

E-Rate in an Hour

Quick Program Overview



October 2025

What is E-Rate?

- Congress directed the FCC to establish and oversee the Universal Service Programs through the Telecommunications Act of 1996.
- 4 USF programs, one of which is the Schools and Libraries Program (E-Rate)
- Purpose: To help schools and libraries obtain high-speed, affordable Internet access
- E-Rate program annual allotment = over \$4 billion

Key Players

Federal Communications Commission
(FCC) makes the rules/policy



Universal Service Administrative Company
(USAC) - Schools and Libraries Division
(SLD) manages program/application
process



TennSEC (TN State E-Rate Coordinators):
Liaison between TN schools and the FCC
and USAC. We are here to help TN schools
participate in the E-Rate program!



How to Stay on Top of E-Rate

- Join the TN E-Rate email list so you will receive updates, reminders, and tips! Email chall@tennsec.com to be added.
- Subscribe to USAC's E-Rate News Brief > <https://www.usac.org/E-Rate/learn/news-brief/>
- TN E-Rate Website > <http://csmcentral.com/tennsec/index.php#show22-1>
- TEBC Website > <https://www.tn.gov/education/districts/district-technology/erate.html>
- Attend our webinars throughout the year.
- Documentation! Documentation! Documentation! Keep everything!

E-Rate Speak

BEN (Billed Entity Number): Identification number for E-Rate applicant (school district, library system, consortium lead).

EN (Entity Number): Identification number for each building belonging to BEN (individual schools & NIFs).

NIF (Non-Instructional Facility): School buildings without classrooms or library buildings without public areas.

FRN (Funding Request Number): A unique number assigned to each funding request.

PIA (Program Integrity Assurance): USAC's review process to ensure compliance with E-Rate rules.

FCDL (Funding Commitment Decision Letter): Letter USAC issues to notify applicant of funding commitment.

SPIN (Service Provider Identification Number): A unique number assigned to each service provider.

BEAR (Billed Entity Applicant Reimbursement): A method where applicants pay in full and then get reimbursed.

SPI (Service Provider Invoice): A method where the service provider discounts the bill, and USAC pays the discount amount directly to the service provider.

Basic Eligibility

- Eligible entities include K-12 schools, libraries, and consortia of these institutions.
- *Pre-K, Head Start, and Adult Education students and facilities are not eligible in TN.
- Non-instructional Facilities (NIFs) - Admin buildings, data centers, bus barns, etc.
(limited eligibility)
- Discounts range from 20% to 90%, determined by the level of poverty and urban/rural status of the population served.



E-Rate Discounts

- E-Rate provides discounts on eligible goods/services
 - **Up to 90% on C1; 85% on C2**
- Applicants pay undiscounted portion or “matching portion”
- Discount rate based on poverty level
 - % students eligible for National School Lunch Program (NSLP) or equivalent measure (i.e. CEP) plus urban/rural status

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%

E-Rate Discounts

- There is not a 100% E-Rate discount rate. Applicants are responsible for a portion.
- An 80% E-Rate discount rate means the program will pay 80% of costs and the applicant is responsible for 20%.

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50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%

Eligible Services

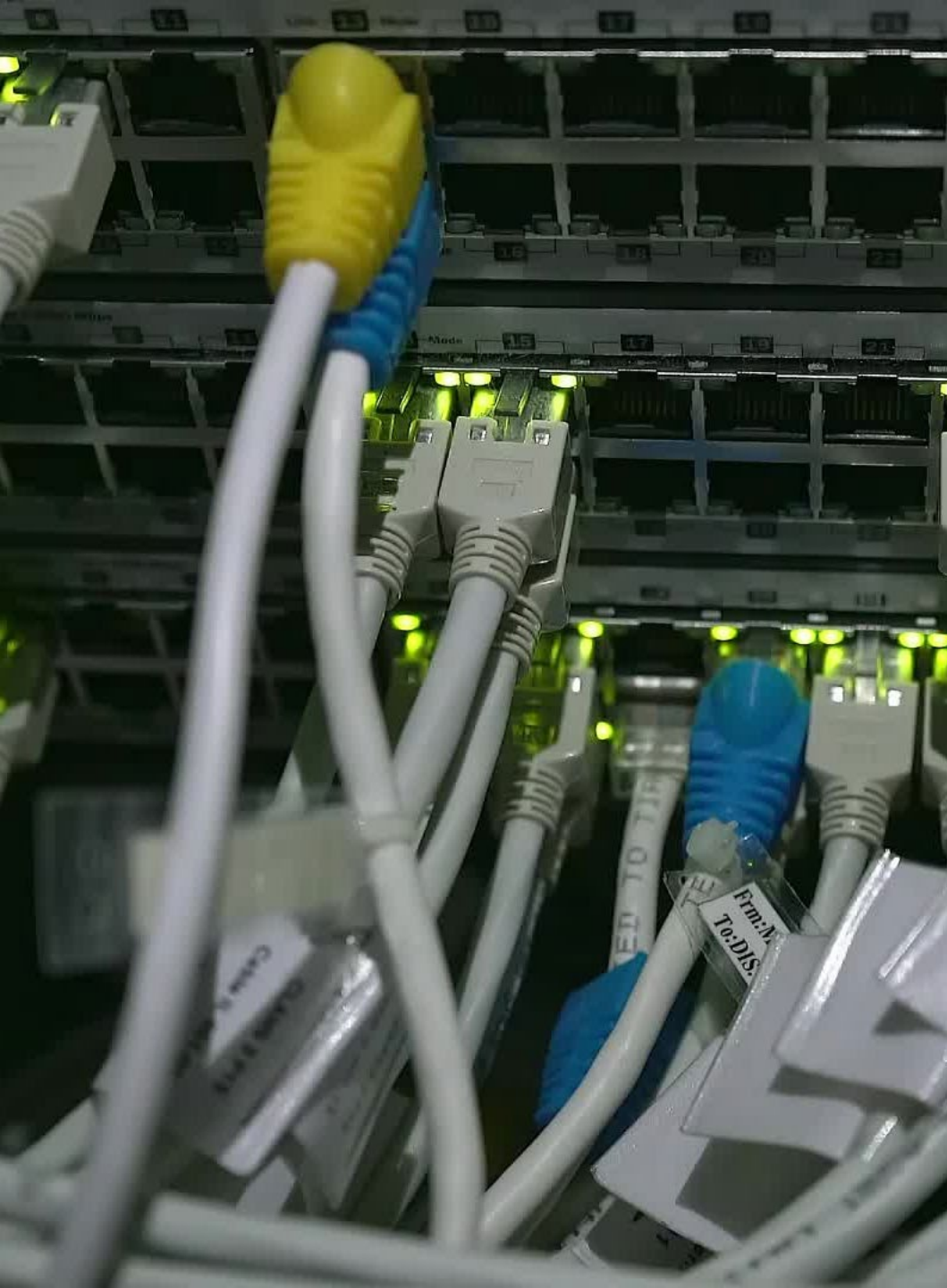
- Two categories of eligible services
- **Category One (C1):** services from the service provider TO schools/libraries (demarcation point)
 - Data Transmission Services (WAN) and Internet access

<https://www.usac.org/E-Rate/applicant-process/before-you-begin/eligible-services-list/>



Eligible C1 Services

- Leased lit fiber
- Leased dark fiber
- Self-provisioned fiber (build/own your network)
- Special construction charges (costs for vendor to build out network)
- Mobile Broadband (school bus WiFi & hotspots)
- Modulating Electronics/C1 Equipment
- Installation charges (one-time charge to turn up service)
- Associated taxes & fees
- * Not eligible: Voice services, redundant services, filtering, mobile broadband (recently made ineligible)



Eligible Services

- **Category Two (C2):** products/services needed for connectivity WITHIN schools/libraries
 - Internal Connections (IC) – switches, routers, APs, wireless controllers, cabling, basic firewall, UPSs, licenses, etc., (install & taxes eligible)
 - Basic Maintenance of Internal Connections (BMIC)
 - Managed Internal Broadband Service (MIBS) – third party manages network equipment for you

<https://www.usac.org/E-Rate/applicant-process/before-you-begin/eligible-services-list/>

Limited Eligibility

- Firewalls – Only basic firewall eligible
 - Appliance typically eligible; software/license with advanced features partially eligible/not eligible
- Uninterruptable Power Supplies (UPS) – Only eligible if supporting other eligible items
- Servers – Caching services only
- NIFs – Only eligible for C2 if housing “shared” equipment
 - Example: Wireless Controller located at Board Office, but supporting APs located in schools

Basic Maintenance

- Basic maintenance and technical support needed to maintain reliable operation for eligible broadband internal connections
- Only maintenance of eligible equipment is eligible
- Typically, an hourly rate for technician to come onsite if needed
- E-Rate only pays for actual work performed

Managed Internal Broadband Service (MIBS)

- Third-party operation, management, and monitoring of eligible broadband internal connections
- Equipment can be applicant owned or leased
- Typically used by small entities that do not have in-house IT staff/expertise

Category Two Budget

- C1 funding is not limited but C2 funding is limited to a budget
- Fixed 5-year budget cycle (FY2026-FY2030)
- Districtwide budget
- Funds do not roll over to next budget cycle

For the FY2026-FY2030 cycle:

- School multiplier = \$201.57/student
- Funding floor = \$30,175
- Districts with 10 or less schools can use mixed method calculation



Competitive Bidding & Compliance

Competitive bidding is essential to the E-Rate process. All products and services must be competitively bid using a Form 470. Applicants must adhere to local, state and E-Rate competitive bidding rules.

Competitive Bidding is the top reason for funding denials. It is imperative to get it right!

Service Providers should NEVER be a part of your competitive bidding process! Contact us if you have any competitive bidding questions.

> <https://www.usac.org/E-Rate/applicant-process/competitive-bidding/>

TEBC

- The Tennessee Education Broadband Consortium (TEBC) are state master contracts TN schools can use to procure E-Rate eligible products/services.
- Using TEBC simplifies the competitive bidding process (skip Form 470).
- Most TN school districts use TEBC for C2 purchases.
- Visit the TEBC website to learn more >
<https://www.tn.gov/education/districts/district-technology/erate.html>

E-Rate Funding Year (FY)

- Funding commitments are made by Funding Year
- **Funding Year: July 1 - June 30**
- FY referred to as year when services begin
 - FY2025 (July 1, 2025 - June 30, 2026)
- You apply for funding prior to the start of the FY



Funding Years



Application Process



The process begins with assessing your needs.



Form 470 is then filed (or TEBC mini-bid) to open the competitive bidding process.



After selecting a service provider, Form 471 is filed to request funding.



USAC reviews the application and funding commitment is issued.



Purchase services/equipment.



Request reimbursement

Application Process by Form

470

What you want to buy

471

What you are buying

486

Services have/will begin – turn on funding!

472/474

Reimbursement/discount for what you actually bought

Form 470

- Posting Form 470 starts the bid process (E-Rate equivalent of an RFP)
- Form 470 is a summary of products/services being requested
- RFP can be posted in conjunction with Form 470 to give more details
- Posted July - December



Form 471

- Form 471 application is used to request funding (must be filed every year)
- Only filed during Filing Window (Jan.-Mar.)
- Form 471 includes:
 - Service provider (SPIN 143047939)
 - Contract details
 - Projected product/service costs



Funding Requests (FRNs)

Records / FCC Forms 471

FreeLibrary471FY2022C1 - #221019498

[Summary](#) [Funding Requests](#) [Review Inquiries](#) [Deferral History](#) [Discount Calculation](#) [Entity Information](#) [News](#) [Related](#)

Funding Requests

FRN	Nickname	Number of Line Items
2299025421	FLP 2022 Cogent - IA	1
2299025428	FLP 2022 Verizon - WAN	2

- Each funding request is assigned an ID number (FRN)
- Multiple FRNs on a Form 471 – at minimum, one FRN per contract

Program Integrity Assurance (PIA)

- After Form 471s are certified, the application goes through review
- Some things USAC looks at in review are your discount calculation, did you request funding for eligible services to be delivered to eligible entities, and your competitive bidding process.

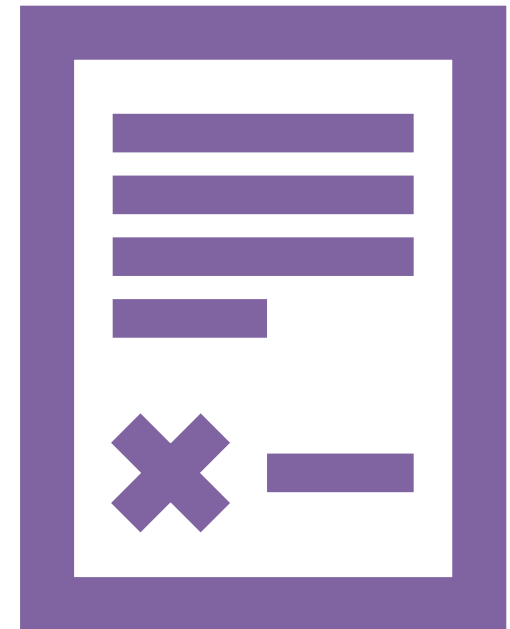


Funding Commitment Decision Letter (FCDL)

- FCDLs tell applicants/service providers what was funded and if anything was removed/denied
- Check FCDL for errors!
 - Appeals due 60 days from FCDL date
- Funding Waves typically start April/May – Sept. 30

Form 486

- Form 486 tells USAC services have started/will start soon.
- Certifies your CIPA compliance
- Filing the Form 486 allows invoicing to begin
- File your Form 486 as soon as you receive your FCDL so you don't forget!



CIPA

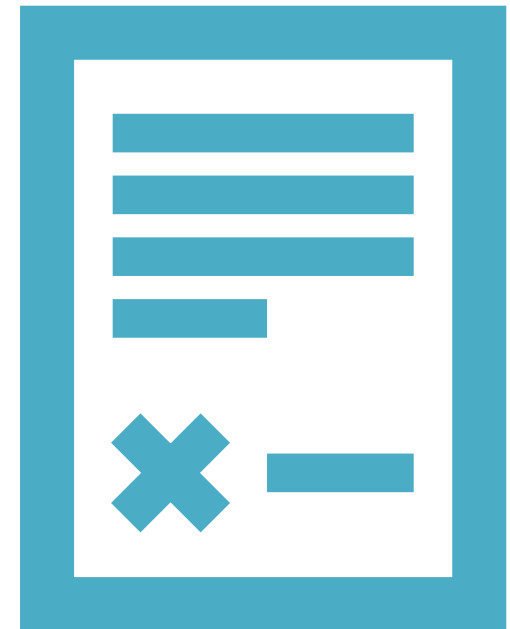
- Schools and libraries receiving E-Rate funding for internet access or Internal Connections must be compliant with the Children's Internet Protection Act (CIPA).
- **CIPA requirements:**
- Filter all internet access.
- Have an internet safety policy that was adopted after public hearing.
- Must teach online safety to students - "educating minors about appropriate online behavior, including interacting with other individuals on social networking websites and in chat rooms and cyberbullying awareness and response."



Reimbursement

- **Form 472 - BEAR (Billed Entity Applicant Reimbursement)** - Applicant is billed 100% and submits invoices to USAC for reimbursement
- **Form 474 - SPI (Service Provider Invoicing)** - Applicant is billed undiscounted share and service provider submits invoices to USAC for reimbursement

*Invoicing method is the applicant's choice



Non-Discounted Share

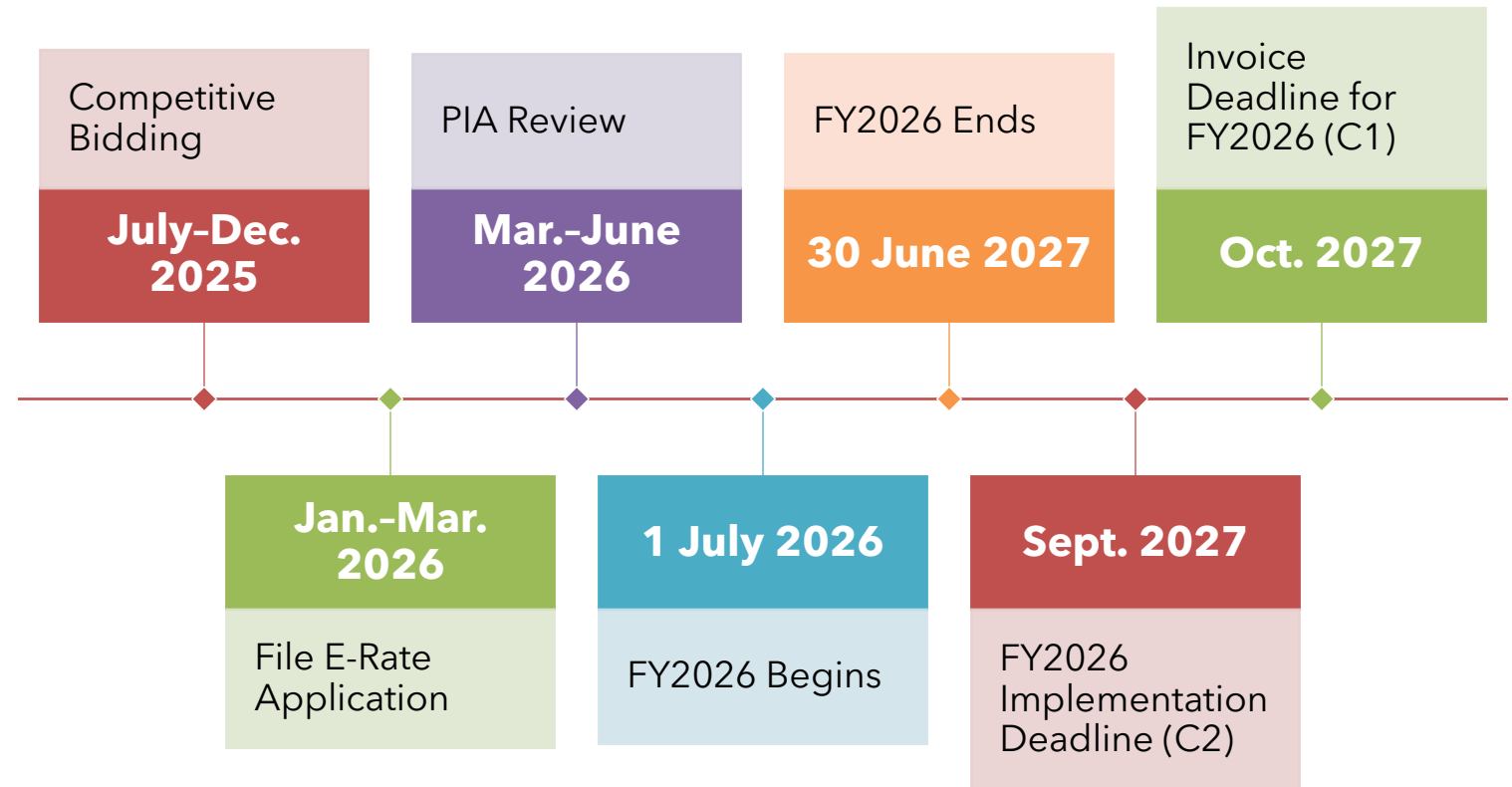
Applicants responsible for paying non-discounted share (matching portion)

Service providers cannot pay non-discounted share or gift matching portion as charity

Service providers cannot help applicants find funds for matching portion

Service providers cannot waive matching portion

Full FRN Lifecycle



Document Retention

- Applicants and service providers must keep all documentation for **10 years** from last date to receive service
- Records can be electronic
- Documents you should keep:
 - Bid responses
 - Contracts
 - Vendor bills
 - BMIC service logs
 - Proof of payments
 - Packing slips/proof of delivery or install



Gift Rule

- Service providers may not offer gifts/items of value to applicant personnel involved in E-Rate
 - \$20/\$50 Rule - Items worth \$20 (including meals) or less are okay. Items in total cannot exceed \$50 to any one individual for the year
 - Charitable donations not related to E-Rate are okay

What do the #s mean?

Form 470 (FY0) 250008696

Form 471 (FY1) 251019498

FRN (FY99) 2599025421

[News](#) | [Tasks](#) | [Records](#) | [Reports](#) | [Actions](#)

 **appian**

My Consultant Landing Page

 **Universal Service
Administrative Co.**

Welcome, [CSM Consulting Inc.!](#)

[Funding Request Report](#) | [FCC Form 470](#) | [FCC Form 471](#) | [FCC Form 486](#) | [FCC Form 500](#) | [SPIN Change](#)
[Appeal](#) | [Service Substitution](#) | [USAC Website](#) | [Contact Us](#) | [Help](#)

[> Pending Inquiries](#)

Notifications

Notification Type Please select a value

Funding Year -- Select a Funding Year --

Status ? ☒ All
☐ Generated
☐ Not Generated

Notification	Description	Issued Date	Generated By	Generated On
No items available				

E-Rate Productivity Center (EPC)

Online portal where all E-Rate forms are filed

To-Do List

- Setup EPC user account; Change AA if needed
- Check status of FY2025 applications (most have been funded)
- File Form 486 for FY2025 FRNs, if needed
- Check bills (July 2025-present) to ensure discounts are applied/charges are correct
- Submit POs for FY2025 C2 equipment
- Check contract expiration dates to see if anything needs to be re-bid for FY2026 (Internet/WAN)
- Check available C2 budget and make 5-yr. plan
- For any FY2026 purchases, decide purchasing vehicle - TEBC mini-bid, Form 470, piggyback off existing contract

Thank You

- If you have any E-Rate questions, contact our TN E-Rate Team (tnerate@tennsec.com)
- Candice Hall (chall@tennsec.com)
- Audra Thayer (athayer@tennsec.com)
- Kim Friends (kfriends@tennsec.com)
- (855) 45-ERATE
(855) 453-7283

