E-Rate 2.0
What Does It Mean to Me?

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E-Rate Funding—Guaranteed

January 23, 2015

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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E-Rate 2.0
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

E-Rate 2.0
The Goals

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

E-Rate 2.0
Focus on Broadband

- No changes to eligibility of broadband

- Voice services phased out: 20 percentage points per year

- Voice equipment removed

- Video services and equipment removed

- Other non-broadband services removed

  - E-mail

  - Webhosting

  - Voicemail

- Caching added (for now at least)

- Managed Internal Broadband Services added

E-Rate 2.0
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)
  - For FY 2015, 2016 only?
- Caching added for FY 2015, 2016
- Managed internal broadband services
- $1 billion available next 2 years, then ?

E-Rate 2.0
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
  - No service provider certification of BEARs
  - FY 2016 and later only

- USAC processing changes
  - Speeding review
  - Improving online system
  - Improving access to data
  - Plain language review

E-Rate 2.0
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 (not before FY 2016)
- 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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What does it mean to me?
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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What does it mean to me?
C1 Services No Longer Eligible

- Voice phased out
  - Discount percentage drops by 20 points each year
- 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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What does it mean to me?
New C2 Services
(FY 2015, 2016 only?)

- ## Caching
  - 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

What does it mean to me?
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

What does it mean to me?
C2 Services Maybe Not Eligible After 2017

- Basic maintenance
- Caching
- Managed Internal Broadband Services

What does it mean to me?
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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What does it mean to me?
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 does it mean to me?
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, disctrict becomes urban
    - Tie goes to the urban

What does it mean to me?
New Gotchas

- Documents must be retained for 10 years

  - Most applicants will need to revise document retention policies

- Preferred Master Contracts (not before FY 2016)

  - If one gets approved, you must consider it

- Cell phone data off-campus not eligible

- Your old Item 21 Attachment format won't work

What does it mean to me?
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?)

E-Rate 2.1: What's Next

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

Questions

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Thank you!

Dan Riordan

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