## WHAT IS E-RATE?

The Federal Communication Commission's (FCC) Universal Service for Schools and Libraries Program (often referred to as E-rate) is one of four such Universal Service Fund (USF) programs. Funding for E-rate comes from USF fees collected by telecommunications providers. Known as a "discount" program, E-rate provides schools and libraries with subsidies on telecommunications and Internet access services based on their level of need. The discount can range between 20 and 90 percent and is based on the percentage of local students qualifying for free or reduced lunch under the National School Lunch Program (NSLP). Schools and libraries can research their E-rate eligibility at  http://www.usac.org/sl/. The program is currently capped at $3.9 billion. Additionally, it should be noted that specifically defined public libraries are eligible for discounts on E-rate eligible services.

Authorized under the Telecommunications Act of 1996, E-rate's authors focused the program on connecting all schools and libraries to the Internet. Since the FCC's 2014 E-rate modernization orders, the E-rate's goal is to ensure that all schools and libraries have ample bandwidth to meet the educational needs of students and library patrons. To accomplish this goal, E-rate provides public and private schools and public libraries with support for:

**Category One:** Data Transmission Services and Internet Access (Broadband). Category One services include internet access and data transport between school facilities. Discounts are provided as a percent of total eligible project costs.

**Category Two:** Internal Connections/Managed Internal Broadband Services (Wi-Fi). Category Two services includes internal connections (Wi-Fi) within a school. Discount maximums are determined by school enrollment and poverty level.

### How is the program implemented?

The Universal Service Administrative Company (USAC) is an independent, not-for-profit corporation designated by the FCC to protect the integrity of universal service through informing and educating program audiences, collecting and distributing contributions, and ensuring program compliance. USAC administers the E-rate program, including operating the application process, reviewing applications, conducting audits, and providing technical support to state and district E-rate coordinators. Services are published annually in the "Eligible Services List."

### How do I apply for E-rate discounts?

The E-rate application process is quite involved and is an ongoing process throughout the year. An eligible applicant must complete four distinct and dependent stages of the application process:

1. **Competitive Bidding:** Procurement/Bidding of the eligible services through a fair and open "Competitive Bidding" Process. Following State Bid Laws and E-rate rules the applicant must choose the most cost effective solution for meeting their needs. (FCC Form 470)

2. **Applying for Discounts:** Once an applicant determines the most cost effective solution and the resulting service provider, the applicant must file an application describing the services to be ordered, certifying the discount rate and other certifications required by E-rate program rules. (FCC Form 471)

3. **Starting Services:** Upon the review processes performed by the E-rate application reviewers, applications are either awarded or denied the requested discounted services. In the event they are awarded the requested discounts, the applicant must confirm the services' start date and make further certifications such as CIPA compliance. This opens the invoicing process. (FCC Form 486)

4. **Invoicing:**  Applicants may receive their awarded discounts through discounts provided by the awarded Service Provider's bill(s) to the applicant or the applicant may choose to pay the bill in full and then file to get their discounts reimbursed.

## Key Information
- E-rate is a reimbursement program; it is not a grant program.
- The E-rate application process is on-going throughout the year.
- Reimbursement and/or discounts are dependent on approval.
- The program allows discounted billing or reimbursement as payment options.
- E-rate applicants are responsible for paying the "non-discounted share" and keeping application documentation.

## Responsible Party
- As an applicant of E-rate, districts are responsible for the non-discounted share of costs related to the services.
- As part of the application process, the primary school district lead must certify: "I certify, as executive officer, that the entity I represent has budgeted and secured access to all of the financial resources necessary to pay its share of the full amount of the services, should E-rate ever be denied or discontinued."
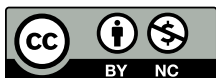
## General Timeline
- **Fall:** Procurement (470)
- **Winter:** 471 Application Due
- **Spring:** Application Review (471)
- **Summer:** Funding Commitments (486) Services Begin July 1

   **\*\*Process is dependent on state and local procurement requirements.**

**For more details on the application process:** USAC E-rate Flow Chart

To stay most up to date on the E-rate visit: http://fcc. gov/E-rate-update.

## Background
This document was developed by SETDA's E-rate Special Interest Group.