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October 24, 2014

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

**TIP OF THE WEEK: Plan to meet the October deadlines for invoices and FCC Forms**

**486.** October 29, 2014 is the FCC Form 486 certification deadline for many applicants; October 28, 2014 is the invoice deadline for FY2013 recurring services for most applicants and service providers.

### Commitments for Funding Years 2014 and 2013

**Funding Year 2014.** USAC will release Funding Year (FY) 2014 Wave 25 Funding Commitment Decision Letters (FCDLs) on October 29. This wave includes commitments for approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. As of October 24, FY2014 commitments total over \$2.04 billion.

**Funding Year 2013.** USAC will release FY2013 Wave 71 FCDLs on October 30. This wave includes commitments for approved Priority 1 requests at all discount levels. As of October 24, FY2013 commitments total just under \$2.12 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: Urban/Rural Status

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 the [September 19 SL News Brief](#), we discussed general concepts for discount calculations in FY2015. In this issue we will discuss urban or rural status and how the status of the individual schools in a school district or the individual library outlets/branches in a library system affects the discount calculation.

In the *E-rate Modernization Order*, the FCC updated the definition of rural and the manner in which schools and libraries determine their urban or rural status. The FCC now uses the U.S. Census Bureau definition of urban/rural, which defines urban areas as areas with populations of 50,000 people or more for urbanized areas and 2,500 to 50,000 for urban clusters. Rural encompasses all areas not in an urban area. In adopting a district-wide approach to calculating the discount school and library applicants receive on eligible services, the FCC determined that school districts and library systems would be eligible for the rural discount if more than 50 percent of individual schools or libraries within that district or system are classified as rural.

Several stakeholders have petitioned the FCC asking it to reconsider the newly adopted definition of urban/rural. The guidance in this SL News Brief is based on the definitions adopted by the Commission in July.

Before the discussion on determining the urban/rural status, we would like to provide a few reminders on discount calculations.

To calculate discounts under the E-rate program for FY2015, two pieces of information are necessary:

(1) The level of poverty, which is the percentage of students eligible for the National School Lunch Program (or identified through an equivalent alternative discount mechanism).

- School districts calculate the level of poverty for the student population of the school district as a whole, not on a school-by-school basis.
- Library systems use the level of poverty for the public school district in which the main branch of the library is located.

(2) The urban or rural determination for the school district or library system.

- If a majority (more than 50 percent) of the individual schools in a school district are considered rural, the school district is eligible for a rural discount. If 50 percent or more of the individual schools are considered urban, the school district is eligible for an urban discount.
- Similarly, if a majority (more than 50 percent) of the individual library outlets/branches in a library system are considered rural, the library system is eligible for a rural discount. If 50 percent or more of the individual library outlets/branches are considered urban, the library system is eligible for an urban discount.

Remember also that the discount calculated for a school district applies to all of its individual schools, regardless of the NSLP eligibility of their student populations and their individual urban or rural status. Similarly, the discount calculated for a library system applies to all of its individual library outlets/branches, regardless of their individual urban or rural status and/or the public school district in which the individual library outlets/branches are located.

### **Urban/rural status for an individual school or library**

USAC will compare the address of record for a school or library to the U.S. Census data to determine if the school or library is in an area that is considered urban or rural. USAC's database will then be updated to reflect the appropriate status, as follows:

- "U" if the school or library is considered urban
- "R" if the school or library is considered rural
- "?" if the status cannot be determined – for example, if the school or library does not exist in our database or the address information for the school or library is incorrect or incomplete.

### **Urban/rural discount for a school district or library system**

If a majority (remember – more than 50 percent) of the schools in a school district or libraries in a library system are considered rural, the school district or library system is eligible for a rural discount. Otherwise (50 percent or less), the school district or library system is eligible for an urban discount.

For individual schools:

- An individual school must use the discount calculated for its school district, even if the individual school applies for E-rate funding on its own. Additionally, even if an individual school is considered rural, it must use the urban discount calculated for its school district if its school district is eligible for an urban discount.
- However, an independent school – a school that does not share a common board with other schools and is individually responsible for its finances and administration – uses only its student population numbers to determine the level of poverty and the urban or rural status of its physical location for its discount calculation.

For school districts:

- Non-instructional facilities (NIFs) – including NIFs with classrooms – do not have an urban or rural status and do not count toward the urban or rural determination for the school district.
- If there are charter schools that are part of the school district, they count toward the urban or rural determination for the school district.
- If a school has several locations not on the same campus – and therefore several different entity numbers – but is considered to be a single school by the state, only the main location counts toward the urban or rural determination for the school district.
- If a school is considered to be a school by the state but it does not serve as the home school for any students – for example, a vocational education school – it counts toward the urban or rural determination for the school district.
- A group of schools that acts as a school district – for example, diocesan schools that share a common board and are not individually responsible for finances and administration – may file as a school district and determine the "school district" eligibility as described above for an urban or rural discount.

For individual library outlets/branches:

- An individual library outlet/branch must use the discount calculated for its library system, even if the individual library outlet/branch applies for E-rate funding on its own. Additionally even if an individual library outlet/branch is considered rural, it must use the urban discount calculated for its library system if the library system is eligible for an urban discount.
- However, an independent library – a library that does not share a common board with other libraries and is individually responsible for its finances and administration – uses only the level of poverty from the public school district in which it is physically located and the urban or rural status of its physical location for its discount calculation.

For library systems:

- NIFs do not have an urban or rural status and do not count toward the urban or rural determination for the library system.
- Bookmobiles and kiosks can be considered library outlets/branches and counted toward the urban or rural determination for the library system. USAC will use the address in its database for the bookmobile or kiosk to determine its urban or rural status.

For consortia and statewide applications:

- Consortia and statewide applicants do not have an urban or rural status. Each entity that is a member of the consortium or statewide application calculates its discount using the appropriate level of poverty and urban or rural determination as described above.

Within the next few weeks, USAC will provide a tool on its website to assist applicants in locating urban and rural statuses.

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