

# E-Rate Essentials

## Introduction

E-Rate is part of the Universal Service Fund (USF) Program, Schools and Libraries Division, under oversight of the Federal Communications Commission (FCC) and provides discounts on data transport, Internet access, and internal broadband connections for schools and libraries. The Universal Service Administrative Company (USAC) manages the fund. Discounts range from 20-90% based on the poverty level of the district. The total fund per year allocation is \$3.9 billion dollars. Since the inception of the program in 1998, Michigan schools and libraries have received discounts totaling over \$1 billion dollars.

E-Rate discounts offset the cost of building networks that create rich digital learning environments. E-Rate discounts are for broadband services and some of the equipment needed to deliver broadband services that can increase equity, data flow for student information systems, access to learning resources, and secure and robust online testing, ultimately increasing student achievement.

School districts, ISDs, charter schools, and libraries (eligible entities) may form consortia and buy eligible services and goods to facilitate education-driven connectivity projects including Internet and Wifi access to broadband. Every year the FCC publishes a list of eligible products and services, the [Eligible Services List](#) for the funding year which begins July 1 and ends June 30. Category One consists of data transmission and internet access services to the school and Category Two consists of internal connections, managed internal broadband services, and basic maintenance of internal connections. Category Two funds have a five year per student pre-discount budget of roughly \$153/student. If student counts go down, applicants do not have to pay back past year funding. District-wide discounts are determined by urban/rural status and National School Lunch Program (NSLP) participation (see Table 1).

Table 1

Measured by % of students eligible for NSLP	Category Two			
	Urban Discount	Rural Discount	Urban Discount	Rural Discount
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%

## Application Process ([see USAC's page for official, detailed instructions](#))

The application process is completed entirely online through the [E-Rate Productivity Center \(EPC\)](#). An entity applying for E-Rate must have an account administrator. If an entity does not have an account administrator or does not know who the account administrator is, call the Client Service Bureau (CSB) at 1-888-203-8100. Each year a Form 471 Window is announced, these dates are key deadlines for E-Rate services for the following FY. For FY2018 the window opened at noon on January 11, 2018 and closes at 11:59 p.m. on May 22, 2018.

Form 470 – Services Requested and competitive bidding process – must be posted for **28** days

Form 471 – Services ordered (must be submitted during application window)

Program Integrity Assurance (PIA)

Funding Commitment Decision Letter (FCDL)

Form 486 – Receipt of Services and Children’s Internet Protection Act (CIPA) compliance (must be submitted no later than 120 days after the FDCL OR the Service Start Date on any funding request number [FRN])

Form 500 – Adjustment to funding commitments and modifications to receipt of services confirmation – to change a service start date or contract expiration date *OR* cancel or reduce a funding commitment

### **Invoice Methods**

Form 472 – Billed Entity Applicant Reimbursement (BEAR) - applicant pays full amount to service provider and then seeks reimbursement from USAC (must be submitted no later than 120 days after the last date for receiving services) – requires PIN (as of FY16 this is in a separate system from EPC) – and the completion of a Form 498 which contains the billed entity’s financial information including bank account and routing number

*OR*

Form 474 – Service Provider Invoice (SPI) – if an applicant chooses SPI invoicing, after providing discounted bills to the applicant, the service provider invoices USAC

### **Resources**

State E-Rate Coordinator for technical assistance, PIA support, training, etc. –[erate@michigan.gov](mailto:erate@michigan.gov)  
(interim: Joe Polasek, Michael Andrews, Becky Rains)

[www.michigan.gov/erate](http://www.michigan.gov/erate)