

E-rate 101

For Oakland Board of Education

23rd March 2011

Background to the E-rate program

E-Rate is the commonly used name for the Schools and Libraries Program of the Universal Service Fund which is administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission (FCC).

E-Rate provides discounts to assist most schools and libraries in the United States (and US territories) to obtain affordable telecommunications and Internet access. It is one of four support programs funded through a Universal Service fee charged to companies that provide interstate and/or international telecommunications services.

Discounts for support depend on the level of poverty and the urban/rural status of the population served and range from 20% to 90% of the costs of eligible services.

Historical benefit to Oakland USD

Oakland USD has received discounts averaging more than 80% since it started participating in the program in 1998. E-rate has heavily subsidized the District's telephone and internet services, and provided much of the funding to install the infrastructure that enables high speed broadband service to most of the District's schools and offices.

E-Rate funding for infrastructure, which is heavily weighted towards schools with the poorest student populations, has particularly benefited the schools in Oakland's most needy neighborhoods, enabling these schools to exploit the rich resources on the internet to enhance teaching and learning.

Funding structure

“Priority One”

For telephone and internet services (“phone bills”)

- All requests are funded before any “priority two” (see below) are funded
 - Therefore funding for OUSD is basically guaranteed while the Erate program exists
 - OUSD is funded at approximately 80%
 - Includes hosting costs for the district website

“Priority Two”

For network infrastructure (routers, wireless access points, wiring etc)

- All priority one requests are funded before any priority two requests are considered
 - Priority two requests are approved in ranked order of decreasing percentage of students qualifying for the Federal Free & Reduced Lunch Program (“FRLP”) until funds are exhausted each year
- Schools qualify individually
 - Can also bundle schools together to help fund schools with lower FRLP percentage
 - But funding usually stops around 86%
 - Bundling too many “hills” schools with “flatlands” schools can risk missing funding altogether

OUSD funding history (\$ millions)

	2009 -10	2010 -11	2011-12 (requested)
Priority 1	3.6	3.8	3.8
Priority 2	5.3	1.0	5.3

Typical timing

Feb– Mar

E-rate proposal, including Board approved vendor bids, submitted for *following* fiscal year

Dec– Feb (actual timing can vary considerably)

Approval notifications received for *current* fiscal year

- District must pay phone bills in full for first half of fiscal year
 - Gets reimbursed for overpayments around April
- Infrastructure projects cannot begin until second half of fiscal year
 - Schools won't see benefits until following school year

Bid & award process

- E-rate requires a Request for Proposal (“RFP”) open for a minimum of 28 days. OUSD posted the RFP’s on the:
 - OUSD website
 - SLD websitePriority Two RFP’s were also advertised in the:
 - Oakland Tribune
 - Daily Pacific Builder
- OUSD requires vendors bidding on Priority Two work to comply with Oakland’s Local, Small Local and Small Local Resident Business Enterprise Program (“L/SL/SLRBE”) which stipulates 20% minimum participation requirement
 - Non-compliant vendors are rejected outright
- All responses for each RFP were opened simultaneously and evaluated by OUSD Technology Services staff
 - Staff established the factors and weights for scoring the proposals prior to each bid opening
 - According to E-rate rules, price has to be one factor, and must be assigned the greatest weight
 - The highest scoring vendor was declared the winner