

Off-Campus Hot Spot Lending E-rate Eligibility



Presented by Julie Tritt Schell
PA E-rate Coordinator
for the Pennsylvania Department of Education
October 2024
www.e-ratepa.org

Hot Spot Lending Agenda



- Competitive Bidding/Form 470
- Eligible Equipment/Services
- Eligible Recipients
- Hotspot Budgets and Funding Caps
- Acceptable Use Policies
- Non-Usage
- Record Keeping

Hot Spot Lending Overview



- Beginning FY 2025, Wi-Fi hotspots/services are eligible for E-rate discounts for students, teachers and library patrons who otherwise would not have Internet access off campus
- Subject to per device/service plan caps and 3-year funding caps
- Warehousing of hotspots not permitted
 - Also not permitted - buying for future use or to be stored in case of an emergency, theft, loss, or breakage
- CIPA (filtering) compliance is required if hotspot is being used with school or library-owned laptop/device
- No unmet needs survey or data collection required like ECF
- 1:1 initiatives are prohibited
- All E-rate competitive bidding rules apply

Form 470 Hotspot Options

- No CABJO exemption
- Previously bid, multi-year plans not grandfathered
- RFPs aren't required, but applicants should ensure they provide sufficient information for potential service providers to bid, such as the anticipated service area.
- FY 2025 Form 470 has new C1 drop-down menu options for Wi-Fi service & equipment
- Service Type = Data Transmission and/or Internet Access for both Wi-Fi service & equipment

Hotspot **Service** Function =
“Wireless Internet services
that can be delivered with
a Wi-Fi hotspot for off-
campus use”

Add New Service Request

- ▶ I seek bids for internet access and/or data transmission service.
- ▶ I seek bids for wireless Internet services that can be delivered with a Wi-Fi hotspot for off-premises use.

Service Type
Data Transmission and/or Internet Access

Function *

Wireless Internet services that can be delivered with a Wi-Fi hotspot for off-premises use

Hotspot **Equipment** Function =
“Wi-Fi hotspots for off-premise
use”

Add New Service Request

- ▶ I seek bids for Category One network equipment or maintenance and operations.
- ▶ I seek bids for Wi-Fi hotspots for off-premises use.

Service Type
Data Transmission and/or Internet Access

Function *

Wi-Fi hotspots for off-premises use

Eligible Hot Spot Equipment

- “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
- Requirements:
 - Must be portable
 - Must be a single device (not a set of linked devices)
 - Must work with commercially available mobile wireless internet
 - Not eligible if used with CBRS or other private network services
 - Multi-functional devices not eligible
 - E.g., smartphones, PCs, notebooks, tablets, customer premises equipment, routers or switches, and wireless access points
 - Each Wi-Fi hotspot must be associated with an *active service plan* for that funding year. Service-only may be requested if you already own the device

Eligible Recipients of Hotspots

- Eligible 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**
 - 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)
- Not eligible --
 - Head Start, pre-kindergarten and kindergarten students
 - But those students may be included in the enrollment calculation
 - Virtual students who are not enrolled at a brick-and-mortar school



Hotspot Budgets and Funding Caps



Hotspot/Service Cost Caps

Pre-discount cost limitations (caps):

- Recurring wireless Internet service: \$15/month per plan/line
- Wi-Fi hotspot: \$90/device
- Activation and configuration costs are included in the capped amounts
- Taxes are not included in the capped amounts
 - All taxes and fees should be requested on separate Form 471 funding request line items and separately identified on invoices
- Applicants are permitted to select a Wi-Fi hotspot or service that costs more than the funding caps, but E-Rate commitment amounts will not exceed the funding caps

3 Year Budgets - Overview

- **3-Year Budget Cap:** 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
- No set limit to quantity of plans, as long as the annual costs do not exceed than 45% of the 3-year budget
- If you use less than 45% in any given funding year, you don't get more than 45% in a future funding year
- **Examples and Calculations Worksheet** available at: <https://e-ratepa.org/wp-content/uploads/2024/10/Hot-Spot-3-Year-Budget-Calculation-Worksheet.xlsx>
 - 4 examples shown
 - Fill in **yellow** cells to see your 3-year hotspot budget and 45% calculations

3 Year Budgets – Schools

School 3-Year Pre-Discount Budget Calculations:

[student count x (20 hotspots/100 students) x C1 discount rate] x \$630

(subject to rounding up to the nearest 10 as shown below)

Example: A school district with 14,550 students and a 40% discount rate would have a 3-year, pre-discount budget of \$737,100, calculated as [14,550 students * 0.2 * 0.4] * \$630 = \$737,100

- The school could request up to \$331,695 (pre-discount) each year, which is 45% of 3-year budget

A	B	C	D	E	F	G	H	
FY 2025 C2 Student Enrollment	School Multiplier	FY 2025 E-rate C1 Discount	(a*b*c)	Rounded up to Nearest 10	3-year multiplier - \$630	Hotspot 3-Year Pre-Discount Budget (\$630 * E)	Most Pre-Discount You Can Request in Any Year - 45% of 3 Year Budget	
1010	20%	90%	182	190	\$630	\$119,700	\$53,865	<i>Example A</i>
14550	20%	40%	1164	1,170	\$630	\$737,100	\$331,695	<i>Example B</i>

* The \$630 is calculated as \$630 (\$90 hotspot cap + (36 months x \$15 service cap)).

3 Year Budgets – Libraries

Library 3-Year Pre-Discount Budget Calculations:

$$[C2 \text{ square footage} \times C1 \text{ discount rate} \times 0.0055] \times \$630$$

(subject to rounding up to the nearest 10 as shown below)

Example: A library with 3200 square feet and a 90% discount rate would have a 3-year, pre-discount budget of \$12,600, calculated as $[3200 * .0055 * 0.9] * \$630 = \$12,600$.

- The library could request up to \$5,670 (pre-discount) each year, which is 45% of 3-year budget

A	B	C	D	E	F	G	H	
FY 2025 C2 Square Footage	5.5 hotspots per 1,000 square feet	FY 2025 E-rate C1 Discount	(a*b*c)	Rounded up to Nearest 10	3-year multiplier - \$630	Hotspot 3-Year Pre-Discount Budget (\$630 * E)	Most Pre-Discount You Can Request in Any Year - 45% of 3 year budget	
18,951	0.0055	70%	73	80	\$630	\$50,400	\$22,680	<i>Example C</i>
3,200	0.0055	90%	15.84	20	\$630	\$12,600	\$5,670	<i>Example D</i>

* The \$630 is calculated as \$630 (\$90 hotspot cap + (36 months x \$15 service cap)).

Other Requirements



AUP Requirements

Acceptable Use Policies (AUPs)

- Applicants must adopt, maintain and publicly post their AUP
- Libraries are not required to collect signed documentation of user compliance with their AUP like they did with the ECF program.
- **School** AUPs must clearly state:
 - 1) The school's hotspot lending program is being provided only to students/school staff and/or library patrons who need broadband access while off campus
 - 2) The off-premises use must be primarily for an educational purpose
 - 3) The usage of loaned hotspots must be "integral, immediate, and proximate to the education of students"
- **Library** AUPs must clearly state:
 - 1) The library's hot spot lending program is being provided only to library patrons who need broadband access while off premise
 - 2) The off-premise use must be primarily for the "integral, immediate, and proximate to the provision of library services to library patrons."
- Schools and libraries are also expected to implement content and user network restrictions consistent with the restrictions that they place on their building-based networks, and to adopt/update AUPs and other policies to limit access

Non-Usage Requirements

- Rules contain strict non-usage service provider notification and disconnect requirements
- Service providers are required to provide data usage reports in machine-readable digital format, so that the information for each service plan can be read and sorted, clearly identifying the service plans that are not being used
 - 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
- Specifics:
 - At least once every 31 days, service providers are required to identify service plans that have no usage for no less than 60 days
 - Service providers have 5 business days to issue a notice to the applicant of such non-usage
 - Applicants have 30 days from the date of the service provider's notification to begin using the service plan or the service plan will be terminated by the service provider
 - Service plans that have no data usage for 3 consecutive months *must* be terminated by the service provider

Monitoring Non-Usage

Applicants	Service Providers
<p>Activate the Wi-Fi hotspot and service, make it available for loan, and publicize availability.</p> <p>Must certify having taken these steps on their FCC Forms 486.</p>	<p>Provide schools and libraries with data usage reports at least once per billing period.</p> <p>Reports should be in machine-readable digital format so the lines can be read and sorted, clearly identifying the lines that are not being used across billing periods or that will be or have been terminated due to non-usage.</p>
<p>When sent a non-usage notification by a service provider, determine whether the device and services are being used, should be redistributed, or should be discontinued.</p>	<p>At least once every 31 days, identify and notify applicants of each line of hotspot service that goes unused for at minimum 60 consecutive days.</p>
<p>30 days for the hotspot to be used before terminating the line of service.</p>	<p>When terminating a line of service, cannot bill the applicant for the balance that was not paid for by the E-Rate program.</p> <p>Must certify on FCC Form 473 (Service Provider Annual Certification (SPAC) Form) that they will comply with the requirements set out above.</p>

Record Keeping Requirements

- Just like ECF, the E-rate hotspot rules require applicants to create and maintain an asset and service inventory for all E-rate-funded hotspot devices/services
- The inventory must include:
 - 1) Equipment make/model
 - 2) Equipment serial number
 - 3) Full name of the person to whom the equipment was provided (not required for libraries)
 - 4) Dates the equipment was loaned out and returned
 - Or the date the school/library was notified that the equipment was missing, lost, or damaged
 - 5) Service detail including the line number or other unique identifier that associates a device to that particular line of service
- **Hotspot Asset/Service Inventory Template:** <https://e-ratepa.org/wp-content/uploads/2024/10/Hotspot-Inventory-Template.xlsx>

Additional Details

- **Length of Lending Periods:** The FCC declined to specify a length of lending periods and how to target the appropriate students and library patrons
 - They are leaving this up to the applicant to determine and tailor the hotspot lending program to their local needs
- **Priority of Funding:** 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)
- **No User Access Restrictions:** 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.
- **3-Year Lifecycle:** 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.

Additional Details

- Hotspots are not permitted to be purchased under advanced installation rules
- If a vendor disconnects due to 90 days of non-usage, you can restart service one time/funding year
 - However, applicants can expect additional PIA reviews
- In the event of a terminated line of service resulting from the non-usage requirement, service providers are prohibited from billing the applicant for the balance that was not paid for by the E-Rate program
- Plan to apply for hotspots on separate Form 471 than other C1 requests

E-rate Hot Spot Resources

USAC Hotspot Site: <https://www.usac.org/e-rate/applicant-process/before-you-begin/off-premises-wi-fi-hotspots-summary-overview/>

USAC Budget Graphic: <https://www.usac.org/wp-content/uploads/e-rate/documents/resources/E-Rate-Wifi-Hotspot-Infographic-1.pdf>

USAC Hotspot FAQs: <https://www.usac.org/e-rate/learn/faqs/eligible-services/#Wi-Fi-Hotspots>

3-Year Budget Calculation Worksheet: <https://e-ratepa.org/wp-content/uploads/2024/10/Hot-Spot-3-Year-Budget-Calculation-Worksheet-.xlsx>

Hotspot Asset Inventory Template: <https://e-ratepa.org/wp-content/uploads/2024/10/Hotspot-Inventory-Template.xlsx>

FCC Hotspot Order: <https://docs.fcc.gov/public/attachments/FCC-24-76A1>



Questions?

