

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

E-RATE PROGRAM TRIBAL APPLICANT TRAINING

2016



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Administrative Co.

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

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## AGENDA

- **The Basics**

- What is the E-rate Program?
- Managers of the Program
- Timeline
- Eligibility
- Funding Cap

- **Discounts**

- **Category Two Budgets**

- **Application Process**



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# THE BASICS

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## THE BASICS

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### 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

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### WHO MANAGES THE E-RATE PROGRAM?

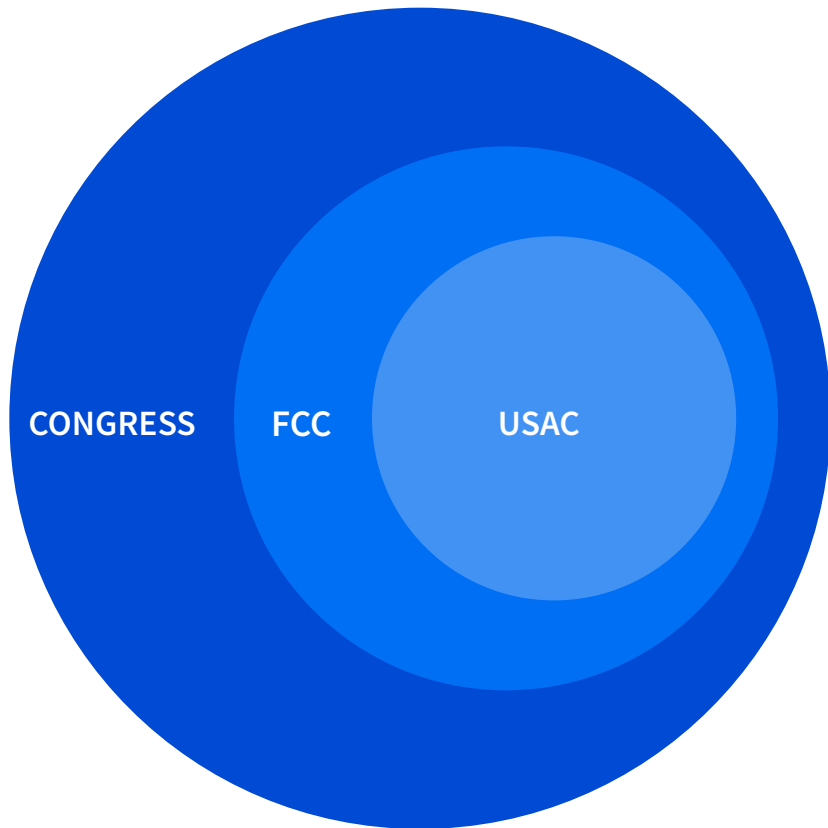
The Federal Communications  
Commission (FCC)  
established and oversees the E-rate  
Program

The Universal Service  
Administrative Company (USAC)  
handles day-to-day program  
operations

# THE BASICS

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## WHO MAKES THE RULES?



- 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

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## 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

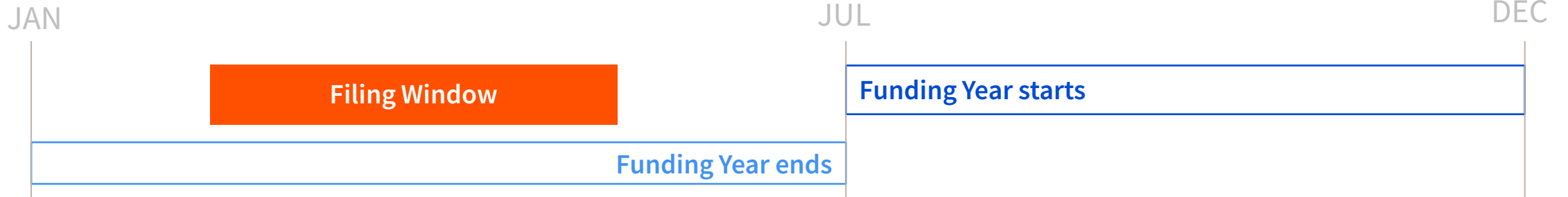
## TIMING

### Funding Year (FY)

- From July 1 to June 30
- FY2016 = July 2016 to June 2017
- The period when services are generally delivered

### Application Filing Window

- 4-6 months before the funding year starts
- Varies by year, but often January - March





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## 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

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## 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

# DISCOUNTS

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## WHAT PRODUCTS AND SERVICES ARE ELIGIBLE?

### Category One

Services are data transmission services, internet access, and voice services

- 
- Funding provided for each year

### Category Two

Services are internal connections, managed internal broadband services, and basic maintenance of internal connections

- 
- Funding provided for a 5-year period
  - Budget (limit) on funding amount

# THE BASICS

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## 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 <i>(phasing down support but still eligible!)</i>	Firewall services

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

# THE BASICS

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## 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)

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## STATE MATCHING FOR SPECIAL CONSTRUCTION

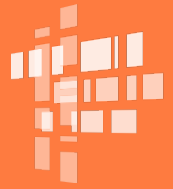
- The E-rate program will match certain outside funding up to an additional 10% for special construction
- For Tribal school & libraries including BIE schools, the funding must come from states, **Tribal governments, or other federal agencies**
- Out-of-pocket costs on special construction could be reduced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



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# QUICK QUIZ!

## THE BASICS



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# QUESTIONS?

## THE BASICS





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# DISCOUNTS

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# 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%**

# DISCOUNTS

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## 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

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## 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

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## CATEGORIES OF SERVICE

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

Category One

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Up to 90%

Category Two

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Up to 85%

# DISCOUNTS

## LOOK UP YOUR DISCOUNT

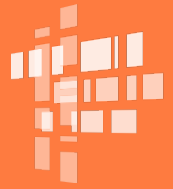
INCOME <i>% of students eligible for NSLP</i>	Category One Discount Levels		Category Two Discount Levels	
	URBAN DISCOUNT	RURAL DISCOUNT	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%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

# DISCOUNTS

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## 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



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# QUICK QUIZ!

## DISCOUNTS





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# QUESTIONS?

## DISCOUNTS



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# **CATEGORY 2 BUDGETS**

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

# 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

## CATEGORY 2 BUDGETS

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### 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

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## 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.

$\$759,450 \times 85\% = \$645,532.50$

If the school has an 85% discount rate, it can receive E-rate discounts of up to **\$645,532.50** over five years.

# CATEGORY 2 BUDGETS

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## CATEGORY TWO BUDGET EXAMPLES

### EXAMPLE #2: LIBRARY

# of square feet x \$2.30 =  
Your five-year Category Two budget

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

**\$14,002.40** 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.

$$\$14,002.40 \times 85\% = \$11,902.04$$

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

# CATEGORY 2 BUDGETS

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## 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.

$\$9,200 \times 85\% = \$7,820$

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

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### 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



## CATEGORY 2 BUDGETS

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### OTHER NOTES...

- 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



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## CATEGORY 2 BUDGETS



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# QUESTIONS?

## CATEGORY 2 BUDGETS



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# HOW TO APPLY

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# HOW TO APPLY

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## 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

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- 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



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# QUESTIONS?

HOW TO APPLY



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**THANK YOU!**

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## **BREAK**

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

[usac.org/sl](http://usac.org/sl) • [TribalTraining@usac.org](mailto:TribalTraining@usac.org) • (888) 203-8100