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E-Rate Shared Service Discount Rates

The FCC's Wireless Competition Bureau has denied an appeal from a decision of the Universal Service Administrative Company (USAC) that had rejected a funding request based upon a shared discount level. It clarified that the shared level can apply only when covered services are to be shared among eligible schools or libraries and not, as here, when the services are specific to particular sites.

The case involved the Loving, New Mexico, Municipal Schools which had applied for the 2004 funding year for priority two services (internal connections) for three schools – a high school, a middle school and an elementary school. Documentation supported discount rates of 90%, 90% and 80% respectively. The cut-off funding percentage for 2004 was 81%. Loving claimed that a shared discount level of 85% should apply to all three schools and thus would render them all eligible for funding. USAC disagreed, and funded both the high school and middle school at their 90% levels but denied funding for the elementary school, as its 80% rate fell below the applicable cut-off point.

Upon review, the Bureau agreed that the individual percentages had been applied correctly. It noted that where services are to be shared among eligible schools or libraries, then such shared services should be funded on the basis of a shared discount percentage. However, when services are specific to a particular site, then USAC must apply a school or library's site-specific discount level in reaching its determination. In this instance, Loving's documentation indicated that the covered services were only for internal connections within the elementary school and were not to be shared with the high school or middle school.

If you have any questions, contact [Mark Palchick](#), [Rebecca Jacobs](#) or any member of the firm's [Communications Law Group](#).

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