



Stretch Your IT Budget with E-rate

E-rate, or the Universal Service Schools and Libraries Program, originated from the 1996 Telecom Act. Basically, the goal of the Act was for all Americans to have access to communication services. As a result, telecommunication companies pay a fee based on their revenue to the Universal Service Fund (USF) [created by the FCC and governed by the Universal Service Administration Company (USAC)]. This money is distributed to schools and libraries in part as a discount to the cost of Internet service. The E-rate Modernization Order (FCC 14-99), switched the focus of assistance from voice and Internet to primarily Internet. Now, only Internet and Internet related services are eligible for E-rate discounts. Discounts range from 20%-90% and are based on the number of students enrolled in the National School Lunch Program (NSLP) as well as the school's urban and rural status. The services covered fall into two categories:

- **Category One Services**
 - Data Transmission Services
 - Internet Access
- **Category Two Services**
 - Internal Connections
 - Managed Internal Broadband Services
 - Basic Maintenance of Internal Connections

Minimally, all schools should apply for Category One Service discounts. Schools are already paying for Internet services, so getting a discount on these services through E-rate could be a big cost-savings.

A school should consider applying for Category Two Service discounts if they are looking to install or update local area networks. These upgrades could include wireless access points (WAPs), cabling, switches, routers, uninterruptable power supplies (UPSs) or other components related to internal connections. Category Two also covers basic maintenance of these internal connections which may also be an expense the school is already paying.

When: The E-rate Application Process runs January - March to request discounts on services being provided the following Funding Year (FY). A Funding Year runs from July 1- June 30 of the following year. FY 2023 application dates can be found below, next to each form.

How-To:

1. **Determine your eligibility:**
 - a. [Covered services](#)
 - b. The school's [discount rate](#)
2. **Before Mid January, 2023:**
Set up the school in the [EPC](#) (if this is the first time a school is applying for E-rate, call 888-203-8100)
3. **By Mid February, 2023:**
FCC Form 470: Request Bids
 - a. Review bids (Bid process must be open at least 28 days)
 - b. Select service provider
4. **By Mid March, 2023:**
FCC Form 471: Request E-rate discount (once chosen final bid)
5. **After Notification of Funding Approval**
Approvals are typical sent during May, then complete FCC Form 486:
 - a. Confirm services have started
 - b. Verify school is [CIPA compliant](#)
6. **After Services are Completed**
FCC Forms 472 or 474
 - a. FCC Form 472: BEAR Method: School pays for services in full, then submits Form 472 to be reimbursed the portion of the services that was covered by E-rate.
 - i. Due either 120 days after services are completed or 120 after date of notification letter (whichever is later).
 - b. FCC Form 474: SPI Method: School pays a discounted rate for service. Service provider files Form 474. E-rate pays the service provider the covered portion of the bill.



Resources:

- E-rate Website: <https://www.fcc.gov/general/e-rate-schools-libraries-usf-program>
- E-rate Program Applicant Training Video: <https://www.usac.org/e-rate/learn/videos/>
- E-rate Process Flowchart: <https://www.usac.org/wp-content/uploads/e-rate/documents/Handouts/application-process-flow-chart.pdf>
- E-rate Terms: <https://www.usac.org/res/documents/sl/pdf/handouts/SL-Glossary-of-Terms.pdf>

Sources:

“Children's Internet Protection Act (CIPA).” *Federal Communications Commission*, 8 Sept. 2017, www.fcc.gov/consumers/guides/childrens-internet-protection-act.

“Schools and Libraries (E-Rate).” *Universal Service Administrative Company*, 4 Jan. 2019, <https://www.usac.org/e-rate/resources/tools/>

Find more E-tips at <https://bit.ly/erateetip>

Bonus E-Tip: ABC's of E-rate

BEAR -	Billed Entity Applicant Reimbursement <i>School pays only the full amount for service and USAC reimburses them the discounted amount.</i>
BEN -	Billed Entity Number <i>A school's unique USAC ID-used to reimburse the school for services they paid for</i>
CIPA -	Children's Internet Protection Act
EPC -	E-rate Productivity Center <i>E-rate's online portal</i>
FRN -	Funding Request Number <i>Tracking number for each of a school's E-rate requests</i>
FY -	Funding Year <i>Runs from July 1 of current year to June 30 of next year</i>
ISP -	Internet Service Provider
SPI -	Service Provider Invoice <i>School pays only the discounted amount for service.</i>
SPIN -	Service Provider Identification Number <i>Vendor 9 digit identification number</i>