



E-rate Program Overview

2017 E-rate Training



Universal Service
Administrative Co.

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AGENDA

1. The Basics
2. Discounts
3. Category 2 Budgets
4. How to Apply

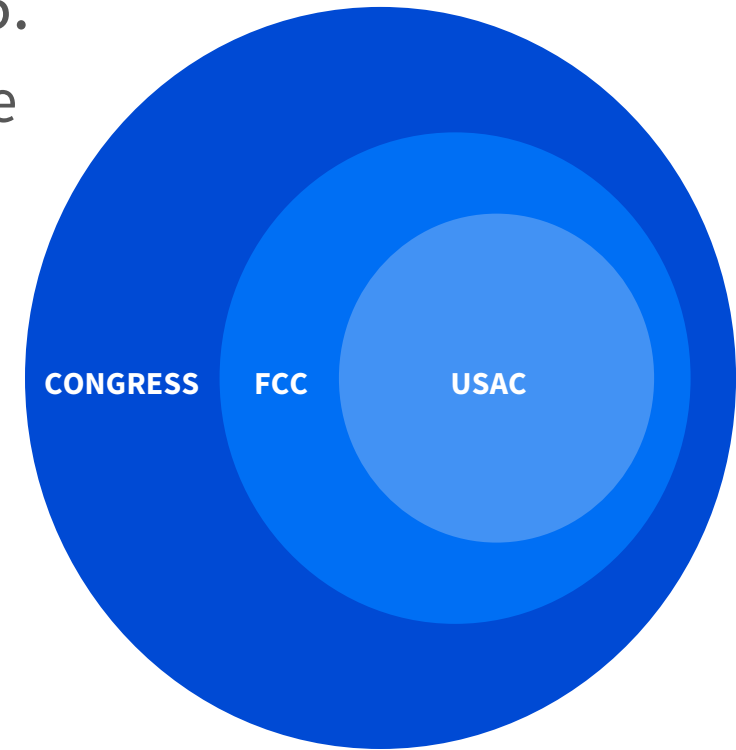
WHAT IS THE SCHOOLS AND LIBRARIES (E-RATE) PROGRAM?

Helps ensure that schools and libraries can obtain high-speed Internet access and telecommunications at an affordable rate

Keeps students and library patrons connected to broadband by providing a discount on eligible services

WHO MAKES THE RULES?

- Congress wrote the Telecommunications Act of 1996.
 - Part of this act directed the FCC to establish and oversee the E-rate program.
- The FCC sets rules and policies for the program through “Orders”.
 - These orders determine how USAC administers the day-to-day operations of the E-rate program.
- USAC develops procedures, such as how to process applications.
 - USAC’s procedures are reviewed and approved annually by the FCC.



TIMELINE

The Funding Year (FY)

- E-rate funding commitments are made by funding year.
- USAC refers to the funding year as the year in which most services will begin.
- Funding years run from July 1 to June 30 (e.g., FY2017 = July 1, 2017 to June 30, 2018).

JANUARY 2018

JULY

DECEMBER

FY2017 ends June 30

FY2018 begins July 1

WHO CAN GET DISCOUNTS?

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

WHO CAN GET DISCOUNTS?

- Libraries and library systems
 - Public, private, academic, research, Tribal are types of libraries and library systems.
 - Bookmobiles and kiosks are eligible if they are considered library branches in their state.
- Consortia
 - Eligible entities can form consortia by banding together to aggregate demand and negotiate lower prices.

CONSORTIUM BENEFITS

- Beneficial for small schools and libraries or those inexperienced with E-rate.
 - Only one member of the consortium files forms (the consortium leader)
 - Apply together on one application
 - Share expertise by combining knowledge resources
- Consortium applications are more streamlined than previous years.
- Consortia can also include ineligible entities under limited circumstances and subject to cost allocation requirements.

WHAT PRODUCTS AND SERVICES ARE ELIGIBLE?

Category One (C1)

Data Transmission Services and
Internet Access

Category Two (C2)

Internal Connections, Managed Internal
Broadband Services, and Basic
Maintenance of Internal Connections

PRODUCTS & SERVICES ELIGIBLE FOR E-RATE

- Every year, the FCC publishes the [Eligible Services List](#), which governs the eligibility of products and services in the upcoming funding year.
 - FCC issues a Public Notice attaching a draft eligible services list and seeking comments on it
 - FCC reviews comments received, then issues an order with the final list
 - Some examples of products and services include:

CATEGORY ONE EXAMPLES	CATEGORY TWO EXAMPLES
Leased lit fiber	Access points
Ethernet	Switches
Multi-Protocol Label Switching (MPLS)	Routers
OC-1, OC-3, OC-12, OC-n	Supporting software used to distribute high-speed broadband
Satellite Service	Installation, activation, and initial configuration

E-RATE PROGRAM BUDGET

- Funding is capped at \$3.99 billion.
 - The cap is adjusted annually for inflation.
 - \$1 billion funding target for “Category Two” funding.
- Once per year, the FCC may direct USAC to roll over unused funds from prior funding years into the next funding year.

YOUR E-RATE DISCOUNT

- Discounts range from 20% to 90% for Category 1 services and from 20 to 85% for Category 2 services.
- Discounts are calculated using three pieces of information:
 - Poverty level
 - Urban or rural status
 - Service type

DISCOUNTS: YOUR POVERTY LEVEL

- The E-rate program uses the National School Lunch Program (NSLP) to determine poverty level.
 - [Alternative Discount Mechanisms](#) can also be used
- Discounts depend on the percentage of students who are eligible for NSLP.

DISCOUNTS: YOUR POVERTY LEVEL

- Discounts are calculated for the school district or the library system (not for individual schools or library branch).
 - Library system members must use the NSLP calculation from the school district of the main branch's location.
 - Schools that are members of school districts use their district's average.
 - An independent school or library: An independent school calculates its NSLP figures based on its own student population, and an individual library uses the NSLP figure for the school district in which it is located.

DISCOUNTS: URBAN OR RURAL STATUS

- Urban or rural status is based on 2010 census data.
- Check your status on our [website](#).
- School districts are considered rural if more than 50% of its schools are rural.
- Library systems are considered rural if more than 50% of its branches are rural.

DISCOUNTS: CATEGORIES OF SERVICE AND VOICE PHASE DOWN

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

CATEGORY ONE

UP TO 90%

CATEGORY TWO

UP TO 85%

VOICE SERVICES

**Up to 10% for
FY2018**

LOOK UP YOUR DISCOUNT

INCOME <i>% of students eligible for NSLP</i>	Category One Discount Levels		Category Two Discount Levels	
	URBAN DISCOUNT	RURAL DISCOUNT	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%

VOICE SERVICE DISCOUNT FOR FY2018

(last year of voice phase down)

- For FY 2018 – only applicants at a 90% discount level will be eligible for support at 10%

	VOICE Discount Levels	
INCOME <i>% of students eligible for NSLP</i>	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	0%	0%
1% to 19%	0%	0%
20% to 34%	0%	0%
35% to 49%	0%	0%
50% to 74%	0%	0%
75% to 100%	10%	10%

CONSORTIUM DISCOUNTS

- A consortium's discount is the simple average of its members' discount levels.
 - Members still use district-wide discount rates for their individual calculation.
 - Only consortia can get a discount that doesn't appear on the discount matrix.
 - The discount calculation for each consortium FCC Form 471 is based on the discounts of the members who share the services on that form.
 - ◊ In other words, consortia do not always have the same discount across all of their program forms.

FIVE-YEAR CATEGORY TWO (C2) BUDGETS

- USAC calculates a C2 budget for each individual school or library branch.
 - The budget for one entity cannot be shared with other entities in a consortium, district, or system.
- The school or library can receive discounts on the cost of C2 services up to its C2 budget amount. It can:
 - Spend the budget over a five-year period,
 - Use the entire budget in one funding year,
 - Allocate over five different funding years,
 - Spend the budget on one, two, or all three of the C2 service types.

FIVE-YEAR CATEGORY TWO (C2) BUDGETS

- The C2 budget is re-calculated every year.
 - More students in a school or expansion of the library results in a budget increase.
 - Fewer students in a school or downsizing in a library results in a budget decrease.
 - ◇ If the C2 budget decreases below funding already spent for the five-year period, the school or library does not have to reimburse USAC for the discount on the difference between the budget and the pre-discount amount.
- The C2 budget multiplier is adjusted each year for inflation.

WHAT'S MY FIVE-YEAR C2 BUDGET?

(All figures are for FY2017)

- Pre-discount budget calculations are based on the number of students (for schools) or the square footage (for libraries).
 - Schools:
 - ◇ Total students (including peak part-time) x \$153.47
 - Libraries:
 - ◇ Total internal square footage x \$2.35
 - ◇ For urban libraries with Institute of Museum and Library Services (IMLS) locale code of 11, 12, 21, the calculation is total internal square footage x \$5.12

WHAT'S MY FIVE-YEAR C2 BUDGET? (All figures are for FY2017)

- Minimum budget of \$9,412.80
 - If the budget calculation results in a value less than \$9,412.80, the school or library's pre-discount budget is set at the minimum budget
- Remaining C2 Budget = (Pre-discount budget) – (Pre-discount amounts committed in prior funding years)

C2 BUDGET EXAMPLES

Example #1 – School (using FY2017 numbers)

Formula:

students x **\$153.47** = FY2017 five-year pre-discount C2 budget

Total number of students: 1,000

FY2017 multiplier: \$153.47

Calculation:

FY2017 C2 pre-discount budget : 1,000 students x \$153.47 = \$153,470

The school then subtracts any pre-discount C2 funding requests from FY2016 and FY2015.

If the school requested support for \$90,000 in C2 services in FY2016 and \$10,000 in FY2015 (\$100,000 pre-discount), the FY2017 remaining balance would be **\$53,470.**

C2 BUDGET EXAMPLES

Example #2 - Library (using FY2017 numbers)

Formula:

Internal ft² x **\$2.35** = FY2017 five-year
C2 pre-discount budget

Total internal square footage: 5,000

FY2017 Multiplier: \$2.35

Calculation:

FY2017 calculation: 5,000 square feet x \$2.35
= \$11,750 pre-discount

The library then subtracts any pre-discount
C2 funding requests from FY2016 and FY2015.

If the library requested \$0 in FY2016 and
\$5,000 in FY2015 (\$5,000 pre-discount), the
FY2017 remaining balance would be **\$6,750**.

C2 BUDGET EXAMPLES

Example #3 –Small School (using FY2017 numbers)

Formula:

students x **\$153.47** = FY2017 five-year
C2 pre-discount budget

Total number of students: 45

FY2017 multiplier:\$153.47

Budget floor in FY2017: \$9412.80

Calculation:

C2 budget calculation: 45 students x \$153.47 =
\$6,906.15

\$6,906.15 < \$9,412.80, so the school's budget is
automatically raised to the budget minimum of
\$9,412.80

Actual C2 pre-discount budget amount: \$6906.15 →
\$9412.80

The school then subtracts any pre-discount C2 funding
requests from FY2016 and FY2015. If the library
requested \$0 in FY2016 and \$9,200 in FY2015 (pre-
discount), the remaining balance would **be \$212.80** in
FY2017.

OTHER CATEGORY 2 BUDGET INFORMATION

- NIFs are school buildings with no classrooms or library buildings not open to the public (e.g., administrative buildings). NIFs do not have C2 budgets.
 - If the NIF is essential for the transport of the services to a school or library, the entities benefiting from the services must allocate the costs from their budgets.
 - If the NIF receives services for itself, those costs must be allocated out of the funding request.
- Read the [C2 Budget Tool User Guide](#) and check the [Category Two Budget Tool](#) and using your entity number on the USAC Tools website.
 - Applicants can return unused committed funds from prior funding years using the FCC Form 500.

E-RATE PRODUCTIVITY CENTER (EPC)

- EPC is the E-rate account management and application portal for applicants, service providers and consultants.
- In EPC you can:
 - File most program forms
 - Maintain a list of your related entities (e.g. individual schools for districts, library branches for library systems, and consortium members for consortia)
 - Update your entity information (e.g. contact information and entity information such as student counts and square footage)
 - Add additional users on your organization's account and assign them rights (permissions) to file forms.

HOW TO APPLY

- Call our Client Service Bureau at call (888) 203-8100 to set up an account in EPC and make sure your school or library has a Billed Entity Number (an ID number assigned by E-rate).

1.

Request services
(FCC Form 470),
run a competitive
bid process, and
select a vendor

2.

Request funding
(FCC Form 471)
and undergo
application review

3.

Confirm the start
of services and
status of CIPA
compliance
(FCC Form 486)

4.

Request
reimbursements
(FCC Form 472)
OR receive
discounts
(FCC Form 474)

Q&A SESSION

THANK YOU!