

E-Rate Modernization FY2015

The E-Rate changes that were announced last week are designed to make WiFi and Broadband available to ALL applicants. This has both good and bad implications.

Below is a partial summary of the changes that may affect you.

Changes to Eligibility:

- Category 1 (Priority 1)
 - All **voice** services, including Local, LD, VoIP and cellular service (voice portion only) will be phased out starting in FY2015. This includes all associated lines (PRI etc) that support voice. Support will be reduced by lowering the shared discount by 20% each year until exhausted.
 - Internet and WAN support has not changed.
 - Webhosting, e-mail, cellular data plans and paging service will no longer be eligible at all beginning in FY 2015.
- Category 2 (Priority 2)
 - Network Equipment will only be eligible if required to support internal broadband functionality and Wi-Fi.
 - This will include AP's, controllers and wired switches, cabling, UPS etc if used for WiFi. There is a limit on amount eligible (see below).
 - Maintenance is still eligible on eligible equipment and subject to the funding limits below.
 - Other equipment (Voice, PBX, Video) is not eligible – nor is the supporting cabling or maintenance.
 - Lots of discussion on 'managed WiFi'. Eligibility will now include "managed internal broadband services" if provided by a third party for the operation, management, and/or monitoring of the eligible components of a school or library local area network (LAN) and wireless LAN.
 - Each school building's maximum Category 2 budget will be \$150 per pupil (or a minimum of \$9200) over 5 years – this includes new equipment, managed WiFi and maintenance.
 - Funds cannot be 'moved' between schools and a running 5-year total will be maintained for each building.

Changes in Discount Calculations:

- The maximum discount for Category 2 (Priority 2) will now be 85% (reduced from 90%). All other discounts will remain the same.
- Districts now have a single district-wide discount based on total district enrollment and total NSLP eligibility.
- Districts using CEO/CEP (Community Eligibility Option/Provision from USDA) have a new calculation procedure using direct certification that seems favorable (Direct Certs * 1.6).
- You must use the same (shared) discount rate for all buildings. You will be allowed to add/remove buildings to the 471 even after approval.
- It's not clear to me how they will budget for NIF's – like the data center. They are clearly still eligible but have no budget?

Other Changes / Issues

- The technology plan requirement has been repealed entirely.
- Weakened the requirements for signed contracts prior to 471 submission.
- The document retention period has been extended from five to 10 years
- Streamlined review/approval for multi-year contracts (limited to 5 years)
- Clarified that all applicants must permit auditors, investigators, etc...to enter their premises to conduct E-rate compliance inspections