

# Executive Summary

## Prepared for Board of Trustees Meeting

October 27, 2015

### Highlights of the Schools & Libraries E-Rate Modernization Program

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**Board Goal:** I. Vision  
VI. Growth, Change & Fiscal Responsibility

**Purpose of Report** To provide the Board with a report detailing the past, present and future changes to the Federal E-Rate program. E-Rate is a Federal program created in 1996 by the FCC and administered by the Schools & Libraries Division of the Universal Service Administrative Company that provides eligible K-12 public schools and libraries 20 – 90 percent discounts on approved telecommunications, internet access and internal connection costs. E-Rate discounts are based on the number of students eligible for the National School Lunch Program.

**Objectives**

- To educate our Board on where we have been and what the future holds
- Maximize the cost effectiveness of E-Rate spending for Denton ISD
  - Maximize the E-Rate administration and application processes

**Operational Impact**

Should the District choose to obtain E-Rate approved equipment and services, we will be obligated to the discount chart which is our economically disadvantaged percentage. Currently, our E-Rate discount on equipment and services is 60%. The district will pay 40%. For the 2015 year, DISD applied for \$2,132,755.60 of both telecommunication services and WAN equipment for the District. See attachment “C - E-Rate Funding Year 2015”

**Results**

The financial benefit the district has received over the last 10 years has been great. We have received \$3,874,525.97 from the E-Rate -Schools and Libraries Division. This has defrayed our costs for telecommunication lines, Internet, cell phone bills, network equipment and network wiring for some of our schools. There are several documents attached to reference our benefits.

Document “A” is E-Rate funding history for Denton ISD. Document “B” is E-Rate Funding Year 2014. These are the most recent requests approved and waiting on refund checks as the cycle takes about a year to actually receive funds. (See the right column “Funded”) Document “C” is the current year we are working with to receive funding. We asked the Board for funding this request at the March 10, 2015 Board Meeting. As you can see, we have received “Funded” for the top half, telecommunications, but the second half which is the campus equipment is still under review to be funded.

If you need a quick refresher on E-Rate, I have attached Document “D” which was presented to the Board at the January 20, 2015 Board Meeting by Allen McDaniel.

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### Other Options

E-Rate 2016 filing has many new options that will bring high cost network equipment into the Tier or Category 1 E-Rate submission. Traditionally, Tier/Category 1 was for telecommunications bills which consisted of phone and Internet costs. Tier 1 is always paid by E-Rate in accordance to your free and reduced lunch percentage plus the additional grid position by the SLD. Historically, Denton has been in the 60% category where E-Rate paid 60% and Denton paid 40% for these services.

There is not a lot of concrete information about the E-Rate 2016 rules and we are still receiving information daily. Below is attached a quote from a source discussing the direction standard for district Internet bandwidth and network equipment speeds between campuses and the Internet. Denton ISD is **nowhere** near these numbers. The equipment and Internet costs are both in Tier 1 E-Rate meaning we are guaranteed funding on these items minus our 40%. This is huge.

Here is the quote: *“3. Because of the importance of these connections to all students and all library patrons, we set a goal of ensuring affordable access to high-speed broadband sufficient to support digital learning in schools and robust connectivity for all libraries and, to meet that goal, adopted connectivity targets. 3 For schools, we set a high-speed broadband Internet access target of at least 100 Mbps per 1,000 students and staff in the short term and 1 Gbps per 1,000 users in the longer term, and connections scalable to 10 Gbps per 1,000 students for wide area networks (WANs) for schools.4 We adopted an Internet access target of 100 Mbps for libraries that serve fewer than 50,000 people and 1 Gbps for libraries that serve 50,000 or more.5 We also took steps in that Order to help ensure schools and libraries can purchase broadband services that meet those targets. Among other things, we refocused E-rate funding on providing support for broadband services; ensured that funding will be available for the internal connections necessary to distribute broadband services; made it easier for schools and libraries to purchase affordable commercially available Internet access services that meet our initial speed targets; adopted transparency requirements to ensure that schools and libraries can compare the prices they are paying for broadband services; and clarified our consortium rules to encourage cost-effective consortia based purchasing. On their own, the reforms we adopted in the E-rate Modernization Order are important, but insufficient to ensure that schools and libraries can purchase affordable high-speed broadband services.”*

Please see the attachment - **FCC SECOND REPORT AND ORDER AND ORDER ON RECONSIDERATION**. We are just beginning to see strategies and discussions on how school districts are applying for 2016 E-Rate. I will be back in contact as we learn our strategy.