

# **The E-Rate**

## **What Board Members Need to Know**

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### **What is the E-Rate?**

The E-Rate is a federal funding program which provides over \$2.25 billion annually to schools and libraries. Subsidies (called “discounts”) are a percentage of an applicant’s expenditures on telecommunications and Internet access. The level of discount ranges from 20% to 90%, and is calculated based on the percentage of students eligible for the National School Lunch Program. Districts must apply for funding every year.

### **Is your District Receiving Funding?**

Every district will receive funding if the process is completed correctly, so if the district is not receiving funding, it is time to start applying. At this moment, reimbursements for Funding Year 2010-2011 should have been received, discounts for 2011-2012 should have started, and the application for 2012-2013 should be complete. If you’re not sure about your district’s funding, you can request a brief funding history for your district from us: [info@on-tech.com](mailto:info@on-tech.com).

### **Who is Responsible for the E-Rate? Who is the Back-up?**

Unless your district uses a consultant to manage the E-Rate process, there should be a person who has responsibility for managing the process. Ideally, it would be in that person’s job description. Also, the district should have a back-up identified. For most districts, this person is in the business office or in the technology department. In my experience, it is more appropriate for this function to be in the business office, as the technology department may not be aware of all charges eligible for E-Rate funding.

## New CIPA Regulations

The FCC has now implemented the changes to the Children's Internet Protection Act. The big change is that by July 2012, all schools need to update Internet safety policies to "provide for the education of minors about appropriate online behavior, including interacting with other individuals on social networking websites and in chat rooms and cyberbullying awareness and response." Boards should be sure to update the district's Internet safety policy, which may mean an update to the district Technology Plan and the Acceptable Use Policy.

## Technology Plan Requirements

A technology plan is no longer required for Priority One funding requests. Since the vast majority of applicants are not able to receive Priority Two funding, few districts will need to have a tech plan in order to receive E-Rate funding. However, if your district does require a technology plan, a plan covering at least through June 30, 2013 must be approved by your state or county office of education by July 1<sup>st</sup>.

## The Timeline

Boards should be aware of the E-Rate timeline, in order to assure procedures are followed in a timely manner. The timeline can be confusing, because the process for a single year takes 20-29 months, so at any given time, we are typically working on three funding years. In brief, here is a recommended timeline, this one for Funding Year 2013-2014.

October 2012	Assess technology plans for 2013-2014, including any changes to telephone or Internet service. Do not involve service providers in this process.
December 2012	File the Form 470. This is like an RFP describing services your district will be requesting in the coming year. Depending on state law, you may also be required to publish an RFP.
January 2013	Begin vendor selection process.
February 2013	Select service providers. Sign contracts
March, 2013	File the Form 471, which is the actual application for funding, showing services to be order, vendors and prices.
April – June 2013 and beyond	Funding commitment decision received.
July 1, 2013	Discounted services begin. File Form 486 within 120 days. Funding can be received any time after Form 486 is filed.
June 30, 2014	Last day to receive recurring services.
September 30, 2014	Last day to receive Internal Connections services (equipment installations).
October 28, 2014	Last day to file the Form 472 (BEAR) in order to receive reimbursements for recurring services.

## **Federal Rules on Gifts Now Apply**

The FCC reiterated many existing competitive bidding requirements, and added a new requirement: district personnel, including board members, must comply with Federal regulations concerning gifts from vendors. Federal rules allow employees to receive single items worth \$20 or less (meals, pencils, pens, hats, t-shirts, etc.) as long as those items do not exceed \$50 per year per employee from any one source. Funding has been denied for vendor-paid attendance at a conference, expensive meals, etc.

## **More Difficult to Change Service Providers**

It appears likely that districts who find a better deal on, for example, cell phone service will not be able to change providers until they have gone through a bid process and waited until the following school year. As the rule stands, districts will have to wait 5 – 16 months before they can switch service providers.

Until Funding Year 2011-2012, it was a simple matter to change service providers in mid-year. Now the FCC is looking to tighten up the process in two ways. First, the FCC is tightening up the reasons that a school district can change service providers. Applicants must now have a “legitimate reason to change providers.” The only legitimate reasons given so far are bankruptcy and failure to deliver service. Second, when an applicant wants to change providers, they must select the provider that came in second in the original bid evaluation. If there was only one bid in response to the Form 470, applicants are free to choose any other service provider, as long as the choice complies with state and local laws.

## **Equipment Disposal Rules Changes**

Until this year, applicants were in a Catch-22: generally, state rules require schools to sell excess equipment rather than give it away, while E-Rate rules forbid the sale of equipment purchased with E-Rate funds, so schools were stuck with equipment they could not sell and could not give away. Now the rules allow schools to sell equipment after five years.

## **Community Use of School Internet Access Allowed**

Schools are now free to provide after-school Internet access to the community. The primary purpose of any Internet access must be K-12 education, and community use must not increase the cost of the Internet access. Schools cannot charge for Internet use, though they can charge for computer use.