Calculating Discounts

Helping You Succeed

Schools and Libraries Division

Washington, DC • Newark • Atlanta• Chicago • Orlando • Los Angeles • Portland • Houston

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Overview

- Basic discount calculations

- Alternative discount mechanisms

- 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

- 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 total 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

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

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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 automatically qualify for 90% discount
    - Children under age three are never considered eligible and must be cost-allocated out
    - Home based Head Start is not eligible

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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

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Alternative Mechanisms

- 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

- 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

- **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

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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

Single Entity; Multiple Sites

- Discount
  - Discount is based on the total enrollment for the entity and NSLP data
  - Each location receives the same discount
- Entity Number
  - Obtain an entity number for each facility if the facility has a different address or a public right-of-way crosses the campus

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
  - 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

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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

- School NIFs that contain classrooms should use the 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

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New Schools and Libraries

- **Is it really a new school or library?**
  - Does the State consider this a replacement facility for the same school or library?
    - If yes, use current discount information
  - Does the State consider this a new school or library?
    - If yes, the may use New School Construction guidance

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

New School Construction

- **Charter and Private Schools**
  - Population unknown
    - 20% discount
    - **Cannot** use school district average
  - Population known
    - Must be able to provide support to show that specific population has been identified
    - Use that data to calculate discount rate

Questions?