



E-Rate Funding—Guaranteed

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The E-Rate

What Library Directors Should Know

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Introduction

On-Tech is a technology consulting firm focused on managing the E-Rate process for schools and libraries. We provide a full range of E-Rate services for applicants, including: handling the entire application process; consulting on construction projects to ensure maximum E-Rate funding; and reviewing proposals to ensure E-Rate compliance. In addition, On-Tech obtains E-Rate funding for school construction projects.

On-Tech is not associated with any service provider.

Dan Riordan has been involved with the E-Rate since 1997, when he was trained by the New Jersey Department of Education to offer assistance to schools in completing the application. Since then, he has worked on the E-Rate as a trainer, a district technology coordinator, and now a consultant.

What is the E-Rate?

The Universal Service Fund was created by the Telecommunications Act of 1996, and began distributing funding in 1998. Telecommunications carriers pay into a fund which is then used to subsidize telecommunications and data communications for libraries. The program provides roughly \$2.25 billion annually to schools and libraries.

Subsidies (called “discounts”) are a percentage of a library’s expenditures on telecommunications and Internet access. The level of discount ranges from 20% to 90%, and is based on the percentage of low-income students.

Every public library that correctly completes the application process will receive some funding. It is not a competitive grant, and there are no other requirements to receive funding for basic telephone service.

What’s in it for Your Library?

Since the E-Rate funding is a percentage of what you spend, the amount of funding you receive depends on two factors: your discount level and your eligible expenditures. Calculating your discount level is fairly simple, but finding all your eligible expenditures may be more difficult.

How much Have NJ Libraries Gotten in the Past?

The all-time record for a library in New Jersey was \$471,695.96, received by the Newark Public Library in the 2002-2003 funding year. For the 58 libraries and 2 library consortia that applied for the 2006-2007 funding year, the average of the requests was \$33,757.02, and the median was \$4,500.

To determine what your library might expect from the E-Rate, take a quick look at your monthly expenditures for the services listed below, and multiply them by your estimated discount. For even the smallest library, there is some funding to be gained.

Calculating your Discount Level

The discount level for libraries is determined by the percentage of students eligible for the National School Lunch Program (NSLP) as a percentage of total enrollment for the schools in the library's service area. To give you an idea of what your discount might be, over half the districts in the state are below 19.5% NSLP eligibility, meaning about half the libraries have a discount of 40%. The rest of the districts are fairly evenly spread among the other discount tiers.

You can ask the school districts for NSLP information, or get it by clicking the most recent "Calculated Discount Rates for Schools and Districts" link on the New Jersey Department of Education's E-Rate Web site:

www.state.nj.us/njded/techno/teleact/

NSLP free or reduced	NJ Discount
Less than 1%	20%
1% to 19.5%	40%
19.5% to 34.5%	50%
34.5% to 49.5%	60%
49.5% to 74.5%	80%
Over 74.5%	90%

Warning: Do not use the district discount from the NJDOE Web site; districts use a weighted average to determine their discount, while libraries use an unweighted average. Libraries should take the total number of low-income students in the district and divide it by the total enrollment for the district.

What is Eligible for Funding?

The program is intended to reduce the cost of voice and data communications for schools and libraries. As a general rule, almost all telephone services (local service, toll calls and long distance), Internet access, and digital lines (ISDN, T-1, frame relay, ATM) are eligible. For some libraries, equipment necessary to transmit voice, video and data is also eligible.

For a typical library, here are the costs that will be covered:

Service	Requirement
Local and long distance telephone service	None
Cellular service for staff	None
Digital line to Internet or to other libraries (T-1, ATM, frame relay, ISDN, etc.)	Technology plan
Internet access fees	Technology plan CIPA compliance
Web hosting fees	Technology plan CIPA compliance
Data network cabling	Technology plan CIPA compliance High discount (50% possible, 90% certain)
Data network equipment (switches, hubs, routers, firewalls, proxy servers, etc.)	Technology plan CIPA compliance High discount (50% possible, 90% certain)
Video distribution system (cabling,	Technology plan

modulators, amplifiers, etc.)	CIPA compliance High discount (50% possible, 90% certain)
Telephone system (cabling, PBX, etc.)	Technology plan CIPA compliance High discount (50% possible, 90% certain)

The Eligible Services Framework is available at:

www.sl.universalservice.org/reference/eligserv_framework.asp

Priority One vs. Priority Two

There has been some confusion about whether libraries with a lower discount can expect funding. In order to ensure that all libraries receive some money, eligible services were broken into two categories: Priority One and Priority Two. Priority One includes all telecommunications services (phone lines, long distance, leased lines, etc.) and Internet access. Priority Two included “internal connections,” which includes items like Web servers, network cabling, and PBXes. More detailed information is available on the SLD Web site

If the demand for funding is greater than the available funds — as it always is — first all Priority One requests are funded. This means that every library, even those with no low-income students, receive discounts on telephone service, Internet access and any digital lines (T-1, ATM, ISDN, frame relay) between locations. After Priority One requests have been funded, the remaining funds are used for Priority Two requests, starting with the neediest libraries. In the past, libraries with a 90% discount have always received Priority Two funding, while libraries with a discount of 80% or less have generally not received Priority Two funding. The FCC has been taking steps to distribute Priority Two funding more equitably, so it seems likely that in the future, Priority Two funding will be available to more libraries.

The Eligible Services List

The Eligible Services List is an attempt by the SLD to provide specific guidelines on the eligibility of services and equipment. The list evolves each year, and is getting more specific and less contradictory every year.

The latest final Eligible Services List is available at:

www.sl.universalservice.org/reference/eligible.asp

The Eligible Services List is generally been published between September and December of the year preceding the start of the funding year. For the 2007-2008 funding year, expect a new list to be published in the fall of 2006.

What if my Library Doesn't Pay the Phone Bill Directly?

Many libraries in New Jersey have their telephone bills paid by the municipality. In this case, the municipality must apply for E-Rate funding on behalf of the library. The library can manage the E-Rate process, but formally, the application must come from the entity that actually pays the telephone service provider.

What are the Obstacles to Funding?

CIPA: the Children's Internet Protection Act

The Children's Internet Protection Act (CIPA) applies to E-Rate funding. This section will clarify what a library's responsibilities under CIPA are, and what effect non-compliance will have on E-Rate funding.

Internet Safety Policy

In order to comply with CIPA, libraries must create an "Internet Safety Policy." This policy must address prevention of access through the Internet, to obscene material and child pornography for all users, and, for minors, material harmful to minors.

The content required for the safety policy is actually outlined in a separate law, the Neighborhood Children's Internet Protection Act (NCIPA). NCIPA requires that libraries participating in the E-Rate program adopt and implement an Internet safety policy that addresses

1. Access by minors to inappropriate matter on the Internet and the Web;
2. The safety and security of minors when using electronic mail, chat rooms, and other forms of direct electronic communications;
3. Unauthorized access, including so-called "hacking," and other unlawful activities by minors online;
4. Unauthorized disclosure, use, and dissemination of personal identification information regarding minors; and
5. Measures designed to restrict minors' access to materials harmful to minors.

Filtering or Blocking Technology

For most libraries, the central issue in CIPA compliance is filtering the Web. CIPA requires the use of a "technology protection measure" to filter the Internet. The definition from the law:

The term "technology protection measure" means a specific technology that blocks or filters Internet access to visual depictions that are--

- (A) obscene, as that term is defined in section 1460 of title 18, United States Code;
- (B) child pornography, as that term is defined in section 2256 of title 18, United States Code; or
- (C) harmful to minors.

A variety of filtering products are available. The ALA site listed in Appendix A has a section on filtering products.

Public Meeting

The final requirement of CIPA is that the library hold a public meeting which addresses the proposed Internet Safety Policy and Technology Protection Measure.

We don't filter: now what?

Libraries that do not comply with CIPA are still eligible for limited E-Rate funding. Funding for telecommunications services is not affected by CIPA compliance. This means that a library which does not filter can still receive discounts on telephone service and digital lines (T-1s, ATM, ISDN, etc.).

Technology Plan Requirements

As mentioned above, the first step to receiving E-Rate discounts is completing a technology plan. This section will outline the need for a tech plan, and the requirements for that plan.

Do we really have to have one?

It is possible to receive some E-Rate funding without a tech plan. Libraries that apply only for “basic local and long distance telephone service” are not required to have a technology plan. So let’s say you’re not CIPA compliant; why have a tech plan? Well, without CIPA compliance, you are still eligible for telephone services like Centrex and for digital lines like T-1s or frame relay. Without a tech plan, those services are not eligible.

What Needs to Be in a Technology Plan?

This is still a very vague area. There are many examples of approved tech plans, but these plans have not been tested by the scrutiny of an E-Rate audit. We can only provide the guidance that is available from the SLD.

When creating a tech plan, think of it as a set of goals and objectives with some information on the technology that will be used to achieve those objectives. The plan does not have to get into the nitty-gritty when it comes to “what,” but should make clear “why.”

The Criteria for an Approved Technology Plan

To qualify as an approved Technology Plan for a Universal Service discount, the plan must meet the following five criteria that are core elements of successful school and library technology initiatives:

- (1) the plan must establish clear goals and a realistic strategy for using telecommunications and information technology to improve education or library services;
- (2) the plan must have a professional development strategy to ensure that staff know how to use these new technologies to improve education or library services;
- (3) the plan must include an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services;
- (4) the plan must provide for a sufficient budget to acquire and maintain the hardware, software, professional development, and other services that will be needed to implement the strategy; and
- (5) the plan must include an evaluation process that enables the school or library to monitor progress toward the specified goals and make mid-course corrections in response to new developments and opportunities as they arise.

How Many Years Should be Covered by the Technology Plan?

Approved Technology Plans should cover a period of **not more than three years**.

How Detailed Does the Plan Have to Be?

Here is a real gray area. The guidance from the SLD is: “The approved plan should include a sufficient level of information to justify and validate the purpose of a Universal Service Program request.”

One specific piece of information we have gleaned is on the subject of the budget requirements: while you must show that you have thought about where the money will come from, you do not have to have any dollar amounts in the plan.

One example may be helpful. If you have a 1.5 Mbps frame relay connection to a central library for access to their catalog and Internet access, the plan does not have to identify the speed or the technology, but should mention that you will have a high-speed connection and why.

The Application Process

Schools, libraries and libraries must apply for the funding. The application process includes at least three separate forms, and begins 10 months before the start of the program year, which runs from July 1 to June 30. Once funding is approved, libraries can choose to receive the funding as a discount on bills, or pay the full amount of invoices, then receive reimbursement.

The Forms

This is intended as a brief introduction to the forms you will have to fill out, so that you can see what kind of workload you are facing in order to apply for E-Rate funding.

Technology Plan

OK, it's not really a form, but it is the necessary first step. If you plan to request anything beyond basic telephone service, you will need to have a technology plan of some sort. We will talk about technology plans later.

Form 470: Request for Bids

The form that starts it all. The purpose of the Form 470 is to provide an opportunity for service providers to see what services you will be requesting E-Rate funding for, so that competition will bring you lower prices. It fails utterly in that purpose, but you still have to fill it out. It's not a difficult form, since it usually just describes the service you are already receiving. There is no deadline for this form, but it must be submitted at least 28 days before the Form 471. File it as soon as you can. File it online.

Form 471: Description of Contract

This is the most difficult part of the process. The Form 471 reminds me of a tax form: there aren't that many blanks to fill in, but it takes time to collect the information needed to fill in each blank, and if you make a small mistake, it can cost you a lot of money. The deadline for this form varies from year to year, but will probably be in early February. File this form online.

Form 486: Start of Service

This is the simplest form, but it often forgotten. All the information you need for this form is on the Funding Commitment Decision Letter. This form should generally be filed within 120 days of July 1st. File this form online.

Form 472 (BEAR): Request for Reimbursement

You can avoid this form by having your service provider discount bills. On-Tech recommends avoiding the BEAR for most applicants; make the service provider do the work. This form

requires that you collect bills and exchange faxes with your service provider, so it does take some time, but it is fairly straightforward. This form must be filed by October 28, 2004, and cannot be filed online.

The Timeline

March 2006	SLD began accepting Form 470.
Early November 2006	The “80-day window” for submitting the Form 471 opens. The exact date has not yet been set. The 471 must be filed at least 28 days after the 470 is filed.
Early January 2007	Form 470 must be completed 28 days before the close of the “80-day window.” Warning: Do not wait until the last day.
Early February 2007	The deadline for the Form 471 has been in the first week in February for the last two years.
April – June 30, 2007	Funding commitment decision received. (80% of funding should be committed before June 30.)
July 1, 2007	File Form 486 (within 120 days). Discounted services begin.
October 2007 - September 2008	File BEAR Forms for reimbursement. (If you opt to use the BEAR form rather than receiving discounted bills.)

Appendix A: More Resources

On-Tech

www.on-tech.com/erate

This handout and other E-Rate information and links are available at our Web site.

If you have specific questions, contact us.

Email: info@on-tech.com

Phone: 732-530-5435

New Jersey State Library E-Rate Information Page

<http://www.njstatelib.org/LDB/E-Rate/>

This site is a great place to start, with links to information on discount levels, the application process, technology planning and other areas related to the E-Rate.

New Jersey Department of Education E-Rate Info

www.state.nj.us/njded/techno/teleact/

Click on the most recent “Calculated Discount Rates for Schools and Districts” link to find your school district’s number of low-income students. **Warning:** Do not use the district discount; districts use a weighted average to determine their discount, while libraries use an unweighted average.

Schools & Libraries Division (SLD)

www.sl.universalservice.org

This Web site is a wealth of information, and the information is official.

American Library Association

www.ala.org/CIPA

Information on CIPA and libraries.

Library Spot E-Rate Page

<http://www.libraryspot.com/erate/>

A good set of links to take you to the information you need.

E-Rate Central

www.eratecentral.com

This Web site is less official than the SLD site above, but is more user-friendly.

Appendix B: New Jersey Public Libraries with Approved Technology Plans

List current as of February 15, 2005

Absecon Public Library	MAIN, Inc.
Alfred H. Baumann Free Public Library	Manville Public Library
Asbury Park Public Library	Maplewood Memorial Library
Atlantic City Free Public Library	Margaret E. Heggan Free Public Library
Atlantic County Library System	Margate City Public Library
Atlantic Highlands Public Library	Middletown Township Public Library
Bloomfield Public Library	Millville Public Library
Boonton Holmes Public Library	Montclair Public Library
Bridgeton Public Library	Morris County Library
Burlington County Library System	Morristown and Morris Township Library
Camden Free Public Library	Neptune Township Public Library
Cape May County Library	Newark Public Library
Central Jersey Regional Library Cooperative	Ocean City Free Public Library
Chester Library	Ocean County Library System
Cumberland County Library System	Otto Bruyns Public Library
Dover Free Public Library	PALS Plus
Dowdell Library	Penn's Grove/ Carney's Point Public Library
Dunellen Public Library	Pennsville Public Library
East Orange Public Library	Phillipsburg Public Library
Free Public Library of Elizabeth	Plainfield Public Library
Elmer Public Library	Red Bank Public Library
Gloucester County Library System	Rockaway Township Free Public Library
Highland Park Public Library	Roxbury Public Library
Hillside Public Library	Salem Free Public Library
Irvington Public Library	Sussex County Library
Jersey City Public Library	Trenton Public Library
Libraries of Middlesex Automation Consortium	Vineland Public Library
Linwood Free Public Library	Washington Township Public Library
Long Branch Free Public Library	Woodbridge Public Library
Madison Public Library	