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September 19, 2014

Please continue to check the [E-rate Modernization Order web page](#) for links to additional information.

TIP OF THE WEEK: If you want to request an extension of the deadline for delivery and installation of FY2013 non-recurring services, your request must be received or postmarked on or before the deadline to receive those services, which is generally September 30. Remember that the applicant – not the service provider – must submit this request on an FCC Form 500.

Commitments for Funding Years 2014 and 2013

Funding Year 2014. USAC will release Funding Year (FY) 2014 Wave 20 Funding Commitment Decision Letters (FCDLs) on September 24. This wave includes commitments for approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. As of September 19, FY2014 commitments total over \$1.89 billion.

Funding Year 2013. USAC will release FY2013 Wave 66 FCDLs on September 25. This wave includes commitments for approved Priority 1 requests at all discount levels. As of September 19, FY2013 commitments total over \$2.11 billion.

On the day the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

E-rate Modernization Order: Discount Calculations

The Federal Communications Commission (FCC) adopted the [E-rate Modernization Order](#) on July 11, 2014. The Order takes major steps to modernize and streamline the E-rate program and focuses on expanding funding for Wi-Fi networks in eligible elementary and secondary schools and libraries across America.

In [last week's SL News Brief](#), we discussed Category Two budgets. This week we will provide information on discount calculations.

Overview of discount calculations for FY2015

Discounts are calculated for the organization (school district, library system, consortium) as a whole. Except as noted below, discounts are no longer calculated for individual schools or library outlets/branches. Rather, they share the discount calculated for their school district or library system, respectively.

- School districts derive their discount, for purposes of determining their level of poverty, from the total percentage of students eligible for the National School Lunch Program (NSLP) in the school district.

- Libraries derive their discount, for purposes of determining their level of poverty, from the NSLP eligibility percentage of the public school district in which the main branch of the library is located.
- Eligibility for the additional rural discount is determined at the school district or library system level. If more than 50 percent of the schools in a school district or libraries in a library system are considered rural, the district or system is eligible for the rural discount. Note that non-instructional facilities (NIFs) are not included in this percentage calculation.
- Consortia and statewide applicants continue to use the simple average of the discounts of the members of the consortium or statewide application.

Generally, the percentages in the existing [discount matrix](#) do not change. However, there are two exceptions:

- An entity eligible for a 90 percent discount for Category One services is eligible for an 85 percent discount for Category Two services.
- Voice services are subject to a phase-down of 20 percentage points per year starting with FY2015. For example, a school district eligible for an 80 percent discount for Category One services would be eligible for a 60 percent discount for voice services in FY2015 and a 40 percent discount for voice services in FY2016.

School districts

School districts can be public or private. Schools in a school district fall under the control of a central education agency. In addition to public and private school districts:

- Multiple charter schools that share a common board and are not individually responsible for their finances and administration can be considered school districts.
- Diocesan schools or other groups of private schools that are not individually responsible for their finances and administration can be considered school districts.

Independent schools that are not part of a school district calculate their NSLP percentage based on their own student population. Independent schools would determine their urban or rural status based on their own physical address.

Library system discount calculations

Library systems need two pieces of information to calculate their discounts:

- The total percentage of NSLP-eligible students in the public school district where the main branch of the library is located.
- The percentage of library outlets/branches in the library system that are considered rural.

Although a library system uses the same NSLP eligibility percentage as the school district in which its main branch is located, it may not have the same discount as the school district due to the additional rural discount. For example, if the main branch of the library is located in an urban school district (more than half of the individual schools are urban) but more than 50 percent of the library system's outlets/branches are rural, the library would be eligible for the rural discount for that NSLP eligibility percentage.

Note also that library bookmobiles and kiosks are considered libraries.

Consortia and statewide applicant discount calculations

Consortia and statewide applicants calculate their discounts based on the simple average of the discounts of the consortium members.

- For the simple average calculation, each member listed enters the discount calculated for the entire school district or library system based on the school district-wide NSLP eligibility percentage, even if some schools in a school district or libraries in a library system are members and others are not.
- Although school and library discounts will not be averaged – and come directly from the discount matrix – consortium and statewide discounts can still be non-matrix discounts (e.g., 78 percent, 49 percent) due to the averaging of member discounts.
- Each funding request on a consortium or statewide FCC Form 471 features the same discount, whether one, some, or all of the members share the services on that request.
- For Category Two requests, each member eligible for a Category One discount of 90 percent will enter its Category Two discount of 85 percent to calculate the average of the member discounts for Category Two services.

Alternative discount mechanisms

For FY2015 applications, note the following:

- Surveys can still be used to determine individual student eligibility for NSLP, but survey results can no longer be extrapolated. Because the extrapolation of returned surveys is no longer permitted, NSLP applications can be used as surveys.
- Schools participating in the Community Eligibility Program (CEP) multiply the number of students directly certified by the national multiplier (currently 1.6) to calculate the number of students qualifying for NSLP on the FCC Form 471. Note that this calculation is capped at 100 percent of the student population for the purposes of determining the E-rate discount.
- You can still use a combination of methods (e.g., surveys, sibling matches, household eligibility for certain federal programs) to substantiate the eligibility of individual students.
- In all cases, if you are using an alternative discount mechanism, retain your documentation.

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