

# MBLC: E-rate Procurement

Massachusetts Board of Library  
Commissioners  
November 16, 2023

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## Before We Start...

- Slides/Updates:
  - Accurate to the best of our knowledge as of 11/14/2023) but...expect more changes
- Most updates are in SLD's News Brief issued monthly
  - Subscribe or view online on SLD web site (<https://www.usac.org/e-rate/learn/news-brief/>)
- Basic training videos, webinar links, and more available online at in USAC's Learn page at <https://www.usac.org/e-rate/learn/>
- USAC training is online only

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## Before We Start...

- Questions are welcome!
  - Goal to is make session as useful as possible to you
  - Please save your questions until after the presentation
  - Please try to note slide #'s if you have a question about them
  - Q&A at end of session for as long as you need it
- REMINDER: E-rate requirements supplement state and local requirements. They do not supplant state and local requirements

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## Today's Agenda

- E-rate Overview
- Eligible Services
- Procurement Overview
- Procurement Option 1: Form 470 and (optional) RFP
- Procurement Option 2: State Master Contract
- Edge Cases
- Evaluating Bids
- Procurement Pitfalls

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## E-rate Overview

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## E-rate Program Overview: Origin

- Universal service program for schools and libraries
  - Part of Telecommunications Act of 1996
  - Discount Program
  - Application-based, NOT grant-based
- Funding level historically was capped annually at \$2.25 Billion
- Now capped at **\$4.76 billion** with annual inflation factor
  - Demand is below cap for recent years – funding is yours *if you apply correctly*

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## E-rate Program Overview: Discounts

- Discount for libraries is based on:
  - NSLP eligibility for the **school district** in which main branch is located and
  - **Urban/rural status** determined by majority of library outlets (must be 51%+ to be considered rural).
    - Status has been updated based on 2020 census
  - Discounts calculated automatically in EPC
    - Good: less data for libraries to worry about
    - Bad: reliant on schools to provide accurate data, libraries need to double check schools' information, information can change after you have filed, schools have confusion over which data to use

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## E-rate Program Overview: Who is Eligible?

- Schools and libraries are eligible
  - Library eligibility keyed to definition of library in and eligibility for LSTA
  - Must be **budgetarily independent of educational institutions** (except for some tribal libraries)
    - Public school libraries eligible *as part of school*
    - Libraries tied to higher education not eligible
  - Must be not for profit (for-profit libraries are not eligible)

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## E-rate Program Overview: What is Eligible?

- Program only covers
  - **Eligible services**
  - **Used at eligible locations**
  - **Used for eligible (educational) purposes**
- Educational purpose as defined in the Second Order and as amended in the FCC rules [54.500(k)]:
  - "For purposes of this subpart, activities that are integral, immediate and proximate to the education of students, or in the case of libraries, integral, immediate and proximate to the provision of **library service to library patrons**, qualify as "educational purposes." Activities that occur on **library** or school property are presumed to be integral, immediate and proximate to the education of students or the **provision of library services to library patrons.**"

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## Application Steps and Deadlines

- E-rate requires annual applications
- Funding years mostly don't overlap, but application processes do
- Important to remember where you are in the process for each funding year

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## Application Process in a Nutshell

- Procurement: **Form 470** and (optional) RFP
  - Bid Evaluation and Contract Award
- Application for Funding: **Form 471**
  - PIA review and award of funding (FCDL)
- Notification of Services Starting: **Form 486**
  - Receipt of services and compliance with CIPA
- Invoicing: **BEAR (Form 472)** or **SPI (Form 474)**
- Post-Invoicing: Audits, reviews, etc.

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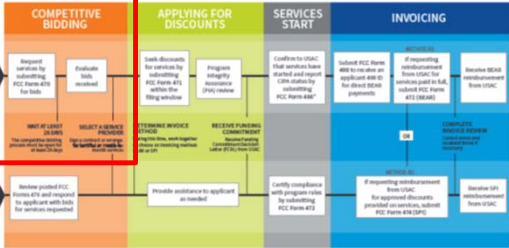
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### BEFORE YOU BEGIN:

APPLICANTS must first have an entity number and an E-rate/Industry Center (PIC) account. [View a Service Provider Identification Number \(SPIN\) service provider #83 by submitting FCC Form #83.](#)



**FOR MORE INFORMATION:**

- **Website:** The application process is broken down in detail for both [public entities](#) and [state providers](#) on the Schools and Libraries Program website: [www.slp.gov](#)
- **Division of State:** Definitions for program terms and acronyms.
- **Compliance:** members report their CIPA status by submitting the [CIPA form](#) to their compliance leader. The compliance leader then files the FCC Form #86.
- **Requesting funding commitments and/or modify the dates for receipt of services after the FCDL is issued.** See the [CIPA Form #86](#)

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## Application Steps and Deadlines

- Dates are somewhat flexible (but deadlines are not)
- Procurement/competitive bidding: Fall and early Winter prior to the Funding Year (includes Form 470)
- Contract Award and Form 471: Jan – Mar prior to the Funding Year
- Form 486: late Spring - early Fall of Funding Year
- Invoicing: either during or Summer/Fall after Funding Year

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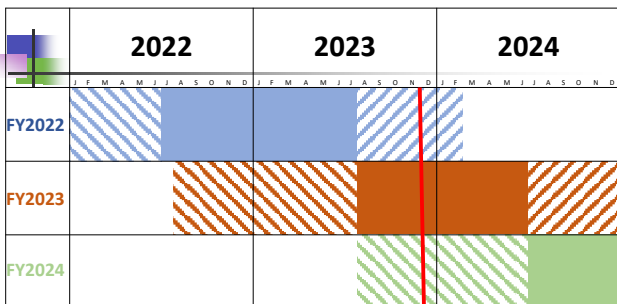
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## E-rate Program: Different Roles

- Roles of Library Staff
  - E-rate cuts across three main areas of responsibility:
    - Technology
    - Business
    - Leadership/Executive
  - Different libraries divide responsibilities differently
    - Critical to keep all levels involved/informed

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**Eligible Services**

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**Eligible Services**

- Eligible services divided into two categories:
  - Category 1 (Data and Internet) Services
  - Category 2 (Internal connections, Basic Maintenance of Internal Connections, Managed Internal Broadband Services)
- Eligible services list revised each year
  - ESL draft for FY2024 has minor changes, but not finalized yet

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**Review of Eligible Services: C1**

- Category 1 (Data and Internet) Services
  - Ethernet Service
  - Leased Dark Fiber
  - Leased Lit Fiber
  - Self Provisioned Broadband Networks
  - T-1, T-3, OC-1, OC-3, etc.
  - Cable modem, DSL
  - Wireless Data Services\*
  - Satellite
  - Terminating network equipment

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## Eligible Services: C1

- Category 1 (Data and Internet) Services (cont'd)
  - NOTE: cellular services are only eligible when they are the most cost effective way to deliver service – must be proved through RFP
    - Specific exception for Bookmobiles but "RFP" requirement for 470 remains
    - Likely exemption for school bus service – unclear if/how that will affect bookmobiles
  - NOTE: self provisioned fiber must be compared in cost effectiveness to lit leased fiber – so you must seek bids on both
    - You also need to include the pricing of electronics, maintenance, etc. in the bid process

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## Eligible Services: C2

- Category 2 Services
  - Internal Connections
  - Basic Maintenance of Internal Connections
  - Managed Internal Broadband Services

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## Eligible Services: C2

Category 2: **Internal Connections** Services

■ Routers	■ Caching servers/appliances
■ Switches	■ Firewall services and components
■ Wireless Access Points	■ Uninterruptible Power Supplies
■ Wireless Controllers	■ Software supporting eligible items
■ Licenses*	
■ Racks	
■ Cabling/Wiring	

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## Eligible Services: C2

- **Basic Maintenance of Internal Connections (BMIC):**
  - Maintenance agreements for eligible internal connections
    - Maintenance, repair, and upkeep of eligible equipment
    - Wire and cable maintenance
    - Configuration Changes
    - Basic technical support (in person, online, over the phone)
    - Software changes and patches (incl. bug fixes)
      - Licenses\*

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## Eligible Services: C2

- **Basic Maintenance of Internal Connections (BMIC) (cont'd):**
  - Best practices:
    - Separate from other maintenance
    - Hourly rates and logs
    - Include estimates of the total # of hours in 470 and bids

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## Eligible Services: C2

- **Basic Maintenance of Internal Connections (BMIC) (cont'd):**
  - NOT eligible as BMIC:
    - Maintenance of *ineligible* equipment
    - Network management and monitoring services
    - Unbundled warranties
    - On site technical support\*
    - Estimates that cover the full cost of the equipment

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## Eligible Services: C2

- **Managed Internal Broadband Services (MIBS):**
  - Services provided by third parties for operation, management, and monitoring of eligible services
  - Can include lease of equipment
  - Can include multiple years of licensing in one-year cost
  - Typically used for managed wi-fi, but cloud management of other devices increasingly popular

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## Eligible Services: C2 Constrained by C2 budgets

- **Category 2 Budgets**
  - C2 services are limited by a five year C2 budget calculated for entire system (FY2024 is second to last year – new budgets coming FY2026)
  - Budgets are calculated automatically based on square footage. Data available at [opendata.usac.org](https://opendata.usac.org) and in EPC
  - Remember, C2 budget applies to *pre-discount* cost – i.e. your discount is applied against that C2 budget
    - E.g. if your C2 budget is \$100,000, and your discount rate is 60%, you can order up to \$100,000 of eligible equipment and receive discounts or reimbursements worth up to \$60,000.

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## Eligible Services: Licenses

- USAC divides licenses into “right to use” licenses (like CALs) and “support” licenses
  - “Right to use” licenses are Internal Connections
  - “Support” licenses are Basic Maintenance of Internal Connections and must be cost allocated over their term (e.g. 3 year support license is eligible for 1/3 of cost in year 1, 1/3 of cost in year 2, 1/3 of costs in year 3 – even though applicant pays full cost in year 1)
  - Vendors/Manufacturers typically do not think of licenses in this way, and bundle the functionalities together
  - **HINT:** Ensure your Form 470 includes licenses in both IC and BMIC in order to cover your bases

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**Eligible Services: "or equivalent"**

- If you are specifying a particular make and model of equipment or service, be sure to include "or equivalent" language
  - Be sure it's in the 470 narrative and any RFPs
    - Use narrative/RFP to outline needs and define what constitutes equivalent
  - Failure to include can lead to denial
  - Be sure to consider equivalents if they are bid!

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**Eligible Services: Partial Eligibility**

- Partial Eligibility
  - Equipment or services with ineligible components can be partially eligible (very common with firewalls!)
    - Ineligible costs/components must be cost-allocated
      - Bid evaluation
      - Form 471
      - Invoicing
    - Only eligible portion gets E-rate discount
  - Best practice: make vendors break out ineligible components in bids and evaluate ineligible costs separately

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**Procurement Overview**

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## Procurement Process

- Procurement generally made up in the E-rate process of the Form 470, and any related RFPs
- E-rate procurement requirements supplement local requirements (such as Chapter 30b) but do not supplant them

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## Procurement Process

- Procurement process must be "fair and open"
  - Fair: every vendor evaluated fairly and equally
  - Open: same information available to all potential vendors
  - Must consider "or equivalent" options for C2 services
- This is the most critical part of the E-rate process
  - Difficult to remedy errors
  - Remediation usually involves starting over – which is a problem since you normally only find out about problems after it's too late to start over

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## Procurement: MA State Requirements

- Chapter 30b lays out three separate dollar thresholds for purchases with different requirements for libraries
- Less than \$10,000: use sound business practices
- \$10,000 to \$49,999.99: seek written quotes from at least three vendors via RFP
- \$50,000+: conduct a formal, advertised competition by issuing an invitation for bids

**REMEMBER: these layer with E-rate requirements**

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## Procurement: RFPs

- Request for Proposal (RFP) used in the E-rate process to specify needs and requirements in greater detail
  - Term "RFP" applies to any document/information that clarifies or modifies the requirements expressed in the Form 470
  - RFP is optional in E-rate – may be required based on local needs
  - RFP is encouraged, especially for more complex services/equipment
  - Include bid timeline and bid evaluation information in RFP as well as description of services
  - Hundreds of RFPs available online and through EPC
    - Talk with other applicants/networks

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## Procurement: Bookmobiles

- Service to bookmobiles is eligible under E-rate
- Technically you must prove that cellular/mobile is the most cost effective way to deliver service to a bookmobile
- Recommendation: File 470 with both traditional and mobile Internet, and an RFP explaining that it's service to a bookmobile. Evaluate all bids received

**This may change based on the school bus order at the FCC**

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## Procurement: Gift Rules

- Strict requirements in place for gifts
- Only allowable gifts:
  - Retail value of \$20 or less (including meals)
  - Combined total from one source (e.g. vendor) is \$50 or less for the year
  - Applies to prizes, meals, gifts, etc.
- Charitable donations exempt as long as they are unrelated to procurement/services
- Must document everything
- Violations can be cured by reimbursing for, returning, or disposing of gift

**Advice: do not accept gifts from vendors, potential vendors, consultants, etc.**

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Procurement Option 1: Form 470 and (optional) RFP

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Procurement: Form 470

- Form 470 filing formally starts the bidding process
  - Includes services and quantities you're seeking
  - Can include outside documents (e.g. RFP) that supplement the description of services or provide other information on requirements
    - If outside documents exist, they must be included!**
    - As outside documents are added, they must be included too

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Form 470: Filing

- Must be posted on USAC website (and all materials must be available) for at least 28 days before bid evaluation/ vendor selection can begin
  - Day 1 is the day the 470 is filed
  - This means your **allowable contract date** is the 29<sup>th</sup> day!
    - ACD will be in the Form 470 Notification Letter
  - Any significant change to the 470 or RFP restarts the 28 day clock and may require restarting the process
  - 28 days is the minimum – longer periods are permissible

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## Form 470 Online Demo

**470 Program providers, LSC users and State Users:** If this is your first time logging in to the Portal, please read the following instructions:

- 1. Click on the **Log In** button.
- 2. Click on **Forgot Password?**
- 3. Select the appropriate user type from the dropdown menu.
- 4. Enter your email address and click on **Reset My Password**.
- 5. Select the appropriate user type from the dropdown menu.
- 6. Enter the password you wish to use and confirm it by re-entering it.
- 7. Click on **Save Password** and you will be redirected to the **Home** page.
- 8. If you are a new user, you will be prompted to create a profile.
- 9. If you are an existing user, you will be prompted to update your profile.
- 10. If you are a State User, you will be prompted to update your profile.

**470 Applicants:** To apply for an LSC grant, you must first create an account. You can create your account by clicking on the **Apply** button. You will be prompted to create a profile and to upload a logo. Once you have completed these steps, you can return to the **Home** page and click on the **Apply** button to start your application. You will be prompted to enter the information requested on the application form. Once you have completed the application, you can click on the **Submit** button to send your application to the LSC. You will receive an email notification when your application has been received. You can track the status of your application by clicking on the **My Applications** link in the top navigation bar.

[Continue](#)

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**My Applicant Landing Page**

[Home](#) | [Tasks](#) | [Records](#) | [Reports](#) | [Actions](#)

[Funding Request Report](#) | [FCC Form 470](#) | [FCC Form 474](#) | [FCC Form 484](#) | [Appeals](#) | [OMB Estimates](#) | [FCC Form 505](#) | [SIFRA Change](#) | [System Administration](#) | [Manage Users](#) | [Manage Organizations](#) | [USAC Website](#) | [Contact Us](#) | [Help](#)

Welcome, Library System 13028

**Pending Inquiries**

Type:  Application/Request - Enter an Application/Request ID or nickname

Funding Year:  Funding Year

[APPLY FILTERS](#) [CLEAR FILTERS](#)

Pending OMB requests are not included.

Application/Request Number	Type	Nickname	Inquiry Name	Outreach Type	Date Sent	Due Date	T	Est.	Status
No items available									

**Notifications**

Notification Type:  Notification Type

Funding Year:  Funding Year

All  
 Signed  
 Not Generated

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**FCC Form 470 - Funding Year 2024**

[Home](#) | [Tasks](#) | [Records](#) | [Reports](#) | [Actions](#)

[Funding Request Report](#) | [FCC Form 470](#) | [FCC Form 474](#) | [FCC Form 484](#) | [Appeals](#) | [OMB Estimates](#) | [FCC Form 505](#) | [SIFRA Change](#) | [System Administration](#) | [Manage Users](#) | [Manage Organizations](#) | [USAC Website](#) | [Contact Us](#) | [Help](#)

**FCC Notice Required By The Paperwork Reduction Act (OMB Control Number: 3060-0806)**

**Billed Entity Information**

Library System 13028  
 100 Maryland Ave  
 Rockville, MD 20850  
 (301) 345-4789  
 library\_sys\_13028@stateator.com

Billed Entity Number: 1329  
 FCC Registration Number: 0123456789

**Application Nickname**

Please enter an application nickname here \*

[DISCARD FORM](#) [SAVE & SHARE](#) [SAVE & CONTINUE](#)

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FCC Form 470 - Funding Year 2024  
Library System 10036 - State Training Fall 2023 - Form #240000168  
Last Saved: 10/16/2023 7:24 PM EDT

Basic Information | Service Requests | Technical Contact Information | Procurement Information | FCC Form 470 Review | Certifications & Signature

Where applicable, users completed this section of the form based on information from your applicant entity's profile. If any of the non-editable information is incorrect, or you wish to change the information, please update your profile first by going to your entity record, and clicking Manage Organization from the Related Actions menu. If you do not have access to Manage Organization, please contact your applicant entity's account administrator or create a customer service case to request access to your applicant entity's profile.

**Application Type and Recipients of Service**

Applicant Type: Library System  
Number of Eligible Entities: 2

Recipients of Service:

- Public Library
- Main Branch
- Public Library System

**Recipients of Service**

Billed Entity Name	Billed Entity Number
Library System 10036	1128

BACK | DISCARD FORM | SAVE & SHARE | SAVE & CONTINUE

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FCC Form 470 - Funding Year 2024  
Library System 10036 - State Training Fall 2023 - Form #240000168  
Last Saved: 10/16/2023 7:24 PM EDT

Basic Information | Service Requests | Technical Contact Information | Procurement Information | FCC Form 470 Review | Certifications & Signature

Here, you will identify the individuals assisting in seeking E-rate support.

**Consultant Information**

There are currently no consulting firms associated with your organization. If this is in error, please update your organization profile.

**Contact Information**

Are you the main contact person?\*

YES |  NO

BACK | DISCARD FORM | SAVE & SHARE | SAVE & CONTINUE

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FCC Form 470 - Funding Year 2024  
Library System 10036 - State Training Fall 2023 - Form #240000168  
Last Saved: 10/16/2023 7:25 PM EDT

Basic Information | Service Requests | Technical Contact Information | Procurement Information | FCC Form 470 Review | Certifications & Signature

Here, you will identify the category(s) of service requested.

Visit our website for more information on how to file the FCC Form 470.

**Category(s) of Service**

What are the category(s) of service that you are requesting?\*

CATEGORY 1  
• Data Transmission and/or Internet Access

CATEGORY 2  
• Internal Connections  
• Basic Maintenance of Internal Connections  
• Managed Internal Broadband Services

BACK | DISCARD FORM | SAVE & SHARE | SAVE & CONTINUE

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Service Type	Manufacturer	Quantity	Estimated BPP
Other	Other	1	Sample BPP

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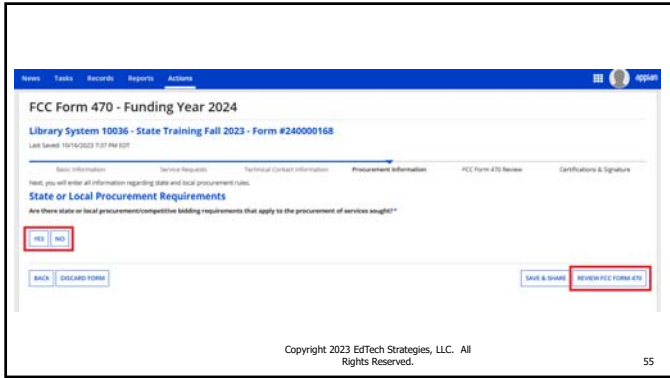
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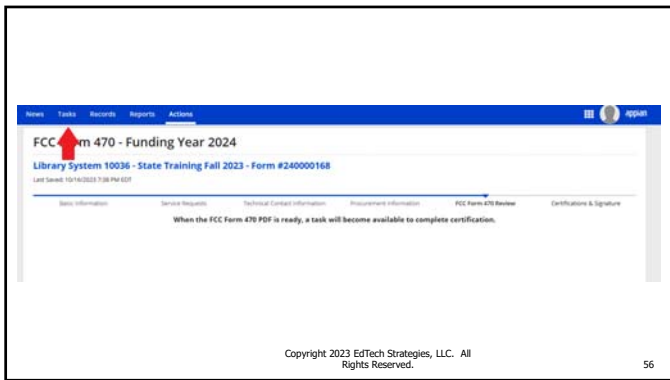
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## Procurement Option 2: State Master Contract

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## State Master Contract

- State master contracts **can** allow you to move forward without a Form 470
  - Contingent upon the state master contract having been bid through the E-rate process
  - Generally requires several other steps

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## State Master Contract

- Operational Services Division (OSD) has two separate active master contracts which have been bid through the E-rate system
  - Focusing on ITT72
  - Will have a guide document available shortly

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## RFR ITT72

- Nominally covers cellular services and devices, voice services, conferencing, **data services and broadband**, small facility services, fiber services, managed services, call center services, customer premises equipment
- Form 470 200018855 was filed in FY2020
- ITT72 is a multi-award bid

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## Multi-award State Master Contract Bid Process

- Applicant does not need to file a Form 470
- Applicant does need to conduct a "mini-bid" process (which parallels E-rate requirements)
  - Letter outlining services sought and timeline to all vendors awarded by state in that category
    - Bid response form (recommended)
  - Evaluate all the responses in the mini-bid based on E-rate requirements
  - Sign a contract with the awarded vendor

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## Multiaward State Master Contract Bid Process

- Guide coming shortly
  - Template letter
  - Template bid response form
  - List of vendors to include in mini-bid
  - Bid evaluation guidance

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## Downsides to State Master Contracts

- Eligibility contingent upon state having done the process in compliance with E-rate
- Limited to vendors awarded by state
- Limited to services covered by contract

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## Edge Cases

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## Edge Cases: Existing Contract

- Under the Kalamazoo Order, existing contracts can be considered a bid
  - Only the bid that wins the bid evaluation is eligible for E-rate support
  - **If and only if** the existing contract wins the bid evaluation, it can be eligible for E-rate
  - Review Kalamazoo Order (FCC Docket 97-21, DA 02-2975) for additional information

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## Edge Case: CABIO

- C1: Commercially Available Business class Internet Option (CABIO), aka "Low Cost, High Speed Internet Access"
  - Requirements:
    - Speed of at least 100 Mbps down/10 Mbps up
    - Commercially available to all non-residential customers at same price and terms
    - Must cost \$3,600/yr. per library (or less) including any one-time charges. Cannot be aggregated across libraries
  - Examples: Comcast Business Fiber, Verizon Fios
  - Does not require procurement or bid evaluation process. Does require creating a contract record and Form 471

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## Edge Case: C2 Tribal Libraries (new!)

- C2: The Tribal Libraries Exception
  - Applies to all libraries, not just Tribal Libraries
  - Up to \$3,600 in C2 can be sought each year for each library outlet without needing to file a Form 470
  - Cannot be aggregated across library outlets
  - Library does not need to conduct procurement/470 process or bid evaluation
  - Unclear how this will work, but likely similar to CABIO on Form 471

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## Evaluating Bids

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## Bid Evaluation

- Bid evaluation in E-rate requires applicants to fairly evaluate all the bids that are received
- Bid evaluation matrix is required as the way to do such evaluations
- Bid evaluation process and matrix should be determined before the Form 470 is filed

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## Bid Evaluation

- Bid evaluation criteria are flexible
  - Must use same criteria for all bidders on a service
  - Price of eligible goods and services must be the primary factor
    - More heavily weighted than any other factor, but does not need to be majority of points
    - *TIP: incorporate upgrade prices if applicable*
    - *TIP: include bid evaluation criteria in the RFP*
  - Use criteria that work for you

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## Sample Bid Evaluation Criteria

Bid Evaluation Criterion	Points
Vendor bid response meets format requirements	10
Price of Eligible Goods and Services	30
Price of Ineligible Goods and Services	5
Vendor References	10
Vendor Reputation / Past Experience	15
Vendor Acceptance of Terms and Conditions	10
Vendor Description of Services / Meets Needs Expressed in Statement of Work	20
<b>TOTAL:</b>	<b>100</b>

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## Bid Evaluation Process

- When to Evaluate:
  - After bid is closed (after 28 days is up, either specified in RFP or chosen if no RFP)
  - *TIP: specify a due date for bids in Form 470 or RFP*
- What to Evaluate:
  - Submitted, responsive bids only
  - Non-responsive bids do not need to be evaluated
- Multistep evaluations are permissible
  - RFP or Form 470 may include minimum requirements, then evaluation
  - Bids failing minimum requirements can be disqualified
    - This is a good way to eliminate "sham" bids
- Must sync with local/state requirements

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## Bid Evaluation Documentation

- Outline and explanation of criteria (often part of RFP or separate memo) and evaluation process
- Bid evaluation worksheet(s)
  - Either one from each evaluator or one for the evaluation team
  - Can do one per vendor or a multivendor evaluation sheet
  - Signed and dated by appropriate party(ies)
  - Clearly show the winning vendor
- Notes/minutes/summary (check with counsel)

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## After Bid Evaluation

- Winning vendor is the vendor who scores the most points on the bid evaluation
  - Reach out to vendor to negotiate contract
  - Goal is to enter a legally binding agreement (which could be a one year contract, multiyear contract, contract with extensions, or month to month agreement)
  - If unable to enter a legally binding agreement, move on to next vendor
  - More on this in our next training!

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## Procurement: Common Pitfalls

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## Procurement Pitfalls

- Failure to wait 28 days
- C2: failure to consider "or equivalent"
- C2: licenses in wrong subcategory
- Failure to properly evaluate bids (or document that evaluation)
- Use of consultant with conflicts of interest during 470/evaluation process
- Certification of Forms by parties not authorized to certify
- Lack of signed contracts (or signed after 471 deadline)
- Violation of Gift Rules
- Failure to enter legally binding agreement before filing Form 471

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## Final Thoughts

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## Final Thoughts

- Next training will cover contracts, Form 471, and PIA review, as well as updates on school bus wifi, patron hotspots, and cybersecurity pilot
- Make sure your entity information is complete and your accounts are set up
- Don't be afraid to ask questions!
  - Ask us on mailing list!
  - CSC: 888-203-8100 or in EPC (under Actions "select", "Contact Us" to get answers from USAC)
- Make sure you stay in control of and monitor your applications
- Take advantage of E-rate if it can help you!
- Let us know if there are other topics you'd like to see covered

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