

E-RATE 1 0 1 : HOW THE PROGRAM WORKS

The E-Rate is a federally-managed program that provides significant discounts on telecommunications technologies to schools and libraries in the United States. Discounts range from 20 percent to 90 percent and are based on the percentage of students participating in the federal school lunch program who are served by the school or library. The E-Rate is administered by the Universal Service Administrative Company (USAC), a private, not-for-profit corporation that is responsible for ensuring universal service to telecommunications services throughout the country. USAC's Schools and Libraries Division (SLD) is specifically responsible for providing telecommunications discounts to America's schools and libraries.

The E-Rate is funded by money from the Universal Service Fund (USF), which was created in 1993 to ensure that all Americans could afford telephone services. With the passage of the Telecommunications Act of 1996 and the Federal Communications Commission's subsequent implementation of the E-Rate, the fund was expanded in 1997 to support telecommunications services at schools and libraries. Local and long-distance telephone companies are required to contribute to the fund.

Services covered by the E-Rate include Internet access, videoconferencing services, high speed data connections, phone service and certain types of internal wiring and network equipment. Computer hardware, electrical upgrades and many other services are not covered by the program.

Schools can apply for E-Rate funding individually or in groups (such as districts or state wide consortia). The application process includes several steps:

- * Prepare and submit a technology plan that meets specific SLD criteria, including a clear technical and educational strategy for implementation telecommunications services.
- * Submit Form 470, describing the specific services being sought.
- * Collect bids from local vendors for these services and select vendors during a mandatory 28-day competitive bidding period.
- * Submit Form 471, notifying the SLD of the contracted vendors and the specific costs involved.
- * Receive notification from the SLD of those services that have been approved for discounts.
- * Begin implementing services. Once services are completed, discounts are disbursed directly to vendors. These discounts appear on the bills submitted to the school or library.

The E-Rate has thus far been structured as a series of funding-year cycles, with each cycle offering an application window ranging from 75 to 90 days during which institutions can submit Form 470 and begin the application process. Funding decisions are then made in waves, beginning with those institutions receiving the highest discounts and with the most basic services (such as telephone service and Internet access). Waves of funding continue to be made until all requests are met or until the budget is depleted.

See also: <http://www.benton.org/e-rate>