



## E-rate Program

# Simplifying Discount Calculations

Fall 2014 Applicant Trainings

© 2014 Universal Service Administrative Company. All rights reserved.



## Simplifying Discount Calculations

### Overview

- Revised Discount Matrix
- Simplified School District Calculations
- School Calculations
- Library System Calculations
- Consortia
- Urban/Rural Classifications
- Alternative Discount Mechanisms
- Discount Exceptions

Simplifying Discount Calculations | Fall 2014 E-rate Program Applicant Trainings

2

© 2014 Universal Service Administrative Company. All rights reserved.



## Simplifying Discount Calculations

### New Discount Principles

- Discounts are calculated for the organization as a whole.
- Discount rates do not change based on which entities within a district/system are receiving service.
- Libraries derive their discount from the NSLP eligibility of the district in which the main outlet is located.
- Consortia continue to use simple average of member discounts.
- Rural status is determined at the district/system level and only if more than 50% of schools or libraries are rural.



## Revised Discount Matrix

	Category one schools and libraries discount matrix		Category two schools and libraries discount matrix	
	Discount level		Discount level	
% of students eligible for National School Lunch Program	Urban discount	Rural discount	Urban discount	Rural discount
< 1.....	20	25	20	25
1-19.....	40	50	40	50
20-34.....	50	60	50	60
35-49.....	60	70	60	70
50-74.....	80	80	80	80
75-100.....	90	90	85	85

Note lower top discount rate for Category Two services.



## Simplifying Discount Calculations

### School Districts

- All schools in the school district get the same discount.
  - Simplifies process by not having to calculate multiple discount rates for different groups of schools.
  - When eligible, Non-Instructional Facilities (NIFs) get the same discount as the schools in district.
  - Single schools within a district never get their own discount rate, even if they are the only school receiving that service.
  - Urban/Rural status based on all of the schools in the district (not including NIFs).



## Simplifying Discount Calculations

### Defining “school district”

- School districts can be public or non-public
  - Schools fall under the control of a central educational agency
  - Traditional public school districts
  - Charter school “districts”
    - Multiple charter schools that share common board and are not individually responsible for their finances and administration.
  - Non-public school “districts”
    - Diocesan schools or other groups of private schools are not individually responsible for their finances and administration.



## Simplifying Discount Calculations

### Schools

- All schools in the school district get the district discount, even if they apply individually or are the only recipient of service.
- Independent schools, not part of a district, calculate their discounts based on their own student population.
- Independent schools, not part of a district, determine urban/rural status based on their own physical address.



## Simplifying Discount Calculations

### Libraries and Library Systems

- Libraries get their discount based on the percentage of student eligible for the NSLP in the school district in which the main outlet is located.
  - No longer calculate discount based on all districts in which library system has outlets.
- Libraries calculate their own urban/rural status based on their own outlets. Therefore, the library system's discount may not match the school district's discount rate.
  - Bookmobile and kiosks count as library outlets.



## Simplifying Discount Calculations

### Non-Instructional Facilities (NIFs)

- By definition, NIFs are neither schools nor libraries.
- NIFs get the discount of the school district or library system, regardless of the entities they serve.
- NIFs with classrooms, like all other entities in the school district or library system, get the same district-wide discount.
- NIFs don't get an urban/rural status
  - NIFs get their discount from the district/system, regardless of their physical location and are not counted in the urban/rural determination.



## Simplifying Discount Calculations

### Consortia

- Consortia calculate their discount based on the simple average of their consortia members. However, all consortia members now are listed at their district-wide discount rate, even if only some schools in the district participate in the consortium.
  - Only consortia entities can get a discount that doesn't come straight from the discount matrix.
- All FRNs, regardless of the entities served, get the same consortia-wide discount rate.



## Urban/Rural Classification

### Urban/Rural Status Changes

- Urban/rural status is based on 2010 U.S. Census data.
- Urban/rural status is now determined for the entire school district or library system, instead of for individual schools or libraries.
- More than 50% of the entities in a district/system must be rural for district/system to be classified as rural.
- Non-instructional facilities do not get an urban/rural status and are not counted in the determination of whether more than 50% of the entities are rural.



## Urban/Rural Classification

### Is My Entity Rural?

Schools/School Districts	Libraries/Library Systems
More than 50% of all schools are in rural areas.	More than 50% of all library outlets are in rural areas.
Do not include NIFs in the determination.	Do not include NIFs in the determination.
If there are six schools in district, and three are rural, district is urban.	If there are six libraries in district, and four are rural, library system is rural.

### School District Discount Example

- School District A (10 schools)
  - Total student population 3,000 students
  - Total students eligible for NSLP = 1,000 students
  - All but one of the schools are located in urban areas, so district = urban
  - 1,000 students eligible for NSLP/3,000 students = 33% eligible

### School District Discount Example

- School District A

	Category one schools and libraries discount matrix		Category two schools and libraries discount matrix	
	Discount level		Discount level	
% of students eligible for National School Lunch Program	Urban discount	Rural discount	Urban discount	Rural discount
< 1.....	20	25	20	25
1-19.....	40	50	40	50
20-34.....	50	60	50	60
35-49.....	60	70	60	70
50-74.....	80	80	80	80
75-100.....	90	90	85	85

### School District Discount Example

- Library System ABC
  - Has library outlets in School Districts A, B, and C.
  - Main outlet is located in School District A.
    - Calculate NSLP eligibility based only on School District A's population.
  - Determine own urban/rural status based on library outlets.
    - Over 50% of library outlets are rural; therefore library system is rural.

### School District Discount Example

- Library System ABC

% of students eligible for National School Lunch Program	Category one schools and libraries discount matrix		Category two schools and libraries discount matrix	
	Discount level		Discount level	
	Urban discount	Rural discount	Urban discount	Rural discount
< 1.....	20	25	20	25
1-19.....	40	50	40	50
20-34.....	50	60	50	60
35-49.....	60	70	60	70
50-74.....	80	80	80	80
75-100.....	90	90	85	85





## Alternative Discount Mechanisms

### Surveys

- Surveys continue to be valid, though you can no longer extrapolate them.
- If you send out a survey to each student, and you only get responses from half, and only half of those are eligible, then you can only report 25% of your students as eligible for NSLP.
- Starting in FY 2015, you can use NSLP applications as your survey instrument, because you can no longer extrapolate the results.



## Alternative Discount Mechanisms

### Community Eligibility Program (CEP)

- Nationwide program to reduce NSLP paperwork burden.
- Schools must have at least 40% of their students directly certified to qualify for CEP.
- All students eat free, but this does not mean they are counted as eligible for E-rate purposes. Must still determine eligibility percentage.
- Schools apply national multiplier (1.6) to directly certified population to determine NSLP eligible population.
- Schools are capped at 100% NSLP eligible for purposes of determining the E-rate discount.



## Alternative Discount Mechanisms

### Community Eligibility Program (CEP)

- Single Charter School
  - School population = 1,000 students
  - 50% are direct certified = 500 students
  - 500 students \* 1.6 = 800 students eligible for NSLP
  - 800/1000 = 80% of students are eligible



## Alternative Discount Mechanisms

### Community Eligibility Program (CEP)

- Single Charter School Example

	Category one schools and libraries discount matrix		Category two schools and libraries discount matrix	
	Discount level		Discount level	
% of students eligible for National School Lunch Program	Urban discount	Rural discount	Urban discount	Rural discount
< 1.....	20	25	20	25
1-19.....	40	50	40	50
20-34.....	50	60	50	60
35-49.....	60	70	60	70
50-74.....	80	80	80	80
75-100.....	90	90	85	85

At this discount rate, no urban and rural difference .



## Alternative Discount Mechanisms

### Community Eligibility Program (CEP)

- School District Example
  - Calculate student population for each school
  - Calculate NSLP eligible population for each school
    - May require calculation for CEP schools
  - Sum NSLP eligible population for entire school district
  - Sum student population for entire school district
  - Calculate percentage of students eligible in district
  - Determine urban/rural status of district
  - Look up discount rate in discount matrix



## Discount Calculation Documentation

### Supporting Your Discount Rate

- Districts report TOTAL student counts
  - Document student counts used to arrive at your total numbers for PIA and audit purposes.
    - Remember how you determined numbers for each school and summed to determine total student counts (School A = CEP, School B = participation for Oct 2014, School C = survey, etc).
    - Optional worksheet in online FCC Form 471 keeps numbers for you.



## Discount Calculation Exceptions

### Exceptions to Discount Calculations

- Voice Services Phase Down
  - All voice service (POTS, Centrex, VOIP, cellular voice, etc.) are subject to 20 percentage point reduction per year from your regular discount
    - FY 2015 = Regular discount – 20%
    - FY 2016 = Regular discount – 40% etc.
- Category Two Top Discount
  - Top discount rate = 85% instead of 90%



## Advanced Discount Calculations

### One School; Three Discounts

- ABC Charter High School
  - Total student population = 1,000
  - Total student population eligible for NSLP = 800
    - = 80% students eligible for NSLP
  - Category One Discount = 90%
  - Category One Discount *for Voice* = 70% (90 - 20)
  - Category Two Discount = 85%



## Simplifying Discount Calculations

# Questions?



## Simplifying Discount Calculations

**With questions, please contact us!**

**Phone:** (888) 203-8100

**Fax:** (888) 276-8736

**Website:** [www.usac.org/sl](http://www.usac.org/sl)