet including e-mail.

SECOND PRIORITY FOR FUNDING

INTERNAL CONNECTIONS

consist of the wiring and components that expand data access within a school or library such as to individual classrooms within a school.

BASIC MAINTENANCE of internal connections consists of services "necessary to enable the continued operation of the eligible equipment." It includes: repair and upkeep of eligible hardware, wire and cable maintenance, basic technical support and configuration changes.



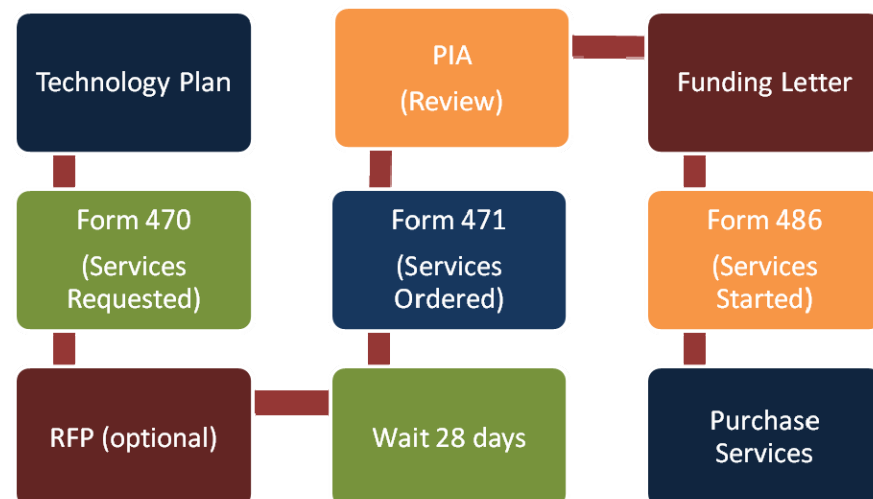
E-rate program for schools & libraries

Telecommunications Act of 1996—Section 254. Law to help schools & libraries obtain access to state of the art services and technologies at discounted rates.



How does the program work? Schools and Libraries receive E-rate discounts based on an application process as follows:

- Preparation of a Technology Plan.** The plan can cover up to a three-year period and should describe a complete, concrete vision of your technology future. The plan must include four elements (assessment, goals & objectives, professional development & evaluation) and must be approved by an authorized technology plan approver by July 1st of the funding year. *Required for Internal Connections & Basic Maintenance Services.*
- Competitive Bidding Process.** 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. USAC announces due date (in March last year) for discounts beginning in July. This is the actual request for funding. 471 Forms received by SLD 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. Also certifies to USAC that a technology plan has been approved and the applicant is in compliance with the Children's Internet Protection Act (CIPA). Consortiums certify receipt of Forms 479 (certification of compliance with CIPA) from their members.



E-Rate Assistance

Kellogg & Sovereign® Consulting's E-rate professionals are here to assist you every step of the way. From technology planning and RFP preparation to working with your service providers to get the last dollar in, we are here for you! Please call or email when you have questions or need additional information.

Phone: 580-332-1444

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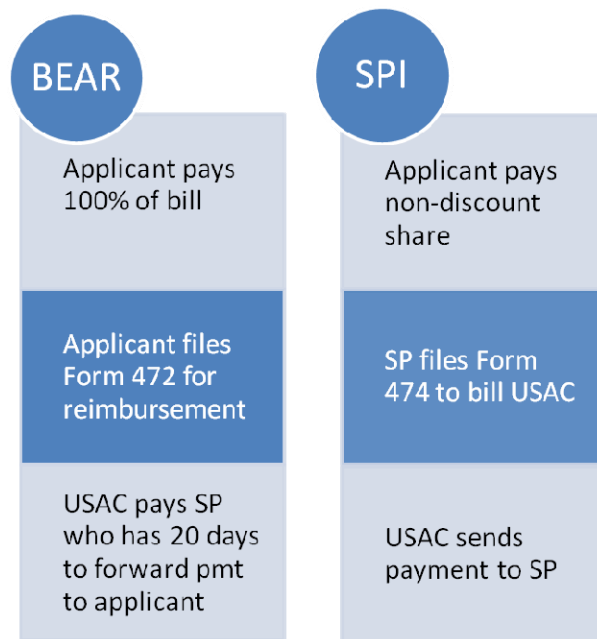
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How are discounts collected?

The applicant (school/library) can choose to either have their service provider ("SP") 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).

If the BEAR method is used, SLD will issue payment to the service provider who in turn must forward a check to the applicant within 20 days.

If the SPI method is used, the SP will apply credits to the bill and invoice USAC for the E-rate portion.



Requirements for Participation in E-rate

Before an applicant can begin the E-rate application process, they must:

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. Must also have programs that educate minors about appropriate online behavior including interacting with other individuals on social networking websites and in chat rooms and cyber bully-

ing awareness and response. www.kelloggllc.com/cipa.aspx

3. Prepare a Technology Plan for Internal Connections & Basic Maintenance.

The technology plan must be prepared prior to filing the Form 470 and must be approved before services start on July 1 of the funding year. The technology plan can cover up to three years and must meet four requirements. www.kelloggllc.com/techplan.aspx

4. Secure Resources . Applicants are responsible for providing additional resources such as end-user equipment (computers, telephones), software, professional development, and the other elements necessary to realize the objectives of E-rate supported connectivity.

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/library is closed) and disposed or sold after 5 years.

2 IN 5 RULE—INTERNAL CONNECTIONS.

Each school or library can receive discounts for internal connections no more than twice very five years. Does NOT apply to maintenance.

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 five years after purchase.



FIVE YEAR RECORD RETENTION REQUIREMENT -

Both applicants and service providers must retain records related to E-rate for a period of five years from the last date of service delivered for a particular funding year.

BASIC MAINTENANCE must be used by June 30 of the funding year.