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## Audit News Brief Series – Discount Calculations

March 12, 2008

This is the third in a series of four short News Briefs dedicated to issues identified during previous Beneficiary Audits. In this series, we will provide guidance to beneficiaries with respect to Schools and Libraries Program (Program) audit compliance. The primary purposes of these audits are to ensure compliance with Federal Communications Commission (FCC) rules and Program requirements and to assist in the prevention and detection of waste, fraud, and abuse.

For specific guidance, see the [Understanding Beneficiary Audits](#) area of the USAC website.

### Discount Calculation

All applicants that apply for Program support for eligible services must [calculate the discount](#) that the schools or libraries requesting support are eligible to receive.

### Discounts for Individual Schools

The discount level for an individual school is based on:

- The percentage of students eligible for free and reduced lunches under the National School Lunch Program (NSLP)
- Whether the location of the school is [urban or rural](#).

A school can use certain [alternative methods](#) instead of NSLP to determine the level of poverty, as long as those methods are based on – or do not exceed – the same measure of poverty used by NSLP, which is 185% of the federal poverty guideline. These federally approved alternative methods can use data collected through surveys or from existing sources.

### Discounts for School Districts

If the individual schools in a school district will share a service, their shared discount is the weighted average of the discounts of the individual schools.

### Discounts for Libraries

A library outlet or branch calculates its NSLP percentage by dividing the total number of students eligible for NSLP in the school district in which it is located by the total number of students in the district. It also must determine if its location is [urban or rural](#).

### Discounts for Consortia of Schools and/or Libraries

The discount for a consortium is the simple average of the discounts of all its members, whether they are individual schools, library outlets/branches, school districts, or library systems.

### Discount Matrix

Applicants use the [discount matrix](#) to determine the correct discount level for an individual school or library outlet/branch using the appropriate NSLP percentage and the urban or rural status.

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