E-RATE 101: INTRO TO THE E-RATE PROGRAM

E-RATE PROGRAM TRIBAL APPLICANT TRAINING

2016
AGENDA

• The Basics
  – What is the E-rate Program?
  – Managers of the Program
  – Timeline
  – Eligibility
  – Funding Cap
• Discounts
• Category Two Budgets
• Application Process
THE BASICS

E-RATE 101: INTRO TO THE E-RATE PROGRAM
WHAT IS THE E-RATE PROGRAM?

The Schools and Libraries (E-rate) Program connects our country’s schools and libraries to broadband

Provides a discount on high-speed Internet access, telecommunications services, and equipment
## THE BASICS

### WHO MANAGES THE E-RATE PROGRAM?

| The Federal Communications Commission (FCC) established and oversees the E-rate Program | The Universal Service Administrative Company (USAC) handles day-to-day program operations |
Congress wrote the statute for E-rate into law
  - Part of the Telecommunications Act of 1996

The FCC creates rules and policies for the program through “Orders”
  - Must stay within the statute

USAC develops processes and procedures, such as how to process application
  - Under the direction of the FCC
THE BASICS

OUR BUDGET

• Funding is limited to $3.9B per year
  – Indexed for inflation
  – Unused funds roll over to the next funding year

• $1B funding target for “Category Two” (internal connections) funding
  – Included in the $3.9B
THE BASICS

TIMING

<table>
<thead>
<tr>
<th>Funding Year (FY)</th>
<th>Application Filing Window</th>
</tr>
</thead>
<tbody>
<tr>
<td>From July 1 to June 30</td>
<td>4-6 months before the funding year starts</td>
</tr>
<tr>
<td>FY2016 = July 2016 to June 2017</td>
<td>Varies by year, but often January - March</td>
</tr>
<tr>
<td>The period when services are generally delivered</td>
<td></td>
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</tbody>
</table>

Filing Window: JAN
Funding Year starts: JUL
Funding Year ends: DEC
WHO CAN GET DISCOUNTS?

• Elementary and secondary schools and school districts
  – Public, private, charter, parochial, Tribal
  – Non-traditional facilities (Pre-K, Head Start, juvenile justice, adult education) are eligible if they fit their state's definition of elementary/secondary education
    – Look up non-traditional facility eligibility on our website

• Libraries and library systems
  – Public, private, academic, research, Tribal
  – Bookmobiles and kiosks

• Consortia
  – Eligible entities that band together to aggregate demand and negotiate lower prices
THE BASICS

BENEFITS OF A CONSORTIUM

• Beneficial for small schools and libraries
• Consortium applications are more streamlined than previous years
• Only one member of the consortium (the leader) files forms
• Apply together on one application filed by one person
• Tribal schools and libraries can share expertise on E-rate by combining knowledge resources they otherwise wouldn’t have
• For example:
  – All schools and libraries on a reservation could work together
  – Several small Tribal lands in a region could join forces e.g. pueblo libraries of New Mexico
## WHAT PRODUCTS AND SERVICES ARE ELIGIBLE?

<table>
<thead>
<tr>
<th>Category One</th>
<th>Category Two</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services are data transmission services, internet access, and voice services</td>
<td>Services are internal connections, managed internal broadband services, and basic maintenance of internal connections</td>
</tr>
</tbody>
</table>
| • Funding provided for each year | • Funding provided for a 5-year period  
• Budget (limit) on funding amount |
THE BASICS

PRODUCTS & SERVICES ELIGIBLE FOR E-RATE

Some examples include:

| Wireless Internet (including microwave) | Routers, switches, and modems |
| Satellite service | Access points for LANs or WLANs |
| Basic technical support | Installation, activation, and initial configuration |
| T-1, T-3, etc. | Supporting software |
| Leased fiber | Repair and upkeep of hardware |
| VoIP and voice services (phasing down support but still eligible!) | Firewall services |

Every year, the FCC publishes a list of products and services that are eligible for E-rate funding.
THE BASICS

PRODUCTS & SERVICES ELIGIBLE FOR E-RATE: SPECIAL CONSTRUCTION

- Special construction projects for lit fiber, leased dark fiber, and self-provisioning are a Category One service. The eligible components are:
  - Construction of network facilities
  - Design and engineering
  - Project management
- Installment payments up to four years are allowed
- Receive guidance on Requests for Proposal (RFPs)
THE BASICS

STATE MATCHING FOR SPECIAL CONSTRUCTION

• The E-rate program will match certain outside funding up to an additional 10% for special construction
• For Tribal school & libraries including BIE schools, the funding must come from states, Tribal governments, or other federal agencies
• Out-of-pocket costs on special construction could be reduced to zero
QUICK QUIZ!
THE BASICS
QUESTIONS?
THE BASICS
DISCOUNTS

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YOUR E-RATE DISCOUNT

- Discounts range from 20% to 90% for Category 1 and 20% to 85% for Category 2
- Discount rate depends on three things:
  1) Poverty level of your school/school district
  2) Urban or rural status
  3) What category of service you’re requesting
- Tribal schools and libraries are usually eligible for a discount of 80 to 90%
YOUR LOCAL POVERTY LEVEL

- Most applicants use the National School Lunch Program (NSLP) to determine their poverty level
  - Alternate methods are available
- Use the NSLP numbers from your **school district**
  - Libraries use the district they’re located in
  - Library systems must use the district the main branch is located in
  - Schools that are members of districts use district average
  - **Exception:** Independent schools calculate based on their own student population
DISCOUNTS

URBAN OR RURAL STATUS

• Based on 2010 census data
  – Many tribal schools and libraries are rural

• Check your status on our [website](#)

• School districts and library systems
  – The whole district or system is considered rural if more than 50% of the district’s schools or system’s libraries are rural
DISCOUNTS

CATEGORIES OF SERVICE

Your discount also depends on what type of service you are purchasing

Category One

Up to 90%

Category Two

Up to 85%
## DISCOUNTS

### LOOK UP YOUR DISCOUNT

<table>
<thead>
<tr>
<th>INCOME</th>
<th>Category One Discount Levels</th>
<th>Category Two Discount Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of students eligible for NSLP</td>
<td>URBAN DISCOUNT</td>
<td>RURAL DISCOUNT</td>
</tr>
<tr>
<td>Less than 1%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>1% to 19%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>20% to 34%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>35% to 49%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>50% to 74%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>75% to 100%</td>
<td>90%</td>
<td>90%</td>
</tr>
</tbody>
</table>
DISCOUNTS

CONSORTIUM DISCOUNTS

• A consortium’s discount is the simple average of its members’ discount levels
  – Members still use district-wide discount rates
  – Only consortia can get a discount that doesn’t come straight from the discount matrix
QUICK QUIZ!
DISCOUNTS
QUESTIONS?
DISCOUNTS
CATEGORY 2 BUDGETS

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5-YEAR CATEGORY TWO BUDGETS

- **Category Two** services are internal connections, managed internal broadband services, and basic maintenance of internal connections.
- The **full-price cost** of products/services that can receive E-rate discounts during this five-year period is called the “Category Two budget.”
- Spend the budget during a **five-year** period:
  - Use all funding in one year, or
  - Use a little bit each of the five years
- Each individual school or library branch gets its own budget (budgets cannot be shared with other entities)
- There is no budget for Category One services
CATEGORIE 2 BUDGETS

WHAT’S MY BUDGET?

Budgets are based on the number of students (for schools) or the square footage (for libraries)

- **Schools**: total students (including part-time) x $150
- **Libraries**: all internal square footage x $2.30 ($5/sqft for some urban libraries)
- $9,200 funding floor

Budget amount is re-calculated every year

- More students or construction on library means increased budget
- Less students or downsizing means decreased budget
  - You don’t have to pay back funds already used
CATEGORY 2 BUDGETS

CATEGORY TWO BUDGET EXAMPLES

EXAMPLE #1: SCHOOL

# of students x $150 =

Your five-year Category Two budget

5,063 students x $150 = $759,450

$759,450 is the pre-discount (full price) cost of the products and services that you can receive E-rate program funding for over your five-year period.

$759,450 x 85% = $645,532.50

If the school has an 85% discount rate, it can receive E-rate discounts of up to $645,532.50 over five years.
### CATEGORY TWO BUDGET EXAMPLES

**EXAMPLE #2: LIBRARY**

\[
\text{# of square feet} \times \$2.30 = \text{Your five-year Category Two budget}
\]

\[
6,088 \text{ ft}^2 \times \$2.30 = \$14,002.40
\]

\$14,002.40\text{ is the pre-discount (full price) cost of the products and services that you can receive E-rate program funding for over your five-year period.}

\[
\text{\$14,002.40} \times 85\% = \$11,902.04
\]

If the library has an 85% discount rate, it can receive E-rate discounts of up to \$11,902.04 over five years.
CATEGORY TWO BUDGET EXAMPLES

EXAMPLE #3: SMALL SCHOOL

# of students x $150 =
Your five-year Category Two budget
45 students x $150 = $6,750 -> $9,200

The school’s budget is automatically raised to the Category Two budget floor of $9,200.

$9,200 x 85% = $7,820

If the library has an 85% discount rate, it can receive E-rate discounts of up to $7,820 over five years.
CATEGORY 2 BUDGETS

NON-INSTRUCTIONAL FACILITIES (NIFS)

- NIFs are buildings with no classrooms or areas for library patrons
  - e.g. administrative buildings
- No Category Two services for non-instructional facilities unless it is essential for the transport of information to a school or library
- No Category Two budgets for NIFs
  - If NIF is essential for transport cost-allocate the NIF costs to the entities benefiting from the service
Unlike funding for Category One services, a Category Two budget must be spent by the specific school/library it was calculated for:
- The funds cannot be shifted or averaged across school districts or library systems

Use it or lose it:
- No carry-over if you don’t use your budget during the 5-year period
QUICK QUIZ!
CATEGORY 2 BUDGETS
QUESTIONS?
CATEGORY 2 BUDGETS
HOW TO APPLY

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HOW TO APPLY

APPLICATION PROCESS

To apply for E-rate Program funding…

1. Post an RFP (FCC Form 470)
2. Request Discounts (FCC Form 471)
3. Start Services
4. Invoice
How to Apply

• Apply online
  – The E-rate Productivity Center (EPC) is the account and application management portal for E-rate
  – Call (888) 203-8100 to set up a new account

• Still migrating from our old system
  – Most, but not all, forms available in EPC
QUESTIONS?
HOW TO APPLY
THANK YOU!

**E-RATE 101: INTRO TO THE E-RATE PROGRAM**
BREAK

NEXT PRESENTATION: E-RATE PROGRAM APPLICATION PROCESS, PART 1

usac.org/sl • TribalTraining@usac.org • (888) 203-8100