



United States
Department of
Agriculture

Food and
Nutrition
Service

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SUBJECT: Updated E-Rate Guidance for Schools Electing Community Eligibility

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum notifies State agencies and local program operators of recently updated rules issued by the Federal Communications Commission (FCC) regarding the calculation of discount rates under the E-Rate program for schools electing the Community Eligibility Provision (CEP).

Background

The Universal Service Program for Schools and Libraries (E-Rate) makes telecommunications and information services more affordable for eligible schools and libraries by providing discounted telecommunications, Internet access, internal connections, basic maintenance of internal connections, and managed internal broadband services. Traditionally, school districts have calculated E-Rate discount rates based on each school's percentage of free and reduced price certified students under the school meal programs.

However, individual schools or any combination of schools electing CEP do not make individual determinations of eligibility for free or reduced price meal benefits. To remedy any confusion regarding schools' eligibility for E-Rate discounts, FCC published interim guidance on July 31, 2012 directing CEP schools to use data from the most recent funding year (defined as the period from July 1 to June 30 of the following year) that individual free and reduced price certifications were made.¹

In July 2014, FCC adopted new rules for the E-rate program, including rules specifying how school districts with CEP schools should calculate their discount rates beginning in School Year 2015-16.

¹ FCC interim guidance on E-Rate for CEP schools: <http://www.fcc.gov/document/universal-service-administrative-company-3>

No Applicability in School Year 2014-15

FCC's updated rules for schools electing CEP will not go into effect until school year 2015-16 (E-Rate funding year 2015). It is important to note that there is no impact on the current school year 2014-15, for which E-Rate discounts have already been calculated under FCC's previous interim guidance.

Updated Guidance

On July 23, 2014, FCC released updated E-Rate rules for calculating E-rate discounts and included guidance for schools electing CEP. FCC's new guidance will supersede the July 2012 interim guidance beginning in school year 2015-16 / E-Rate funding year 2015. The new rules require school districts to determine the E-Rate discount for the entire district, rather than for individual schools, by dividing the number of students eligible for free and reduced-price meals in the district by the district's total enrollment. Schools electing CEP will use their Identified Student Percentage (ISP) multiplied by the CEP multiplier (currently 1.6) for the purposes of determining the number of free and reduced-price eligible students. This is the same formula that schools electing CEP use to calculate meal claiming percentages. Consistent with the school meal programs, student eligibility may not exceed 100 percent for any purposes related to E-rate.

E-Rate discounts remain valid for the entire four-year CEP cycle. As such, if a school's ISP decreases in subsequent years, the school may continue to use the original percentage for the remainder of the four-year eligibility period. However, if the ISP increases during that same timeframe, the school may choose to apply the higher percentage for E-Rate purposes. Any time a school electing CEP begins a new four year cycle or chooses to apply a new meal claiming percentage, the school district must also re-calculate its student eligibility for E-Rate and use that data in the next funding year.

Adjustments to the CEP Multiplier

FCC requires school districts with schools electing CEP that apply for E-Rate discounts to use the same multiplier employed by USDA to calculate meal claiming percentages under CEP. In the event that FNS changes the multiplier in the future, FCC will require schools electing CEP to use the same multiplier under the E-rate program for determining their discount percentage as required by the USDA for reimbursement under CEP. USDA is permitted to change the CEP multiplier to a number between 1.3 and 1.6, but has no plans to do so at this time. Furthermore, any such change would be communicated in advance of implementation through the *Federal Register*, and would not immediately impact schools in the middle of a four year cycle.

Further Information

FCC's published E-Rate rules and guidance of July 23, 2014 on procedures for schools electing CEP may be accessed at the following URL:

https://apps.fcc.gov/edocs_public/attachmatch/FCC-14-99A1.pdf. For reference, please refer to paragraphs 225-229.

School Food Authorities or local educational agencies with questions concerning this guidance may contact their appropriate State agency. State agencies with questions may contact the appropriate Food and Nutrition Service Regional Office.

Original Signed

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