## SCHOOLS AND LIBRARIES PROGRAM

# NEWS BRIEF

**March 20, 2015**

### FY2015 WINDOW COUNTDOWN

**Days to window close**      **27**

**FY2015 FCC Forms 471 filed to date**      **17,775**

**TIP OF THE WEEK: To create an entity number or update existing entity information, call the Client Service Bureau at 1 (888) 203-8100.** If you want to create or update three or more entities, please use the guidance on the [Entity Numbers web page](#) to prepare your request and send it to us using [Submit a Question](#) or by fax at 1 (888) 276-8736.

## Commitments for Funding Year 2014

**Funding Year 2014.** USAC will release Funding Year (FY) 2014 Wave 46 Funding Commitment Decision Letters (FCDLs) on March 25. This wave includes commitments for approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. As of March 20, FY2014 commitments total over $2.18 billion.

On the day the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

## CIPA and the Facebook Blocking Myth

Some E-rate applicants may be under the impression that certain web sites (e.g., Facebook, YouTube) must be completely blocked in order to be compliant with the Children's Internet Protection Act (CIPA) rules. That is not true. While applicants applying for E-rate support for Internet access and/or Category Two services must adopt an Internet safety policy that includes a technology protection measure to protect against visual depictions that are obscene, child pornography or harmful to minors, left to applicants are 1) the specific technology protection measures that are used and 2) the sites that are blocked.

## Enhancements to the Online FCC Form 471

Since the FY2015 application filing window opened on Wednesday, January 14, USAC has added a number of enhancements to the online FCC Form 471 that should improve the navigation and simplify the input process. Following are the changes that have been deployed:

**Improvements to Manage Recipients search.** For both Category One last mile and all Category Two services, applicants must indicate which entities featured on the form are receiving the services. The form presents a pick list of all the entities on the form and applicants can move the appropriate entities to the allocation window.

Entries in the entity pick list are now in alphabetical order by entity name, and each entry includes both the entity number and parent (school district or library system) entity number, allowing the applicant to filter, locate, and select entities more quickly.

**Manage Recipients line item default from 0 to 1.** For Category One services, applicants that indicate that there is a last mile connection must list the number of lines allocated to each entity receiving service.

In the past, the list of recipients had the line count default to 0, which meant that the applicant had to edit every line. Now, with the line count defaulting to 1, the applicants only need to update the entities with more than one line.

**Increase in budgets for urbanized libraries.** In the *Second E-rate Modernization Order*, the Federal Communications Commission (FCC) adjusted the Category Two budgets for libraries in urbanized areas from $2.30 per square foot to $5.00 per square foot. USAC has modified the budget calculation for libraries that could be identified as eligible for the increase so that those libraries could see the larger budget amount in their applications. (Libraries that filed applications before the system was changed can update their budgets during the review of their applications.)

**Removing inactive entities from the Urban/Rural Tool.** Applicants can use either the Search Urban/Rural Status tool or the Urban/Rural Reports by State to review the urban or rural status of entities. When the tool was first activated, all entities in the system – including entities that were no longer active – were listed. USAC has removed the inactive entities from both tools to make it easier for applicants to identify the entities that actually require an update.

**Updates to Discount Calculation and Funding Request templates.** Applicants have two sets of optional templates available that they can use to enter much of the data for the Discount Calculation and Funding Requests sections of the online FCC Form 471. The templates can then be uploaded into the online form.

Based on applicant feedback, we made some improvements to the online templates to allow some information to be copied and pasted into the templates from other data sources, and updated our guidance for applicants to take advantage of these changes.

We are confident that these updates and enhancements will ease the burden of some of the data entry for the online form.

## *E-rate Modernization Order*: Frequently Asked Questions (FAQs) on Category Two Budgets

In last week's SL News Brief, we provided general guidance on Category Two budgets in a question-and-answer format. In this issue, we are providing more detailed guidance on budgets.

**- More guidance for non-instructional facilities, tech centers, residential facilities**

**Q1. Do non-instructional facilities (NIFs) get their own category two budget?**

**A1.** No, NIFs do not get their own category two budget because a NIF is not a school or a library.

**Q2. How does a tech center that houses internal connections equipment, like a central switch, get category two support?**

**A2.** Although NIFs do not get a category two budget of their own, to the extent that a NIF houses a piece of shared equipment that is essential to connecting a school's or library's network to the Internet, the cost of that equipment can be allocated between the budgets of the schools or libraries that are sharing that piece of equipment.

Please note that if the equipment is also used by the NIF itself, then an appropriate portion of the cost must be allocated to the ineligible NIF and removed from the funding request. When completing your application, if you have shared equipment that is located in a NIF, please indicate in the Narrative section of the funding request in which NIF the piece of equipment is located.

**Q3. Are NIFs with classrooms eligible for a category two budget?**

**A3.** No. Because NIFs are not considered schools, they do not qualify for their own category two budgets, even if students attend a class in the NIF. Starting in FY2015, there is no longer a distinction between NIFs and NIFs with classrooms, since all entities within in a school district qualify for the same, single discount rate and NIFs are not eligible for their own category two budget.

**Q4. Are residential facilities of a school eligible for a category two budget?**

**A4.** No, residential facilities are not eligible for a separate category two budget. If, however, the residential facility is eligible for E-rate funding because it serves unique populations as set out in paragraph 31 of the *Sixth Report and Order*, the cost of the internal connections, basic maintenance of internal connections or managed internal broadband services for the dormitory can come from the associated school's category two budget.

**- More guidance for schools**

**Q5. Can a school's budget change from year to year?**

**A5.** Yes, a school's category two budget is based on the school's student count, and therefore it can increase or decrease year to year.

**NOTE:** In the examples below, the "Five-year Post-discount Amount" is the maximum amount of the cost of the services that E-rate funding would cover, based on the 50 percent E-rate discount of the school.

**Example 1.** Determine the FY2016 budget for a school at the 50% discount rate that has 1,000 students in FY2015 and then 800 students in FY2016.

Start by calculating the school's category two budget in each of the funding years.

| Funding Year | Student Count | Five-year Pre-discount Budget | Five-year Post-discount Amount |
|---|---|---|---|
| 2015 | 1,000 | 1,000 * $150 = $150,000 | $150,000 * 50% = $75,000 |
| 2016 | 800 | 800 * $150 = $120,000 | $120,000 * 50% = $60,000 |

If the school received post-discount funding commitments for $50,000 of category two services in FY2015, it would have $10,000 ($60,000 - $50,000) for its FY2016 post-discount amount.

**Example 2.** Determine the FY2016 budget for a school at the 50% discount rate that has 1,000 students in FY2015 and then 1,200 students in FY2016.

Start by calculating the school's category two budget in each of the funding years.

| Funding Year | Student Count | Five-year Pre-discount Budget | Five-year Post-discount Amount |
|---|---|---|---|
| 2015 | 1,000 | 1,000 * $150 = $150,000 | $150,000 * 50% = $75,000 |
| 2016 | 1,200 | 1,200 * $150 = $180,000 | $180,000 * 50% = $90,000 |

If the school received post-discount funding commitments for $50,000 of category two services in FY2015, it would have $40,000 ($90,000 - $50,000) for its FY2016 post-discount amount.

**Q6. How do I count part-time students?**

**A6.** Schools may count part-time students for the purposes of determining the school's category two budget. However, schools should include part-time students in their student count only when doing so regularly increases the maximum number of students on the school premises at the same time during the school day. For example, a vocational school that has 100 students in the morning and 100 different students in the afternoon should report a student count of 100. Furthermore, students attending after-school activities or after-school events cannot be included in the student counts.

**Q7. How do I count virtual students?**

**A7.** Students who attend a virtual class that originates at a school, but who are not on the school premises, cannot be counted in that school's student count for the purposes of category two budgets.

**Q8. What types of documentation should I have in order to validate a regular increase in enrollment due to part-time students?**

**A8**. Acceptable third party documentation of full and part-time students can include, for example, an official state report or state website indicating the total numbers of full and part-time students, or other types of documentation held by the school or school district that will help ensure a timely review of the indicated student counts.

**Q9. What happens if I spend my school's entire category two budget and then my student population decreases in a subsequent year? Do I have to return any funding?**

**A9.** No, schools with decreasing student counts do not have to repay funding received in prior years in excess of the current year's budget. There is an exception, however, for new schools, as discussed immediately below.

**Q10. How should new schools determine their category two budgets before they have enrolled students?**

**A10.** If you are applying for a new school that has not yet opened, you can determine your category two budget based on an estimate of the number of students that will attend that school in the upcoming funding year. However, in order to decrease the incentive for schools to overestimate student counts to obtain more funding, these schools will be required to repay USAC in the subsequent funding year for any E-rate support received in excess of the available budget based on the actual student enrollment. The school should report the actual student count to USAC within the year. USAC will follow up with the schools to determine their actual student enrollment counts and will seek recovery of funds if necessary.

**Q11. If a new school estimates that it will have 1,000 students in FY2015, but only 800 enroll, how does it determine its FY2016 budget?**

**A11.** A new school may request category two services based on the estimate of 1,000 students, but it will have to repay any support received in excess of available funding based on actual enrollment.

| Funding Year | Student Count | Five-year Pre-discount Budget | Five-year Post-discount Amount |
|---|---|---|---|
| 2015 (Estimate) | 1,000 | 1,000 * $150 = $150,000 | $150,000 * 50% = $75,000 |
| 2015 (Actual) | 800 | 800 * $150 = $120,000 | $120,000 * 50% = $60,000 |

Difference between actual and estimate: $60,000 - $75,000 = −$15,000

For the example above, the school would have to return any committed support above $60,000, which is the category two post-discount amount based on the actual student population. If the school requested and received commitments for their entire category two budget based on the estimated student population ($75,000), USAC would then rescind commitments for the difference between the actual and the estimated budget amounts, which in this case would be $15,000.

**- More guidance for libraries**

**Q12. Can a library's budget change from year to year?**

**A12.** Yes, a library's category two budget is based on the library's square footage. If a library increases in square footage, its budget can increase.

**Q13. How should a library determine its square footage for purposes of determining its category two budget? Can it include outdoor spaces that get Wi-Fi service?**

**A13.** To determine a library outlet's category two budget, add up the total square footage for all floors occupied by the library outlet and enclosed by the outer walls of the library outlet, including those areas off-limits to the public. This is the same floor area collected by the Institute of Museum and Library Services (IMLS) annually. Libraries cannot include patios or other outdoor spaces such as parking lots unless they are enclosed by the outer walls of the library.

**Q14. How should libraries count the square footage of bookmobiles?**

**A14.** They should be counted like any other outlet – count the area enclosed by the outer walls of the bookmobile. Generally speaking, bookmobiles would qualify for the funding floor minimum category two pre-discount amount of $9,200.