

SOUTH PASADENA UNIFIED SCHOOL DISTRICT  
Business Services



**M E M O R A N D U M**

**TO:** Members of the Board of Education

**FROM:** Dave Lubs, Assistant Superintendent of Business Services

**PREPARED BY:** Derek Aoki, Director of Technology

**DATE:** May 10, 2016

**SUBJECT:** Renewal of the 2016-17 E-Rate Consulting Services Contract  
with California School Management (CSM), Inc.

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**Background**

For many years, the District has participated in the Federal USAC (Universal Service Administrative Company) E-Rate program which has provided discounts in the District's telecommunication (Internet and phone) service costs.

For the past six years, the District has contracted with CSM to provide E-Rate consulting services to assist the District in obtaining and maintaining these discounts through an annual application process. CSM has continued to be very responsive and educated on the rules and regulations of the E-Rate Program.

**Discussion**

The level of the E-Rate discount is dependent on the percentage of students that are eligible for the National School Lunch Program (NSLP) within each district. Even though this figure is perennially around 20%, the District still can save 40% on hardware and services that fall into Category One.

Category One services include data transmission and internet access. For the 2016-2017 year, the District's internet costs will be \$32,000, of which USAC will fund \$12,800. The District will also apply for hardware purchase funding under Category One this upcoming year. Since voice (phone) service refunds are being phased out, the District sees no benefit in applying for them.

Category Two services include internal connections, managed internal broadband services, and basic maintenance of internal connections. The District will apply for hardware and service refunds, but there is no guarantee that they will be funded due to our low NSLP numbers. This request would include switches and routers for the network infrastructure. There is a cap of \$150 per student in funding for Category Two requests every five years.

The E-Rate process consists of the following:

- File Form 470 to request services from approved vendors. Requests for Proposals are needed at this stage.
- File Form 471 to order the services
- File Form 486 to confirm the services
- File Form 472 or 474 to start the reimbursement process

Each of the forms has set deadlines. A missed form can result in the denial of our E-Rate application and is subject to audit by the Universal Service Administration Company (USAC).

The eligible list of acceptable hardware and services is constantly changing. The same can be said about the rules and application process. The E-Rate forms are complicated and very time consuming. To eliminate the possible loss of potential funding caused due to clerical errors or missed deadlines, it is beneficial to obtain the services of an E-Rate consultant that specializes in these areas year round.

Renewal of the agreement with CSM will ensure that the District's E-Rate application process is completed correctly and in a timely manner. The base annual cost is \$6,300, plus an additional 6% of all Category Two requests (up to a maximum of \$10,000).

### **Recommendation**

Dave Lubs, the Assistant Superintendent of Business Services, recommends the renewal of the 2016-17 contract with California School Management Group, Inc.