

# TIPS FOR GETTING THE MOST OUT OF YOUR E-RATE FUNDING



## 2025/2026 Edition

The FCC's E-Rate program makes telecommunications and information services more affordable for schools and libraries. With funding from the Universal Service Fund, E-Rate provides discounts for telecommunications, Internet access, and internal connections to eligible schools and libraries. We hope this guide will be a useful tool as you navigate the recent changes to these programs and strive to meet your technology goals.

If you haven't already, check out USAC's E-Rate Overview: [www.usac.org/e-rate/get-started](http://www.usac.org/e-rate/get-started)

# E-RATE NEWS & UPDATES - KEY FY26 CHANGES

The Federal Communications Commission (FCC) has voted to restrict the use of E-Rate funds for **off-premises internet access**, effectively ending support for Wi-Fi hotspot and School Bus Wi-Fi services. This ruling reverses prior decisions that allowed federal funding for these off-site connectivity solutions for students and library patrons. As a result, the Universal Service Administrative Company (USAC) will **deny pending FY 2026 requests** for E-Rate funding related to Wi-Fi hotspots and School Bus Wi-Fi, as these services are now considered ineligible. It is important to note that **Bus Wi-Fi was eligible during FY 2024-25**, and we expect those previously approved commitments to remain stable. However, this reversal will result in the denial of all FY 2026 Bus Wi-Fi and hotspot requests that were submitted in March 2025 and have been on hold pending this ruling.

**To summarize: FY25 Bus Wi-Fi and Hotspot applications will be denied, per the latest decision from the FCC. FY24 is expected to be disbursed as requested/committed**

**Category Two (C2) Budget Increases for FY2026-2030:** The FCC has implemented a 20.7% increase in Category Two budgets to account for inflation and rising technology costs. Key adjustments include:

<input checked="" type="checkbox"/> Funding Floors:	<input checked="" type="checkbox"/> Multipliers:
➤ Standard: Increased from \$25,000 to \$30,175	➤ Schools: \$201.57 per student (up from \$167)
➤ Tribal libraries: Increased from \$55,000 to \$66,385	➤ Libraries: \$5.43 per square foot (up from \$4.50)

These adjustments will apply to the FY2026-2030 funding cycle. Applicants must validate their student counts or library square footage during the first year of this cycle, as this data will set their Category Two budget for the entire five-year period.

## THINGS YOU SHOULD KNOW

The Federal Communications Commission (FCC) has announced several significant changes to the E-Rate program for Funding Year (FY) 2026 and beyond, impacting both funding structures and application timelines.

### Updated Application Timelines:

The Funding Year (FY) 2026 FCC Form 471 application filing window will open on Wednesday, January 21, 2026, at noon E.T. and will close on Wednesday, April 1, 2026, at 11:59 p.m. E.T.

Wednesday, March 4, 2026 is the last date that you can submit and certify an FY2026 FCC Form 470 and still wait the required minimum 28-day period before submitting and certifying your FY2026 FCC Form 471 by April 1, 2026, the last date of the FY2026 application filing window.

**Use-It-or-Lose-It:** FY2025 is the final year of the current five-year Category Two budget cycle. Any unused Category Two funding will not roll over and will be returned to the program.

# WHO QUALIFIES FOR E-RATE:

## PUBLIC SCHOOL DISTRICTS (K-12)

- Must be a non-profit institutional day or residential school, including a public charter school & parochial.
- Must not have an endowment exceeding \$50 million.
- Pre-kindergarten - Head Start depends on state (Ex. in Texas if HS is part of a School District it is eligible - CA eligible)
- Juvenile Justice
- Some educational service centers are eligible and this depends on the state, too - such as Pre-K and Head Start

## PUBLIC LIBRARIES

- Budget must be completely separate from any schools.
- Must not be operating as a for-profit business.
- Discount tied to the schools discounts for the region the library serves

## FY2026 ELIGIBLE SERVICES LIST

The FCC's Wireline Communications Bureau (WCB) released the Funding Year (FY) 2026 Eligible Services List (ESL) (DA 25-1069) on December 17, 2025. The following components and services are eligible under Category Two (C2) - Internal Connections:

- ✓ Antennas, connectors, and related components used for internal broadband connectivity
- ✓ Cabling - including structured cabling supporting LAN/WLAN environments
- ✓ Caching - servers and software that locally store frequently accessed data to improve internal network performance
- ✓ Racks and mounting hardware for eligible networking equipment
- ✓ Routers - including SD-WAN solutions used for internal broadband distribution
- ✓ Switches
- ✓ UPS/Battery Backups
- ✓ Wireless controller systems
- ✓ Basic firewall services and firewall components separate from the basic protection included w/Internet access service
- ✓ Access points used within Local Area Network (LAN) or Wireless LAN (WLAN) environment
- ✓ Software necessary to support and manage the eligible components listed above

### ADDITIONAL NOTES AND GUIDANCE:

- **Virtualized and Integrated Equipment:** Functionalities listed above that can be virtualized in the cloud, or equipment that combines multiple eligible functions (e.g., routing + switching), are also eligible for E-Rate support.
- **Manufacturer Warranties:** A multi-year warranty (up to three years) provided as an integral part of an eligible component—without a separately identifiable cost—may be included in the total cost of that component.
- **Caching Definition:** Caching stores recently accessed information locally to reduce latency and network load. Eligible caching includes servers or services directly used for internal content caching within school or library networks.
- **Equipment and Software Requests:** Applicants may request both hardware and associated software (e.g., right-to-use licenses, client access licenses) together or separately on Form 471.
  - ✓ Software upgrades, patches, bug fixes, and security updates are considered Basic Maintenance of Internal Connections (BMIC) and must be filed as such.
- **Firewall Services:** Only basic firewall protection is eligible under Category Two. Advanced or content-filtering services are not eligible. Most vendors bundle advanced services, so be prepared for partial cost-sharing.
- **Licensing, Maintenance, and Management:** Multi-year contracts are permitted; however, Form 471 must be filed annually for each funding year in which service is received. Prepayment of multi-year services is allowed, but funding reimbursements are only issued after service delivery each year. Licenses bundled with eligible hardware may be included with the initial purchase but must follow annual filing requirements.
- **Open Bidding Requirements:** Specific make and model references on Form 470 are allowed only as examples and must include the phrase “or equivalent.”
- **Local and State Procurement Rules:** Always follow applicable state or local procurement requirements, which may include:
  - ✓ Minimum bid counts (e.g., at least three bids)
  - ✓ Required evaluation rubrics
  - ✓ Use of district or state bidding portals
  - ✓ Longer waiting periods before vendor selection

Any such requirements should be clearly noted in the Form 470 narrative.



## AM I FILING UNDER THE RIGHT CATEGORY?

Here are a few quick checks to help you file correctly:

**Internal Connections (IC):** Use this when purchasing new hardware or software for on-premises broadband distribution (switches, access points, cabling, controllers, etc.).

**Basic Maintenance of Internal Connections (BMIC):** Use this for break/fix support, software updates, or maintenance on previously installed eligible equipment.

**Managed Internal Broadband Services (MIBS):** Use this when a service provider is managing, monitoring, or operating your internal network on your behalf.

### Common Mistakes to Avoid:

- Filing managed or monitoring services under BMIC – these belong under MIBS.
- Forgetting to include software or licenses that support eligible hardware.

**Tip:** If you're unsure which category applies, describe the service clearly in your Form 470 narrative (e.g., "wireless network management"). USAC reviewers can often help clarify the correct category during PIA review.

**Recommendation:** When applying for Category Two services, we recommend checking all three sub-categories (MIBS, Internal Connections, and Maintenance) when filing your Form 470. This provides maximum flexibility if there are questions or changes later during the review process.

	Hardware	Software	License (may include manufacturer support)	Maintenance	Manufacturer Support (not including break/fix)	Monitoring	Break/ Fix	Configuration (for new equipment)	Reconfig. (for existing equipment)	Training During Install	Operation	Management
<b>BMIC</b>	N	N	N	Y (Note 1)	Y	N	Y (Note 1)	N	Y (Note 1)	N	N	N
<b>IC</b>	Y	Y	Y	N	Y	N	N	Y	N	Y	N	N
<b>MIBS</b>	Y (Note 2)	Y (Note 2)	Y (Note 2)	N	Y	Y	N	Y	N	Y	Y	Y

Note 1: Must be an estimate of annual trouble tickets billed on T&M (time and materials) basis

Note 2: May refer to rent, lease, or one-time purchase of qualifying equipment



# REMINDERS FOR A SUCCESSFUL E-RATE APPLICATION

There are many important details to keep in mind when beginning your E-Rate funding application. Following open and fair competitive bidding guidelines is critical – and often underestimated. If an audit determines that a school or library did not comply with these rules, funding may be denied or must be repaid. No one wants to end up in that situation, so careful attention early on can prevent major issues later.

## BEST PRACTICES DURING THE COMPETITIVE BIDDING PROCESS

- Do not accept quotes before posting your Form 470.
- All bids must be received and evaluated after your 470 has been posted for the required waiting period.
- Track all demo or evaluation equipment.
- Always obtain an RMA and return receipt for any demo, proof-of-concept (POC), or evaluation gear.
- Limit evaluation periods during the Form 470 window.
- Per current USAC guidance, product evaluations during the 470 period should not exceed 15 days.
- Be mindful of the gift rule.
- Outside of the 470 window, limited product evaluations are allowed, but all activities must comply with FCC and USAC gift rules.
- Use fair and transparent bid evaluations.
- While price must be the most heavily weighted factor, applicants may consider other elements such as:
  - ✓ Compatibility with existing infrastructure
  - ✓ Prior experience with the vendor or service provider
  - ✓ Quality of proposed solution or support

## GETTING HELP: STATE AND CONSULTANT RESOURCES

Many states have designated State E-Rate Coordinators who can answer questions and guide you through the process free of charge. If your state does not have a coordinator—or if you lack the time or internal resources to manage filings—consider hiring an E-Rate consultant.

Although this may require an upfront investment, a knowledgeable consultant can often save you both time and money while ensuring compliance and maximizing your discounts.

You can find your state's coordinator contact in the SECA (State E-Rate Coordinator's Alliance) Directory: <https://secaerate.net/directory>

# THE COMPETITIVE BIDDING PROCESS

Allows applicants to identify and request products and/or services so that potential service providers can review those requests and submit bids for them.

## 1. GET READY TO FILE

- ✓ Perform a needs assessment
- ✓ Review your state/local procurement rules
- ✓ Review the [Eligible Services List](#)

## 2. FILE & CERTIFY AN FCC FORM 470

- ✓ No service provider who will bid on your 470 can help you file
- ✓ You may or may not wish to file a Request for Proposal (RFP)
- ✓ Note: Special rules apply for [Low Cost, High Speed Access](#) and [Fiber/Self-Provisioned Networks](#)
- ✓ After you certify your FCC Form 470, USAC issues a Receipt Notification Letter (RNL)

## 3. ENSURE AN OPEN & FAIR PROCESS

- ✓ Provide any FCC Form 470, RFP and other information/updates in EPC for all potential bidders for at least 28 days
- ✓ Utilize a [Bid Evaluation Matrix](#) with price of eligible services/equipment as the primary factor.
- ✓ Consider all responsive bids
- ✓ The Bid Evaluation Matrix is subject to [document retention rules](#)
- ✓ Abide by the [Gift Rules](#)

## 4. WAIT AT LEAST 28 DAYS BEFORE SELECTING A SERVICE PROVIDER

- ✓ The Allowable Contract Date (included in your RNL) is 28 days after the FCC Form 470 is certified
- ✓ The day you certify the FCC Form 470 is day one. If the FCC Form 470 is certified on the 1st of the month, you may select a service provider on or after the 29<sup>th</sup> of the month
  - If you later change the info needed to respond to the bid, you must restart the 28 days
  - If you issue an RFP on a later date, you must restart the 28 days

\* State or Local procurement rules may require a longer waiting period

## 5. SELECT A SERVICE PROVIDER

- ✓ Prior to certifying the FCC Form 471 and after your allowable contract date
- ✓ Ensure that price is the primary factor in your selection
- ✓ Enter into a legally binding agreement
- ✓ If there is a signed contract, upload it to EPC
- ✓ Bids/quotes should be dated between when the 470 is filed and the available contract date
- ✓ Ensure all info matches Form 470 requests.
- ✓ Respond to Program Integrity Assurance (PIA) inquiries within the allotted 15-day window.

Be sure to retain all necessary documentation related to your competitive bidding process for 10 years after the last day you receive services.

For more information, visit the [USAC COMPETITIVE BIDDING WEBPAGE](#). If you have any questions, [CONTACT USAC](#).

## **SUBMIT SIGNED CONTRACTS & FORM 471**

Once you have selected the vendor(s) you will be working with, you must receive signed contracts from them before submitting your Form 471. When filing this form, you will need to include documentation detailing the cost, specific products, and services your school, district, or library wishes to purchase and where these items will be deployed. It is important that the items on your 471 match the items you requested on your form 470.

### **New BEAR/SPI Selection Added to FY2026 E-Rate FCC Form 471 Application**

The FY2026 FCC Form 471 was updated with a new field below the Narrative to collect the invoicing method (FCC Form 472/BEAR or FCC Form 474/SPI) for the Funding Request Number (FRN) for each funding request. Pursuant to section 54.514(c) of the program rules, the applicant decides which method to use on a particular FRN: either the FCC Form 472/ BEAR (Billed Entity Applicant Reimbursement) or the FCC Form 474/SPI (Service Provider Invoice). The Select an Invoicing Method in E-Rate infographic explains the invoicing methods. If you are copying an FRN from a previous funding year that does not have the invoicing method assigned, you will be prompted to select BEAR or SPI once it has been copied. The selected invoicing method will be displayed on the PDF copy of the FCC Form 471 and on the FRN Record in EPC.

## **REMAIN RESPONSIVE DURING THE APPLICATION PROCESS**

USAC uses a process called Program Integrity Assurance (PIA) to review all E-rate applications. During this process, if the PIA raises any questions or discovers any issues with your application, such as missing documentation, you have 15 days to respond with the correct or missing information. If you don't respond within the allotted 15 days, you may be denied funding.

## **RECEIVE YOUR FUNDING DECISION**

Once your application has been reviewed, the USAC will send you a funding commitment decision letter. If your funding request has been approved, you will need to submit Form 486 before the USAC will release the funds. On Form 486, you must confirm the start date of any services you are receiving funding for and certify that your organization complies with the Child Internet Protection Act (CIPA).

## **INVOICE USAC**

The final step in the E-rate funding process is to submit an invoice for the products or services purchased with the funding to the USAC. If you have paid your service provider or vendor in full, you can be reimbursed for those funds directly by filling out Form 498 to provide banking information to USAC and then fill out Form 472 (the Billed Entity Applicant Reimbursement or BEAR form) to receive payment.

You may also choose to take the service provided invoicing (SPI) route, in which your service provider will handle the reimbursement process with USAC. As such, your school, district, or library will pay for your small portion of the final bill, and USAC will pay the service provider for the remaining portion of the bill. Make sure to consider service providers with a long history with e-rate to ensure you are getting someone with experience to help you through the process.

Whichever reimbursement method you choose, BEAR or SPI, make sure that your chosen service provider's invoice clearly reflects what you requested on your Form 471. If there are discrepancies between your provider's invoice and the Form 471 that was approved, it will cause problems during the following PIA reviews.

# WHY PARTNER WITH BYTESPEED?

The experienced team at ByteSpeed has the skills, tools, and connections you need to create a cost-effective project that meets your organization's needs. Our capable engineers have handled e-rate projects for years and our Contact-Free Network Installation is a great way to keep costs down.



The ByteSpeed team would be happy to meet with your team to create a solution that meets your needs and your budget so you can keep your students or library patrons connected and engaged. We also pride ourselves on our excellent customer support skills and knack for customer service. As we love to say, "just make us aware of it and we'll take care of it!"

For more information about accessing E-Rate funding, or to get started the planning phase of your project, please contact our team.

**Sales email:** [sales@bytespeed.com](mailto:sales@bytespeed.com)

**Sales Toll Free:** 877-553-0777

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