

## NYS Smart Schools Bond Act and E-Rate: Leveraging the Possibilities for Expanded Access to Broadband

### Introduction

The passage of the Smart Schools Bond Act has provided districts with an unprecedented opportunity to upgrade network infrastructure to meet the needs of 21<sup>st</sup> Century classrooms. This brief provides information on how to use Smart Schools Bond Act (SSBA) allocation funds to help leverage federal E-rate reimbursements to support modernization goals.<sup>1</sup>

### Funding Categories

Select a SSBA expense in the left column and find its corresponding eligibility, if available, for federal E-rate Program funding in the right column.

SSBA Category <sup>2</sup>	E-Rate Implications
(All public New York State school districts have received an allocation from this bond.)	(Most public New York State school districts are eligible for at least some % discount on eligible purchases, depending on their FRPL enrollment.)
SSBA funds may be used to reimburse for purchases made in the following four categories:	<p>The federal E-rate program provides two categories of expenses E-rate eligible schools/districts can access for reimbursement:</p> <ul style="list-style-type: none"> <li>• Category 1 broadband connectivity <u>to</u> schools, and</li> <li>• Category 2 broadband connectivity <u>within</u> schools<sup>3</sup></li> </ul>
<p>1. High-speed broadband or wireless Internet connectivity for schools and communities.</p> <p>For <b>Districts</b>, this includes the following <b>Options</b>:</p> <p><b><u>Option A</u></b> Additional bandwidth through self-provisioning and new construction or upgrade of existing pipe (installation of new or upgraded direct fiber connection to ISP/provider hub; fiber is leased or owned by the district and operated by district or via contractor), or</p>	<p><b><u>For Districts Choosing Option A</u></b> Category 1 E-rate funds can be used to install a new fiber connection to an ISP (“Special Construction Projects”) or source hub, and SSBA funding could be used to leverage an increase in E-rate discounts for up to 10% of the construction project cost. For a district with an 80% E-rate discount rate based upon its student</p>

<sup>1</sup> This document is intended for informational purposes only, and is current as of 10/2017. For in-depth assistance, please consult your district or BOCES/RIC E-rate coordinator. You may also contact the State E-rate Coordinator at [edtech@nysed.gov](mailto:edtech@nysed.gov).

<sup>2</sup> Additional SSBA guidance is [available online](#).

<sup>3</sup> Category 2 funding from E-rate is capped and budgeted at \$150/student over a five year period with a floor of \$9,200 for schools with 62 students or less.

<p align="center"><b>SSBA Category<sup>2</sup></b></p> <p align="center">(All public New York State school districts have received an allocation from this bond.)</p>	<p align="center"><b>E-Rate Implications</b></p> <p align="center">(Most public New York State school districts are eligible for at least some % discount on eligible purchases, depending on their FRPL enrollment.)</p>
<p><b><u>Option B</u></b> Additional bandwidth via upgrading or replacing existing in-district network infrastructure (district-wide area network, WAN, or school-based local area network, LAN) to handle increased bandwidth; i.e., the internet connection is adequate but the district and/or school delivery network (“Infrastructure”) as currently configured cannot handle increased throughput volume.</p> <p><b><u>Option C: NOT Eligible for SSBA Reimbursement</u></b> Additional bandwidth through enhancing existing service connection and capacity (e.g., increasing your subscription rate from 50mbps to 100mbps via your existing Internet Service Provider (ISP).</p> <p><b><u>For Communities</u></b>, especially those more remote with little or no existing internet access, this could include Option A above, provided the community access to improved internet connectivity is located in a municipal facility and includes the school as one of the “anchor institutions” (e.g., major recipients/end-users of any</p>	<p>FRPL enrollment, an additional 10% E-rate discount could be leveraged if a district reserved the additional 10% of the project cost to be paid for with SSBA funds. So, in this case, a district could have 100% of a fiber build project paid for by E-rate and SSBA. Because both programs are reimbursement-based, the district would still have to front the cost of the project to be eligible for the E-rate &amp; SSBA reimbursements. Note: While equipment to light the fiber is eligible for E-rate discounts, hardware to light the fiber does not receive the benefit of the additional 10% E-rate match.</p> <p><b><u>For Districts Choosing Option B</u></b> Category 2 E-rate funds can be used for purchasing new or upgrading existing network infrastructure within schools including Ethernet or wireless systems. Eligible expenses could include cabling, network switches, router hubs, wireless access points, increased power capacity etc.</p> <p><b><u>For Districts Choosing Option C</u></b> Category 1 E-rate funds can be used to purchase increased internet access and capacity usually via a subscription fee, but SSBA funding may not be used for subscription services. Any increases in capacity must be requested on the Form 471. Unplanned increase in bandwidth after the Form 471 is filed will not be covered by E-rate.</p> <p><b><u>For Communities working with Schools Choosing Option A</u></b> Allocated expenditure for community access, outside of schools is <u>not</u> eligible for E-rate reimbursement.</p>

<b>SSBA Category<sup>2</sup></b> (All public New York State school districts have received an allocation from this bond.)	<b>E-Rate Implications</b> (Most public New York State school districts are eligible for at least some % discount on eligible purchases, depending on their FRPL enrollment.)
additional network capacity from the ISP or hub) in the fiber build project.	
2. Classroom learning technology equipment and facilities (“Devices”) including such items as whiteboards, computer servers, and desktop, laptops, and tablet computers. <sup>4</sup>	This equipment is <b>not</b> E-rate eligible. <sup>5</sup>
3. High-tech school security capital expenditures, such as video surveillance, emergency notification systems, and physical access controls.	Most security equipment and services are not E-rate eligible. Exceptions could include upgrades to shared <sup>6</sup> Category 2 wired or wireless broadband networks, or Category 1 data transmission circuits for monitoring services.
4. Facility construction, enhancement, and/or modernization for pre-K programs or classroom trailer replacement.	Could entail new or upgraded E-rate eligible products and/or services for Category 1 connections or Category 2 internal networking.

## **Funding Cycles**

One important aspect of the “bundling” or “packaging” of disparate funding sources supporting the implementation of the same capital project is the Funding Cycle, which includes application cycle, competitive bidding, awarding bids, payment schedule, reporting and submission of reimbursement requests for each source. Since both SSBA and E-rate funding are built upon a reimbursement-based methodology, Districts will be required to generate the initial funding to pay for project costs up front, and then seek reimbursement from the funding sources. It is critical to note that NO payments to vendors may be made for SSBA-funded items until AFTER approval by the Smart Schools Bond Act Review Board. Any expenditures made prior to that date will NOT be reimbursed through the program. Depending on the size of the capital project, Districts may want to bond for the cost of the project to generate the necessary cash flow separate from District annual budget expenditures.<sup>7</sup> Please note that neither SSBA nor E-rate will reimburse for debt service, although if the capital project includes new construction or renovation – which will likely include building in new or expansion of existing network

<sup>4</sup> District use of SSBA funding for classroom technology and certain transportable school connectivity items creates an equivalent per-student technology loan requirement (capped at \$250/student) for the district’s nonpublic schools with similar, albeit minimal, E-rate implications.

<sup>5</sup> [One exception is caching servers.](#)

<sup>6</sup> Infrastructure dedicated to security will be deemed ineligible during application review. If it supports your LAN and your security, then cost allocations are not required.

<sup>7</sup> Districts should consult with their bond counsel when considering the financing of any project. Please note NYSED is unable to provide legal advice regarding the financing of District projects.

capacity to the new classroom or building – some of the soft costs (project management, architectural fees, etc.) may be covered by SSBA.<sup>8</sup>

It's useful to line up the timelines for your project to ensure they synch up with the funding source cycles. For example:

**E-rate Application Cycle** – funding year 7/1 through 6/30; typically capital project reimbursements come in 2<sup>nd</sup> year of project

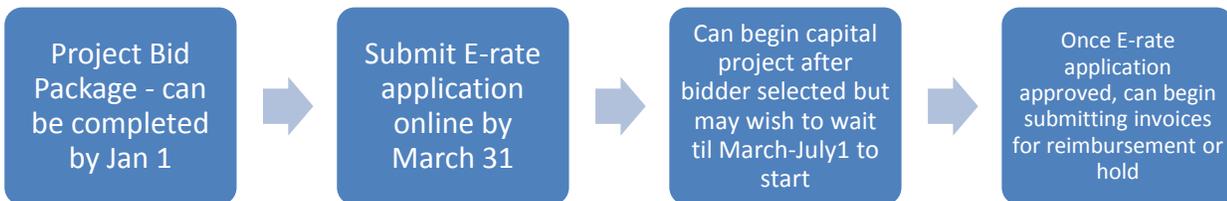
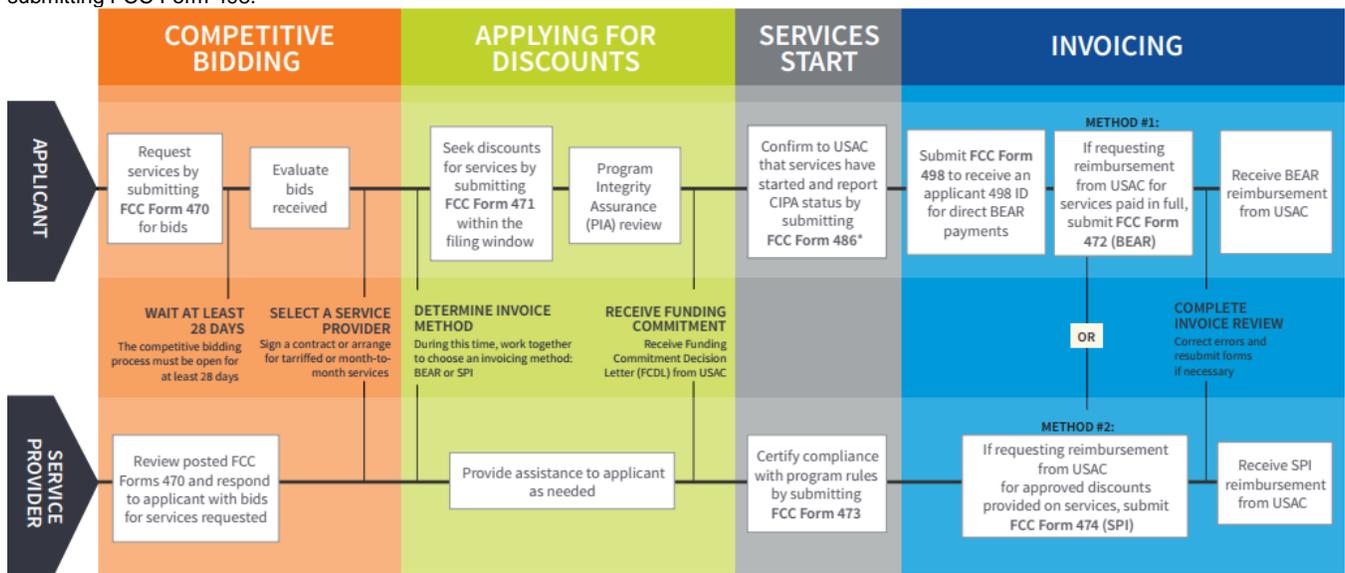
**Schools and Libraries (E-rate) Program Application Process**



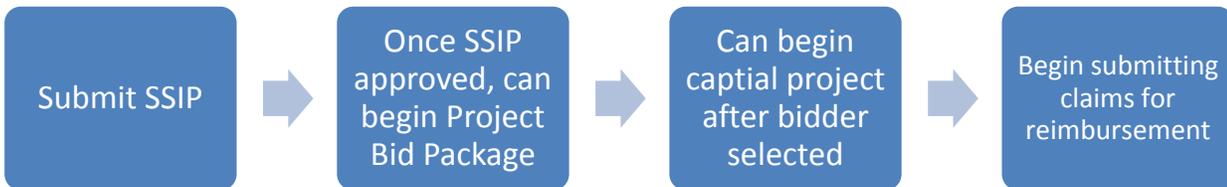
BEFORE YOU BEGIN:

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.



**SSBA Application Cycle (No established submission or termination dates)**



<sup>8</sup> Please consult SSBA and E-rate Guidance and funding sources for more detailed determinations on actual covered expenditures.