E-rate Service Provider Guide

SonicWall's *Fear Less* Approach to E-rate Opportunities

What is E-rate?

Launched by the U.S. Department of Education and managed by the Universal Service Administrative Company (USAC), the E-rate program provides discounts to assist schools and libraries in the United States in obtaining affordable telecommunications and internet access. Applicants may request funding under two categories:

- **Category One:** Encompasses data transmission services, internet access and voice services

- **Category Two:** Includes internal connections, managed internal broadband services and basic maintenance of internal connections

The level of funding granted to an applicant is based on the poverty level and urban or rural population it serves. Funding can vary from covering 20 to 90 percent of the cost.

In order to keep the program efficient and ensure public funds are not being used superfluously, applicants are required to go through a rigorous process of finding the best prices on the services they require. Each school or library must open its needs to a fair bidding process, and the best deal from the best provider will win the contract.

E-rate contracts account for billions of dollars spent in the area of educational technology each year. This guide is designed to assist potential E-rate service providers in understanding the program — and its processes, rules and procedures — so that they can win the business of E-rate applicants.

The guide will get you started with a comprehensive understanding of the most common E-rate considerations, questions and use cases. It covers:

- Eligible services

- How to win E-rate contracts

- Contracts overview

- Invoicing

What is USAC?

The Universal Service Administrative Company — more commonly known as USAC — is a not-for-profit corporation designated by the Federal Communications Commission (FCC) to administer the $10 billion Universal Service Fund, which includes the E-rate program. Guided by FCC policy, USAC collects and delivers funding via programs that are focused specifically on places where broadband and connectivity needs are acute.

To learn more, visit usac.org/SL

Eligible Services for E-rate Funding

It's best to first understand what services you provide that can actually be paid for using the E-rate program. The Eligible Services Overview will give you a general understanding of eligible products and services, but you should also review the Eligible Services List (ESL) for the appropriate funding year because the entries in this list, and their eligibility, can change from year to year.

This list is released each year, typically in November. Be sure to review the list before you respond to an FCC Form 470 to properly align your products and services with the coming applicant 470s.

Service Categories

The ESL consists of five different service types falling under two categories:

Category 1 is funded first

Category 2 is funded as funds are available, beginning with the highest level of poverty applicants.

Category One

- Data Transmission Services
- Internet Access
- Voice Services

Category Two

- Internal Connections
- Managed Internal Broadband Services
- Basic Maintenance

SonicWall TZ500 Wireless
TotalSecure Advanced Edition

SonicWall NS$_a$ 2650 Firewall

MSP
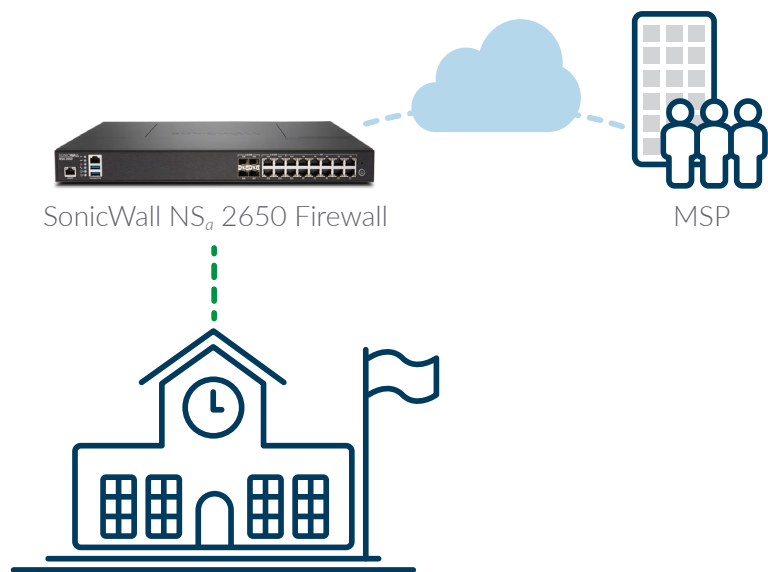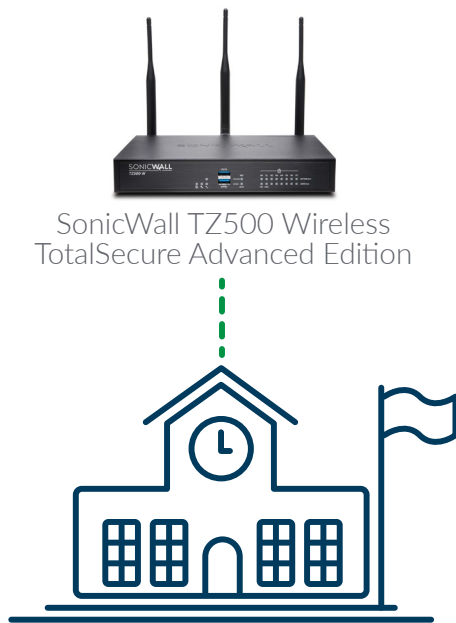
Internal Connections Eligibility	
TZ500W Firewall	100%
Security Services License	67%
24/7 Support	100%

Managed Services Category Two	
NS$_a$ 2650 Wireless Firewall	75%*
MSP Services	100%

Assuming install with four components and one is ineligible (e.g. content filtering)

How to Win E-rate Contracts

In general, your company must have an account in the E-rate Productivity Center (EPC) to file program forms, receive notifications and conduct other program activities. You must have an account administrator who manages your account and grants rights to other users.

If you do not have an EPC account or need assistance, call the Schools and Libraries Division Client Service Bureau (CSB) at 888-203-8100.

Multiple tasks must be accomplished through the EPC portal as a service provider. They include:

- File FCC Forms, including Forms 470, 471, 472, 473, 474 and 486
- Receipt Acknowledgement Letter (RAL)
- Form 470 and 471 Review Status
- Funding Commitment Decision Letter
- Form 486 Filing Status

File an FCC Form 473 Annually

To begin, file an FCC Form 473 (Service Provider Annual Certification (SPAC) Form) for the upcoming funding year. This form contains certifications that you must make in order to participate in the program. USAC cannot pay invoices for a funding year until this form is on file for that year.

The SPIN (Service Provider Identification Number) Contact Search tool shows the funding years for which USAC has processed an FCC Form 473 for your SPIN.

Service providers certify each year on FCC Form 473 that they will comply with program rules. The FCC Form 473 should be filed annually at the start of each calendar year.

Competitive Bidding Process: How to Respond to Form 470

To open a competitive bidding process, applicants post one or more FCC Form 470s to the USAC website. Service providers can review and respond to bids based on the information contained in an FCC Form 470 and, if one is issued, a Request for Proposal (RFP) or similar bidding document.

The entity that will run the competitive bidding process — the applicant, a state procurement agency or another entity authorized to negotiate on the applicant's behalf — must ensure that the competitive bidding process is open and fair, and must be prepared to receive and evaluate bids and negotiate with service providers.

Reviewing Form 470

There are three ways for service providers to review FCC Form 470 information:

- The FCC Form 470 Search Posted tool allows you to specify one or more criteria (e.g., state, ZIP code,

applicant type) and then perform a search. The search results will show every FCC Form 470 that matches the criteria you selected. You can then review the forms one by one from the resulting list.
- The FCC Form 470 Download Reports tool provides a means to download most of the information from posted FCC Forms 470 into a spreadsheet.
- The daily email sent to you via ErateProfitWorks.com

Questions to determine if a Form 470 bid is a good fit:

- Is it in your territory?
- Are the products, services and manufacturers requested a good match?
- Have you had positive prior contact with the applicant?
- Is there a consultant involved and do you have any prior experience?

Know the E-rate Terminology

The E-rate program is replete of acronyms, form numbers and other unique nomenclature. Learn the key terms to successfully guide your K12 customers and prospects through the E-rate process.

View the Glossary

- Can you meet any restrictions in the narrative or restrictions sections? These would include state master contract, bonding and mandatory job walk/pre-bid conference.

Adhering to Competitive Bidding Guidelines

Once you have determined that the 470 opportunity is one that your organization wishes to pursue, your actions must not compromise the competitive bidding process. You should avoid conduct that gives the appearance that the competitive bidding requirements have been compromised. What you may and may not do during the bidding process include:

- **You can** provide product demonstrations and other information to applicants about the products and services you provide in advance of an applicant's posting of an FCC Form 470.

- After the FCC Form 470 is posted, you **should limit** yourself to requests for information needed to submit responsive bids. Note that requests for information should not be generic emails or other communications soliciting business, but should be specific and related to posted FCC

Forms 470 and RFPs where the available information is not sufficient for you to submit a responsive bid.

- You **must not prepare, sign, post or certify** an FCC Form 470. You cannot serve as a contact on this form, nor can your contact information appear on this form.

- Gifts from service providers or potential service providers are **prohibited**. There are limited exceptions to the gift prohibition, which mirror federal government regulations. You should also be aware of the prohibition of free services.

Bid Evaluations

When an applicant examines and evaluates the bids received for eligible services, they must select the most cost-effective bid. The price of the eligible products and services must be the primary factor in the evaluation, but does not have to be the sole factor.

Other relevant evaluation factors may include: prior experience including past performance; personnel qualifications including technical excellence; management capability including schedule compliance; and environmental objectives.
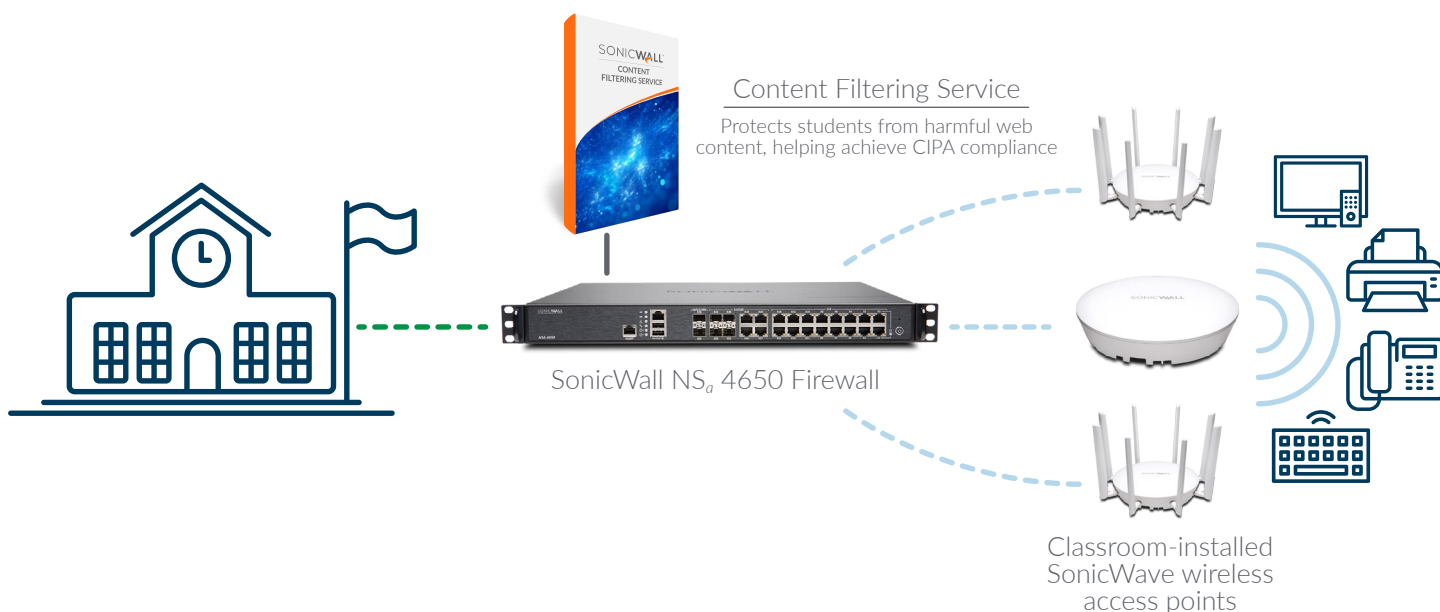
Mandatory Walkthroughs & Bidders Conference

Applicants can require that bidders participate in a walkthrough of their facility or attend a bidders conference in order to submit a bid. As long as they have clearly stated in their FCC Form 470 and/or RFP that not attending these events is a reason for disqualification, they can disqualify bids from service providers that were not present at these events.

However, they must be sure that all bidders had access to this information and have timely notice so that service providers have a reasonable opportunity to attend.

Note that if the applicant uses the walkthrough, or bidders conference as the only opportunity to distribute the RFP, **the applicant must then wait at least 28 days** from the date they last distributed the RFP before they can select a service provider.

After an applicant has chosen your bid as the most cost-effective option for one or more of the services requested on an FCC Form 470 and/or RFP, you can and should assist the applicant with the remainder of the application process.

Content Filtering Service
Protects students from harmful web content, helping achieve CIPA compliance

SonicWall NS$_a$ 4650 Firewall

Classroom-installed SonicWave wireless access points

Managing E-rate Contracts

Applicants can receive services under tariff or a month-to-month arrangement where a contract is not necessary. They can also sign a contract for one or more years, or a contract with voluntary extensions.

Please note the following:

- If a contract is signed, the services provided under that contract are considered contracted services, even if they are provided under tariff or on a month-to-month basis.

- Applicants and service providers must have a contract or legally binding agreement in place for contracted services before an FCC Form 471 is filed.

- Eligible products and services that fall under the Internal Connections and Basic Maintenance of Internal Connections sections are usually provided under contract, not month-to-month or tariff arrangements.

- The deadline for delivery and installation of non-recurring services occurs each year on Sept. 30, rather than June 30. Keep this in mind when determining the contract expiration date for these services.

Except for services to be delivered under non-contracted tariffed or month-to-month arrangements, applicants must sign a contract or other legally binding agreement with the service provider before signing and submitting a completed FCC Form 471 (Description of Services Ordered and Certification Form). Applicants must be able to demonstrate that they have a signed and dated contract or other legally binding agreement in place at the time they submitted a completed FCC Form 471.

Applicants must also comply with state and/or local contract law. Obtaining the service provider signature and date is not a program requirement, but state and/or local contract law may include this or other compliance requirements.

Examples of acceptable standards for applicant signature and date in a contract are:

- Applicant handwritten signature and signature date

- Date contract awarded contained in the body of the contract

- Date contract awarded in the opening statements of the contract

FCC Form 471

During the specific application filing window each year, applicants may file an FCC Form 471 (Description of Services Ordered and Certification Form) in the E-rate Productivity Center (EPC) to request discounts on eligible services and equipment for the upcoming funding year.

Log In to EPC

When state and/or local contract law does not require the applicant to sign and date the contract, the applicant will be given the opportunity to complete a certification statement that affirms that the applicant is compliant with its state and/or local contract law.

Verbal agreements and quotes do not meet FCC requirements. Generally, purchase orders do not meet USAC contract guidelines. We recommend that if applicants intend to use a purchase order as their contract, they check their state and/or local contract laws to ensure that purchase orders meet state and/or local contract requirements.

When Do Services Begin?

You can start providing services before USAC issues a Funding Commitment Decision Letter (FCDL) to you and the applicant in EPC. This letter will include details of funding commitments for the services requested.

You can subscribe to receive FCDL information electronically. However, this is a business decision on your part, as USAC does not issue an FCDL until its review is complete; that review may result in funding being reduced or denied. Also, USAC will not pay invoices until an FCDL has been issued with a positive funding commitment.

After an FCDL is issued and services have started, applicants must file an FCC Form 486. The FCC Form 486 informs USAC that services approved for discounts have started and invoicing can begin. Applicants can file FCC Form 486 before services start if they have received an FCDL, they have agreed with you that services will start in July, and they can accurately make all of the certifications on the form.

The Form 486 also lets USAC know that the applicant (or recipient of service) is in compliance with the Children's Internet Protection Act (CIPA). If funding requests are only for telecommunications services and/or Interconnected Voice over Internet Protocol (VoIP) services, CIPA does not apply.

These requirements are important to you because funding may be reduced by USAC if an applicant is found to be out of compliance during all or part of a funding year. Don't forget to leverage the SonicWall support teams to ensure your project and certifications for funding are secured.

Invoicing & Filing

After USAC has processed the FCC Form 486 and you have begun providing the associated services, you or the applicant can invoice USAC for the discount share of those services. USAC can process invoices from either the applicant or the service provider after the following have occurred:

- USAC has issued a Funding Commitment Decision Letter (FCDL) with a positive funding commitment;

- Services have started (USAC can process invoices for progress payments after review of the contract if it includes a specific payment schedule);

- The applicant has submitted, and USAC has successfully processed, an FCC Form 486; and

- The service provider has filed an FCC Form 473 for the relevant funding year.

There are two methods that can be used to invoice USAC. Once USAC has processed an invoice for a Funding Request Number (FRN), that method of invoicing must be used for that FRN for the remainder of the invoicing process.

Invoice Method No. 1

Applicants file the FCC Form 472, Billed Entity Applicant Reimbursement (BEAR) form, if they have paid you in full for the services and want to be reimbursed for the discount amount. Applicants file BEAR forms online in the E-rate Productivity Center (EPC).

Billed entities will receive payment directly to their bank account. In order to begin direct BEAR payments, the applicant must have completed an FCC Form 498 to obtain an applicant 498 ID.

Invoice Method No. 2

You file the FCC Form 474, Service Provider Invoice (SPI) form, if you have billed the applicant for the non-discount amount (the applicant's share of the cost) and want to be reimbursed for the discount amount. USAC will review the SPI form and process a payment to you if payment is approved. The applicant is always required to pay the non-discount portion of the cost of the services.

Filing SPI Forms

You have two options for completing and submitting the SPI form:

- You can file online, or

- You can file electronically (USAC will set you up for electronic invoicing upon request and then you can submit your invoice information to USAC in a comma-delimited file).

Filing Deadline

The FCC Form 486 must be certified no later than 120 days after the Service Start Date or 120 days after the date of the FCDL, whichever is later.

Filing this form late can result in a reduction in funding; the later the filing date, the greater the reduction.

Filing Deadlines

Invoices must be submitted no later than 120 days after the last day to receive service or 120 days after the FCC Form 486 Notification Letter date, whichever is later.

Applicants and service providers may request and automatically receive a single one-time, 120-day extension of the deadline to submit an invoice for the FCC Form 472 (BEAR form) or FCC Form 474 (SPI form). Invoice deadline extension requests must be submitted on or before the invoice deadline in order for the request to be considered timely filed.

USAC Notifications Regarding Invoices

USAC issues a copy of the applicant's BEAR Notification Letter to you after a BEAR form is processed. If there is a reduction or denial of the amount on the BEAR form, you can refer to the invoice error code(s) featured on the letter for more information.

SonicWall & E-rate

Network security is often too focused on traditional business. But there are more than 100,000 K12 campuses in the U.S. alone. Each have similar security challenges as the standard enterprise or business, but its users (i.e., most commonly students) require more careful and dedicated protection. It's a rewarding and profitable opportunity for SonicWall partners.

To effectively solve networking and cybersecurity challenges in the K12 segment, technology partners must thoroughly understand the E-rate program and serve as a trusted advisor for K12 organizations.

As a SonicWall partner, you'll be able to provide K12 organizations a broad array of E-rate-eligible products and services, including firewalls and turnkey Security-as-a-Service solutions. SonicWall integrated solutions meet the needs of school districts at the highest efficacy and at price points that fit within K12 budget constraints.

We hope this guide provides you with valuable direction to help you confidently discuss E-rate options with your K12 customers.

The E-rate program is a complex and critical process for many K12 organizations and institutions. For in-depth research, recommendations and guidelines, **SonicWall strongly recommends service providers leverage the free resources provided by USAC by visiting USAC.org**.

K12 Opportunity At A Glance

- 104,000 public K12 schools in the U.S.
- 55 million public K12 student enrollment
- Education is the No. 1 target for ransomware attacks
- Ransomware has hit over 23 percent of educational institutions
- U.S. K12 spends over $230 million annually on cybersecurity
- Maintaining a secure network is one of the top challenges faced by K12 school districts

About Us

SonicWall has been fighting the cyber-criminal industry for over 27 years, defending small, medium size businesses and enterprises worldwide. Our combination of products and partners has enabled a real-time cyber defense solution tuned to the specific needs of the more than 500,000 businesses in more than 215 countries and territories, so you can do more business with less fear.

If you have any questions regarding your potential use of this material, contact:

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