

E-Rate Recent Changes

Dan Riordan
President
On-Tech Consulting, Inc.
www.on-tech.com



E-Rate Funding—Guaranteed

January 10, 2017

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



E-Rate Funding—Guaranteed

January 10, 2017

Focus on Broadband

- No reduction in eligibility of broadband services
 - Expansion of dark fiber/self-provisioned eligibility
- Voice services phased out: 20 percentage points per year
 - Includes circuits dedicated to voice
- Voice equipment removed
- Video services and equipment removed
- Other non-broadband services removed
 - E-mail
 - Webhosting
 - Voicemail



E-Rate Funding—Guaranteed

January 10, 2017

Voice Funding Withering

Base Discount	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
20%	-	-	-	-	-
25%	5%	-	-	-	-
40%	20%	-	-	-	-
50%	30%	10%	-	-	-
60%	40%	20%	-	-	-
70%	50%	30%	10%	-	-
80%	60%	40%	20%	-	-
90%	70%	50%	30%	10%	-



E-Rate Funding—Guaranteed

January 10, 2017

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 added



E-Rate Funding—Guaranteed

January 10, 2017

Simplifying? the Process, Part 1

- No tech plans
- Checks straight from USAC to applicants
 - No service provider certification of BEARs
 - [You need to file a Form 498](#)
- EPC (pronounced “epic”; E-Rate Productivity Center)
 - Forms 470, 471, 486 must be filed through EPC
 - All communications (e.g., PIA) through EPC
 - EPC scheduled to be replaced for FY 2019-2019

Simplifying? the Process, Part 2

- Discount calculation simplified
 - Urban/rural criteria changed
- New Item 21 Attachment format
 - Much more detailed, much slower for some applications
- Contracts don't have to look like contracts; must be written
- New form for multi-year contracts ... later (don't use it)
- Must consider Preferred Master Contracts (maybe some day)
- No 470 for business-class Internet access (file anyway)
- Appeals must be filed with USAC first
- Documents must be retained for 10 years



E-Rate Funding—Guaranteed

January 10, 2017

Fund Increased

- Fund capped at \$3.9 billion (instead of \$2.3 billion)
- Category 1 funding is assured for everyone
- Category 2 funding is likely for everyone

WANs: Going Over to the Dark Side

- Self-provisioned fiber: “buy” a fiber WAN
 - Must compare price to leased dark fiber and regular bandwidth
 - Must have an “RFP”
- Leased dark fiber WAN
 - If there are construction charges, you must compare price to lit fiber, regular bandwidth contract, have an “RFP”
- You can choose to amortize upfront costs
 - Bill USAC up front for their share, but pay your share of upfront costs over 4 years
- If the state kicks in support for broadband, the E-Rate will match up to 10% (not in NJ)



E-Rate Funding—Guaranteed

January 10, 2017

How do I Get Dark Fiber?

- Start right away
 - Give bidders more than 28 days to create proposals
- Also request leased dark fiber, lit fiber/bandwidth
- Make a list of locations; map them
- How many strands?
 - Self-provisioned: 12 strands
 - Lease/IRU: whatever strands you'll light
- Do a little research on pole right-of-ways



E-Rate Funding—Guaranteed

January 10, 2017

New C2 Services

- Caching of Web or WAN traffic
- 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



E-Rate Funding—Guaranteed

January 10, 2017

C2 Services No Longer Eligible

- Voice equipment (PBX)
- Video equipment (Video server)
- Servers (DNS, DHCP, email)
- Antennas (excluding access points)
- Interfaces / Gateways (IAD, media converter)
- Circuit cards



E-Rate Funding—Guaranteed

January 10, 2017

Category 2 Budgets

- Five-year budgets:
 - Schools: \$150/student
 - Libraries: \$2.30/sq.ft. (Urban libraries: \$5/sq.ft.)
 - \$9,200 minimum per location
- Spend it how you want:
 - all in 1 year, spread across 5 years, half this year and half next year, etc.
- 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
 - e.g., per user, per square foot, per location, other (e.g., usage)



E-Rate Funding—Guaranteed

January 10, 2017

What Should I Do?

- **Get on EPC now**
- Spend C2 funding as soon as you can
- Consider moving to internal VoIP if you own the phones
- If you go MIBS, get a contract with large upfront costs, or buy equipment
- Stop paying for cell phones directly: stipend

How do I use EPC?

1. Activate an Account Administrator
(creates users, assigns permissions)
2. Create user accounts
 - a) Assign permissions
3. Associate consulting company
 - a) Add users from consulting company
 - b) Assign permissions to consulting company



E-Rate Funding—Guaranteed

January 10, 2017

Forms in EPC

- Forms only through EPC (BEAR form online, not in EPC)
 - No paper forms
- Saving: what the buttons mean
 - Save & Continue: save this page, go to next page
 - Back: save this page, go to previous page
 - Save Changes: just save, stay where you are
 - Save & Share: close form, make available to all users above
- Read Only permissions, [who can then make changes](#)
 - If another user “Accepts” the form to make changes, no one else can view it until that person hits “Save & Share”
- No opportunity to describe each service
- One narrative for all services per Category
 - Combined, narratives cannot exceed 5,000 characters



E-Rate Funding—Guaranteed

January 10, 2017

Use “RFPs”

- “RFP” only means “additional information”
 - Does NOT mean what you think it means
- Prepare a description of services desired, then upload it to the 470
- Required for self-provisioned, lease dark fiber with construction costs



E-Rate Funding—Guaranteed

January 10, 2017

Questions

dan@on-tech.com

732-530-5435

www.on-tech.com/presentations



E-Rate Funding—Guaranteed

January 10, 2017

Thank you!

Dan Riordan

On-Tech Consulting, Inc.

www.on-tech.com



E-Rate Funding—Guaranteed

January 10, 2017