

E-Rate 2.0

What Does It Mean to Me?

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E-Rate Funding—Guaranteed

October 21, 2014

What is the E-Rate?

- Federal program to subsidize the cost of ~~telecommunications and Internet access~~ **broadband** to schools and libraries
- Applicants receive 20%-90% “discount” on costs for eligible services
- Not a competitive grant; all applicants receive some funding



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The Origin

- In June 2013, President Obama called for an expansion of the E-Rate program to:
 - Bring 100 Mbps to 99% of schools nationwide
 - Put Wi-Fi in schools
- For a year, the FCC collected input
- In July 2014, the FCC adopted the E-Rate Modernization Order



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The Goals

- Refocusing of funding on broadband
 - Removal or phase-down of non-broadband
- Increasing cost-effectiveness
- Simplifying the application process



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Focus on Broadband

- No changes to eligibility of broadband
- Voice services phased out
- Voice equipment removed
- Video services and equipment removed
- Other non-broadband services removed
 - E-mail
 - Webhosting
 - Voicemail
- Caching added
- Managed Internal Broadband Services added



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Priority 2 is now Category 2

- Voice, video and servers dropped
- Top discount dropped from 90% to 85%
- \$150-in-5 replaces 2-in-5 (\$2.30-in-5 for libraries)
- Caching added
- Managed internal broadband services
- \$1 billion available next 2 years, then ?



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Maximizing Cost-Effectiveness

- Item 21 Attachment data will be public
- Lowest Corresponding Price
- Preferred Master Contract (e.g., GSA)
- Consortium purchasing encouraged



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Simplifying the Process

- No tech plans
- Checks straight from USAC to applicants
- USAC processing changes
 - Speeding review
 - Improving online system
 - Improving access to data
 - Plain language review



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Not Simplifying the Process

- Discount calculation simplified
 - Urban/rural criteria changed
- Must file electronically
 - New forms coming soon
- New Item 21 Attachment format
- New form for multi-year contracts ... later
- Contracts don't have to look like contracts; must be written
- Must consider Preferred Master Contracts
- No 470 for business-class Internet access
- Appeals must be filed with USAC first
- Documents must be retained for 10 years



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Voice Funding Withering

Base Discount	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Increased Cost 2015
20%	-	-	-	-	-	25%
25%	5%	-	-	-	-	27%
40%	20%	-	-	-	-	33%
50%	30%	10%	-	-	-	40%
60%	40%	20%	-	-	-	50%
70%	50%	30%	10%	-	-	67%
80%	60%	40%	20%	-	-	100%
90%	70%	50%	30%	10%	-	200%



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C1 Services No Longer Funded

- Web hosting
- Email
- Voicemail
- Mobile data plans (except in unusual circumstances)
- Little charges on your phone bill that don't cost much but are going to be a real pain to remove, like Directory Assistance, 900/976 Call Blocking



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C2 Services No Longer Funded

- Voice equipment (PBX)
- Video equipment (Video server)
- Servers (DNS, DHCP, email)
- Antennas (let's hope they exclude access points)
- Interfaces / Gateways (IAD, media converter)
- Circuit cards



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New C2 Services

- Caching: definition TBD, but probably
 - Web caching: commonly accessed pages stored locally
 - WAN caching: commonly accessed data stored locally
- Managed Internal Broadband Services (MIBS)
 - Operation, management, monitoring, repair of LAN
 - May include leased equipment
 - May include upfront charges
 - Ineligible components must be cost-allocated
 - Cloud WLAN controller charges



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Category 2 Budgets

- \$150/student for 5 years (libraries: \$2.30/sq.ft.), \$9,200 min.
- Spend it all in 1 year or spread it across up to 5 years
- Includes Basic Maintenance, MIBS
- Budget is per-location
 - Equipment which serves more than one location consumes budget from each location served
 - Based on tangible criteria
 - Provide a realistic result
 - Examples: per user, per square foot, per location, other (e.g., by usage)



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Will I Get Category 2 Funding?

- If all schools apply for the full \$150/student, and no libraries apply:
 - 2015-2016: 90% applicants only
 - 2016-2017: some 80% applicants
 - 2017-2018: more 80% applicants
 - 2018-2019: some 70% rural / 60% urban
 - 2019-2020: most 60% rural / 50% urban
 - 2020-2021: everybody else (oops! Year 6)



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What Will My Discount Be?

- One discount for all schools in the district
 - An 84% district will move to 80% or 90%
 - Most applicants will see no change
 - About a sixth of applicants will have a higher discount
 - About a third of applicants will have a lower discount
- Urban or Rural?
 - Now based on census maps, not counties
 - Some suburbs will become rural
 - If buildings are in urbanized areas of a rural county, district becomes urban
 - Tie goes to the urban



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New Gotchas

- Documents must be retained for 10 years
 - Most applicants will need to revise document retention policies
- Preferred Master Contracts
 - If one gets approved, you must consider it
- Cell phone data off-campus not eligible
- Your old Item 21 Attachment format won't work



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What Should I Do?

- Consider moving to internal VoIP if you own the phones
- Spend C2 funding as soon as you can get it
 - 80% and up: apply this year
 - Below 80%: throw the Hail Mary
- If you go MIBS, get a contract with large upfront costs, or buy equipment
- Consider MIBS instead of basic maintenance
- Stop paying for cell phones directly: stipend
- Try out the new 471 as soon as it's available (Nov. 4th?)



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E-Rate 2.1: What's Next

- Funding increase?
- More consortium incentives?
- More funding for libraries?



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Questions

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Thank you!

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