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# E-Rate Overview and Update

New York State Libraries  
December 2012

## Agenda

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- **Basic process and timetable**
  
- **Special topics 2012-2013**
  - Update on CIPA requirements
  - Eligible Services List for FY 2013
  - Direct certification and CEO
  - Funding outlook for FY 2013

## Funding Timetable: FY 2013

- 2012-2013 ➤ **Application window in the preceding year**
  - Form 470 should be filed as early as possible
  - Form 471 window for FY 2013 – December 12 to March 14
  
- 2013-2014 ➤ **Funding commitments for each fiscal year**
  - Recurring services received: July 1 to June 30
  - Non-recurring services delivered and installed: July 1 to following September 30
  
- 2013-2015 ➤ **Funding received as discount or reimbursement**
  - Service provider can discount bills as service is provided
  - Applicant can request reimbursement after paying full amount
  - Invoice deadlines in following funding year (Oct. 28 or Jan 28)

## Application Process



1. Create technology plan (Priority 2)
2. File Form 470 (quasi-RFP)
3. Wait 28 days (vendor selection period)
4. File Form 471 (application)
5. PIA review and FCDL
6. File Form 486 (confirmation)
7. Submit invoices to USAC

## Form 470

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### Service and Procurement Description:

- Filed by applicants to define desired services and open the competitive bidding process
- Posted on the USAC website for at least 28 days before selecting service provider and/or signing a contract
- Request For Proposals (RFP), if used, must also be available for at least 28 days before making a vendor selection
- Annual posting requirement, except for multi-year contracts
- Compliant with state and local requirements

## Procurement

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- **Competitive bidding is required**
  - Applicant must conduct a fair and open bidding process
  - All bidders must be treated equally
  - Vendors cannot be involved in Form 470/RFP development
  - Price of eligible product or service must be the primary factor
- **New requirement for FY 2013**
  - Cannot specify product requirement by manufacturer, unless:
    - Description includes "or equivalent" or "compatible with" language

## Bid Assessment

### Sample bid matrix:

No	Factors	Total Points Available	Vendor 1 143xxxxxx ABC Inc.	Vendor 2 143xxxxxx DEF Inc.	Vendor 3 143xxxxxx GHI Inc.	Vendor 4 143xxxxxx JKL Inc.
1	Cost of the Eligible Goods and Services	40 *	38	25	38	0
2	Experience	20	18	17	20	0
3	Availability	10	10	8	7	0
4	Minority Business Status	10	6	9	9	0
5	In State Preference	10	3	7	10	0
6	Cost of the Ineligible products	5	4	1	5	0
7	Project Management Expertises	5	2	1	5	0
<b>Total Points</b>		100	81	68	94	0

\* This number must be higher than all of the other numbers in this column.

**Winning Bidder:**  
Vendor 3 (GHI,Inc.) is the winning bidder because it has the highest total points.

<http://e-ratecentral.com/applicationTips/bidAssessment/CompetitiveBidResponseDocumentation.asp>

## Form 471

### Discount Application:

- Must be filed each year within the application window
- Contains specific information on services ordered, quantities, vendor, and price
- Shows entities receiving services and discount rate calculations
- Certifies compliance with rules and verifies access to resources to make effective use of discounted services

## PIA Reviews

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### Program Integrity Assurance Reviews:

- **Most applications generate PIA inquiries:**
  - Entity eligibility
  - Discount rate validation
  - Eligible products and services
  - Funding request levels
  
- **Response deadlines:**
  - Normal 15-day response requirement
  - Mid-point reminders to applicant and state coordinator
  - Extension request must be made in writing

## PIA Review Tips

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- **General responses**
  - Be polite and friendly
  - Answer the specific question(s)
    - Do not provide "extra" information
    - Best practice: Copy question, then add answer
  - If information request is unclear
    - Ask for clarification from reviewer
    - Wait for written confirmation
    - Can ask to talk with team manager — but not as "complaint"
  - Request additional time, if necessary
    - Don't wait until last minute — keep reviewer apprised of progress
    - Extension requests should be in writing

## Funding Commitments

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- Funding Commitment Decision Letter (“FCDL”) issued to applicant and service provider(s) after PIA review
  
- Funding released in weekly waves
  - Priority 1 typically beginning during prior May/June
  - Priority 2 later, if available and at declining discount rates
  - Waves continue well into funding year
  - Funding as of December 2012:
    - FY 2012: \$1.63 billion of \$3.36 billion cap
    - FY 2011: \$2.49 billion of \$3.14 billion cap
    - FY 2010: \$3.07 billion of \$3.17 billion cap

## Form 486

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- Confirms receipt of service
  
- Certifies compliance, if required
  - Approved technology plan
  - Children’s Internet Protection Act (“CIPA”)
  
- Subject to tech plan and/or CIPA review

## Discount Invoicing

- **Two applicant options:**
  - Discounted bills: Service provider files Form 474 (“SPI”)
  - Discount reimbursement: Applicant files Form 472 (“BEAR”)
  - Invoice deadline for both: 120 days after last date to receive service
- **Critical point: Applicant must pay non-discounted share**

## Summary



### Key points:

- Cycle spans three funding years
- All steps have deadlines
- Fair and open competitive is critical
- Most applications funded as requested

## Special Topics 2012-2013

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- Update on CIPA requirements
- Eligible Services List for FY 2013
- Direct certification and CEO
- Funding outlook for FY 2013

## CIPA Update

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- **New FCC CIPA Order (FCC 11-125 of August 2011)**
  - Implements *Protecting Children in the 21<sup>st</sup> Century Act*
- **Basic requirement (schools only)**
  - Internet safety policies must be updated to provide for:
    - The education of minors about appropriate online behavior, including interacting with others on social networking sites and in chat rooms
    - Cyberbullying awareness and response
    - Policy updates need not be formally adopted
    - Effective July 1, 2012
  - Good opportunity to review necessary CIPA documentation

## CIPA Update, cont.

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➤ **Continued unknowns**

- FCC to seek public comments on CIPA requirements for on-campus use of portable Internet devices owned by students and library patrons
- No guidance on CIPA requirements for off-campus use of school- or library-owned laptops and other portable Internet devices, but USAC is “talking” with the FCC
- ALA position: CIPA applies only to library-owned computers
- Our position: Usage of any such devices should at least be covered in Internet safety policies

## ESL Update

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**Major change: Telecom and Internet combined into single Priority 1 category**

- **Form 470:**
  - Change occurred too late to change form, but
  - USAC will no longer deny for Form 470 misclassification
- **Form 471:**
  - Still requires Telecom/Internet classification
  - Telecommunications carrier must be “eligible”
    - Except for fiber WANs
    - Applicant or carrier can fix eligibility
  - **Warning: Internet in Telecommunications requires CIPA**

## ESL Update, cont.

### ➤ BMIC reminders

- Standard manufacturer warranties of no more than three years remain eligible
  - If there is a cost associated with the warranty, then the warranty is not eligible
- Flat rate contracts may be eligible, however, applicants may only invoice for service actually delivered/work performed
  - Exceptions\* that will not require demonstration that work was performed are:
    - Software upgrades and patches
    - Bug fixes and security patches
    - Online and telephone-based technical support

\* e.g., Cisco Base

## ESL Update, cont.

### ➤ Equipment transfer and disposal reminders

- Less than three years from date of installation
  - Can be transferred to any other eligible entity only if the original site is closed
  - USAC must be notified
- Three to less than five years from date of installation
  - Can be transferred to any other eligible entity Fixed price for software and remote technical support
- Five or more years from date of installation
  - Can be disposed of in any manner
  - Resale for payment is allowable
  - Trade-ins now permitted only at this point

## ESL Update, cont.

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- **“Free” end-user equipment controversy**
  - End user equipment is ineligible as Priority 1 or 2
  - **But: “Free” cellphones may be bundled with monthly cellular service without cost allocation**
  - **FCC footnote in *Clarification Order* is ambiguous**

<sup>25</sup> For example, many cell phones are free or available to the general public at a discounted price with the purchase of a two-year service contract. Schools and libraries are free to take advantage of these deals, without cost allocation, but cannot accept other equipment with service arrangements that are not otherwise available to some segment of the public or class of users. Therefore, a service provider may not offer free iPads to a school with the purchase of telecommunications or Internet access services eligible under E-rate, if such an arrangement is not currently available to the public or a designated class of subscribers.

## ESL Update, cont.

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- **“Free” end-user equipment controversy, cont.**
  - Last year, several VoIP providers proposed offering “free” bundled handsets
  - FCC has solicited comments, but has not yet ruled
  - FY 2013 ESL Order specifically warns that bundled VoIP handsets is an open issue.
  - Our best guess: Only basic cellphones will remain eligible – with conditions

## ESL Update, cont.

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- **Web hosting clarification coming**
  - Only hosting of school/library Website is eligible
    - Applications/storage must be allocated out
    - Standalone Web applications completely ineligible
  - SLD News Brief article promised

## Direct Certification and CEO

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### Major Objective:

Ensure that as many students as possible — particularly low-income students — receive healthy school meals.

### USDA Tools:

- Maximize NSLP participation — Direct Certification
- Encourage free meals for all — Community Eligibility Option

## Direct Certification

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- **Process of identifying students eligible for free meals through their families' eligibility and participation in state-run social services programs**
  - **SNAP** — Supplemental Nutrition Assistance Program ("Food Stamps")
  - **TANF** — Temporary Assistance for Needy Families
  - **FDPIR** — Food Distribution Program on Indian Reservation
- **Other non-family indicators**
  - **Migrant, runaway, homeless, foster care**
  - **Head Start or Even Start**

## Direct Certification, cont.

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- **As of 2012-2013, family letters are supposed to be an optional/secondary form of notification**
- **Currently, all LEAs are supposed to be matching direct certification data with student lists and enrolling students in NSLP (excl. opt-outs)**

## Community Eligibility Option

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- **New option open to schools with:**
  - 40% or more direct certification percentage
  - Willing to provide free breakfasts and lunches to all
  - For districts, option is available for individual schools, groups of schools, or entire districts
  
- **Meal reimbursement = 1.6 x direct certification %**
  - 1.6x multiple accounts for eligible students not identified by direct certification
  - In future, multiple may be 1.3x – 1.6x
  
- **Schools cannot collect and process NSLP applications**
  - Supposedly an administrative offset to compensate for offering free meals to all

## CEO Experience

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- **Program being phased in**
  - 2011-2012: IL, KY, MI
  - 2012-2013: NY, OH, WV, DC
  - 2013-2014: Four more?
  - 2014-2015: All?
  
- **First year adoption experience**
  - Michigan: 474 schools in first year
  - West Virginia: 283 schools (41%)
  - New York: 266 schools (9 districts), plus NYC special ed

## CEO Issues, cont.

- Specific E-rate questions
  - How do applicants report student eligibility?
    - FCC has not endorsed 1.6x multiplier
    - Current guidance is to use last NSLP data
      - At least two years old for original three states
      - New schools, with no historic data, are a problem
    - No decision yet of identifying CEO schools on Block 4
  - How will states report NSLP data to USAC?
  - How will libraries access accurate NSLP data?
  - What new procedures will PIA adopt?

## CEO Issues, cont.

- NYSED CNMS database is misleading



## Comparison of Free/Reduced Lunch Eligibles to Enrollment

Binghamton City SD  
Agency Types  
Public School  
Include % Greater Than 0  
November 2012

School Food Authority	LEA Code	Enrollment	Free		Reduced		Total
			Eligibles	%	Eligibles	%	
Binghamton City SD	030200010000	6618	4969	75.1	301	4.5	72.6
Benjamin Franklin Elementary School	030200010005	539	539	100	0	0	100 ←
Binghamton High School	030200010021	1570	836	53.2	124	7.9	61.1
Broome-Delaware-Tioga Boces	039000000000	442	202	45.7	44	10	55.7 ←
Calvin Coolidge School	030200010002	309	309	100	0	0	100 ←
Columbus School	030200010008	173	135	78	9	5.2	83.2
East Middle School	030200010015	596	443	74.3	62	10.4	84.7
Horace Mann School	030200010022	360	360	100	0	0	100 ←
Macarthur School	030200010011	475	475	100	0	0	100 ←
St John School	030200185488	204	16	7.8	3	1.5	9.3 ←
Theodore Roosevelt School	030200010012	464	464	100	0	0	100 ←
Thomas Jefferson School	030200010008	343	343	100	0	0	100 ←

[http://portal.nysed.gov/pls/cn\\_port/mel3\\_pkg.elig\\_enroll\\_query](http://portal.nysed.gov/pls/cn_port/mel3_pkg.elig_enroll_query)

## CEO Issues, cont.

<http://www.e-ratecentral.com/us/nys/resources/default.asp>

NYSED Procedures and E-Rate Implications  
New York CEO Schools and Discount Rate Data

SEA Name	LEA Code	CEO Type	Number of Schools/RA Participating	Number of Schools/RA in the LEA	School/RA Name	CEO Address	School/RA Code	School/RA participating Y/N	CEO Bid %	Entry Number	FY 2012 Bid/roll	FY 2012 Bid/roll	FY 2012 Bid/roll %
Albany City SD	010100010000		2	17	Academy Park Albany NY 12207-0006	010100010039	Y	83.21%	13735	443	333	83.56%	
Albany City SD					Office Elementary	010100010039	Y	86.75%	13735	346	338	84.17%	
Albany City SD					Albion Hill Elementary	010100010039	Y	86.75%	13735	346	338	84.17%	
Bals Chiruch L Bonois	35040228030	D	1	1	800 10a 4l, New City, NY 12556		Y	84.96%	16034745	219	180	83.33%	
Bals Esther School	35200228048	D	1	1	1001 50th St Brossard, NY 12124		Y	87.73%	11869	815	754	92.52%	
Bals Trany of Monsey	35040228448	D	1	1	278 Grandview Ave Monsey NY 10953		Y	87.10%	16040383	201	191	95.02%	
Bals Tzporah	35200228436	D	1	1	442 30th St Brossard, NY 12124-8617		Y	74.11%	158775	814	654	80.58%	
Bals Yaikov D Chaiside Gur	35200228651	D	1	1	1075 110 St Brossard, NY 12124		Y	86.74%	160668	465	360	78.36%	
Bals Yehuda	35040228686	D	1	1	72 Main St Monsey NY 10953		Y	83.75%	16027620	80	64	80.00%	
Belkvel Hatzoon	31140228076	D	1	1	21 Sardin Ave Brossard NY 12124-8618		Y	72.83%	153661	176	173	98.30%	
Beth Chana School	31140228883	D	2	2	712 Bedford Ave Brossard NY 12124		Y	70.96%	11744				
Beth Chana School					Beth Chana	33330101938	Y	70.96%	11744	443	441	98.56%	
Beth Chana School					Beth Chana School	33140228883	Y	70.96%	16022912	187	148	87.43%	
Binghamton City School District	03020010000	D	7	13	112 Bedford Ave Brossard NY 12124		Y	88.83%	124753	File through Brossard Topg BOCES			
Binghamton City SD					Horace Mann School	130200010059	Y	88.72%	16039	330	281	78.95%	
Binghamton City SD					Thompson Roosevelt School	130200010012	Y	89.91%	15034	406	389	95.48%	
Binghamton City SD					Carlin College School	130200010032	Y	83.84%	15016	362	265	81.49%	
Binghamton City SD					Masonboro School	130200010011	Y	84.21%	16068	509	331	65.17%	
Binghamton City SD					Woodrow Wilson School	130200010014	Y	75.25%	15019	434	383	88.03%	
Binghamton City SD					Benjamin Franklin Elementary School	130200010036	Y	78.00%	16012	527	416	78.94%	
Binghamton City SD					Thomas Jefferson School	130200010038	Y	82.94%	15022	346	189	53.76%	
Bross Chayil	31140228233	D	2	2	345 Paines St Brossard NY 12124-8446		Y	80.86%	156514				
Bross Chayil					Bross Chayil	33140228233	Y	80.00%	156514	719	678	94.80%	
Bross Chayil					Bross Chayil	30000079293	Y	82.81%	1603161	172	162	94.19%	

## FY 2013 Funding Outlook

### ➤ Priority 2 funding threshold history

Funding Year	Discount Rate Threshold	Roll-over
1998	70 %	
1999	All	
2000	82 %	
2001	86 %	
2002	81 %	
2003	70 %	\$420 M
2004	81 %	\$150 M
2005	80 %	
2006	86 %	
2007	81 %	\$650 M
2008	87 %	\$600 M
2009	77 %	\$900 M
2010	All	\$1,150 M
2011	88 %	\$850 M
2012	90 %	\$1,050 M

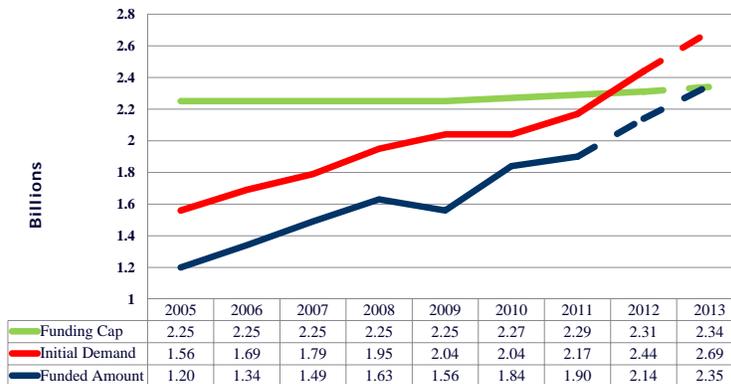
- 80% or below in only 6 of 15 years
- Recent years required large roll-over amounts
- 90% in FY 2012 was a stretch

## FY 2013 Funding Outlook, cont.

- **Initial demand estimates for FY 2012**
  - Total demand up 21.5% to \$5.2 billion
  - Priority 1 demand up 12.5% to \$2.4 billion
  - Priority 1 + 90% Priority 2 up 20.2% to \$3.8 billion
- **Available funds**
  - FY 2012 funding cap \$2.30 billion
  - FY 2012 roll-over funding \$1.05 billion
    - Cut FY 1998-2007 contingency reserves 90% from \$486M to \$49M → Added \$437 million

## FY 2013 Funding Outlook, cont.

- **Priority 1 demand projections for FY 2013**



## FY 2013 Funding Outlook, cont.

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- **Funding implications for FY 2013**
  - Priority 1 may need \$150-250 million of roll-over
  - \$1 billion or more in total roll-over is unlikely
  - Full Priority 2 funding at 90% is doubtful
  
- **FCC options are limited**
  - Proration is only existing mechanism
  - Longer-term options
    - Increase size of the fund
    - Reduce discount rates
    - Narrow product/service eligibility

## FY 2013 Funding Outlook, cont.

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- **Application implications for FY 2013**
  - Wave 1 may require FCC roll-over decision in July
  - Priority 2 filing strategies
    - Avoid aggregate discount requests <90%
    - Separate Priority 1 and 2 applications are critical
    - Full funding may be important contingency

## Additional SLD Resources

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- **Web:**        [www.usac.org/sl/](http://www.usac.org/sl/)
  
- **Help lines:**        888-203-8100 (General)  
                              888-276-8736 (Fax)
  
- **Online "Submit a Question" facility**  
      [www.slforms.universalservice.org/EMailResponse/EMail\\_Intro.aspx](http://www.slforms.universalservice.org/EMailResponse/EMail_Intro.aspx)
  
- **Hint: Get a Case # and keep records**

## New York E-Rate Resources

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- **Web:**        E-rate: [www.e-ratecentral.com/us/nys](http://www.e-ratecentral.com/us/nys)  
                              OGS: [www.ogs.state.ny.us/purchase/snt/wiredindex/default.asp](http://www.ogs.state.ny.us/purchase/snt/wiredindex/default.asp)  
                              CNS: [portal.nysed.gov/pls/cn\\_port/mel3\\_pkg.elig\\_enroll\\_query](http://portal.nysed.gov/pls/cn_port/mel3_pkg.elig_enroll_query)
  
- **Weekly E-Rate Central New York News**
  
- **New York Library E-Rate Resources**  
                              Home page: [www.nysl.nysed.gov/libdev/univsvc/index.html](http://www.nysl.nysed.gov/libdev/univsvc/index.html)  
                              Listserv: [www.nysl.nysed.gov/libdev/univsvc/ny-erate.htm](http://www.nysl.nysed.gov/libdev/univsvc/ny-erate.htm)
  
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