

cape Council for American Private Education outlook

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TELECOM DISCOUNTS FOR DUMMIES

Application Process At A Glance

There are a number of steps you have to follow to receive discounted telecommunications services. Here's the process at a glance:

✕ **Submit Form 470**, which describes the services you want.

✕ **Wait 28 days** while your service needs get posted on the website of the Schools and Libraries Corporation (SLC) so that service providers can submit competitive bids.

✕ **Sign a contract** with the provider that offers the best value for the lowest competitive price.

✕ **Submit Form 471**, which lets the SLC know the details of the contract and requests the SLC to commit to paying the provider the appropriate discount.

✕ **Get your technology plan approved** by an authorized entity.

✕ **Submit Form 486**, which confirms receipt of the services and tells the SLC to pay the provider the discounted portion of your bill.

So what do I do now?

Last month, school officials across the country received application forms and instructions to apply for telecommunications discounts through the Universal Service Program (USP). At first blush the applications appear somewhat intimidating, the forms abounding with legalese and techno-speak. But for those with a little persistence, the multistep process turns out to be reasonably easy to navigate. Besides, the payoff — a substantial discount on the cost of admission to the Information Age — makes the process well worth the effort.

With apologies to the publishers of the famous *Dummies* series of help books, CAPE is pleased to provide this special edition of *Outlook*, which we hope will make the Universal Service Program, if not exactly fun and easy, at least less complicated and more intelligible.

How do I get an application packet?

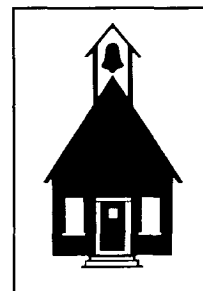
If you haven't received a packet in the mail by now, you can download a copy of the application forms and support materials from the following website: www.neca.org/funds/index.htm.

What services are eligible for discounts?

A slew of telecommunications services are eligible, including Internet access, basic phone service, Internet connection lines (e.g., T-1 lines and ISDN lines), e-mail, wireless connections, internal wiring, routers, switches, hubs, and network servers. In general, personal computers, modems, and software are not eligible. A complete list of eligible services is provided in the application packet.

What discount will my school receive?

Discounts on telecommunications services range from 20 percent to 90 percent. The level of discount is based on a school's percentage of students eligible for the National School Lunch Program and its location in an urban or rural area. No school will receive less than a 20 percent discount, and many will receive discounts much higher than that (see chart inside).



What if my school doesn't participate in the National School Lunch Program?

A school does not need to participate in the lunch program; it just needs to determine, through a survey or another approved mechanism, the number of students that would be eligible for the program if it were to participate (see sample survey on page 3). Determining the number of eligible students is only necessary when a school intends to claim more than the minimum 20 percent discount.



If you can determine that even 1 percent of your students are eligible for the school lunch program, you discount doubles from 20 percent to 40 percent. See the following discount matrix for other discount breakpoints.

School Telecom Discounts Based on % of Students Eligible for National School Lunch Program		
% of Students Eligible	Urban School Discount	Rural School Discount
<1%	20%	25%
1-19%	40%	50%
20-34%	50%	60%
35-49%	60%	70%
50-74%	80%	80%
75-100%	90%	90%

What must my technology plan look like?

A technology plan should cover a period of three years, should justify the services requested under the program by documenting their need and purpose, should include provisions for integrating those services into the educational program, and should be consistent with information provided in Forms 470 and 471.

On January 5, the SLC issued policies and procedures governing technology plans, which will likely be posted on the web (start with www.neca.org OR www.slcfund.org and then navigate to the document, or call 1-888-203-8100 for help in getting it). The document states that the technology plan must have the following components: (1) clear goals and a realistic strategy for using technology to improve education, (2) a professional development strategy, (3) an assessment of telecom services and equipment needed to improve education, (4) provisions for a budget sufficient to implement the strategy, and (5) an evaluation process that enables the school to monitor goals and make mid-course corrections. Successful plans, says the document, align the five criteria with overall education improvement objectives and make strong connections between the technology and the plan for professional development and curriculum reform.

By when must my technology plan be approved?

Not until you submit Form 486, the form which authorizes the SLC to pay your provider(s) the share of the bill covered by the discount. You can file Forms 470 and 471 without an approved technology plan, but not Form 486.

Who will approve my technology plan?

The policies on technology plans from the SLC authorize the following entities to approve private school technology plans: state education agencies; regional accreditation associations; and national, regional, state, and local associations of private schools. However, not every eligible entity will be able to take on the responsibility of approving plans. You should check with the local private school organization that routinely advises you on such matters in order to find out what entities will approve your plan and what process you must follow.

By when must I file the required forms?

The SLC has established a onetime 75-day window period during which all properly completed applications that are filed will be treated as if they arrived on the same day. Because funds for the program are limited, it would be wise to file before the window closes. The window is due to open on the date that the SLC website (www.slcfund.org) is ready to receive applications, a date the SLC says will be "no sooner than" January 12.



Keep in mind that both Form 470 and Form 471 must be received by the SLC within the window period, and at least 28 days must transpire between the filing of Form 470 and the filing of Form 471. Further, Form 471 cannot be filed until a contract is signed with a service provider. Thus, timing and pacing are critical if a school is to get everything done within the window.

Can a consortium of schools apply for discounts?

Yes. A number of schools are joining forces as consortia. These groupings can take lots of different forms and serve many different purposes. Schools can combine forces, for example, to develop a joint technology plan, to negotiate more favorable pre-discount rates with service providers, and/or to contract for some or all of their telecommunications services. Not all of a school's telecom services must be secured through the consortium. There are endless mix and match possibilities.

The lead agent for a consortium should be aware that there are certain organizational and record-keeping responsibilities as well as some possible up-front financial obligations. The calculation of discounts for a consortium must follow a specific formula (see instructions for Form 471).



Do I need to exercise caution when signing contracts for telecommunications services?

Of course. Here is an example of a sticky wicket you can avoid with a carefully constructed contract. It stems from the fact that you cannot file Form 471 until you have signed a contract with a service provider. But until the SLC approves your Form 471, you cannot assume that everything for which you have contracted will be approved for discounts. Suffice it to say that you need to make certain your contracts with service providers contain all appropriate conditions and contingencies. Without them, you could be left holding the bag.



You may want your contract to specify that all elements are contingent upon all requested discounts being approved by the SLC.

TIP

Need I contract with only one provider?

No. You can contract for different services with different providers.

Are the funds my school receives considered a grant from the federal government?

No. First of all, your school doesn't receive any funds. The discounted portion of your service bill is paid directly to the service provider by the administrator of the Universal Service Fund. You are required to pay the non-discounted portion. As the SLC recently put it, "The percentage discount mechanism for administering this program means that this program is not a grant program."

How much money will be available for discounts and where does it come from?

Last month, the Federal Communications Commission lowered the maximum amount that can be spent on discounts during the first six months of 1998 from \$1 billion to \$625 million. The money for the discounts comes from something called the Universal Service Fund (USF) and is collected from the nation's telecommunications companies.

When it lowered the spending cap on the fund, the FCC concluded that the demand for discounts during the first half of 1998 would be less than originally expected. Accordingly, it decided not to collect from telecommunications companies more than what would be needed. The amount of the USF will be adjusted in the future as warranted by demand, but will not be more than \$2.25 billion annually.

How do I get more information?

The best source for more information about the Universal Service Program is the application packet itself. A careful reading of the instructions will give you a step-by-step tour of the process. The application forms and background material can be downloaded from the web at www.neca.org/funds/index.htm. The parent site (www.neca.org) will also provide program information. A help line has been established to answer questions about the process (1-888-203-8100), and questions can be submitted via e-mail (questions@slcfund.org).



TIP

Periodically check to see when the site the SLC has established for receiving applications electronically (www.slcfund.org) becomes operational. Its start-up date (supposedly mid-January) signals the start of the 75-day window.

Sample Survey to Determine Student Eligibility for School Lunch Program

Because the telecommunications discount a school receives is based on the number of students eligible for the National School Lunch Program, you may find it necessary to survey parents to find out how many children are eligible. The following sample survey may be helpful. An appropriate cover letter describing the reason for the survey will bolster the response rate. If your response provides a large enough representative sample, you can project what the total would have been if everyone had responded.

Since certain conditions automatically make a child eligible for the school lunch program (e.g., the child is a foster child or the family receives food stamps) you might want to supplement the sample survey with questions that get at that information directly (e.g., Is your family eligible for food stamps?) Find out from your state education department the state and federal programs in which participation signals school lunch eligibility. Also, your school's tuition assistance program might help you identify eligible students. Finally, be sure to retain the records you use to determine you school's discount.

Family Name:	
Address:	
City, State, Zip:	
Signature of Parent/Guardian:	
Date:	

Is your annual income less than the amount on the chart for your family size?

___ Yes

___ No

Household Size	Gross Income
1	\$14,597
2	\$19,629
3	\$24,661
4	\$29,693
5	\$34,725
6	\$39,757
7	\$44,789
8	\$49,821



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• In a front-page story on December 27, *The New York Times* reported on the "depth of support among black and Hispanic parents nationwide for...publicly financed vouchers to send children to private or parochial schools." The article centers on a class-action suit filed in Denver, which calls on city school officials to provide vouchers. Nearly 3,500 parents of students in public schools have signed on as plaintiffs. **Joe Rogers**, a lawyer leading the charge, said, "It is only natural that African Americans and Hispanics would sign on. They are among the most affected by public education in this country."

A related article on January 5 talks about how blacks are playing a "starring role" in the politics of school choice.

• **President Clinton** is reportedly ready to include in his upcoming budget an expansion of tax credits available to families to help pay for child care. Last year he successfully promoted tax credits, called HOPE scholarships, to help pay for higher education. They're both

good ideas, but why the unwillingness to extend the concept to the obvious next realm: elementary and secondary education?

• **Theodore J. Forstmann**, chairman of the Washington Scholarship Fund and **Bruce Kovner**, chairman of the School Choice Scholarship Foundation in New York, recently explained why they got involved with private voucher programs to help low-income students. In an opinion piece in the January 3 edition of *The New York Times*, the two businessmen said, "Many parents who have applied for a chance to send their children to private schools have lost faith in marginal reforms and lost patience with the pace of change. Why should we expect parents to wait, when we know that the rapidly changing knowledge-based economy won't wait for their children?" A few principles governed their voucher investments: "Go where the need is greatest. Give what you can. Do it directly — give to needy families, not bureaucracies. And do it in the way that helps children out of a broken system, but also challenges that system to start making fundamental repairs." With 42,000 families on wait-

ing lists for the 30+ privately financed voucher programs nationwide, Forstmann and Kovner challenged other entrepreneurs to "step up to the plate" and invest in education reform through private scholarship programs.

• Illinois Governor **Jim Edgar** walked away from the plate earlier this month when he vetoed legislation that would have established a \$500 state tax credit for families sending their children to private schools. The Governor said he had fiscal and constitutional concerns about the bill.

What?
You haven't
registered yet?
The CAPE Conference
March 17-18, 1998
Westin Hotel
Washington
301-916-8460