



E-rate Funding Year 2025

July 1, 2025 – June 30, 2026

South Dakota Applicants

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Agenda

- E-rate Fundamentals
 - Entities, Services, Discount %, Bidding
- Application Cycle - Overview
- Online Filing System – Overview



E-rate Fundamentals

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E-rate is...

- A technology program for affordable broadband access
- Open to all K-12 schools, and public and tribal libraries
- Funded at \$4.9 billion per year, plus annual inflation adjustment
- Based on a competitive bid model to set prices for services and equipment
- Funding quantified as a discount percentage multiplied by the cost of qualified services and equipment

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E-rate is managed by...

Federal Communications Commission

- Administrative agency in charge of regulations, enforcement, policies

Universal Service Administrative Co. (USAC)

- Administrator of all universal service programs including E-rate

Schools and Libraries Division of USAC (SLD)

- Division inside USAC responsible for E-rate

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Who Does What?

FCC

Issues rules
Issue legal decisions
Interprets rules
Sets all policies
Supervises SLD
Decides appeals & waivers

USAC/SLD

Program administrator
Reviews & processes form
Must obtain policy direction from FCC
Follows FCC polices

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The State E-rate Coordinator

- Offers E-rate training and assistance to applicants & serves as liaison with SLD
- Maintains State E-rate Listserv
- Self-subscribe at this link:
https://www.k12.sd.us/MailingList/SD_E-Rate
- Prepares & submits DDN State Network E-rate Application

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3 E-rate Pillars

Eligible Entity

- K-12 School per State law
- Library eligible for LSTA funding
- Tribal libraries

Eligible Service

- Listed on Eligible Services List
- Delivered to eligible entity
- Must be competitively bid

E-rate Discount

- Based on % of Free/Reduced Students & rural/urban location
- Correlate to E-rate Discount Matrix

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Eligible Entities

Public, private, tribal schools

- Not for profit
- Must be recognized as school by State or by BIE

Libraries eligible for funding under LSTA & Tribal libraries

- Must have separate independent budget
- Must pay for E-rate eligible services
 - Dual use libraries – Public library must have a separate budget and pay for technology to be able to apply for E-rate

Definition of School

- Elementary or secondary education as determined by state law
 - Pre-k – including Head Start – when part of school district for students ages 3 or older
 - Day care centers do not qualify
 - Independent Head Start programs are not eligible

Home Based Locations

Generally, services to homes are not eligible for E-rate

- Does not matter if this is the primary location of where student receives education.
- Two key exceptions:
 - residential areas of certain schools such as tribal, juvenile justice, children with disabilities and boarding schools with 35% or more of students qualify for National School Lunch Program
 - Off-campus hot spots for students without sufficient internet service at home

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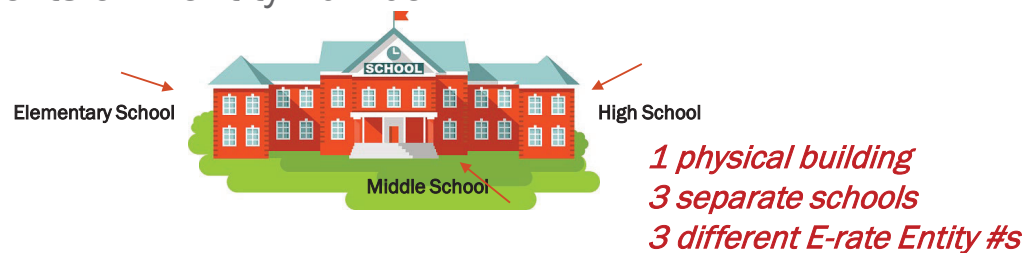
Administrative Buildings - NIFs

- A building that is part of the district or library but is primarily administrative
 - If the building is not designated as a school by State, then it's an administrative building
 - Even if there is some classroom instruction in the building
- E-rate name is "Non-Instructional Facility ("NIF")
- Building must be listed on the funding application and must have its own Entity Number
- Qualifies for C1 funding **but not for C2 funding**
- Central network equipment supporting S/L buildings may be in a NIF

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E-rate Entity Numbers

- Each school, library or NIF must be listed on E-rate funding application as a recipient of service.
- Must have an E-rate assigned number called “Entity Number.”
- Definition of school based on state law
- Multiple schools in one building – each school should have its own entity number.



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Eligible Services & Equipment

Category 1: Broadband & Internet Services **TO** buildings

- Internet access service
- Data transmission service
- Category 1 funding is **not** capped

Category 2: Network services/equipment **INSIDE** buildings

- Internal Connections equipment/service
- Managed Internal Broadband Services
- Basic Maintenance of Internal Connections
- Category 2 funding is **capped**

FCC publishes annual Eligible Services List

<https://docs.fcc.gov/public/attachments/DA-24-1104A1.pdf>

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C1 Data Transmission Lines

- High speed connections *to and between school and library buildings* leased from a service provider
- Public school districts with all buildings connected to the DDN will likely not have data transmission lines that they pay for
- Generally, if a building is not connected to DDN, then a data line or Internet line is needed for that school or library to obtain Internet access
- Data lines are most frequently used for a Wide Area Network service
 - Circuits that interconnect schools or libraries to one another
 - Also called “building to building” service

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C1 Internet Access

Eligible Internet Access Service may include add-on features as part of the base service price such as -

- Basic firewall protection
- Domain name service
- Dynamic host configuration
- Filtering
- When these features are part of the basic Internet service and there’s no additional charge, these features also qualify for E-rate funding.

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C1 Other Eligibility

These charges qualify for E-rate

- Installation costs (mention on Form 470 bidding form)
- State, federal and local taxes
- Universal service fund charge

These charges don't qualify for E-rate and need to be deducted from funding requests

- Late payment charges
- Finance charges
- Paper statement fees
- Administrative charges not related to Internet or data transmission
- Administrative cost of collecting USF surcharge
- Property tax surcharge
- Ineligible internet features

C2 Equipment/Service

Data network equipment and service *inside buildings* needed for broadband & Internet connectivity

3 Subcategories

- Internal Connections
- Basic Maintenance of Internal Connections
- Managed Internal Broadband Services

Funding is capped based on 5-year budget formula

C2 Internal Connections

Component	Component
Access Points	Uninterruptible power supply/battery backup for eligible equipment
Antennas	Wireless controller
Connectors	Software/operating systems of eligible equipment
Cabling	Licenses (right to use) for eligible equipment
Caching	Virtualized (cloud based) functionalities
Basic firewall functionality	Bundled warranty included in price (not separate fee)
Switches	Installation, configuration of eligible equipment
Routers	Basic training on use of equipment
Racks	Licenses

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C2 Basic Maintenance of Internal Connections (BMIC)

- Equipment being maintained must be eligible
 - Cost must be based on estimated time and materials
 - Insurance type contracts are not eligible
 - *Reimbursements limited to actual time and expense incurred on maintenance*
 - Extended warranties are not eligible
 - Software updates and basic technical support are eligible without having to document use of the service
- If prepaid for multiple years, you can only claim the annual cost of the maintenance and must annually for yearly cost

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C2 Managed Internal Broadband Services (MIBS)

- Services provided by third party for operation, management, and monitoring of eligible internal connections
- Services may include:
 - Management and operation of the LAN/WLAN
 - Installation, activation and initial configuration of eligible components
 - On-site training on use of equipment
- Equipment ownership options
 - 3rd party manager may own equipment that is leased to the school or library.
 - School or library may own the equipment and contract for management services.
- MIBS includes network monitoring by personnel, but Basic Maintenance does not include monitoring

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Calculation of C2 Budgets

- **5-year cycle for C2 budgets – current 5-year cycle ends with FY 2025**
- All budgets will re-set for FY 2026 – no carry forward of funds
- Budgets are pre-discount amount
- E-rate discount is applied to quantify the amount of E-rate funding
- **See Excel spreadsheet for each school, district, library Category 2 pre-discount budget's remaining funds**

Single School Budget:

$\$167 \times \text{total enrollment}$ OR $\$25,000$, whichever total budget is greater

School Districts:

$\$167 \times \text{total district enrollment}$, OR

$\$25,000 \times \text{total \# of schools in the district}$, whichever total budget is greater

Independent Libraries:

$\$4.50 \times \text{total square footage}$ OR $\$25,000$, whichever total budget is greater

Library Systems:

$\$4.50 \times \text{total square feet of all library branches}$ OR $\$25,000 \times \text{\# branches}$, whichever total budget is greater

Hybrid budget option for districts/library systems with less than 10 schools or library branches

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E-rate C2 Budget Example

5 Yr. Budget Cap *	E-rate Discount %	E-rate will pay	Applicant's Share %	District must pay
\$747,108.00	60%	\$448,264.80	40%	\$298,843.20

- The C2 budget cap is the **pre-discount price**. The E-rate discount percentage then is applied to the budget cap to quantify the amount of available E-rate funding. In this example the Applicant's share is 40% that they would owe

Returning Unused C2 Funds

- Committed but undisbursed C2 funding may be returned to the organization's C2 budget by filing FCC Form 500.
 - This funding may increase your final year's amount of available funding.
- Check the worksheet "Undisbursed Expired C2 FRNs"
 - If the invoice deadline has already passed, and there is available funding that was not paid out by USAC, file the FCC Form 500 to add funds back to your C2 budget.
 - Need to figure out which FRN(s) and which line items of the FRN have remaining funding to return the funds via the Form.

Forecast v. Confirmed C2 Budgets

- Current student enrollment for the first year of using C2 funding will need to be confirmed by USAC
- Until the student enrollment is confirmed, the C2 budget is “forecasted.”
- Once the student enrollment is confirmed, the budget is then calculated and “confirmed” by USAC.
- If student enrollment increases after the budget is confirmed, enrollment number may be updated and request the C2 budget to be recalculated.
- If enrollment decreases after budget is confirmed, you are not required to reduce the enrollment number.

E-rate Discount Matrix

INCOME Measured by % of students eligible for the National School Lunch Program (NSLP)	CATEGORY ONE (C1)		CATEGORY TWO (C2)	
	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%

Alternative Measures to NSLP

2 Options

1. Report '0' as number of free/reduced lunch qualifying students
2. Conduct **income survey** of students' families
 - NSLP form may be used in place of survey instrument
 - NSLP form or survey must be sent to each student
 - Ask whether family income based on family size meets the Income eligibility guidelines for NSLP and whether family receives any of the following funds --
 - Medicaid
 - Supplemental Nutrition Assistance Program (SNAP), formerly Food stamps
 - Supplementary Security Income (SSI)
 - Federal public housing assistance or Section 8
 - Low Income Home Energy Assistance Program (LIHEAP)
 - All these programs have same IEGs as NSLP

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Competitive Bidding

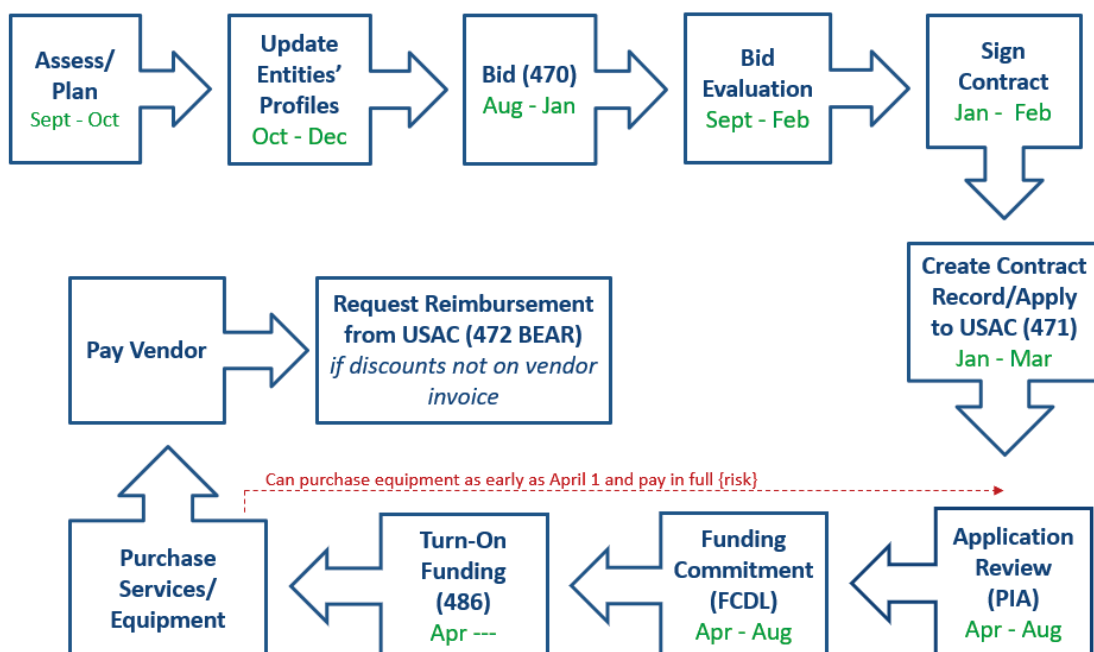
- All E-rate eligible services and equipment must be competitively bid with a few exceptions
- Complete the E-rate bidding form (FCC Form 470) and post it online for vendors to review and decide whether to submit a proposal.
- Bidding must be open and fair to all potential bidders
- Vendors may not provide any assistance with drafting of Form 470
- Must accept bids for minimum of 28 days
- After bid period ends, evaluate bids and select ***most cost-effective*** bidder

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Program Life Cycle

Big Picture



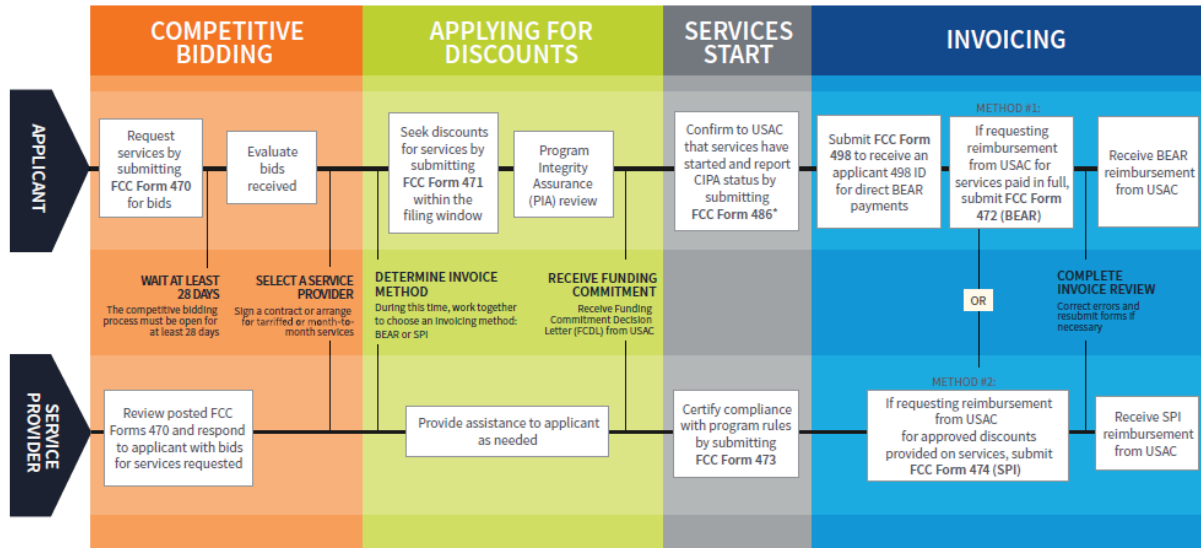


Schools and Libraries (E-rate) Program APPLICATION PROCESS

BEFORE YOU BEGIN:

APPLICANTS: Applicants must first have an entity number and an E-rate Productivity Center (EPC) account.

SERVICE PROVIDERS: Service providers must first obtain a Service Provider Identification Number (SPIN /service provider 498 ID) by submitting FCC Form 498.



FOR MORE INFORMATION:

- Website: The application process is broken down in detail for both [applicants](#) and [service providers](#) on the E-rate Program website (www.usac.org/e-rate).
- [Glossary of Terms](#): Definitions for program terms and acronyms.
- *Consortium members report their CIPA status by submitting the [FCC Form 479](#) to their consortium leader. The consortium leader then files the FCC Form 486.
- To adjust funding commitments and/or modify the dates for receipt of services after the FCDL is issued, file the [FCC Form 500](#).

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When is the Funding Period?

- Funding/service period begins July 1, 2025, for internet, data transmission service, basic maintenance and managed internal broadband services
- Service period for Category 2 equipment is April 1, 2025 through September 30, 2026
- Applicants must determine service & equipment needs 6 – 12 months ahead of funding year to conduct bidding and apply for funding per E-rate cycle and deadlines

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