

Off-Campus Wi-Fi Hot Spots/Service Eligible for FY 2025

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8/14/2024

On July 18, 2024, the FCC voted to make the off-campus use of Wi-Fi hotspots and related mobile wireless Internet services eligible for E-Rate support beginning with Funding Year 2025. The final Order was just released and is available at: <https://docs.fcc.gov/public/attachments/FCC-24-76A1.pdf>.

The new off-campus Wi-Fi hotspots and service E-rate eligibility contains numerous new funding limitations and other conditions to guard against waste, fraud and abuse as outlined in this summary.

Cap on Quantity of Devices/Service Plans

There is a maximum number of plans that each applicant may request each year. For schools, the cap will be 20% of full-time student enrollment. For libraries, the cap will be 5.5 hotspots for each 1000 square feet. Enrollment and square footage data will be determined based on the current Category 2 budget cycle data.

Cap on Individual Device/Service Plan Costs

There is a maximum pre-discount cap of \$15/hotspot plan and \$90/hotspot device. Taxes and state electronic waste fees are not included in the cap, while other reasonable costs such as delivery fees, activation, and configuration costs are included in the capped amounts.

3-Year Budgets

Each applicant will have a 3-year, pre-discount combined hotspot/service budget, limiting the amount of E-Rate support that can be requested over 3 funding years. Applicants may request up to 45% of their 3-year budget in a single funding year. The hotspot budget cycle will be FY 2025 – FY 2027 (and a new budget cycle will be established beginning in FY 2028).

The calculations of this 3-year budget, together with the quantity caps, device cost caps, and applicant's Category 1 discount rate and are as follows:

$$\text{Independent School or District Budget} = \left[\text{student count} \times \frac{20 \text{ hotspots}}{100 \text{ students}} \times \text{C1 discount rate} \right] \times \$630$$
$$\text{Library or Library System Budget} = \left[\text{square feet} \times \frac{5.5 \text{ hotspots}}{1000 \text{ square feet}} \times \text{C1 discount rate} \right] \times \$630$$

Note: The value in the brackets above for both the schools and libraries budgets is rounded up to the nearest ten.

Note: The \$630 is calculated as \$90 hotspot cap + (36 months x \$15 service cap)). Also, if you're reviewing this chart closely, you'll see that the 3-year hotspot budget calculation includes a C1 discount rate. This is in addition to the E-rate discount that will apply when you submit your Form 471. In other words, the C1 discount rate will be double-applied.

School examples:

- An independent school with 500 students and a 90% discount rate would have a three-year, pre-discount budget of \$56,700, calculated as $[500 \text{ students} * 0.2 * 0.9] * \$630 = \$56,700$.
- A school district with 500 students and a 40% discount rate would have pre-discount budget of \$25,200, calculated as $[500 \text{ students} * 0.2 * 0.4] * \$630 = \$25,200$.

Library examples:

- An independent library of 10,000 square feet at the 90% discount rate would have a three-year pre-discount budget of \$31,500, calculated as $[10,000 \text{ square feet} * 5.5/1000 * 0.9] * \$630 = \$31,500$.
- A library system with 100,000 square feet and a 90% discount rate would have a three-year pre-discount budget of \$315,000, calculated as $s [100,000 \text{ square feet} * 5.5/1000 * 0.9] * \$630 = \$315,000$. Note that in this library system calculation, the bracketed formula was rounded up from 495 to the next ten, or 500 before being multiplied by \$630.

Competitive Bidding Requirements and Availability of FY 2025 Form 470

The E-rate competitive bidding rules will apply, including the requirement that applicants select the most cost-effective service offering, using price of the eligible equipment and services as the primary factor considered. The FY 2025 E-rate Form 470 is in the process of being revised by the FCC and approved by OMB to include Wi-Fi hotspots and service, after which the form will be released and available for all FY 2025 bidding. I expect the FY 2025 Form 470 will be available in mid-late September. Note: Although the FY 2024 Form 470 is available now to start the competitive bidding process for FY 2025 services if needed, applicants may not use the FY 2024 Form 470 for off-campus hotspots and service.

Eligible Services and Warehousing

The FCC defines “Wi-Fi hotspot” as a device (sometimes referred to as a “mobile hotspot” or “portable hotspot device”) that is intended to provide Wi-Fi connectivity to a hotspot user as its sole function. Additionally, they limit the capability of a sole purpose Wi-Fi hotspot to devices that: (1) are portable; and (2) are a single device (i.e., not a set of linked devices). These Wi-Fi hotspots must be for use with a commercially available mobile wireless Internet service, rather than for use with CBRS or other private network services. Finally, multi-functional devices, e.g., smartphones, PCs, notebooks, tablets, customer premises equipment, routers or switches, and wireless access points, etc., are not eligible. Each Wi-Fi hotspot must be associated with a line of service for that funding year (applicants may request Wi-Fi hotspots and service together or service only, but Wi-Fi hotspots without an associated service line will not be eligible for funding).

Applicants may not request funding for Wi-Fi hotspots for future use or to be stored in case of an emergency, theft, loss, or breakage.

Eligible Recipients of Hotspots/Services

The intent of this hotspot lending program is for the Wi-Fi hotspots to be available for loan to and for use by students, school staff, or library patrons without sufficient broadband access at home and other off campus locations for educational purposes. Head Start, pre-kindergarten and kindergarten students are not eligible for E-rate-funded hotspots, but those students may be included in the enrollment calculation.

Applicants may be required, during a post-commitment review or audit, to explain what steps they have taken to comply with the requirement that use of the Wi-Fi hotspots is primarily for educational purposes (e.g., user restrictions, content restrictions, or duration or time limits).

Acceptable Use Policies (AUPs)

Applicants must adopt, maintain and publicly post their acceptable use policy (AUP) that clearly states that the hotspot lending program is being provided only to students, school staff and/or library patrons who need broadband access while off campus. Additionally, the AUP must state that the off-premises use must be primarily for an educational purpose and must state that the use must be “integral, immediate, and proximate to the education of students. Similarly, for libraries, the acceptable use policy must clearly state that the use must be “integral, immediate, and proximate to the provision of library services to library patrons. Libraries are not required to collect signed documentation of user compliance with their AUP like they did with the ECF program.

Unmet Needs Documentation Requirements

Unlike ECF, the E-rate hotspot eligibility does NOT require a survey or other data collection effort to ensure that a student or library patron does not have Internet access while off campus (called ‘unmet need’). The cap on quantity is expected to encourage applicants to use their own judgement to determine who in their populations is most in need of the hotspots. However, 1:1 initiatives are prohibited. For example, schools are not permitted to provide hotspots to every junior in high school.

Usage Reporting and Termination Requirements

Applicants are required to activate the Wi-Fi hotspot and service, make it available for loan, and publicize the availability of the Wi-Fi hotspot device and service to students, teachers, and library patrons. This will be a new certification on the Form 486, which means that auditors will likely ask for proof that this requirement has been met.

Service providers are required to provide schools and libraries with data usage reports in machine-readable digital format, so that the information lines can be read and sorted, clearly identifying the lines that are not being used across billing periods. Schools and libraries are also required to make these reports available to the Commission and/or USAC upon request.

Schools and libraries must regularly review these reports to identify hotspots with periods of non-usage to determine if there is an issue with the device or to seek the return of a Wi-Fi hotspot after some period of non-use so the device can be loaned out again. Specifically, at least once every 31 days, service providers are required to identify lines of service that have gone unused for no less than 60 days.

Upon determining a line of service has not been used for 60 days, service providers will have five business days to issue a notice to the applicant of such non-usage. Applicants will have 30 days from the date of the service provider's notification to begin using the services or the line of service will be terminated by the service provider. In other words, lines of service that have no data usage for 3 consecutive months *must* be terminated by the service provider.

Should service be terminated resulting from this non-usage requirement, service providers are prohibited from billing the applicant for the balance that was not paid for by the E-Rate program.

Record Keeping Requirements – Asset/Service Inventories

Just like ECF, the E-rate hotspot rules will require applicants to create and maintain an asset and service inventory for all E-rate-funded hotspot devices/services. The inventory must include:

Schools: 1) the equipment make/model; 2) the equipment serial number; 3) the full name of the person to whom the equipment was provided; 4) the dates the equipment was loaned out and returned, or the date the school was notified that the equipment was missing, lost, or damaged; and 5) service detail including the line number or other unique identifier that associates a device to that particular line of service.

Libraries: 1) the equipment make/model; 2) the equipment serial number; 3) the dates the equipment was loaned out and returned, or the date the library was notified that the equipment was missing, lost, or damaged; and 4) service detail including the line number or other unique identifier that associates a device to that particular line of service.

Children's Internet Protection Act (CIPA) Requirements

The Order makes clear that CIPA applies to all Internet access funded through E-rate, including via hotspots. Specifically, CIPA requires that schools and libraries enforce a policy of Internet safety that includes the operation of a technology protection measure (e.g., a filter) that blocks or filters visual depictions that are obscene, child pornography, or harmful to minors across all sites, including social media. CIPA also requires monitoring the online activities of minors and providing education about appropriate online behavior, including cyberbullying awareness and response.

Additional Details:

- The FCC declined to specify a length of lending periods and how to target the appropriate students and library patrons and instead are leaving this up to the applicant to determine and tailor the hotspot lending program to their local needs
- In the event that demand for E-Rate support exceeds available funding, hotspots/service FRNs will be funded after Category 1 and Category 2 requests (just like school bus Wi-Fi FRNs).
- To avoid unnecessarily penalizing those applicants with technical limitations and to provide applicants with flexibility, the Order does not require schools and libraries to implement specific user access restrictions *at this time*. However, to the extent schools and libraries already restrict

access to their networks and devices, they are expected to continue to implement content and user network restrictions.

- Wi-Fi hotspots are likely to have a shorter lifecycle and therefore can be disposed of after 3 years instead of the usual 5-year disposal rule for other E-rate-funded equipment.