North Carolina E-Rate Forum

Weekly E-Rate Newsletter
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Funding Status – FY 2016 and FY 2017

Wave 30 for FY 2016 was released last Thursday, January 19th, for a total of $58.5 million. Funding for North Carolina was $270 thousand for one applicant. Cumulative national funding through Wave 30 is $1.92 billion, including $77.8 million for North Carolina. Wave 31 is expected to be released later this week.

Timing of the FY 2017 application window will be critically dependent on the implementation of USAC's plan to update EPC entity profiles (see continued discussion below). At the moment, assuming USAC's updates are accomplished by the end of January and that USAC then gives applicants at least a month to review and further update their profiles, we suspect the window will open no earlier than March 2017.

FCC E-Rate Modernization Progress Report

FCC staff has presented outgoing Chairman Tom Wheeler with an *E-rate Modernization Progress Report*. Since the adoption of the two E-rate Modernization Orders in 2014, the Report points to:

1. Improved broadband capability, including:
   a. A decline of 61% in the number of schools without fiber connections.
   b. A drop in the median price of connectivity per Mbps from $22.00 in 2013 to $11.73 in 2015 and $7.05 in 2016.
2. A 200% increase in bandwidth by 42% of school districts with only a 7% average cost increase
3. Availability of internal connections funding: Category 2 funding for WiFi systems of $1.3 billion in FY 2015 (and demand for over another $1 billion in FY 2016) compared to no funding for Priority 2 services in either FY 2013 or FY 2014.

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Looking forward, the Report notes:

1. Continued reductions in bandwidth costs indicate that the existing goal of achieving 1 Gbps per 1,000 users is a realistic goal for school broadband connectivity. Additional reforms in special construction funding may be needed, however, for lower discount schools currently lacking fiber connections.
2. Category 2 budgets will begin to expire for some applicants after FY 2019. Unless addressed by the FCC, internal connections funding will gradually revert to the pre-FY 2015 process.

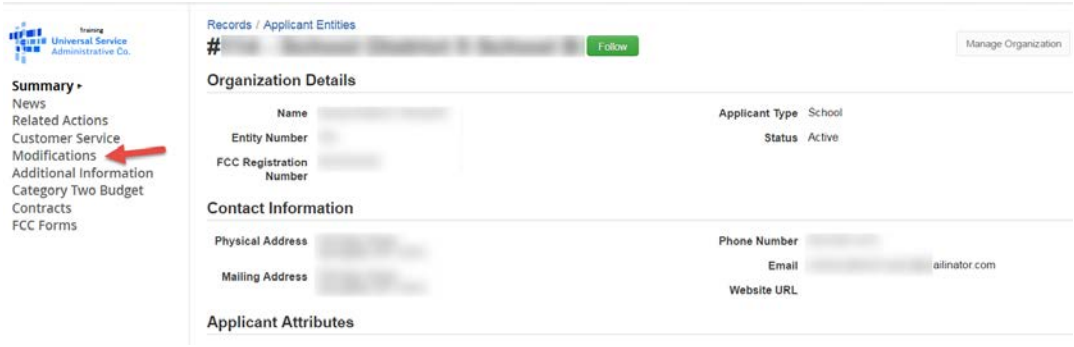
The release of the FCC E-rate Modernization Progress Report just prior to last week's inauguration was undoubtedly not accidental. The Report not only summed up and extolled the success of the E-rate Modernization Orders to date, but points to what remains to be done to meet the modernization goals. Given that the current Republican Commissioners were dissenters to both Modernization Orders, and that the Republicans will now gain majority control of the reconstituted Commission, those goals may now be reassessed. Undoubtedly, 2017 will be an interesting year for E-rate.

Updates on USAC's E-Rate Productivity Center and Legacy System

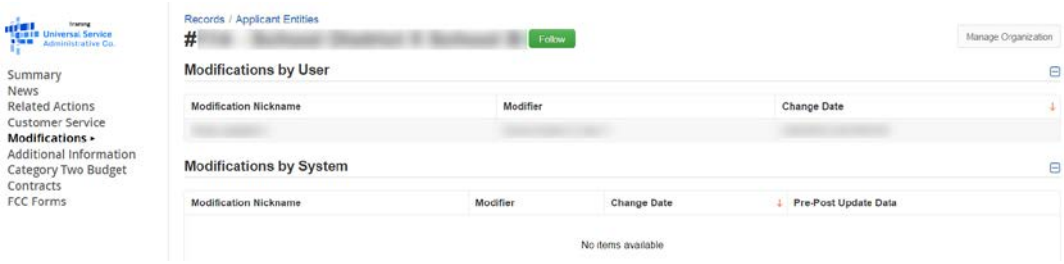
New Entity Profile Tools:

As a part of USAC's process to update EPC entity profiles — see, most recently, USAC's latest News Brief discussed below — USAC has developed two new entity profile tools.

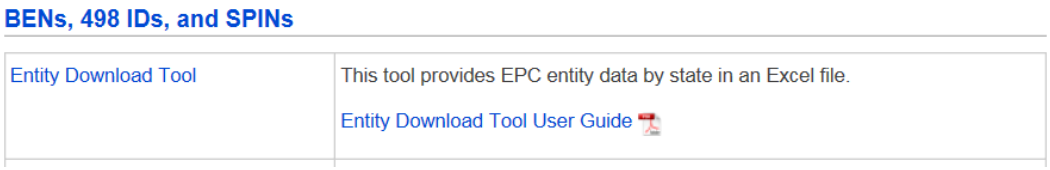
Within EPC, there is a new "Modifications" feature that displays a list of changes made by either the applicant or USAC. The feature is available from each entity page via "Modifications" in the left-hand menu column.



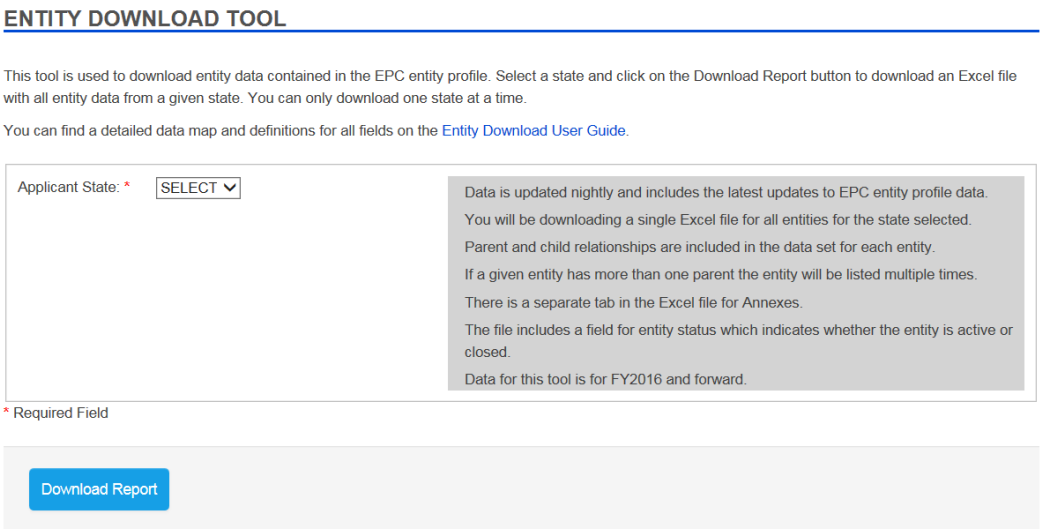
Each "Modifications" display has two sections, the first showing user-generated modifications. Note that the information shown in this section is limited, so USAC suggests using descriptive nicknames whenever modifications are made. The second section shows changes made by USAC as it updates entity profiles with FY 2016-validated data. The "Pre-Post Update Data" fields of these entries include "View Profile Changes" links to the updated entity fields showing both current and original data.



The Tools section of USAC's basic E-rate website now includes an "Entity Download Tool" and a User Guide.



The new tool itself provides statewide downloads of detailed information on all entities contained in EPC (see the User Guide for a list of fields). Note that this is EPC entity data for FY 2016 forward. Consortia, school districts, and library systems may find it useful to first sort the resulting state Excel file by "Parent Entity Name" (Col. D) and "Entity Name" (Col. A).



IDER Dismissals:

We understand that USAC has issued, or is about to issue, emails dismissing over 20,000 Invoice Deadline Extension Requests ("IDERs") for FY 2015 recurring services. The vast majority of the dismissed IDERs represent (a) duplicates of approved IDERs obtained last October through the online BEAR system, (b) IDERs for FRNs with no funds remaining for disbursement, or (c) IDERs for unfunded FRNs. In all these cases, the IDER dismissals are of no concern.

A more limited number of emails may include denials for recurring service IDERs submitted after October 31, 2016. This situation is problematic. Under current FCC rules, USAC cannot approve late-filed IDERs and the FCC has been routinely denying IDER waiver requests.

When in doubt about the current invoice deadline for a specific FRN, check the online BEAR system or the FRN Extension Status table. Remember that the regular invoice deadline for FY 2015 non-recurring services is January 30, 2017.

E-Rate Updates and Reminders

Upcoming 2017 E-Rate Deadlines:

January 24 — Form 486 deadline for FY 2016 funding committed in Wave 14. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (often July 1st), whichever is later. This means that Form 486 deadlines for funding commitments received in later waves will follow at roughly one week intervals, including the following January-February deadlines:

Wave 15	01/31/2017
Wave 16	02/07/2017
Wave 17	02/16/2017
Wave 18	02/23/2017
Wave 19	02/28/2017

Applicants missing these (or earlier) deadlines should watch carefully for "Form 486 Urgent Reminder Letters" (actually emails directing the applicants to EPC News Feed items). The Reminders will afford applicants with 15-day extensions from the date of the emails to submit their Form 486s without penalty (see USAC News Brief of November 4th).

January 30 — Invoice deadline for FY 2015 non-recurring services. This is also the deadline for submitting Invoice Deadline Extension Requests ("IDERs") for these services.

February 27 — Extended — and effectively final — invoice deadline assigned to FY 2015 recurring service FRNs for approved IDERs granted last year.

FCC Decision Watch:

In an unusual mid-month release, perhaps in anticipation of a temporary post-inauguration regulatory freeze, the FCC issued another set of "streamlined," precedent-based decisions in Public Notice DA 17-67. In summary, the FCC:

1. Dismissed
    a. Five Requests for Review that, as appeals, should have been filed first with USAC.

b. Eleven Requests for Review and/or Waiver deemed as moot, many involving Invoice Deadline Extension Requests ("IDERs") for fully-disbursed FRNs.

c. Seven Petitions for Reconsideration, six of which were previously dismissed for "failing to comply with the Commission's basic filing requirements."

d. One Request for Review for failing to comply with the FCC's basic filing requirements.

2. Granted

   a. One Petition for Reconsideration involving a late-filed Form 471 due to actions beyond the applicant's control.

   b. One Request for Review and/or Waiver regarding cost-effectiveness and a legally binding agreement.

3. Denied

   a. Two Requests for Review and/or Waiver involving an applicant's failure to properly consider the price of eligible items as the primary factor in the vendor selection process. The applicant had provided a "revised bid evaluation table" to USAC during a selective review, but the material had not been created at the time of the vendor's selection.

   b. One Request for Waiver based on a finding that the applicant "did not carefully consider all bids submitted."

   c. One Request for Review and/or Waiver for improper vendor involvement in the competitive bidding process. In this case, the applicant's network administrator, listed as an alternative Form 470 contact, also served as the contact for the only vendor in the area.

   d. Fourteen more Requests for Waivers for invoice deadline extensions.

   e. Two Requests for Waivers for Form 471 applications filed more than 14 days late, absent "special circumstances."

   f. Two late-filed Requests for Waiver.

In a separate decision (FCC 17-1), the FCC denied an application for review of an earlier denial (DA 13-1849) of 14 requests to waive the FCC's 60-day appeal window deadline. At issue was the date of the "issuance of the decision" being appealed — i.e., the beginning of the 60-day clock. The petitioner, which was the service provider in this case, argued that the 60-days should have started upon its receipt of a Demand Payment Letter, not on the date of the earlier Commitment Adjustment ("COMAD") Letter. The FCC disagreed, noting that the COMAD letter, in this case, had clearly advised both the applicant and the service provider that they had 60 days to appeal.

The FCC's decision in this case also rejected the argument that USAC's recovery action of a FY 2006 funding commitment, not begun until 2013, was "time-barred" by the FCC's own policy directive to USAC to "finish its investigations and seek recovery within five years of the final delivery of service for a specific funding year." As a matter of fact, the FCC found that the investigation in this case was "finished" within five years. In any event, however, the FCC noted

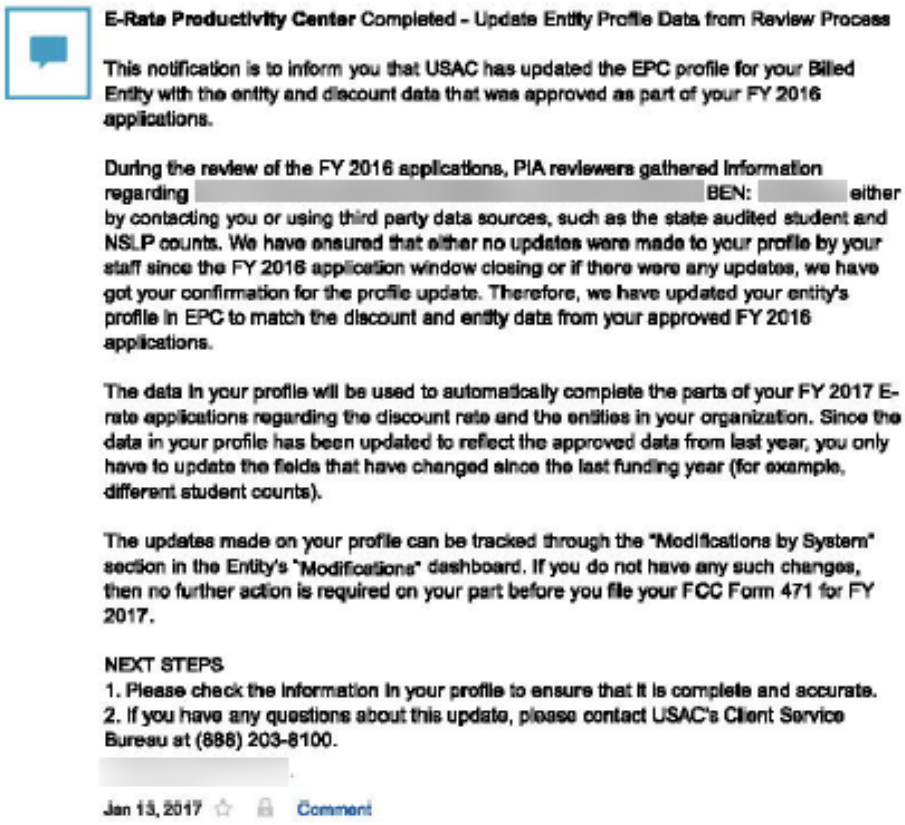
that the five-year time frame "constitutes merely a policy preference, and not an absolute bar to recovery."

USAC News Brief Dated January 19 – Profile Updates in EPC, Part 2

USAC's Schools and Libraries News Brief of January 19, 2017, discusses two new USAC entity tools (see discussion above) and provides additional information on USAC's plan to update applicant entity data within EPC (see also our discussion of USAC's previous News Brief in our newsletter of January 16th).

Both USAC News Briefs indicate that applicants will receive emails notifying them of any changes USAC makes to their entity profiles. However, early indications are that such notifications are not being made by email, but only via the applicants' EPC "News" feeds (search for "Entity Profile Data") as shown below.

To actually see what changes USAC made, use the new EPC "Modifications" tool discussed above.



E-Rate Productivity Center Completed - Update Entity Profile Data from Review Process

This notification is to inform you that USAC has updated the EPC profile for your Billed Entity with the entity and discount data that was approved as part of your FY 2016 applications.

During the review of the FY 2016 applications, PIA reviewers gathered information regarding [redacted] BEN: [redacted] either by contacting you or using third party data sources, such as the state audited student and NSLP counts. We have ensured that either no updates were made to your profile by your staff since the FY 2016 application window closing or if there were any updates, we have got your confirmation for the profile update. Therefore, we have updated your entity's profile in EPC to match the discount and entity data from your approved FY 2016 applications.

The data in your profile will be used to automatically complete the parts of your FY 2017 E-rate applications regarding the discount rate and the entities in your organization. Since the data in your profile has been updated to reflect the approved data from last year, you only have to update the fields that have changed since the last funding year (for example, different student counts).

The updates made on your profile can be tracked through the "Modifications by System" section in the Entity's "Modifications" dashboard. If you do not have any such changes, then no further action is required on your part before you file your FCC Form 471 for FY 2017.

NEXT STEPS
1. Please check the information in your profile to ensure that it is complete and accurate.
2. If you have any questions about this update, please contact USAC's Client Service Bureau at (888) 203-8100.

Jan 13, 2017 ☆ Comment

Newsletter information and disclaimer: This newsletter may contain unofficial information on prospective E-rate developments and/or may reflect E-Rate Central's own interpretations of E-rate practices and regulations. Such information is provided for planning and guidance purposes only. It is not meant, in any way, to supplant official announcements and instructions provided by the SLD, FCC, or NCDPI.

Additional North Carolina specific E-rate information is available through our Web site — http://www.e-ratecentral.com/us/stateInformation.asp?state=NC. Note that this site provides easy access to formatted North Carolina applicant E-rate histories via the Billed Entity Number ("BEN") search mechanism in the upper left-hand corner. Detailed information can be obtained by "drilling down" using the links for specific funding years and individual FRNs.

For further information, follow E-Rate Central on Twitter, Facebook, and LinkedIn.

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