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Funding Status – FY 2020

Wave 5 for FY 2020 was released on Thursday, June 4th for a total of $39.7 million including $172 thousand for 8 North Carolina applicants. Cumulative commitments through June 4th are $856 million including $22.3 million for North Carolina. Nationwide, USAC has now funded almost 63% of the FY 2020 applications received during the filing window representing over 29% of the requested funding.

NSLP Eligibility, Extended CEP Deadlines, and COVID-19

One of the most devastating aspects of the COVID-19 pandemic has been the loss of jobs and income marked with corresponding increases in the number of families and individuals now relying on TANF (Temporary Assistance for Needy Families) and other financial assistance programs. For schools and districts aiming for at least a partial re-opening this fall, one more issue to consider will likely be the increase in the number of students qualifying for the National School Lunch Program ("NSLP"). Positive aspects of the pandemic experience are hard to find, but one may be a higher E-rate discount rate for certain applicants able to document increased NSLP eligibility.

CEP Opportunities:

From a timing standpoint, the most immediate need for many schools is to focus on the possible adoption of the Community Eligibility Provision ("CEP"). In previous years, the two critical deadlines for adopting or updating (particularly for CEP schools not already at the 100% reimbursement level) were (a) April 1st, the last day to determine a school's Identified Student Percentage ("ISP"); and (b), June 30th, the last day to elect or revise a school's CEP participation.

This year, as a result of the pandemic, both deadlines have been extended three months. Most importantly, under the USDA's "Waiver Deadline," the data used to calculate a school's ISP can now be collected up until June 30, 2020 — roughly three weeks from now. Participation in CEP

requires an ISP level of at least 40%. We expect that most schools, which had previously seen ISP levels below 40% as little as three months ago, will see a much higher level now.

Remember that a school's meal expense reimbursement rate — and a school's E-rate eligibility percentage — is based on a 1.6x multiple of the school's ISP percentage. At the minimum 40% ISP level, 64% of a school's students will be considered NSLP eligible. That corresponds to an 80% E-rate discount level for both Category 1 and Category 2. If a school's ISP level is 47% or above, the school's E-rate discount will be 90% for Category 1 and 85% for Category 2.

Schools not currently in the CEP program, particularly those historically with E-rate discounts of 50-60%, should make a point of reevaluating their ISP percentages **now**. Although we focus primarily on E-rate, it is important to stress that CEP participation provides even greater nutritional and social benefits for students.

Remember also that once approved for CEP a school need not reapply for CEP for four years. Thus, even if the economy and family incomes improve, as we hope later this year in a post-pandemic environment, newly achieved CEP status will convey multiyear benefits.

NSLP Application Strategies:

Schools not in the CEP program, but offering free and reduced-priced meals, annually distribute and collect NSLP applications to determine and document student meal eligibility. In the current environment, as indicated above, we would expect that significant drops in family income would qualify many more students for free or subsidized meals. It is not altogether clear, however, that this will naturally lead to a higher completion rate for NSLP applications. Offsetting factors may include changing family dynamics, uncertainty about the resumption of classes next fall, and general unfamiliarity with the NSLP program by families never previously participating.

Strategies for increasing participation include:

- Review and revision of cover memos and instructions perhaps stressing the importance of obtaining accurate family income data even if children qualify for free or reduced-priced meals but are not actually receiving them
- Second or follow up distribution of applications
- Reference to NSLP applications in other start of school material provided to parents
- Increased involvement by school social workers

From an E-rate perspective, it is useful to remember that discount rates are determined by the percentage of students that schools can document are eligible for — not necessarily participating in — the National School Lunch Program. In many cases, for example, you find that a parent may not submit an NSLP application for a secondary school student for social reasons but will apply on behalf of a primary school sibling. Sibling searches between grades within a district may be used to identify otherwise eligible students for which the district has family documentation. In some cases, the ability to identify only a few additional eligible students can add 5-15 percentage points to a school's or district's E-rate discount.

Family Income Surveys:

For schools not participating in the National School Lunch Program, the only way to document an E-rate discount above the 20-25% minimum level is to undertake a family income survey (separate from the NSLP application process). A sample income survey, using current income guidelines for the 2020-2021 school year, is available in the Forms Rack section of the E-Rate Central website in both English and Spanish.

Pending Part-Time Student Count Issues:

The FCC's Category 2 Order (FCC 19-117) released last December established districtwide budgets based on total student counts excluding "part-time" students. As discussed most recently in our newsletter of April 27th, the FCC is currently considering a Petition for Reconsideration to reconsider or at least redefine part-time students particularly as they are related to half-day pre-K, kindergarten, or career preparatory programs. Although the Petition is primarily concerned with counting students for Category 2 purposes, it effectively raises the issue of how part-time students are treated for E-rate discount rate purposes. Entity profiles within EPC include fields for full time students and for peak part-time students. EPC looks only to the number of eligible full time students to calculate a school's discount rate but calculates a school's Category 2 budget based on the total of full time and peak part-time students. Some applicants with large numbers of half-day students have been considering all students as full time and calculating discount rates accordingly based on total student eligibility. Other applicants treat the half-day students as part-time, excluding them from the discount rate calculation. In our view, the former approach more accurately reflects the school's discount rate but inflates the school's Category 2 budget, whereas the latter approach more accurately reflects the proper Category 2 budget while potentially distorting the school's discount rate.

Pending an FCC decision on this Petition for Reconsideration, and for the purposes of this article addressing discount rates, we recommend treating half-day, "part-time," students as full time students and calculating discount rates based on the total number of eligible students.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

June 30   Extended deadline to calculate Identified Student Percentage ("ISP") data for use with the Community Eligibility Provision ("CEP") free school meal option. The deadline for electing the CEP option for the 2020-2021 school year has also been extended to August 31st (see USDA's COVID-19: Child Nutrition Response #6).

USAC News Brief Dated June 5 – Form 486 Tips and COMADs

USAC's Schools and Libraries News Brief of June 5, 2020, provides the following tips for applicants with approved FY 2020 applications preparing to file Form 486s:

1. Check the Early Filing box if you are filing early (e.g. before the July 1ˢᵗ start of the funding year).
2. Do not check the Children's Internet Protection Act (CIPA) Waiver box unless you are actually eligible for a CIPA waiver.
3. Choose only the Funding Request Numbers (FRNs) that you are ready to file.
4. Modify the service start date(s) if necessary.
5. Choose the correct CIPA certification based on your situation.
6. Review your form carefully before you certify it.

Last Friday's News Brief also summarizes the Commitment Adjustment ("COMAD") process whereby USAC determines that a program violation has been found with regard to a previously approved funding request and for which a recovery of funds is required. The News Brief article focuses on the consequences of failing to return funds as requested.