

# Governing Board E-Rate Update



## Presentation Topics:

- E-Rate Overview
- District E-Rate Status

*April 5, 2016*

# What is E-Rate



E-Rate (Education Rate) is a federal program that provides discounts to help ensure that all eligible schools and libraries have affordable access to 21<sup>st</sup> century telecommunications and information services.

# What services are eligible for E-rate?

Under the 2014 E-Rate Modernization Order, two categories of service are eligible for E-rate funding:

- **Category 1:** Services that enable Broadband connectivity to the school. Examples include Internet access, network service, and voice services\*.
- **Category 2:** Services and equipment that enable Broadband connectivity within the school. Examples include cabling, switches, and wireless access points.



E-Rate does not provide discounts for end-user devices, such as computers.

\*As of FY15-16, voice services are being phased out.

# How much is the discount?

- The amount of the discount ranges from 20% to 90% of the costs of eligible services.
- Discount rates are determined by the percentage of students eligible for free and reduced lunches through the National School Lunch Program.
- For most services, TUSD receives a district-wide discount of 80%.

80%

# How has TUSD benefited from E-Rate?

*Since the program's inception, TUSD has received approximately **\$22.3M** in discounts on telecommunications services and equipment.*

# How has TUSD benefited from E-Rate?

<b>Service Category</b>	<b>Service Type</b>	<b>Service Provider</b>	<b><u>Actual</u> Amount Received Last Year FY14-15</b>	<b><u>Estimated</u> Amount Expected This Year FY15-16</b>	<b><u>Estimated</u> Amount Applying for Next Year FY16-17</b>
1	Internet Access	Login	\$47K	\$59K	\$59K
1	WAN Service	Zayo	\$1.2K	\$1.2K	\$1.2K
1	Voice Services	CenturyLink	\$188K	\$98K	\$84K
2	Upgrades	Multiple	N/A	\$26K	\$96K

# Summary of TUSD's FY16-17 E-Rate Application Items

Service Type	Contract	Estimated Annual Cost	Potential Discount Rate	Estimated Cost to TUSD	Estimated Savings to TUSD
Internet Service	TUSD RFP 14-77-19	\$74K	80%	\$15K	\$59K
Wide Area Network (WAN) Service	TUSD RFP 12-84-22	\$1.5M	80%	\$300K	\$1.2M
Voice Services	ADSP015-088468	\$210K	40%	\$126K	\$84K
Uninterruptible Power Supply (UPS) Upgrades	Mohave 14S-E2E-1224	\$120K	80%	\$24K	\$96K
<b>Total potential FY16-17 benefit to TUSD if all funding is awarded:</b>					<b>\$1.4M</b>

# What is the Board being asked to approve?

In order to receive E-rate discounts each year, TUSD must submit an application to the Universal Service Administrative Company (USAC) and certify that the District has committed the funding required to pay the non-discounted portion of the items included on the application.





# What is the Board being asked to approve?

The total amount that the Board is being asked to commit the District to is \$465K for FY16-17 district-wide Internet access, Wide-Area Network (WAN) service and voice services as well as Uninterruptible Power Supply (UPS) upgrades at approximately fifty schools:

Total Estimated Annual Cost	\$1.9M
Total in Potential Discounts	\$1.4M
<b>Total Estimated Cost to TUSD (Non-Discounted Portion)</b>	<b>\$465K</b>



## Status of TUSD E-Rate Audit

- KPMG was engaged by USAC's Internal Audit Division in September 2015 to conduct a performance audit of TUSD's E-rate participation in FY14-15.
- The audit was completed in February 2016 and a draft report has been submitted by KPMG to USAC.
- The district will not see the report until it is finalized, however, the audit did not result in any findings.

# Status of TUSD E-Rate Consultant

TUSD continues to contract with The Miller Institute for E-Rate consulting, however, their role has shifted to a quality control:

Fiscal Year	Cost of Consultant
2006-2007	\$107,000
2007-2008	\$87,000
2008-2009	\$65,000
2009-2010	\$42,000
2010-2011	\$66,000
2011-2012	\$42,000
2012-2013	\$18,000
2013-2014	\$5,000
2014-2015	\$2,000
2015-2016	\$900 as of 4/01