

How do we achieve a new E-rate support model?

Principles of the new model

- ❑ Create an E-rate Board with the current stakeholders for governance
- ❑ Create an E-rate Authority and an E-rate Fund to pay for services
- ❑ Create State E-rate Authority to manages statewide facilitation of E-rate
- ❑ Use full-time professionals (rather than part time FTE's) – Outsourced by 10 Regions
- ❑ Districts and Libraries must show cause to opt out

Governance: AZ State E-Rate Board > E-Rate Authority > Consultants > Applicants

How much will the new Model bring in?

- ❑ Increase amount applied for from \$147 to **160M** = **\$13M Increase** - phone and internet P1
- ❑ Increase amount approved and committed from \$58M to **\$100M** = **\$42M Increase**
- ❑ Increase amount billed from \$32M to **\$82M** = **\$50M Increase**
 - 1st Year minimum increase = **\$50M**
 - 2nd Year increase to \$200M Applied, \$120M Approved, \$100M Billed = **\$68M**.

What will be done to address the stumbling blocks?

- ❑ **Provide processes** such that all eligible entities apply for **Priority1 Internet & Telecom reimbursement.**
- ❑ **Consolidate and coordinate** to maximize Priority 2 applications, especially for rural schools and libraries
- ❑ **Assist or Intervene** to maximize receipt of committed funds for approved applications
- ❑ **Proactively prevent denials** especially those caused by lax administration or lack of knowledge
- ❑ **Work to prevent** easily preventable errors and maximize return on applications.
- ❑ **Work with vendors to avoid errors.** - Contract error, product and service errors, breaking out bills. Accept vendors as an integral part of our overall E-rate success.

New Staffing Model

Staffing and Roles

Roles

AZ State E-Rate Board
Represents State's stakeholder agencies

ADE ASLAPR GITA SPO



Oversight and Facilitation

- AZ specific oversights
- Provides a forum for stakeholder discussions and
- Facilitate State level regulation to get the Dollars back.
- Meet quarterly with E-rate Authority

E-Rate Authority 4 Staff



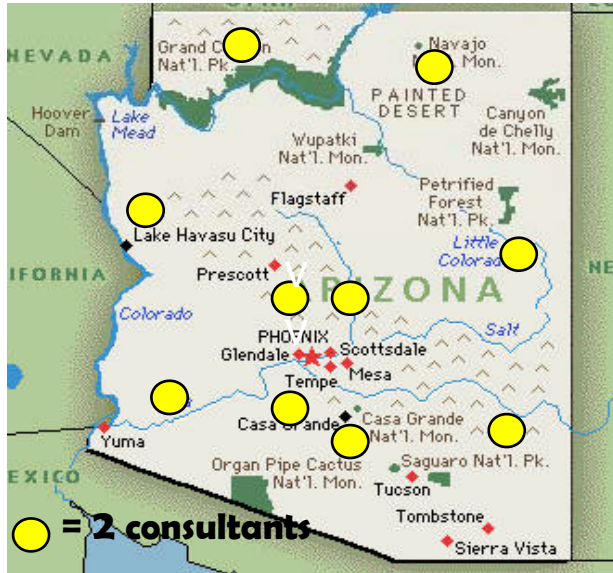
Training, Liaison Tracking

- Liaison work with stake holders
- Training and Advocacy
- Data analysis and interpretation

20 FTE Consultants Statewide



File Applications and follow-up



Funding Streams



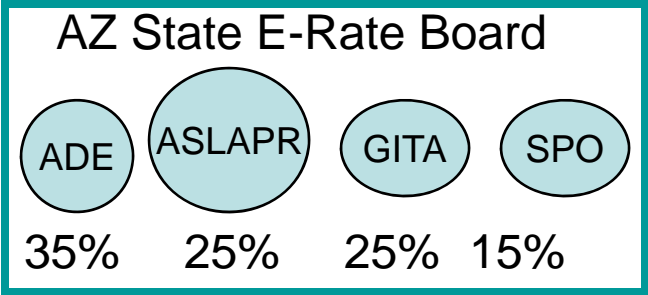
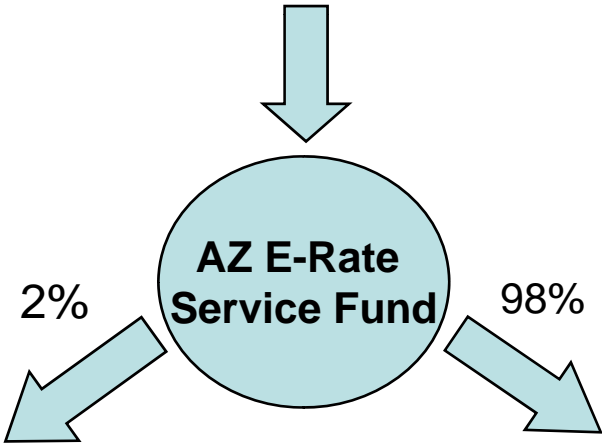
| | |
|--|------------|
| <input type="checkbox"/> Vendor contribution (0.7% - 1%) | = \$ 0.7 M |
| <input type="checkbox"/> P1 service fees 20% of 10M (new \$s) | = \$ 2.0 M |
| <input type="checkbox"/> P2 service fees post approval - back end denial 5% of \$40M | = \$ 2.0 M |

The Principles of New Model

- Seed money \$4 Million – via gain share and vendor contribution amortized over 5 years, per legislation or IGA agreement w/ districts.
- Fund dollars to sustain E-rate teams, and in the subsequent years

Contributions of about \$4.7 M

Expenditure of about \$4.7 M



| | |
|---|----------------|
| <input type="checkbox"/> 20 Consultants – salaries and benefits | \$2.0M |
| <input type="checkbox"/> Incentives | \$1.0M |
| <input type="checkbox"/> AZ State E-rate Authority | \$0.5M |
| <input type="checkbox"/> Promotion and training | \$0.4M |
| <input type="checkbox"/> Subsidy for matching fees, etc | \$0.8M |
| Total | \$4.7 M |

The benefits to the state

- ❑ The State will get back a much greater amount of E-rate dollars – up to \$50-60M per year
- ❑ Vendors will provide much more state-of-the-art technology to schools and libraries and sustainable broadband access, because of greater E-Rate dollars to the State.
- ❑ Schools and Libraries will save considerable administrative costs because the State will provide application and post application services.
- ❑ Taxpayers will not have to pay twice for their schools telecom services
- ❑ Students in Arizona will benefit from having better access to technology.



While the paperwork and mechanics of E-rate can be mind-boggling, the program is a tremendous boon, an equalizer that enables us to provide real benefits to residents in very remote areas” .

Geneva Durkee, Library Director Navajo County

Legislative needs or tasks next steps :

- Create E-Rate Authority to consolidate State's E-Rate efforts, per outline
- All schools and libraries are opted in, Authority allows Opt out for cause
- Divert funds from E-Rate reimbursement to E-Rate Authority per Gain Share formulas regarding New \$ (Different for Priority1 and Priority2)
- Formulas change from Gain Share to percentage against all reimbursements after year three. (Process will have proved its worth).
- Where Excess Utility rules apply, change rules to allow flow of Gain Share percentage to E-Rate Authority, in lieu of Gen Fund reimbursement (New dollars from Priority1 applications, correcting this disincentive)
- Sunset review in 5 years