



AIMS Finance Committee Meeting Item Cover Letter

Item:

Presented By:

Staff Recommendation:

Committee Approval:

Total Associated Cost:

Included in Budget?

Funding Source:

Over/Under Budget?

Amount Over/Under Budget?

Included in LCAP?

Which LCAP?



E-RATE OVERVIEW

The E-Rate program was established in 1996 and is administered by the Universal Service Administrative Company (USAC), a not-for-profit organization under the direction of the Federal Communications Commission (FCC). Its purpose is to ensure that all eligible schools, libraries, and educational organizations have affordable access to high-speed broadband services (Internet and Wi-Fi). Up to \$3.9 billion is available annually for eligible services.

All qualified organizations can receive discounts on eligible services. To meet the [eligibility](#) criteria, an organization must:

- Meet the statutory definition of an elementary or secondary school as defined in the No Child Left Behind Act.
- Be a not-for-profit organization.
- Have an endowment below \$50 million.
- Have [CIPA](#)-compliant Internet content filtering and a usage policy, or be willing to meet requirements within one year of applying for E-Rate.

Funding is available for the following [categories of service](#):

- Category One is for Internet (cable, fiber, etc.).
- Category Two is for Internal Connections (Wi-Fi equipment including firewalls, wireless access points, switches, licenses, cabling, etc.), and Managed Internal Broadband Services and Basic Maintenance of Internal Connections (third-party management of this equipment).

Discounts range from 20% - 90% for eligible services, depending on the organization's student eligibility and location (urban or rural). Student eligibility is determined by either eligibility for Free and Reduced Lunch, or the federal poverty guidelines (the number of family incomes that are at or below 185% of the federal poverty guidelines). For example, an urban school that has:

- 0 students eligible will receive a 20% discount.
- 1% to 19% of its student population eligible will receive a 40% discount.
- 20% to 34% of its student population eligible will receive a 50% discount.
- 35% to 49% of its student population eligible will receive a 60% discount.
- 50% to 74% of its student population eligible will receive an 80% discount.
- 75% to 100% of its student population eligible will receive a 90% discount.*

To receive annual reimbursements, an organization must apply every year. The application cycle consists of a series of stages with specific deadlines. Each funding year's application cycle starts on July 1st. For example, on July 1, 2021, the application period opened for Funding Year 2022, which funds expenses for the 2022-2023 school year (July 1, 2022 through June 30, 2023). **If you're interested in applying for Funding Year 2022, we encourage you to contact us as soon as possible.**

For further information, including a free estimate of your savings, please contact [HWC Consultants](#) at info@hwc-consultants.com.

* The maximum Category Two discount is 85%.



Agreement

To Prepare and Submit E-Rate Applications

Presented to: Name
Title
Organization

Presented by: Greg Lowry
Managing Director
HWC Consultants, LLC

Date

WHEREAS --- (“CLIENT”) IS LOCATED IN CITY, STATE AND HAS REQUESTED THAT HWC CONSULTANTS, LLC (“CONSULTANT”, A CALIFORNIA LLC) PREPARE AND SUBMIT E-RATE APPLICATION FORMS ON CLIENT’S BEHALF STARTING FUNDING YEAR 2021-2022. THE PARTIES HEREBY AGREE AS FOLLOWS (THE “AGREEMENT”):

I. SERVICES

Consultant will perform the following services as part of this Agreement (the “Services”):

Pre-Filing:

1. Review telecommunications services (including, as provided by Client, invoices for the most recent three months and contracts with service providers), make a list of E-Rate-applicable services, and determine eligibility for E-Rate. If during the course of review Consultant notes any opportunities for cost savings through optimization audits or service provider contract negotiations, Consultant will inform Client and any services will require a separate service agreement.
2. Work with Client contact to establish a portal account on the E-Rate Productivity Center (EPC). This is an application management portal for schools, libraries, consultants, and service providers that is required by the Universal Service Administrative Company (USAC) – Schools and Libraries Program (E-Rate).
3. Assist with E-Rate discount percentage determination (low-income student count) based on National School Lunch Program, Community Eligibility Program, or financial aid numbers provided by Client.

Form 470:

4. When needed, prepare and submit Form(s) 470 – Description of Services Requested for both Categories One and Two, in collaboration with Client. The Form 470 is the first step in the E-Rate process. The Category One Form 470 is for requests for funding for Internet services. In certain circumstances, a Category One Form 470 is not required every funding year in order to receive reimbursement. The Category Two Form 470 is for requests for funding for WiFi equipment and third-party services related to your network. The Category Two Form 470 is required each year that funding is requested.
 - a. Bills of Material (BOMs) are required for Category Two applications. Consultant will prepare and submit the BOM in collaboration with the Client.
5. If a Request for Proposal (RFP) is required, Consultant will develop the document in compliance with the Client’s local/state and the E-Rate program’s procurement requirements and manage the process. These are separate services that are billed on an hourly basis.
6. Track and compare any bids submitted by service providers and provide Client with comparison information for Category One and Category Two services.

Form 471:

7. Prepare and submit Form(s) 471 – Services Ordered, in collaboration with Client. The Form(s) 471 is the second step in the E-Rate process and notifies USAC of the services for which Client intends to seek funding. They are required each year for Category One services, and in any year that Category Two services are applied for.

Post-Commitment:

8. Prepare and submit Form(s) 486 – FCC Form 486 (Receipt of Service Confirmation and Children’s Internet Protection Act Certification Form), which notifies USAC that the Client is receiving, or has received, service in the relevant funding year from the named service provider(s).
9. Work with service providers and USAC to collect E-Rate reimbursements for Client.
 - a. Upon request of Client, notify service providers to file Form 474 - SPI (Service Provider Invoice), wherein the service provider issues E-Rate reimbursements as credits on invoice(s). Client is responsible for confirming receipt of all credits on invoices (see Section III (“Terms”), paragraph 11 below); and/or
 - b. Upon request of Client, Consultant will file Form 472 - BEAR (Billed Entity Applicant Reimbursement), wherein USAC issues wire transfers for reimbursements after Client pays upfront. Client is responsible for confirming receipt of all wire transfers (see Section III (“Terms”), paragraph 11 below).
10. Assist Client with the completion of Applicant Form 498 – Service Provider and Billed Entity Identification Number and General Contact Information Form, if applicable. The purpose of the Form 498 is to collect payment information from E-Rate applicants who select to receive BEAR payments directly from USAC.
11. Compare the E-Rate funding commitment amounts with the E-Rate Quarterly Disbursements Authorization Reports and the E-Rate online database to verify that payments are released by USAC. Client is responsible for confirming receipt of all credits on invoices and/or all wire transfers (see Section III (“Terms”), paragraph 11 below).

General:

12. Meet all of the filing deadlines and application requirements as set forth in the E-Rate guidelines, provided Client gives all required materials to Consultant in a timely fashion.
13. Prepare and submit any necessary changes and/or corrections including, but not limited to, SPIN (Service Provider Identification Number) changes, service substitutions, and appeal letters.
14. Act as the contact for all routine communication with USAC, including completing requests from the Program Integrity Assurance (PIA) Review, which is the standard application review done by USAC.
15. Provide application status updates to Client contact by sending copies of relevant forms and correspondence with USAC.

16. If Client is located in the State of California, Consultant will verify that Client is registered with the California Teleconnect Fund (CTF). If participation in the program and/or the discounts cannot be confirmed, Consultant will request a copy of the Approval Letter from Client or from CTF and will submit the Approval Letter to all eligible service providers. Furthermore, if Client is not registered in the CTF program, Consultant will assist Client in registering with the program and will submit the Approval Letter to all eligible service providers.
17. Coordinate with **Contact Name**, the Client contact for this project.

II. FEES

The fee for each year of a Category One application is ten percent (10%) of the total committed amount, with a fee minimum of \$2,500. It will be invoiced after receipt of the Funding Commitment Decision Letter (FCDL).

The fee for each year of a Category Two application (applying for Category Two funding is optional) is ten percent (10%) of the total amount reimbursed by E-Rate across all Category Two service types. The fee will be invoiced upon receipt of the final Category Two service provider invoice(s).

Fees will be billed annually for each funding year in which an application is submitted. Fees are subject to change from year-to-year and will be confirmed in writing by Consultant.

For any agreed upon separate services that are billed hourly, Consultant's hourly rate is \$225.

Client will make payment to Consultant within 30 days of receipt of a detailed invoice for services completed. Invoices are payable by check or ACH. All invoices will be electronic.

Client understands that the E-Rate program has strict application deadlines. The deadline dates are announced late fall each year by USAC. Consultant will inform Client as to the deadline dates set by USAC as soon as is reasonable after the dates are announced. Consultant will request the information required to complete Form(s) 470 and Form(s) 471 from Client well in advance of the application deadline dates. Client must provide all required information, including approval to submit the applications via email, no later than two weeks before the final deadline dates. If such two-week advance deadline dates are not met by Client, a \$250 expedite fee will be assessed for each deadline missed. The combined expedite fee will not exceed \$500.

III. TERMS

1. Client must comply with the following to participate in the E-Rate program:
 - a. Client must meet the statutory definition of an elementary or a secondary school found in the No Child Left Behind Act of 2001 (20 U.S.C. Section 7801 (18) and (38)), and/or be eligible based on the Eligibility Table for Non-Traditional K-12 Students and Facilities as found on the Schools and Libraries

Division (SLD), USAC program website. Libraries must meet the statutory definition of library or library consortium found in the Library Services and Technology Act of 1996 (LSTA) (20 U.S.C. Section 9122) and must be eligible for assistance from a state library administrative agency under that Act.

- b. Client must be a not-for-profit organization.
 - c. Client must not have an endowment exceeding \$50 million.
 - d. Client must have USAC-compliant Internet content filtering and an Internet usage policy, and shall be solely responsible for compliance with the Children's Internet Protection Act (CIPA) as detailed by the USAC program requirements and described at: <https://www.usac.org/e-rate/applicant-process/starting-services/cipa/>.
2. Any uncommon expenses, such as unusual travel or courier costs, etc., will be billed back directly to Client. Expenses of this nature are not expected.
 3. Client will provide Consultant with equipment records, telecommunications invoices, account numbers, contracts, proposals, and other related information during the term of this Agreement as required by Consultant.
 4. Client agrees to forward to Consultant copies of any correspondence with USAC.
 5. Client agrees to SPI reimbursements in order to receive CTF discounts (for California-based clients only).
 6. Client will retain all documentation as required by USAC based on the required document retention policies established by USAC. Consultant will provide to Client the "E-Rate Required Documentation for Retention" list, which describes the documentation that Client is required to retain to comply with E-Rate requirements.
 7. Client shall be responsible for compliance with the Open and Fair Competitive Bidding Process including, but not limited to, the vendor selection process, which includes selection of all service providers as detailed by the USAC program requirements and also described at: <https://www.usac.org/e-rate/applicant-process/competitive-bidding/>. One of the requirements of vendor selection in the Open and Fair Competitive Bidding Process is that Client agrees to comply with all Local, State, Federal and E-Rate Program requirements for the Award of Contract(s), including waiting a minimum of 28 days (after the filing of the Form 470 or RFP, whichever comes later) to execute contracts and/or to submit a Form 471 for the requested service.
 8. This engagement does not include a needs analysis, development of an RFP, detailed review and analysis of proposals, planning, development, preparation or review of a technology plan, or selective review or audit by USAC. If desired, these services may be agreed separately on an hourly basis.
 9. Additional consultation is also available upon request by Client for special projects unrelated to E-Rate. For example, these might include telecom optimization audits, service provider contract negotiations, new telephone systems, LANs or WANs, facility moves, consolidations, etc., and would require a separate Agreement.
 10. Consultant does not guarantee any reimbursements or the amount of such reimbursements that will be approved by USAC.
 11. Consultant cannot confirm receipt of credits (including CTF credits) on invoices or wire transfers that are issued by USAC or service providers directly to Client. It is the responsibility of Client to ensure that credits and wire transfers are received, after they are filed for by Consultant and/or service providers.
 12. For BEAR invoicing, Consultant is not responsible for missed reimbursements

- due to Client not meeting deadline requests for invoices.
13. Client agrees to provide Consultant access to Client's EPC account in order for Consultant to act as the agent for Client, including but not limited to, the review, submittal, and certification of all E-Rate forms and records.
 14. Client will complete a Letters of Agency (LOAs) for service providers (Service Provider LOA) and E-Rate (E-Rate LOA), giving Consultant access to all telecommunications and E-Rate records. Consultant will provide Client templates for both.
 15. All recommendations, actions, and suggestions made by Consultant are subject to Client approval. No action shall be undertaken without the prior consent of Client, and Client retains all responsibility for any actions taken on its behalf.
 16. Client agrees to review and approve all application materials prior to their online submission and certification by Consultant. Consultant reserves the right to submit and certify forms and other E-Rate materials, if necessary, to meet deadlines without Client consent.
 17. Client shall be responsible for compliance with E-Rate certifications, including, but not limited to: meeting the statutory definition of an elementary or secondary school, complying with CIPA, etc. Client understands that making false statements on any information submitted to USAC can result in fine, forfeiture or imprisonment.
 18. Consultant shall hold all records and information submitted for review by Client in the strictest confidence. All recommendations, actions and suggestions submitted by Consultant for Client's consideration shall be held in the strictest confidence by Client.
 19. Client represents and warrants it will provide truthful information to Consultant and that Consultant may rely on the accuracy of all information provided in filing for E-Rate on Client's behalf. Client understands that failure to be in compliance and remain in compliance with E-Rate rules and orders may result in the denial of funding, cancellation of funding commitments, and/or recoupment of past disbursements, among other consequences.
 20. This Agreement will remain in effect until terminated by either party with 60 days' written notice to the other party, provided that all Services have been completed, all payments have been received by Client from the service providers listed in the Form 486(s), and all fees have been paid to Consultant.
 21. Consultant may use Client's name and logo in connection with any marketing initiatives it undertakes. Client may revoke this permission at any time.
 22. No amendment to this Agreement will be effective unless it is in writing signed by both parties. The maximum aggregate liability of either party under this Agreement to the other party, whether such claim is in contract, tort, or otherwise, shall in no event exceed the fees paid by Client to Consultant in the 12 months prior to the act incurring such liability. This Agreement shall be construed in accordance with the laws of the State of California without regard to its principles of conflict of laws, and any suits by one party against the other shall exclusively be brought in the courts located in San Francisco, California. This Agreement is binding on and inures to the benefit of the parties and their successors and assigns. This Agreement constitutes the sole and entire agreement of the parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

[Signature Page Follows]

The parties hereto have executed this Agreement as of the date first written above. The following individuals are valid and authorized agents for each party and their signatures represent a binding agreement to perform the duties identified. This Agreement may be executed in counterparts, which together shall be deemed one and the same instrument.

Organization Name ("Client")

HWC Consultants, LLC ("Consultant")

Name:

Title:

Name: Greg Lowry

Title: Managing Director