

E-Rate Channel Partner FAQ

Table of Contents

- What's new for E-rate? 2
- Who is eligible for E-rate? 2
- Where can I find more information about the E-rate program? 2
- What is a SPIN number and who needs one? 3
- What is the process for obtaining a SPIN number (498 ID)? 3
- How does the payment process work? 4
- What is "Red Light" Status? 4
- Is warranty eligible? 4
- Is maintenance eligible? 4
- How long can I leave demo gear at a potential customer site? 4
- What should I do once I get a 470 lead? 4
- What are eligible services? 5
- How long does a Service Provider need to retain documentation? 5
- What are the gift giving rules? 5
- What should I do if I think an applicant is not behaving in a fair and open manner or is not providing a competitive environment or if my legitimate inquiry regarding a 470 is not responded to in a timely manner? Who can help?? 5
- How long do I have to respond to a Form 470? 6
- How long does it take to obtain E-rate funding? 6
- Are Buildings that do not house classrooms, known as Non-Instructional Facilities or NIF's, (District Offices, Nutrition, Warehouse, Bus Barn, etc.) eligible for E-rate? 6
- What happens when a product model number is changed prior to being installed or the applicant decides to change manufacturers? How is a service substitution executed? 6
- How long do I have to complete the installation? 7
- What do I need to do to stay in compliance? 7
- What is Lowest Corresponding Price? 7
- Does the E-rate Applicant have to pick the lowest cost proposal? 8
- How does invoicing work and can I submit for progress payments? 9
- Are trade-ins allowed? 9
- What Terms do I need to know? 9
- What is Managed Internal Broadband Services (MIBS)? 9
- Which RUCKUS products and services are eligible and ineligible for E-rate? 9

FAQs

What's new for E-Rate?

A: New Rules for 2021

- Category 2 Budgets will be reset for 2021
- Starting in 2021 Category 2 Budgets will be fixed for each 5 year period going forward
- Starting in 2021 Budgets will be on a school district or library system basis
- Funding Floor increases to \$25,000 (allows applicant to select the greater of the floor or student population when calculating district or library system budget for those with 10 or less sites)

The full text can be found at: <https://ecfsapi.fcc.gov/file/1203712010813/FCC-19-117A1.pdf>

Category 2 Budget Rules as of 2021

Allocates a maximum pre-discount Category 2 budget amount of \$167/ student for 5 years.

For example:

1,000 Students X \$167 = \$167,000 X 85% = \$141,950 in support over 5 years

Category Budget Example for 2021

Year (Assume 1,000 students)	2021	2022	2023	2024	2025
Category 2 Budget Spent	\$50,000.00	\$27,000.00	\$45,000.00	\$45,000.00	\$0
Remaining Cat 2 Budget @ \$167/ student	\$167,000.00	\$117,000.00	\$90,000.00	\$45,000.00	

Who is eligible for E-Rate?

A: The E-rate program is designed to assist K-12 schools and libraries, including public and private schools, school districts, and all public libraries (not affiliated with a school) Additionally, Head Start (in some states), pre- kindergarten, juvenile justice, adult education (for GED), Educational Service Agencies and School Residential Facilities are eligible.

For more specific definitions visit: <https://www.usac.org/wp-content/uploads/e-rate/documents/Handouts/SL-Glossary-of-Terms.pdf>

Where can I find more information about the E-Rate program?

A: You can find detailed information on the Universal Service Administration Company (USAC)

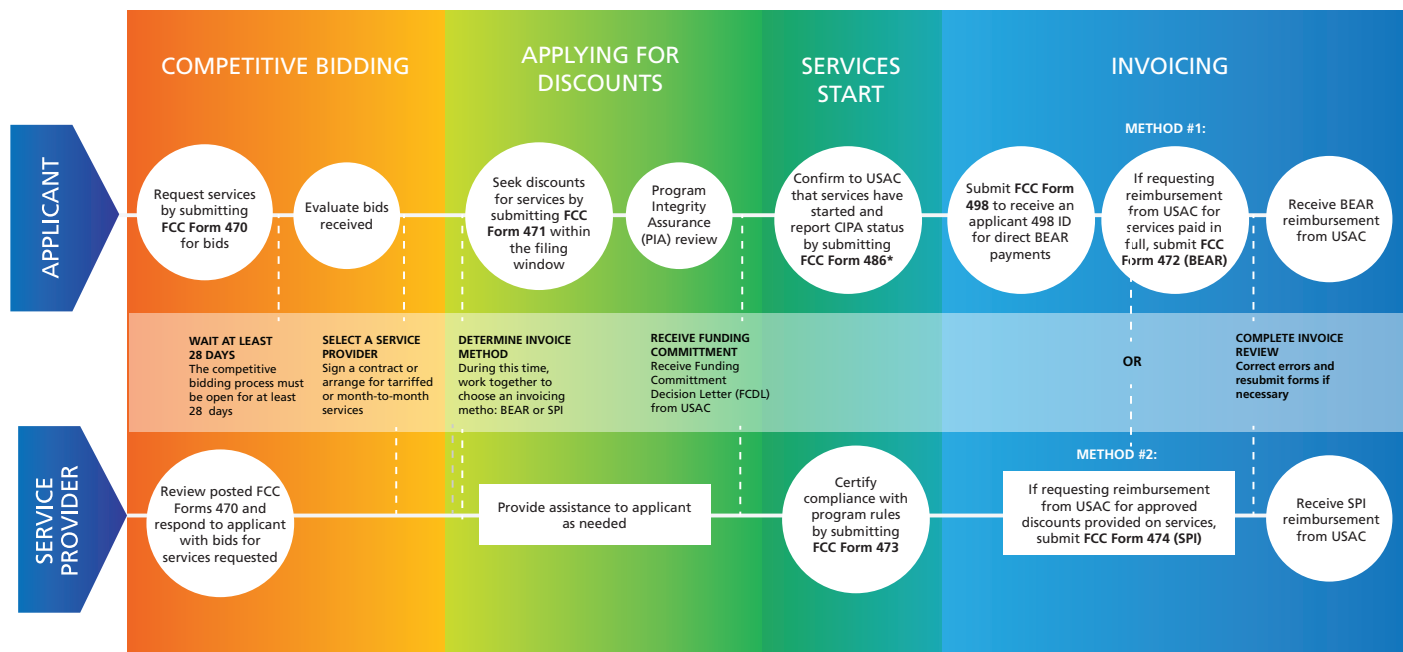
E-rate website at <https://www.usac.org/wp-content/uploads/e-rate/documents/Handouts/E-rate-Overview.pdf>

Other good resources include:

E-rate Central <http://E-ratecentral.com/resources/help/erateTerms/default.asp>

Wikipedia <https://en.wikipedia.org/wiki/E-rate>

Schools and Libraries (E-rate) Program APPLICATION PROCESS



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What is a spin number and who needs one?

A: SPIN stands for Service Provider Identification Number and is required for all service providers (resellers) that want to participate in E-rate. It is a required component on the E-rate application. A SPIN is required in order for an application to be approved for discounts and for vendors named in the application to receive payment. The new name for a SPIN is now 498 ID.

What is the process for obtaining a spin number (498 ID)?

A: Go to <https://www.usac.org/e-rate/service-providers/step-1-obtain-a-spin/> and follow the instructions. Before you begin you will need your company's EIN and D & B number, banking information (all payments are electronic) and FCC Registration Number (obtained at <https://apps.fcc.gov/coresWeb/publicHome.do>) along with the primary contact at your company. Warning, checking the wrong box can make you a telecommunications carrier in the eyes of the FCC. It is recommended that you get in touch with our consultant who will step you through the process free of charge.

Getting the Service Provider Identification Number is an online process. Here are the steps. First step is to get an FCC Registration Number (FRN). Here is the link to register for your FRN: <https://fjallfoss.fcc.gov/coresWeb/publicHome.do>

To complete the SPIN process you will need the following information:

1. FCC Reg. #
2. Tax ID (SSN or EIN)
3. DUNS #
4. Bank routing information for electronic payment
5. Primary contact and Executive signatory information

Print out a copy of the following before we get on the webinar: <https://www.usac.org/wp-content/uploads/service-providers/documents/forms/FCC-Form-498-and-Instructions.pdf>

Once you have that information RUCKUS' E-rate consultant can walk you through the (confusing) forms in about 15 minutes on a webinar.

How does the payment process work?

A: There are 2 methods for reimbursement.

The first is called the BEAR (Billed Entity Application for Reimbursement) method. School District or Library Applicants file the FCC Form 472, BEAR Form if they have paid the Service Provider in full for the services and want to be reimbursed for the discount amount. USAC will review the BEAR Form and process a payment to the applicant.

The second is the Service Provider Invoice method. The Service Provider files 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.

What is "Red Light" status?

A: If you are delinquent in payments to the FCC you are in what is known as Red Light status which prevents you from receiving E-rate funds. To check status go to: <https://apps.fcc.gov/redlight/login.cfm>

Login and then do a print screen to prove status. If all they are asking for is certification of Green Light status then respond that you are in Green Light status.

Is warranty eligible?

A: Yes, a manufacturer's warranty for up to three years is, as long as it is included in the line item for the product and the price is included with the product for a single charge. It is not eligible if it is a separate line item on the BOM.

Is maintenance eligible?

A: Yes, if it is a basic support plan (online, telephone and software updates) typically provided by the manufacturer. Configuration changes and break fix on a T & M basis are also eligible for Basic Maintenance of Internal Connections.

How long can I leave demo gear at a potential customer site?

A: Service providers can provide equipment to applicants for demonstration purposes while the competitive bidding process is open (During the 470/ RFP process).

- If the applicant wants to offer the option to a service provider of temporarily installing demo equipment, the applicant must offer that option to all other interested bidders.
- To be considered demo equipment, the equipment from one service provider cannot be installed at the applicant site for more than two weeks (14 calendar days)
- The applicant cannot choose a service provider before all demo equipment from all bidders has been uninstalled and removed from the applicant's premises.
- The applicant is responsible for maintaining records related to the temporary installation and removal of demo equipment (e.g., date installed, date removed, type of equipment, associated FCC Form 470).

Outside of the competitive bidding process we are recommending that the equipment be installed on site no more than 30 days and that the process is fully documented.

What should I do once I get a 470 lead?

A: Keep the requests for information to technical question or process related questions. Now is not the time to sell. It is the time to deliver your bid. Follow these steps:

How/who to contact:

- Preferred Contact—identified in the e-mail alert (you can also find it on the USAC 470 form which you can access by clicking on the "View USAC Form 470" tab on the top right corner of page under 6a on the form.)
- Use Preferred Method of Contact – IMPORTANT- some specify how to be contacted (e.g. email—if you call/fax they may not respond.)
- Click on contact email address (on 'E-rate 470 Application Detail' page) to auto-populate an Outlook e-mail with subject line that includes name of school/district and E-rate application number.
- Need help with financing? Let CommScope assist you with the RFP 470 and help with quoting the 471 and then start the discussion about your financing needs and timing for the 486.

Send the following to #CFS-Americas@commscope.com and get the process started:

- Customer (End User) Name (or Co. #)
- Quote (End User CapEx Price) or SFDC Opportunity Link
- VAR/ District Name
- Any other helpful info! (e.g. required timeframe, bid timeline, monthly budget targets, lease terms etc.)

Contact your CommScope partner or sales representative for more details: <https://www.commscope.com/resources/how-to-buy/financial-services/>

What are eligible services?

A: Eligible Services are those products and services that can be funded under the E-rate program. The Eligible Services List is published annually and list those items and services that are supported by the E-rate program. The current list can be found at: <https://www.usac.org/e-rate/applicant-process/before-you-begin/eligible-services-list/>

How long does a service provider need to retain documentation?

A: Any E-rate related documentation including records of contacts must be retained for 10 years.

What are the gift giving rules?

A: The maximum gift to an individual who is involved in the applicant's E-rate process from a Service Provider (company) is \$20 in any single transaction and \$50 in any single year. This is company wide, not just individual to individual. For ex.: Account Manager for XYZ Inc. takes the Little Red School Districts (LRSD) IT Dir. to lunch and the bill comes to \$40 including taxes and tip. (OK so far) The next week Account Manager and Sales Manager for XYZ take the LRSD IT Dir. to lunch and the total tab comes to \$60 which the Sales Manager pays. Still OK. The following week the VP for XYZ takes the LRSD IT Dir. to dinner and the bill comes to \$40. XYZ has just violated FCC gifting rules.

What should I do if I think an applicant is not behaving in a fair and open manner or is not providing a competitive environment or if my legitimate inquiry regarding a 470 is not responded to in a timely manner? Who can help??

A: Not conducting a fair process and/or not responding to a valid inquiry are violations of the E-rate rules. We recommend that you not engage in protests directly to the applicant. If you feel you have been unfairly treated you may report it anonymously to the Whistleblower Hotline at (888) 203-8100 or contact the RUCKUS SLED team who will get you engaged with our E-rate consultant. The consultant will act on it if there is a substantiated violation on your behalf. If you report it to the Whistleblower hotline it will significantly delay funding for the applicant which in the long run, just hurts the kids. Please have all relevant documentation (emails, RFP, etc.) available.

We received an RFP from an E-rate applicant that includes a requirement for proprietary technologies that only one vendor provides, is that legal?

There are no explicit rules that prevent proprietary technologies from being included in an RFP.



E-rate provides discounts on eligible telecommunications, Internet access, and internal connections to eligible K-12 schools and public libraries in the United States.

How long do I have to respond to a form 470?

A: Typically you will have at least 28 days from the date of the initial 470 filing. It may be longer depending on what the applicant specifies in an RFP. If the applicant subsequently posts an RFP (to their own website, consultant portal, etc.), the 28 day cycle is usually based on the RFP posting date, rather than the Form 470 filing date. See RFP itself for filing deadlines.

How long does it take to obtain E-Rate funding?

A: Approval times vary. Approval usually comes 4–8 months after Form 471 is submitted.

Are buildings that do not house classrooms, known as non-instructional facilities or NIF's, (District offices, nutrition, warehouse, bus barn, etc.) eligible for E-Rate?

A: The eligibility of internal connections provided to on-site NIFs continues to be limited by FCC rules as follows: support is not available for internal connections in non-instructional buildings of a school or school district or in separate administrative buildings of a library, unless those internal connections are essential for the effective transport of information (data center) to an instructional building of a school or to a non-administrative building of a library or the use of the services meets the definition of educational purpose.

Because NIFs do not have Category Two budgets, the eligible costs must be allocated to the budgets of the eligible schools and/or libraries sharing the services.

Non-instructional facilities (NIFs)—including school NIFs with classrooms and administrative buildings – do not have pre-discount budgets.

If a NIF is essential for the effective transport of information to or within a school or library, the applicant must allocate the NIF costs to the entities benefiting from the service while the costs for ineligible services to a NIF should be allocated out.

What happens when a product model number is changed prior to being installed or the applicant decides to change manufacturers? How is a service substitution executed?

A: This is known as a Service Substitution.

Please ask your RUCKUS representative about Global Service Substitutions already filed with USAC for End-of-Sale RUCKUS products this year.

A service substitution is a change in the products and/or services specified in the FCC Form 471 (Description of Services Ordered and Certification Form). In certain limited circumstances, applicants or service providers may request and be approved for service substitutions. In addition, service providers or equipment manufacturers may submit a “global” service substitution in certain instances.

Service substitutions encompass changes in the technical components (whether products or services or both) specified in the FCC Form 471 Funding Request. Applicants who file service substitution requests must still comply with the deadlines for the FCC Form 486.

Service Substitutions must adhere to the following conditions:

- The substituted services or products have the same functionality as the services or products contained in the original proposal.
- The substitution does not violate any contract provisions or state or local procurement law.
- The substitution does not result in an increase in the percentage of ineligible services or functions.
- The requested change is within the scope of the establishing FCC Form 470, including any Requests for Proposal (RFP), for the original service.

Individual service substitution requests are considered minor modifications to funding requests on the original FCC Form 471. They are submitted by letter from the applicant.

The body of the service substitution request should contain a listing of the products and services originally approved for which changes are requested, and a similar listing of the products and services now desired. This is sometimes described as a “from” and “to” list. For changes in physical equipment, the “from” and “to” should include manufacturer, model number, description/function, cost and quantity for each line item.

Service substitution requests should be submitted no sooner than receipt of a FCC Form 471 Receipt Acknowledgment Letter (RAL) and no later than the last day to receive services which is typically Sept 30 for Category 2.

How long do I have to complete the installation?

A: In general, Category 2 (non-recurring) services must be delivered and installed between July 1 of the relevant funding year and September 30, following the June 30 close of that funding year (i.e., 15 months after the beginning of the funding year). However, certain recipients have received or may receive extensions of the deadline for delivery and installation of non-recurring services. The reasons and methods for extensions vary and can be found at <https://www.usac.org/e-rate/applicant-process/before-you-begin/eligible-services-list/>

What do I need to do to stay in compliance?

A: Service providers must file the FCC Form 473, Service Provider Annual Certification (SPAC) Form each year that they provide services under the program. Service providers certify each year on the FCC Form 473 that they will comply with program rules. The SLD will not process an invoice without a SPAC. If an invoice is filed without the SPAC the invoice will be rejected and a new invoice will have to be submitted once the SPAC has been processed

What is the lowest corresponding price?

A: Lowest corresponding price (LCP) is defined as the lowest price that a service provider charges to nonresidential customers who are similarly situated to a particular applicant (school, library, or consortium) for similar services.

A similarly situated applicant is one that is located in the service provider's geographic service area (i.e., the area in which the service provider is seeking to serve customers with any of its E-rate Program services). Similar services include those provided under contract as well as those provided under tariff. Service providers cannot charge applicants a price above the LCP for E-rate Program services. See 47 CFR Section 54.511(b).

This ensures that Service providers do not charge applicants more than they would charge their other customers for the same service and that any lack of experience in negotiating in a service market does not prevent applicants from receiving competitive prices.

A service provider—regardless of the size of the company or the category of service provided—must ensure that the LCP is provided to applicants. The applicant is not obligated to ask for it, but must receive it. Moreover, service providers cannot avoid the obligation to offer the LCP by arguing that none of their non-residential customers are identically situated to an applicant or that none of their service contracts cover services identical to those sought by an applicant. The service provider's obligation to provide the LCP is not tied to a response to an FCC Form 470 or Request for Proposal (RFP). The service provider must actually charge a rate that is the LCP, not just offer the LCP in a bid response.

Does the E-Rate applicant have to pick the lowest cost proposal?

A: No. The E-rate rules state that price has to be at least the most heavily weighted criteria when selecting the winning proposal. The following chart illustrates where price is the most heavily weighted factor, but not necessarily the only factor in selecting the winning proposal:

	Category	Weighting	SP1	SP2	SP3
"Expansion"	Price	26			
	Prior Experience or References	24			
	Suitibility of solution (needs)	20			
	Local Vendor	10			
	Business Stability	10			
	E-Rate compliance	10			
	Total Score	100			

Figure 1. Rubric for Network Expansions

Here we see price is weighted at 26%, leaving 74% for non-pricing factors. However, this district wishes to maintain their solution provider, so is weighing heavily factors such as prior experience with the district (equal weight to price), integrates with existing infrastructure and local office to the school. In this way, the incumbent has a significant bidding advantage, even without the lowest price.

	Category	Weighting	SP1	SP2	SP3
"Refresh"	Price	35			
	Prior Experience or References	20			
	Suitibility of solution (needs)	20			
	Local Vendor	10			
	Business Stability	10			
	E-Rate compliance	5			
	Total Score	100			

Figure 2. Rubric for Network Refresh

In this second example, we see price is weighted more heavily at 35%, leaving 65% for non-pricing factors. However, this district is open-minded to replace their existing solution provider, so is weighing heavily factors such as references for proof of prior experience with another district, and suitability of solution to district needs. In this way, the new service provider has a fair playing field and their competitive bid will likely be considered.



How does invoicing work and can I submit for progress payments?

A: 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. This means the progress payments are permitted as long as it is permitted contractually.

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. You approve a paper BEAR Form by completing page four and returning it to the applicant. Applicants can file BEAR forms online or on paper. You approve a paper BEAR Form by completing page 4 and returning it to the applicant. The applicant then includes the completed page 4 in its submission. If the applicant files a BEAR Form online, you must approve it online.

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.

Are trade-ins allowed?

A: Equipment purchased with Schools and Libraries Program discounts can also be traded in, but no sooner than five years after the equipment is installed. Trade-ins are not allowed before this five-year period has elapsed.

The value of a trade-in does not have to be deducted from the pre-discount amount of a new funding request. Applicants are not required to notify USAC of the disposal or trade-in of equipment. However, an applicant disposing of or trading in equipment should make an appropriate entry in its asset register or inventory.

What terms do I need to know?

A: Glossary of Terms and Acronyms <https://www.usac.org/wp-content/uploads/e-rate/documents/Handouts/SL-Glossary-of-Terms.pdf>
E-rate Process Flow Chart <https://www.usac.org/wp-content/uploads/e-rate/documents/Handouts/application-process-flow-chart.pdf>

What is Managed Internal Broadband services (MIBS)?

A: MIBS is a new service under Category 2 that was introduced for the first time in 2015. It is defined as "Services provided by a third party for the operation, management, and monitoring of eligible broadband internal connections components. E-rate support is limited to eligible expenses or portions of expenses that directly support and are necessary for the broadband connectivity within schools and libraries." It is also known as "managed WiFi". Note that is strictly defined as on campus wireless distribution and does not include (nor can it be combined with) Category 1 services.

Some additional pointsQ:

- Eligible expenses include the management and operation of the LAN/WLAN, including installation, activation and initial configuration of eligible components, and onsite training on the use of eligible equipment.
- In some eligible managed services models, the third party manager (service provider) owns and installs the equipment and school and library applicants lease the equipment as part of the managed services contract. In other cases, the school or library may own the equipment, but have a third party manage it for them.

In responding to 470's the service provider should ensure that service has been requested under MIBS and not Internal Connections.

Since the terms are flexible it is up to the service provider to establish the terms of service. This could take the form of a Service Level Rental Agreement or a Lease Agreement but in all cases the Service Provider must be the recipient of the payment.

Which RUCKUS products and services are eligible and ineligible for E-Rate?

A: The following products and services are listed as eligible or ineligible. Note: It is sometimes advisable to bid Ineligible products and services as well. Based on the scoring rubric, schools may award points for competitively priced ineligible products and services. Cloudpath software is a great example of a product valued by schools (for secure BYOD onboarding, or Chromebook device management), but is ineligible for E-rate funding.

RUCKUS SWITCH PRODUCTS	
Eligible Products (All category 2)	Ineligible Products
<ul style="list-style-type: none"> • ICX Switches (ALL, except for IPSec Module) • Network controller licenses (ICX) • Connectors/Optics • Training (end user) • Support - RTF or Remote Support, cloud managed offerings (up to 5 years) • Installation Services 	<ul style="list-style-type: none"> • Redundant Power Supplies • Support - Next Business Day (Onsite or Parts) , 4 hour On- site or Parts) (conditionally eligible under MIBS (includes cloud managed offerings, as a partner or Service Provider offering) • Certification Training • Extension Switches (Storage Ineligible)

RUCKUS WIRELESS PRODUCTS	
Eligible Products (All category 2)	Ineligible Products
<ul style="list-style-type: none"> • Access Points (ALL indoor and outdoor models) • ZoneDirector wireless controllers (ALL) • SmartCell Gateway (ALL) • SmartZone wireless controller appliances (ALL) • Cloud-managed Wi-Fi (Subscription service, warranty service included, license included, Access Point purchased separately) • Access point hardware accessories • Virtual SmartZone wireless controller software (ALL) • Training (end user) • Support - RTF or Remote Support, basic maintenance renewals • Installation Services 	<ul style="list-style-type: none"> • M510 access point • RUCKUS IoT Gateway • RUCKUS IoT Plugs • SmartZone URL Filtering • Redundant Controllers • FlexMaster software • Support - Next Business Day (Onsite or Parts), 4 hour (On- site or Parts) (conditionally eligible under MIBS (includes cloud managed offerings, as a partner or Service Provider offering) • RUCKUS Smart Positioning Technology (SPoT™) Location-based service (cloud or onpremises) • RUCKUS SmartCell™ Insight (SCI) Big Data Wi-Fi analytics and reporting • Cloudpath security and policy management platform • Certification Training

COMMSCOPE STRUCTURED CABLING PRODUCTS	
Eligible Products (All category 2)	Ineligible Products
<ul style="list-style-type: none"> • Copper Cable • Patch Cords • Fiber • Raceway • Conduit • Patch Panels • Cabinets • Jacks • Racks • Faceplates • Support - RTF or Remote Support, basic maintenance renewals • Installation Services • ImVision (intelligent patch panels) 	<ul style="list-style-type: none"> • Cabling for ineligible services (e.g., telecom) • Patch cords to end point devices



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