

# E-Rate Primer

April 2021



# What is E-Rate?

## E-RATE: UNIVERSAL SERVICE FOR SCHOOLS & LIBRARIES

The schools and libraries universal service support program, commonly known as the E-Rate program, helps schools and libraries to obtain affordable broadband. E-Rate is one of four programs supported by the Universal Services Fund (USF).

The E-Rate program does not cover the cost of end-user equipment such as computers and telephone handsets, instructional software, teacher training, or the salaries of school or library technology staff.

The first category of supported services, Category One, includes the services needed to support broadband connectivity to schools and libraries. The second category of supported services, Category Two, includes the services and internal connections needed for broadband connectivity within schools and libraries.

Funding is committed in a two-step application process. The first form filed is the Form 470 which describes the services requested and starts a minimum 28-day competitive bidding period. The second form filed is the Form 471 which describes the services ordered and the specific amount of discounts requested.

E-Rate is administered by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC), a not-for-profit corporation overseen by the Federal Communications Commission (FCC).

Eligible schools must meet the federal definition of an elementary or secondary school and includes all K-12 public schools and all K-12 non-profit private schools with endowments not exceeding \$50 million. Eligible libraries must meet state LSTA requirements and includes all public libraries and many private, not-for-profit libraries accessible to the public.

E-Rate is a discount, not a grant. The program provides discounts of 20% to 90% on the cost of broadband services, and up to 85% for internal connections for broadband, broadband management services, and basic maintenance of broadband internal connections.

Discounts are determined by economic need and rural or urban classification. The discount rate for libraries is based on the income level of schools in their service area.

## What is my E-Rate Discount?

% of students eligible for NSLP	Category 1		Category 2	
	Urban	Rural	Urban	Rural
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%

## Discount Methods



Applicant pays 100% of bill

Applicant requests reimbursement

USAC Payment via EFT directly to applicant

Form 472



Applicant pays non-discount share

Service Provider invoices USAC

USAC Payment via EFT to Service Provider

Form 474

## RESOURCES

KSLLC  
[kelloggllc.com](http://kelloggllc.com)

E-procurement Site  
[kelloggllc.bonfirehub.com](http://kelloggllc.bonfirehub.com)

Program Administrator  
[usac.org/e-rate](http://usac.org/e-rate)  
 Program Rules  
[fcc.gov](http://fcc.gov)

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# The E-Rate Cycle

## Step 1

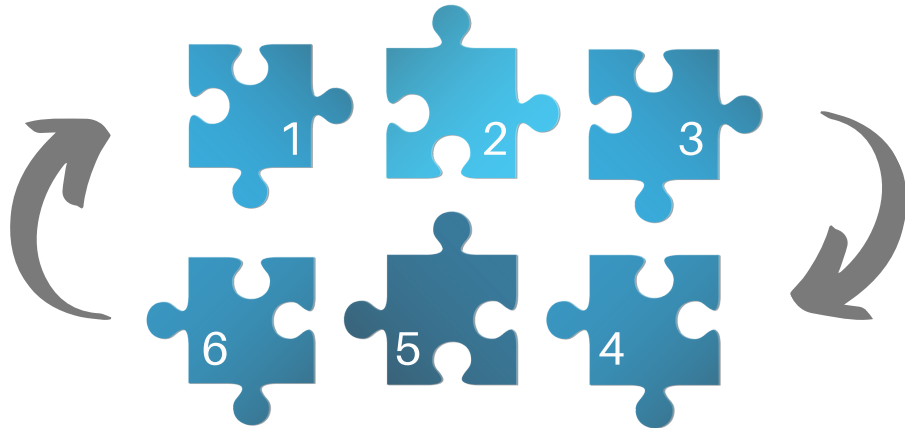
Form 470  
Request for Proposal  
Min 28 Day bid period

## Step 2

Form 471  
Apply for discounts  
Services Ordered

## Step 3

Program Integrity  
Assurance  
(PIA) Review



## Step 6

Form 472 or 473  
Purchase Services  
Invoice USAC

## Step 5

Form 486  
Confirm Services  
Certify CIPA Compliance

## Step 4

Funding  
Commitment  
Decision Letter  
(FCDL)

# Bridging the Gap - Eligible Services

Category 1 - Services needed to support broadband connectivity to schools and libraries.

Internet Access services and broadband connectivity. Eligible costs include monthly charges, special construction, installation and activation charges, modulating electronics and other equipment necessary to make a Category One service operational.

Category 2 - Internal connections needed for broadband connectivity within schools and libraries. Support is limited to the internal connections necessary to bring broadband into, and provide it throughout, schools and libraries. Antennas, cabling, caching, firewall service, racks, routers, switches, UPS, access points, wireless controller systems, operating software.

Category 2 - Basic maintenance of internal connections. Maintenance and technical support appropriate to maintain reliable operation of eligible equipment. Repair and upkeep, wire and cable maintenance, configuration changes, basic technical support, software upgrades and patches.

Category 2 - Managed Internal Broadband Services. Services provided by a third party for the operation, management, and monitoring of eligible broadband internal connections. Includes management and operation of the LAN/WAN, including installation, activation and configuration of eligible components and on-site training on the use of eligible equipment. Equipment can be owned by applicant or service provider.

*Not Eligible - Staff salaries and labor costs for personnel of the applicant are not E-Rate eligible.*

# E-Rate Definitions

**BEAR-Billed Entity Applicant Reimbursement Form (Form 472)** - Used to request reimbursement for funded services which the school or library paid for in full.

**BEN-Billed Entity Number** - Unique number assigned by SLD to the school or library.

**Category One (C1)** - Services needed to support broadband connectivity to schools and libraries.

**Category Two (C2)** - Internal connections equipment or services necessary to bring broadband into, and provide it throughout, schools and libraries. Includes managed services and maintenance of eligible equipment.

**CIPA** - Children's Internet Protection Act

**COMAD** - Commitment Adjustment - Procedure to request repayment of funds.

**EPC** - Online portal for all things E-rate. USAC's E-rate Productivity Center.

**ESL** - Eligible Services List - List of products and services eligible for E-rate discount.

**FCDL** - Funding Commitment Decision Letter - Notification of the funding decisions including funding amounts for all of the services included on the applicant's Form 471.

**RFCDL** - Revised Funding Commitment Decision Letter—Notification of funding changes

**FRN** - Funding Request Number - Unique number assigned by SLD for each request for funding on Form 471.

**PIA** - Program Integrity Assurance - USAC team responsible for reviewing E-Rate applications prior to funding.

**PQA** - Payment Quality Assurance - Audits E-Rate Payments during the current year.

**RAL** - Receipt Acknowledgement Letter - Lists services included on applicant's Form 471.

**SPI** - Service Provider Invoice (Form 474). Service Providers submit Form 474 to invoice USAC for discounts.

**SPIN** - Service Provider Identification Number. Unique number assigned by SLD to a service provider.

**SSR** - Service Substitution Request. Is a request to change the products or services specified in the 471.

**Form 470** - First form filed with USAC. Lists services for which an applicant would like to receive proposals.

**Form 471** - Second form filed with USAC. Lists services for which an applicant would like to receive discounts.

**Form 472** - Billed Entity Applicant Reimbursement (BEAR) form.

**Form 474** - Service provider invoice (SPI) form.

**Form 498** - Applicants and Service Providers use this form to provide banking information for electronic payments.

**Form 486** - Third form filed with USAC. Notifies USAC that services have started.

**Form 498** - Banking account information needed so that BEAR Reimbursements can be filed electronically via EFT

**Form 500** - Report changes in amounts, service start date, contract expiration date, cancellations, entity closings.

# Calculating your C2 Budget FY2021

## Library System

\$4.50/ square foot

Budget floor of \$25,000

No disparity between urban and rural libraries

Report square footage once each 5-year budget cycle

Budget is Library System-Wide

## School District

\$167/student

Budget floor of \$25,000

Report full-time enrollment once each 5-year cycle for budget purposes.

Budget is District-Wide