

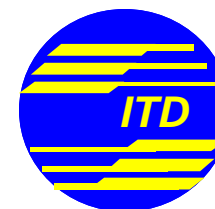
Los Angeles Unified School District

E-Rate: Past, Present, Future

ABAT Committee Report
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What is E-Rate

- The E-Rate - or, more precisely, the Schools and Libraries Universal Service Support Mechanism - is a result of Section 254(h) of the Telecommunications Act of 1996 to provide discounts to assist most schools and libraries in the United States, to obtain affordable telecommunications and Internet access.
 - E-Rate funding is awarded by the Schools and Libraries Division (“SLD”), under the auspices of the FCC, based on a school or library’s level of economic disadvantage.
 - Discounts range from 20% to 90% of the costs of eligible services, depending on the school’s level of economic disadvantage as determined by the percentage of its students eligible for a free or reduced-price lunch under the National School Lunch Program (“NSLP”).
 - Three service categories are funded:
 - Telecommunications Services
 - Internet Access
 - Internal Connections
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Category One: Telecommunications

- Highest Priority for funding. All qualified applications receive funding regardless of discount level.
 - All the District K-12 schools receive the following E-Rate discounted telecommunications services:
 - Basic Telephone
 - Physical Connection (a T-1 line) to the District Wide Area Network
 - LAUSD applies for these services yearly.
 - Under this category, the District applies for \$8 to \$9 million a year.
 - Qualifies at about the 80% level.
 - District match is about 20% .
 - Match is from the General Fund, the Telephone Budget.
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Category Two: Internet Provider Services

- Internet Provider Service applications are funded once Telecommunication needs are met.

 - All the District K-12 schools receive the following Internet E-Rate discounted services:
 - Access to the Internet.
 - Access to the District Wide Area Network and District Internal Network.
 - E-mail Services

 - LAUSD applies for these services yearly.

 - Under this category, the District applies for \$3 to \$4 million a year.
 - The District qualifying average is approximately 80%.
 - District match is approximately 20% .
 - Match is from the General Fund.
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Category Three: Internal Connections

- This category is lowest on the priority list for funding and is funded only after needs are met for all Telecommunication and Internet Service applications.

 - District applies for the following:
 - Installation or upgrades of networks
 - Telephone switches
 - Maintenance for E-Rate eligible data and phone equipment and cabling. This is what funds the ITD Help Desk.

 - District applications and amounts vary greatly depending on needs
 - All 658 K-12 schools qualify for discounts between 20% and 90%.
 - The SLD over the last few years has funded mostly 90% applications. About 400 K-12 District schools qualify at 90% leaving another 263 K-12 schools, that fall below 90%, and do not receive E-Rate funded services.
 - E-Rate rebates from the previous year are used as match for maintenance and technical support.
 - BB Bond, COPS, Measure K or General Fund are used as match for network installations.
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E-Rate Summary – First Seven Years

E-Rate Year	School Year	E-Rate Award in Millions	Estimated Expenditures in Millions	Estimated District Match in Millions	Match Funding Source	Responsible Group
1	1998-1999	\$18.64	\$14.11	\$ 1.84	General Fund	Individual schools and Branches
2	1999-2000	\$59.69	\$26.39	\$ 6.44	General Fund (Telephone Budget) BB Bond funds (63 schools)	Individual schools and Branches
3*	2000-2001	\$225.73	\$222.35	\$39.30	Certificates of Participation	ITD & Facilities
4	2001-2002	\$127.40	\$94.30	\$ 14.63	General Fund (Telephone Budget) BB Bond funds (89 schools)	ITD
5	2002-2003	\$34.26	\$26.00	\$ 6.14	General Fund (Telephone Budget)	ITD
6**	2003-2004	\$106.80		\$ 16.70	General Fund (Telephone Budget) Measure K funds for LANs	ITD
7***	2004-2005	\$26.39		\$ 6.72	General Fund (Telephone Budget)	ITD

* Telecommunications were not funded due to a clerical error. District appealed, won, and waiting for answer funding.

** Not funded to date

*** Applications to be filed if Board Approves

Five Years of E-Rate Discounts

- To date, the District has been able to provide support or complete technology projects worth over \$451 million dollars through E-Rate.
 - E-Rate discounts total over \$383 million, with an additional \$106.7 in applications for Year 6 that SLD has not yet funded.
 - District Match to date is approximately \$68.2 million.
 - Major Accomplishments
 - 658 K-12 schools have ongoing discounted basic telephone and Internet access services.
 - 658 K-12 schools have equipment and physical connections to allow the school to connect to the Internet.
 - 618 K-12 schools have full connectivity to classrooms.
 - 568 K -12 schools have new telephone switches.
 - 400 K-12 schools are receiving technical support and maintenance of E-Rate eligible data and phone networks.
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First Five Years

- Reasons for differences between awarded and expended for E-Rate years 1 and 2:
 - Some projects were not finished by the SLD required completion date.
 - Some projects started before allowable start date.
 - Projects came in under budget.
 - Some awards declined or reduced because of ineligible items.
 - Some awards were declined or reduced because anticipated growth was less than estimated.
 - Some schools and Clusters chose not to implement the project.

 - Reasons for differences between awarded and expended for E-Rate Years 3, 4, and 5
 - Applications are funded close to the end of the funding year. These were for yearly services and could not be appealed.
 - Some awards were declined or reduced because anticipated growth was less than estimated.
 - Projects came in under budget
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Year Six E-Rate

- Not funded as of the date of this report.
 - Central District Applications
 - Applications filed for \$9.8 million in E-Rate Discounts for Telecommunication and Internet Services.
 - Applications filed for \$97 million in E-Rate Discounts for Internal Connections which include:
 - Network upgrades.
 - Network and telephone maintenance and technical support.
 - Telephone switches.
 - Match funding: \$16.7 million
 - Telecommunication and Internet Service match from General fund (Telephone Budget).
 - Network upgrades from Measure K and previous E-Rate rebates.
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Year Seven E-Rate

- Applications the District will submit:
 - Basic Telephone Service
 - T-1 Digital Lines to Schools for Internet Access
 - Internet Service Provider
 - E-mail Services
 - LAN and PBX Maintenance
 - Client Access Licenses

 - Estimated value of these potential applications is estimated at \$33.1 million
 - Potential E-Rate discounts \$26.4 million
 - District Matching funds approximately \$6.7 million
 - Telephone budget to cover match for telephone and digital services
 - Rebates from Year-5 telephone E-Rate discounts to fund LAN and PBX maintenance applications.
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Items Not Eligible for E-Rate Funding

Added costs to the District, not funded by E-Rate, however must be provided when filing for E-Rate discounts:

- ❑ Electrical Upgrades.
 - ❑ Air conditioning for equipment rooms.
 - ❑ Telephone devices.
 - ❑ Classroom computers.
 - ❑ Staff and Student Training.
 - ❑ Project Management.
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Year Eight through Eleven E-Rate

- District will align E-Rate Applications with required equipment upgrades and cable deferred maintenance. Based on a five-year obsolescence on equipment and increased demands the following is the number of schools where deferred maintenance is needed.
 - Year Eight E-Rate (2005-06) approximately 180 of the 300 K-12 schools needing deferred maintenance qualify at 90 % level for E-Rate
 - Year Nine E-Rate (2006-07) approximately 75 of the 124 K-12 schools needing deferred maintenance qualify at 90 % level for E-Rate
 - Year Ten E-Rate (2007-08) approximately 21 of the 35 K-12 schools needing deferred maintenance qualify at 90 % level for E-Rate
 - Year Eleven E-Rate (2008-09) approximately 119 of the 198 K -12 schools needing deferred maintenance qualify at 90 % level for E-Rate

 - Potential total need for all 1200 District sites is close to \$770 million. For 400 K-12 schools that are eligible for E-Rate at 90% level there is a potential for \$200 to \$300 million in E-Rate discounts.
 - Scope of work is dependent upon funding available.
 - For E-Rate eligible schools, scope of work will depend on the District match dollars available when applying for E-Rate Discounts to meet the yearly network deferred maintenance needs.
 - Equity issue—need to treat all schools the same, even if they are not eligible for E-Rate discounts.
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Future Direction

- The District E-Rate Office, a Unit within the Strategic Planning Branch of ITD:
 - Continues to explore ways to maximize the use of E-Rate discounts to meet the District's ongoing needs.
 - Aligns applications to meet the District's Educational Mission.
 - Aligns applications to meet the District's IT Strategic Goals and Initiatives.
 - Reviews annually the changes in the Federal regulations on what services are E-Rate eligible.
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