

What is E-Rate

One of four programs under the oversight of the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC).

<http://www.usac.org/res/documents/sl/training/2016/fall/01%20E-rate%20Fundamentals.pdf>

1. Annual funding cap for the E-Rate program of around \$3.9 billion
2. Funded by surcharge on your telecommunications bills
3. Provides discounts on eligible services to eligible school and library locations
4. Requires an annual application

Funding may be requested under two categories of service: Category One services include Data Transmission Services and Internet Access, and Voice Services. Category Two services include Internal Connections, Managed Internal Broadband Services, and Basic Maintenance of Internal Connections. Discounts for support depend on the category of service requested, the level of poverty and the urban/rural status of the appropriate school district. Discounts range from 20 percent to 90 percent of the costs of eligible services.

Category 2 (C2): primarily supports equipment and services needed to bring broadband into and throughout schools and libraries.

- Internal Connections
- Managed Internal Broadband Services
- Basic Maintenance of Internal Connections
- Subject to FIVE-YEAR BUDGETS for schools and libraries
- The Modernization Order currently provides this budget for FY2015 through FY2019, at which time the FCC will revisit it.
- Products and services ordered in excess of an entity's Category Two budget will not receive E-rate discounts.

What is Milpitas Unified School District's Category 2 E-Rate Budget?

\$150.00 per Student at District discount (150.00 X 10,365 Students X 50%) or **\$777,375.00**.

Unlike previous years where E-rate would apply the District's discount against the full cost of communication systems, the funding model has completely changed starting the 2015-2016 funding year. Now, E-rate will allow a maximum pre-discount amount limited to \$150 per Student over 5 years, less the District's E-rate discount percentage. The District is responsible to pay the difference between what E-rate pays and the actual cost of construction. Below we have shown the estimated cost of construction and what we believe E-rate will pay. We based the E-rate portion on an 50% discount rate and the number of students the District had last year. If the District's enrollment has gone up or down, the E-rate reimbursement will go up or down accordingly.

Prior to the Modernization order in 2015 there was just around \$2.4 Billion in funds for Priority One and Priority Two services. Which had not changed since the inception of the program in 1998. And, only the highest discount rate districts could even access Priority Two funding of which Milpitas could never qualify at 50%. For the two years leading up to the Modernization there was not enough funds to cover any Priority Two. We are currently planning for year 3 of the 5-year Modernization program and Milpitas can now access these one-time funds for some much-needed infrastructure upgrades. See Eligible Services list below:

Category 2 (formerly known as Priority 2) Eligible Services List:

With the release of the FCC - Final Eligible Services List (ESL) has been APPROVED there are number of changes that are directly related to Internal Connections. Some of the items covered under Category 2 include (Eligible Broadband Internal Connections Components):

Access points used in a local area network (LAN) or wireless local area network (WLAN) environment (such as wireless access points)

Antennas, cabling, connectors, and related components used for internal broadband connections

Caching

Firewall services and components

Switches

Routers

Racks

Uninterruptible Power Supply (UPS)/Battery Backup

Wireless controller systems

Software supporting each of the components on this list used to distribute high-speed broadband throughout school buildings and libraries