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February 27, 2015

## FY2015 WINDOW COUNTDOWN

Days to window close	27
FY2015 FCC Forms 471 filed to date	6,670
FY2015 FCC Forms 470 filed to date	35,061*

**\*This number includes FY2014 forms intended for FY2015.**

**TIP OF THE WEEK:** If you posted your FCC Form 470 yesterday, you will still have time to file your FCC Form 471 before the close of the application filing window. Make sure you are ready to evaluate bids, select a service provider, and file your FCC Form 471 after you have waited the required 28 days.

### Commitments for Funding Years 2014 and 2013

**Funding Year 2014.** USAC will release Funding Year (FY) 2014 Wave 43 Funding Commitment Decision Letters (FCDLs) on March 4. This wave includes commitments for approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. As of February 27, FY2014 commitments total over \$2.14 billion.

**Funding Year 2013.** USAC will release FY2013 Wave 83 Funding Commitment Decision Letters (FCDLs) on March 6. This wave includes commitments for approved Priority 1 requests at all discount levels. As of February 27, FY2013 commitments total over \$2.14 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.

### Update on Eligibility of Multi-year Licenses

Applicants purchasing a piece of eligible Internal Connections equipment may also be required to purchase a license of a year or more to have the right to use eligible software that is essential to make the equipment operate. Such multi-year licenses can be eligible if they are supporting eligible components used to distribute high-speed broadband throughout school buildings and libraries. While there is no cap on the number of years such a license can cover, remember that Category Two funding is subject to the Category Two five-year budget.

### ***E-rate Modernization Order* Frequently Asked Questions – Calculating Discount Rates**

**- District-wide Discount: Schools**

**Q: How does the *First E-rate Modernization Order* change the way schools calculate their E-rate discounts?**

A: Regardless of which schools within the district are receiving service, schools that are part of a school district must now calculate their discounts on a district-wide basis instead of calculating school-specific discounts. This means every school in a school district will now have the same discount rate.

**Q: How does a school district calculate its discount?**

A: A school district must divide the total number of students in the district eligible for the National School Lunch Program (NSLP) by the total number of students in the district. The district must then use the E-rate discount matrix to convert that resulting single percentage figure into an E-rate discount rate. If a majority (*i.e.*, more than 50 percent) of the schools in a district are classified as "rural," the district is eligible for a rural discount. Remember that the online FCC Form 471 will guide you through this process and will do the calculations and lookups for you.

**Q: What if some or all of the schools in my district participate in CEP? Does that change the way that I calculate my school district discount?**

A: For each of the schools that are participating in the NSLP's Community Eligibility Provision (CEP), multiply the total number of students in the school by the percentage of directly certified students, and then multiply the results by the CEP national multiplier (currently 1.6) to convert the percentage into the number of students eligible for the NSLP. Please note that the resulting number cannot exceed 100 percent of the students at that school. Remember to indicate which schools are participating in CEP in the Discount Calculation section of your FCC Form 471 application so that the online system can do the calculations for you.

**Q: When does the district-wide discount rate requirement go into effect?**

A: The district-wide discount rate is in effect starting with applications filed for Funding Year 2015.

**Q: How does the district-wide rule affect districts that use alternative means to determine their discount percentage?**

A: Regardless of the method a school district uses to establish its discount, it must determine a district-wide percentage of students eligible for the free and reduced lunch program from the total student population. Please note that schools can no longer extrapolate the percentage of NSLP-eligible students from returned surveys.

**Q: How does the E-rate program define "school district?"**

A: The Federal Communications Commission (FCC) has said that an applicant must determine its discount using all E-rate eligible students in schools that fall under the control of a central educational agency. School districts can be either public or non-public, such as schools in a diocese that are administered together. USAC will follow the lead of the State Education Agency in determining which schools belong to a public school district, which may mean that certain charters are considered part of a public school district and would get the public school district's discount rate, instead of calculating their own discount rate.

**Q: Can a district seeking Category Two purchases for only its most disadvantaged schools (*i.e.*, those with more than 75 percent of their students qualifying for NSLP) apply on behalf of only those schools and get an 85 percent discount rate?**

A: No. Although you can apply for services for just a certain group of schools, all of the schools in the district receive the same discount rate, regardless of which schools will receive the services being

purchased. Therefore, even if you seek E-rate support for services just for some of your schools, you must still use the district-wide discount rate.

**Q: What is the definition of rural for purposes of the E-rate program?**

A: The FCC modified its urban/rural definition, effective in Funding Year 2015, so that an individual school will be designated as "urban" if located in an "Urbanized Area" or "Urban Cluster" with a population of 25,000 or more as determined by the U.S. Census Bureau. Any school not designated "urban" will be designated as "rural." If more than 50 percent of the individual schools in a school district are classified as "rural," the district is eligible for a rural discount.

Use the [Urban/Rural Reports by State](#) or the [Urban/Rural Lookup Tool](#) on the USAC website to determine the urban/rural status for your schools. This tool helps you to:

- Determine the urban or rural status for an individual school or library.
- Find out if a school district or library system is eligible for an urban or rural discount by locating the urban or rural status all of its member schools or libraries.
- Identify schools and libraries whose addresses must be updated in order for USAC to determine their urban or rural status.

**Q: If half of the schools in a district are rural and the other half are urban, is the district considered rural?**

A: No. To be considered rural, more than 50 percent of the schools must be rural, so a district with an even number of rural and urban schools would be considered urban. Remember that Non-Instructional Facilities (NIFs), such as the district office or a technology center, are not included in this determination and should be excluded from the counts.

For example, in a district with four schools and one NIF, if two of the schools are rural, and two schools are urban, two of the four, or 50 percent, of the schools are rural. (Remember that NIFs are not taken into account for the urban/rural status, so it was excluded from the counts.) Because the district cannot demonstrate that more than 50 percent of its schools are rural, the district is considered urban. Note that USAC's online FCC Form 471 will automatically calculate your district's urban/rural status for you in the Discount Calculation section.

**Q: How has the FCC Form 471 Discount Calculation section been changed to accommodate the new district-level calculations?**

A: The Discount Calculation section has been revised to accommodate the changes in the rules. School district applicants must now enter all schools in their district (regardless of how many of those schools are receiving service on that application). The online system will automatically look up the urban/rural status for each entity and then calculate the district's overall urban/rural status.

For any schools participating in CEP, the application will also automatically calculate the number of students considered eligible for the NSLP based on the school's percentage of direct certification students. (For Category Two applications, the school must also provide the number of students that attend on a full time and part time basis, so that the school's Category Two budget can be calculated.) Finally, the system will total the number of full time students and the number of students eligible for the NSLP, and, using the district's urban/rural status, display the school district's discount rate.

**Q: Now that all schools in a district are subject to the same discount rate, does the [3-year prohibition on transfers between schools](#) within a district still apply?**

A: Yes. The FCC's recent orders did not change any of the rules regarding equipment transfers.

**Q: Now that all schools in a district are subject to the same discount rate, can schools share their budget with other schools in their district if they have money left in their budget?**

A: No. Category Two budgets are set at the school level and cannot be shared between schools.

#### **- District-wide Discount: Libraries**

**Q: How does the *First E-rate Modernization Order* change the way libraries calculate their E-rate discounts?**

A: All libraries within a library system will receive the same discount rate. Library systems calculate their discounts based on the percentage of students eligible for the NSLP in the school district in which the central library outlet or main administrative office of the library system is located. Library systems no longer calculate the discount based on all districts in which the library system has branches. As described below, the Commission has also changed how the E-rate program defines urban and rural areas for the purposes of determining whether a library system qualifies for an additional rural discount.

**Q: How do the urban/rural designations apply to libraries and library systems?**

A: A library system will be designated as rural if more than half of its library branches are located in rural areas. An individual library will be treated as rural if it is located in a rural area. Remember that a library system's urban/rural status will be determined based on the location of its own library branches, and therefore, the library could end up with a slightly different discount rate than the school district even though they use the school district's student counts.

**Q: What is the definition of rural for purposes of the E-rate program?**

A: The FCC modified its urban/rural definition, effective in Funding Year 2015, so that an individual library will be designated as "urban" if located in an "Urbanized Area" or "Urban Cluster" with a population of 25,000 or more as determined by the U.S. Census Bureau. Any library not designated "urban" will be designated as "rural." If more than 50 percent of the individual libraries in a library system are classified as "rural," the system is eligible for a rural discount.

Use the [Urban/Rural Reports by State](#) or the [Urban/Rural Lookup Tool](#) on the USAC website to determine the urban/rural status for your libraries. This tool helps you to:

- Determine the urban or rural status for an individual school or library.
- Find out if a school district or library system is eligible for an urban or rural discount by locating the urban or rural status all of its member schools or libraries.
- Identify schools and libraries whose addresses must be updated in order for USAC to determine their urban or rural status.

**Q: Does the library always get the urban/rural status of the school district in which the central library outlet or main administrative office is located?**

A: No. Library systems use the locations of their own branches to determine whether they are rural or urban; however, a library system will be treated as rural if more than half of its library branches are

located in rural areas. Therefore, a library that is located in an urban area could be recognized as rural for purposes of the discount if a majority (*i.e.*, more than 50 percent) of the library system's branches are located in rural areas.

**Q: How should a library system with branches in more than one public school district calculate its discount?**

A: Starting in FY2015, you just use the student count and NSLP count for the school district in which the central library outlet or main administrative office is located. Libraries calculate their own urban/rural status based on the location of their library branches. USAC's online FCC Form 471 will automatically determine the library system's overall urban/rural status and, using the student counts entered, calculate the library system's discount rate.

**Q: How should a library system determine the central library outlet or main administrative office?**

A: If you have a main library branch, use that location to determine the school district that will be used to calculate your discount. If your library system does not have a designated central library outlet or main administrative office, use the library location where the library system's administrative functions, such as paying or receiving bills, are performed. Note that this location cannot be a non-instructional facility. If neither of the two preceding options fit the situation, the library can designate one library location as the "main" library. The library should document its rationale for designating that location as the "main" library and retain that documentation with its other program documentation so that it can be produced upon request.

**Q: If the library system is applying as a system or an individual branch within that system is applying on its own, should it use the NSLP data for the public school district in which the library system main branch is located?**

A: Yes, both the library system and the individual branch of the library system must use student counts from the school district in which the library system's central library outlet or main administrative office is located in determining its discount rate. Keep in mind, though, that a library system may have a different urban/rural designation than the public school district, and therefore the actual discount rates may differ between the library system and the school district.

**Q: How do I calculate the discount rate for my bookmobile?**

A: Bookmobiles, like other library branches, must use the library system's discount rate or, in the case of individual libraries not part of a library system, the library's discount rate.

**- District-wide Discounts: Consortia**

**Q: How does the district-wide rule affect consortia applications?**

A: Consortia applications requesting service for all members continue to calculate the simple average of the members' discounts to calculate the overall consortium discount. However, those members' discounts will now be each member's district-wide or system-wide discount, regardless of which schools or libraries in the district or system are receiving service from that consortium. For example, if a consortium provides service only to high schools, the consortium discount is still based on the district-wide discount for the participating school districts, even though the service does not go to the entire school district.

Note that a consortium uses the Category Two discount rate for each member entity (maximum of 85 percent) to calculate the overall consortium discount for Category Two requests.

**Q: If a consortium wants to purchase an eligible service on behalf of only some of its members, can they use the discount rate for just those members or do they have to use the discount rate for all consortium members?**

A: Consortia calculate their discount rates based on the schools or libraries that are receiving service on that particular application. Therefore, if only some of the consortium members are receiving a particular service, you can break them out into a separate application and then calculate the simple average of the district-wide discount rates for that group of consortium members. Consortia will only use the full consortium-wide discount rate if all members of the consortium are receiving services.

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