

# Calculating Discounts

## What We Do and Why We Do It

### Schools and Libraries Division

Washington, DC • Seattle • Denver • Chicago • Newark • Los Angeles • Atlanta

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- Basic discount calculations
- Alternative discount mechanisms
- Surveys
- Non-instructional facilities
- Snapshots
- New construction

# Basic Calculations

- E-rate discounts depend on:
  - The percentage of students eligible for the National School Lunch Program (NSLP) or an equivalent measure of poverty
  - The urban or rural status of the county or census tract in which the school or library building is located
- USAC may request third-party verification of student counts submitted by applicants

# Discount Matrix

Percent of Eligible Students	Urban	Rural
Less than 1%	20%	25%
1% - 19%	40%	50%
20% - 34%	50%	60%
35% - 49%	60%	70%
50% - 74%	80%	80%
75% - 100%	90%	90%

# Basic Calculations

- Individual school calculation:
  - Calculate the percentage of students eligible for NSLP in that school
  - Use the urban or rural status of the county or census tract in which the school is located

# Basic Calculations

- School district calculation:
  - Calculate the E-rate discount for each individual school in the school district
  - Calculate the weighted average discount
    - For each school, multiply the E-rate discount by the total student population of the school (the weighted product)
    - Add all weighted products and divide by the total number of students in the school district

# Basic Calculations

- Library outlet/branch calculation:
  - Calculate the percentage of students eligible for NSLP in the school district in which the library building is located
  - Use the urban or rural status of the county or census tract in which the library outlet/branch is located

# Basic Calculations

- Library system calculation:
  - Calculate the E-rate discount for each library outlet/branch in the library system
  - Calculate the simple average discount
    - Add together the discounts for the outlet/branches and divide by the total number of outlets/branches



# Basic Calculations

- Consortium calculation:
  - Calculate the E-rate discount for each individual member of the consortium
  - Calculate the simple average of all the member discounts

# PIA Review - NSLP

- During review of your Form 471, USAC may ask for:
  - NSLP claim forms (one month only)
    - You can redact any personal information
    - Electronic copies are acceptable
  - Third-party verification of student counts
    - State website
    - Letter from state official

# Alternative Mechanisms

- Provisions 1, 2, and 3 (NSLP)
  - Alternate provisions under National School Lunch Act that allow schools that meet certain requirements to report to NSLP less often than annually
    - USAC may ask for base-year documentation and state renewal approval
    - Applicant uses the student counts approved under the appropriate provision

# Alternative Mechanisms

- Special provisions for U.S. Virgin Islands and Puerto Rico (NSLP)
  - State agencies in USVI and PR provide free meals to all children under their jurisdiction but must conduct a triennial survey and meet certain requirements
    - USAC bases discount calculations on the actual results of triennial survey

# Alternative Mechanisms

## ■ Head Start (NSLP)

- Head Start is a federal program that provides comprehensive developmental services for low-income children ages three to five
  - Head Start students meet free lunch guidelines under NSLP, so Head Start entities can apply for a 90% discount
  - Children under age three are never considered eligible and must be cost-allocated out

# Alternative Mechanisms

- **Direct certification (NSLP)**
  - State social services agency works with local educational authority to directly certify students for NSLP based on household participation in other poverty-based programs
    - USAC will accept the student counts determined using this method if the school can demonstrate participation in direct certification

# Alternative Mechanisms

- Other alternative discount mechanisms measure a level of poverty in a household equivalent to that required by NSLP
  - Income Eligibility Guidelines (IEGs) are published each year by the U.S. Department of Agriculture (USDA)
  - 185% of the federal poverty guideline

# Alternative Mechanisms

- **Examples**
  - Medicaid
  - Food stamps
  - Supplementary Security Income (SSI)
  - Section 8 (federal public housing assistance)
  - Low Income Home Energy Assistance Program (LIHEAP)



# Alternative Mechanisms

- Other programs can be used as mechanisms **ONLY IF** their requirements are at least as stringent as IEGs
  - Examples of programs that **do not** automatically qualify
    - Temporary Aid to Needy Families (TANF)
    - Title 1 eligibility
    - Scholarship programs

# Surveys

- Applicants can conduct surveys to establish eligibility (see [sample survey](#))
  - Survey requirements:
    - Must be sent to all families whose children attend the school
    - Must contain names of family and students
    - Must contain size of family
    - Must contain income level of family
    - Data must not be more than two years old

# Surveys

- NSLP form **CANNOT** be used as a survey
- Surveys can request information on household income level or participation in eligible alternative mechanisms or both
- Retain copies of all surveys for your records

# Surveys

- With one exception, applicants must be able to provide data on an individual student basis
  - Exception: if a school sends a survey to the households of all of its students and at least 50% of the surveys are returned, the school may project a percentage of eligibility based on the percentage of eligibility in the returned surveys

# Survey Tips

- Review [USAC guidance](#) when constructing your survey
- Send one survey per household, not one survey per student (some households may have more than one student that attends your school)
- Redact personal information as appropriate before submitting survey copies to PIA
- Number your individual surveys sequentially and provide a key to PIA to show how the surveys support your discount

# Other Sources

- Applicants can match siblings or collect data from other existing sources
  - Example: if a elementary school student from a household participates in NSLP, an older sibling in that household can be counted as eligible
  - Maintain adequate documentation

# Combining Sources

- Applicants can report NSLP participation OR combine results from non-NSLP alternative discount mechanisms to arrive at the total number of eligible students, but you cannot combine the two methods
  - For example, a school can combine the results of an income survey, a verification of household participation in poverty-based programs with IEGs equivalent to NSLP, and a sibling match
    - However, the applicant must be able to demonstrate that no student was double-counted for the results to be combined

# Non-instructional Facilities

- Non-instructional facilities are school buildings with (few or) no classrooms or library buildings with no public areas
  - School examples:
    - Administration buildings
    - Bus barns
    - Athletic stadiums
  - Library examples:
    - Administration buildings
    - Bookmobile garages
    - Technology centers



# Non-instructional Facilities

- Eligible for Priority 1 services  
(Telecommunications Services and Internet Access)
- Eligible for Priority 2 services only if the services are essential for the effective transport of data to classrooms or public areas of a library

# Non-instructional Facilities

## Discounts for NIFs without classrooms

- In general, the discount for a NIF on the same campus as a school or library is the same as the discount of the school or library (unless it is shared)
- A NIF shared by more than one school in a school district or library in a library system is eligible for the shared discount for that school district or library system

# Non-instructional Facilities

- **Tip: To calculate the discount, complete two Form 471 Block 4 worksheets:**
  - One lists all individual schools in the district or library outlets/branches in the library system to calculate the NIF discount
  - One lists only the entities sharing service
    - List the NIF on this worksheet with the calculated non-matrix (shared) discount from the first worksheet
    - Cite THIS worksheet in Block 5 Item 22

# Non-instructional Facilities

- Some school NIFs may contain classrooms. If so,
  - Use the snapshot method to calculate the NIF discount

# Snapshot Method

- Choose a specific day
- Determine the percentage of students eligible for NSLP for the student population that attends class on that day
- Use that percentage and the urban/rural status to find the discount in the Discount Matrix
- Save your documentation

# New School Construction

- If a school is under construction –
  - If the student population is known, use the percentage of NSLP eligibility of those students to calculate the discount
  - If not, use the weighted average discount of the school district
  - Remember to complete two Block 4 worksheets as discussed previously

# New Library Construction

- If a library is under construction –
  - Use the simple percentage of NSLP eligibility for the school district in which the library building is located to calculate the discount
    - Total number of students eligible for NSLP in the school district divided by the total number of students in the school district



# Questions?