



E-Rate Category Two Updates

January 23, 2020 - 10:00 a.m.

Presented by:



Nevada Governor's
Office of Science, Innovation &
Technology



Agenda

- Category 2 Order
 - FY 2020 as a Transition Year
 - Ongoing 5-Year Budgets as of FY 2021
 - A Unique Opportunity
 - Other Decisions
 - BMIC, MIBS, and caching permanently eligible
 - Equipment transfer restrictions eased
- Other Recent FCC Actions
 - Eligible Services List
 - National Security Order
- Additional Issues for FY 2020



Budget Rules for FY 2020 (transition year)

- Extends the five-year Category 2 budget trial for FY 2015-2019 to six years by adding 20% to all total budgets for FY 2020
 - Budgets will still be calculated on a per school or per library basis
 - Pre-discount budget factors for FY 2020 have not yet been finalized for inflation but are estimated to be:

Schools: $\$163.02 + 20\% = \195.63 per student

Rural libraries: $\$2.49 + 20\% = \3.00 per square-foot

Urban libraries $\$5.43 + 20\% = \6.52 per square-foot

Minimum $\$9,998.69 + 20\% = \$11,998.43$ per entity

- Less funds previously committed for FY 2015-2019
- Note: Factors are now rounded to the nearest cent

All “trial” budgets will expire at the end of FY 2020 (i.e., no rollover into FY 2021)



Budget Rules for FY 2021 (forward)

- All five-year Category 2 budgets reset as of FY 2021
 - Fixed five-year budgets next reset as of FY 2026
 - Inflation adjustment only at sixth year reset
- Pre-discount budget factors set for FY 2021-2025

Schools:	\$167.00 per student
All libraries:	\$4.50 per square-foot
Minimum:	\$25,000.00 per entity



Budget Rules for FY 2021 (forward)

- Budgets administered on a district-wide or system-wide basis
 - “District” and “system” defined as organizations under centralized management
 - Total budget options
 - Total students or square-feet times \$167.00 or \$4.50
 - Total entities times \$25,000(break-even average at 150 students or 5,555 sq.ft.)
 - Special hybrid option for 10 or fewer entities
- NIFs *still* not eligible for Category 2



Unique Opportunity

- FY 2020 provides a unique opportunity for applicants who have applied for little or no Category 2 funding over the past five years
 - For a school district with 1,000 students:
 - FY2020 @ \$195.63 per student: \$195,630
 - FY2021-25 @ \$167 per student: \$167,000

17% more in FY2020



Unique Opportunity

- FY 2020 provides a unique opportunity for applicants who have applied for no (or little) Category 2 funding over the past five years

- An urban library of 10,000 sq. ft.

• <u>FY2020 @ \$6.52 per sq. ft.</u>	\$65,200
• FY2021-25 @ \$4.50 per sq. ft.	\$45,000

45% more in FY2020

- A rural library of 10,000 sq. ft.

• <u>FY2020 @ \$3.00 per sq. ft.</u>	\$30,000
• FY2021-25 @ \$4.50 per sq. ft.	\$45,000

45% more in FY2020

Library System Hybrid Model

Library	Sq.Ft	Sq.Ft. Hybrid
Main Library	50,000	50,000
Branch #1	17,500	17,500
Branch #2	15,000	15,000
Branch #3	8,000	8,000
Branch #4	7,500	7,500
Branch #5	6,000	6,000
Branch #6	4,500	5,555
Branch #7	4,000	5,555
Branch #8	3,500	5,555
Bookmobile	150	5,555
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	116,150	126,220

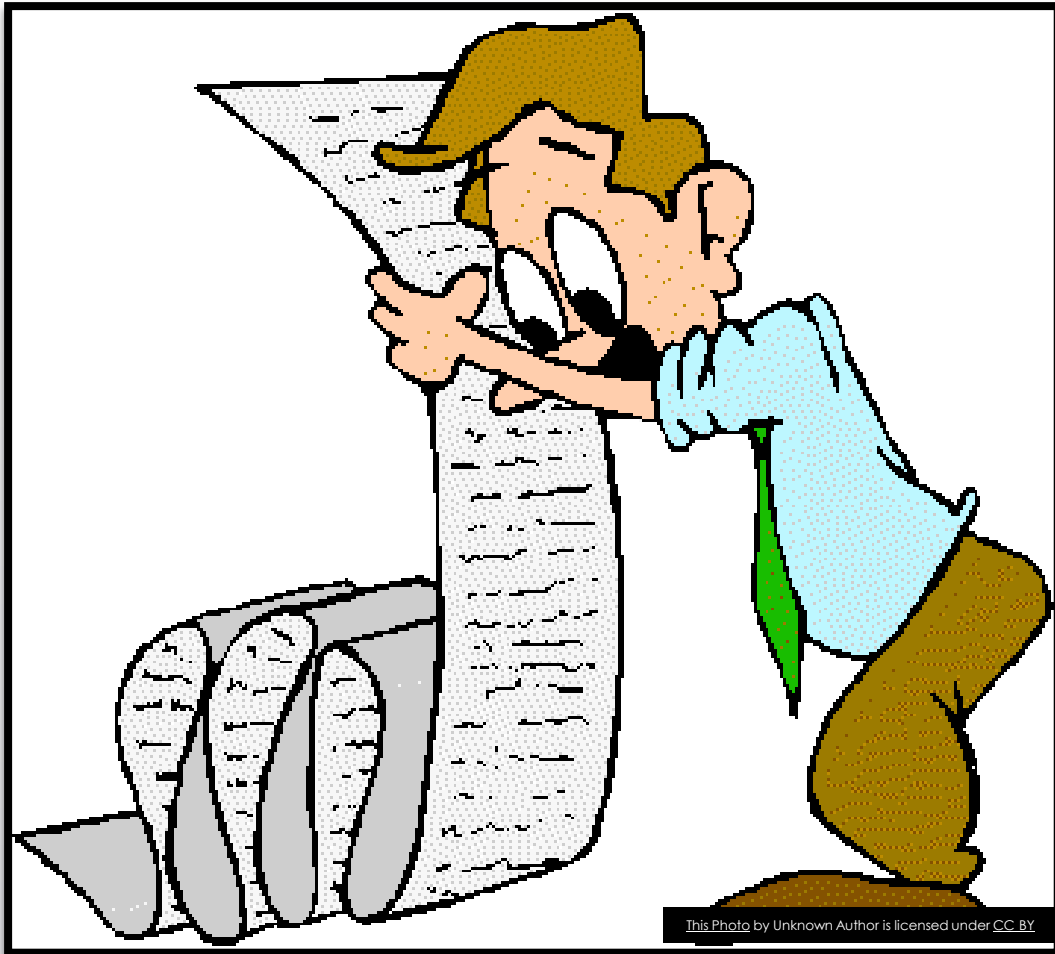
Category 2 Budgets:

@ \$6.52 for FY 2020	\$ 757,298	N/A
@ \$4.50 for FY 2021-2025	\$ 499,445	\$ 567,990



Other Decisions in the Category Two Order

- Permanent additions to Eligible Services List
 - Basic Maintenance of Internal Connections (“BMIC”)
 - Managed Internal Broadband Services (“MIBS”)
 - Caching Servers
- No USAC reporting requirements for intra-district or intra-system equipment transfers
 - Transfer record (including reason for transfer) – retain for 5 years
 - Asset and inventory records — retain for 10 years



FY2020 Eligible Services List Approved

- No changes from FY 2019
 - Permanent eligibility of BMIC, MIBS, and Caching
 - Clarification on “virtualized” cloud-based equivalent services
 - Declines requests for new eligible services
 - Two Commissioners raise hopes for future eligibility of network security features



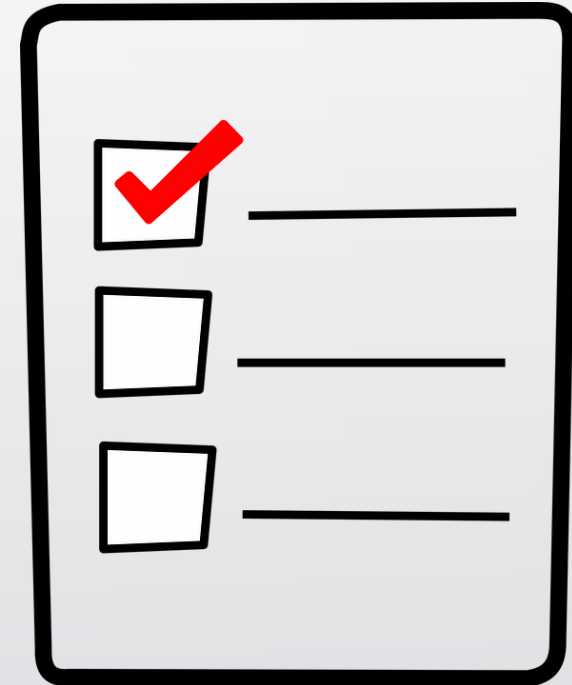
National Security Rules for FY2020

- Bars use of USF funding for equipment or service from “covered” companies — specifically Huawei and ZTE
 - Primarily impacts telecommunications carriers
 - E-rate exposure limited — but real
 - Effective for FY 2020
 - Recommend requiring service provider certification of compliance in Form 470, RFP, and/or contract
- NPRM to address removal of previously installed equipment
 - Proposed not to affect E-rate applicants



Additional Issues for FY 2020

- Impact of international tariffs on equipment pricing
- Lowest Corresponding Price (“LCP”) vendor issues
- Form 470 pull-down menus option issues
- New fiber network issues
 - Special construction amortization?
 - “Overbuilding” restrictions?
- New USAC/FCC guidance
 - Form 498 updates
 - EPC dual-factor authentication
 - Transitional network funding?



E-rate Funding Year 2020 Timeline

- File FCC Form 470 ASAP
 - By early February
 - Minimum 28 day competitive bidding period
 - Complete bid evaluation matrix
 - Award contract
 - Board approval at meeting (if required)
- File FCC Form 471
 - No later than March 25th at 11: 59 pm EST/8:59 pm PST



Nevada State E-rate Filing Assistance

- For Applicants and Consultants in Nevada
 - Technology Planning/Needs Assessment
 - Form 470/RFP review
 - Form 471/contract review
 - E-rate Filing Strategies
 - Post-Form 471 assistance
 - PIA, appeals, audits, etc.
 - Invoicing assistance
 - Post-Commitment assistance
 - Form 500, Service Substitution, SPIN Change, etc.



Contact us: Nevada@e-ratecentral.com



Resources



- <http://osit.nv.gov>



- <http://www.usac.org/e-rate>



- <http://www.e-ratecentral.com>



- <http://www.educationsuperhighway.com>