

- Funding Status – FY 2016
- Updates on USAC’s E-Rate Productivity Center and Legacy System
 - Category Two Budget Inflation Adjustments
 - Clarification on the “Yes/No” Circuit Questions
 - Limits on Consortium Financial Responsibilities
 - Last Week’s “Lost” Form 471s
 - Form 486 Technology Plan Certification
- E-Rate Updates and Reminders
 - Upcoming 2017 E-Rate Deadlines
 - FCC Decision Watch – IDER Waivers
- USAC News Brief Dated March 17 – Copying FRNs

Funding Status – FY 2016

Wave 38 for FY 2016 was released last Thursday, March 16th, for a total of \$22.5 million. An estimated 67 FCDLs were issued in Wave 38. Funding for North Carolina included \$17 thousand for one applicant. Cumulative national funding through Wave 38 is \$2.36 billion, including \$97.9 million for North Carolina. Wave 39 is scheduled to be released on Thursday, March 23rd.

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

Category Two Budget Inflation Adjustments:

Our [newsletter of March 13th](#) (recently updated) noted that the FCC’s annual inflation adjustment applies, not only to the annual E-rate funding cap, but to the Category 2 budget caps for individual schools and libraries. For FY 2016, and most likely for FY 2017, the inflation-adjusted budget caps will be more important for many applicants.

For FY 2016, the E-rate funding cap was adjusted upwards by 1.0% ([DA 16-505](#)). Unfortunately this inflation adjustment was not announced by the FCC until May of 2016, and was only recently incorporated into EPC. As a result, some applicants may have been forced to reduce their Category 2 funding requests to slightly lower amounts than was necessary.

Last week — thus on an earlier schedule than last year — the FCC increased the E-rate funding cap for FY 2017 by 1.3% ([DA 17-243](#)). As of last Friday, EPC is still reflecting only FY 2016’s inflation adjustment, but we expect that this will be updated in time for PIA review of FY 2017 applications. The following table shows our calculations of the Category 2 budget caps for schools and libraries for both FY 2016 and FY 2017. The table also shows the minimum pre-discount cap for small schools and libraries. Note that annual inflation adjustments are

compounded, not simply additive, so that the cumulative adjustment for FY 2017 is slightly greater than 2.3% (actually 2.313%, rounded to the nearest penny).

Inflation-Adjusted Category 2 Budget Caps (Pre-Discount)						
	FY 2015 (base year)		FY 2016 (1.0% increase)		FY 2017 (1.3% increase)	
Schools	\$ 150.00	per student	\$ 151.50	per student	\$ 153.47	per student
Non-urban libraries	\$ 2.30	per sq.ft.	\$ 2.32	per sq.ft.	\$ 2.35	per sq.ft.
Urban libraries	\$ 5.00	per sq.ft.	\$ 5.05	per sq.ft.	\$ 5.12	per sq.ft.
Minimum	\$9,200.00	total	\$9,292.00	total	\$9,412.80	total

The FCC’s 1.3% inflation-adjustment factor also applies to the annual E-rate funding cap for FY 2017, now set at \$3.99 billion. Currently, as a result of roll-over funding from previous years, the annual E-rate cap is not being fully utilized. In the coming quarter, for example, the FCC is proposing to collect new Universal Service Fund (“USF”) money for E-rate at an annual rate of only \$1.61 billion (see [DA 17-245](#)). The E-rate collection rate for new USF funds needs to be watched closely. Without the continued availability of carry-forward E-rate funding, the overall USF collection rate might have to be raised from 17.4%, as projected for the next quarter, to over 22% — likely an unacceptable level in today’s political environment.

Clarification on the “Yes/No” Circuit Questions:

Applicants applying for telecommunication circuits are asked to reply either “Yes” or “No” to each of the following questions:

- Question 1: Is this a direct connection to a single school, library or a NIF for Internet access?
- Question 2: Is this a connection between eligible schools, libraries and NIFs (i.e., a connection that provides a “Wide area network”)?

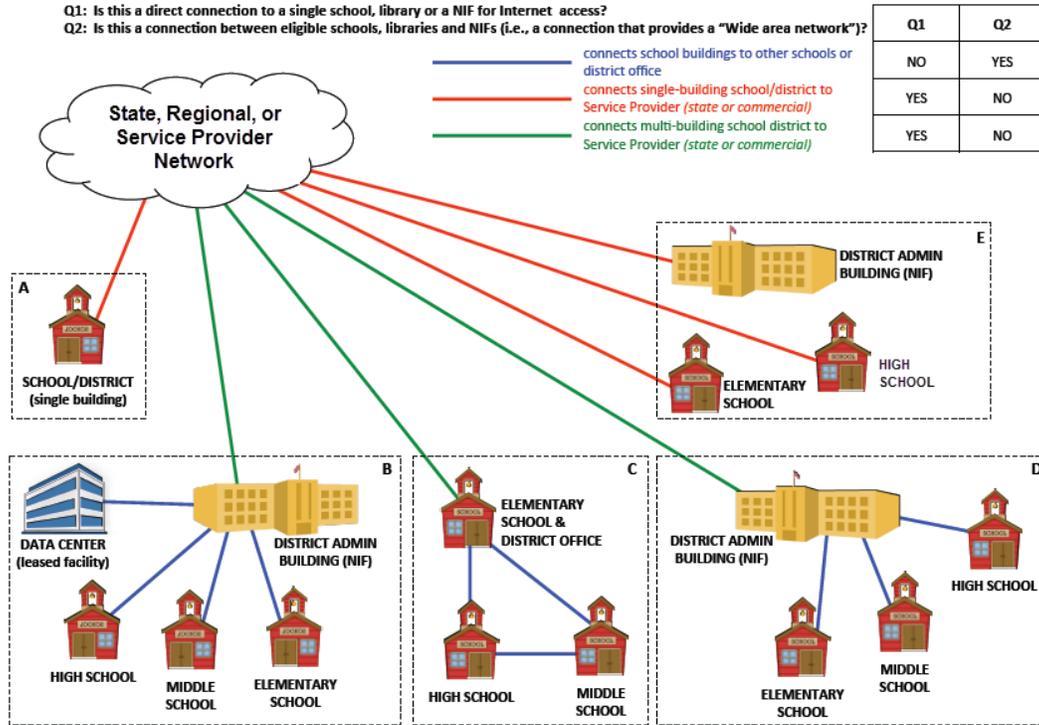
Generally, if the answer to one question is “Yes,” the answer to the other question is “No.” But this is not always the case, and the questions have often become the source of confusion either during the application process or during PIA review.

In an attempt to clarify the situation, the State E-Rate Coordinators’ Alliance (“SECA”) presented USAC with several alternative network diagrams and sought further guidance. The diagram below shows the most common types of network connections and their associated (and color-coded) “Yes/No” answers.

Please note the following:

1. The “Yes/No” questions are designed to focus on the type of connection, not on circuit usage. As such, you can ignore the “for Internet access” phrase in the first question. Although many circuits are used for Internet, the answer to the question is meant to include other direct connections (e.g., a non-IP data circuit used to exchange student management data between an ESA and a district).

2. EPC will not accept “Yes” answers to both questions. The key distinction is whether the circuits provide (a) external links from the outside to a school, library, or NIF, or (b) internal links between schools, libraries, or NIFs of a given school district or library system.
3. In special cases, “No” and “No” answers may be appropriate if a circuit does not terminate at one or more school or library locations, e.g., state or regional network circuits terminating at intermediate aggregations points. “No/No” answers will typically draw PIA inquiries to confirm circuit logistics.



Limits on Consortium Financial Responsibilities:

With the advent of EPC for FY 2016, giving complete control of student data to a consortium’s members, rather than to the consortium itself, consortium applicants have been seriously questioning their E-rate exposure to information not under their own control.

USAC’s March 17th News Brief (referenced below) provides the first formal acknowledgement of this problem stating that “USAC will not hold the consortium financially responsible for any finding that is based on incorrect data entered by a school or library.”

USAC also indicated that it will include this updated language in the [Appeals & Audits](#) section of its website.

Last Week's "Lost" Form 471s:

USAC issued a [Special Edition News Brief](#) last Thursday addressing EPC problems being experienced by some applicants trying to work on new Form 471s. The problems involved (a) the receipt of erroneous messages that the Form 471s were out of window, or (b) the inability to find partially completed Form 471s. In either situation — hopefully not recurring this week — USAC's advice was to contact the Client Service Bureau ("CSB") at 888-203-8100.

Form 486 Technology Plan Certification:

Since an EPC update in late February, applicants filing a Form 486 for FY 2016 have noticed the reemergence of an earlier technology plan certification. Because approved technology plans are no longer required for any E-rate services, the reappearance of this certification has created some confusion. While this may be a temporary phenomenon, the immediate solution is to simply check the certification. As shown below, for those properly concerned with misstatements of facts, the Form 486 technology certification includes the saving phrase "if required by program rules." There are no longer any such rules.

I certify that, **if required by program rules**, the entity(ies) receiving discounted services as indicated on this FCC Form 486 are covered by technology plan(s) that have been approved by a state or other authorized body (i.e., a USAC-certified technology plan approver) prior to the commencement of service and that cover all 12 months of the funding year. Provide the name(s) of the organization(s) that approved a technology plan for any eligible entity that is receiving services covered under this FCC Form 486 or, if EVERY FRN listed in this FCC Form 486 is for services that do not require a technology plan, enter nothing here.

E-Rate Updates and Reminders

Upcoming 2017 E-Rate Deadlines:

March 21 Form 486 deadline for FY 2016 funding committed in Wave 22. 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 March and April deadlines:

Wave 23	03/28/2017
Wave 24	04/04/2017
Wave 25	04/11/2017
Wave 26	04/20/2017
Wave 27	04/27/2017

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.

April 13	Last day to file a Form 470 for FY 2017 meeting the required 28-day waiting period prior to submitting a Form 471.
April 17	Invoice deadline for applicants seeking to take advantage of the FCC 30-day waiver decision discussed below.
May 11	Last day of the Form 471 filing window for FY 2017. The window closes at 11:59 p.m. EDT.

FCC Decision Watch – IDER Waivers:

An FCC decision last week ([DA 17-256](#)) finally provided some much needed, albeit limited, flexibility on Invoice Deadline Extension Requests (“IDERS”). The Order provides two distinct waivers.

The first waiver, provided under the FCC’s own motion, provides invoicing relief — and a 30-day window — for any applicant missing an invoice deadline as a result of USAC’s failure to timely approve a Form 498 or issue a PIN under the new direct BEAR payment process which was initiated on July 1, 2016. The FCC decision does not identify specific applicants affected this waiver, so applicants wishing to take advantage of this waiver will need to self-identify themselves and submit invoices — presumably in accordance with USAC guidance to be provided. Note that the window for taking advantage of this waiver is 30 days from (a) the March 16th release date of the Order or, less likely, (b) USAC’s late issuance of the Form 498 ID or PIN. Thirty days from March 16th is a Saturday, making the actual 30-day deadline Monday, April 17th.

The second waiver applies specifically to nine applicants, but may serve as precedent for other similarly affected applicants. All seven applicants had filed timely requests for FY 2014 IDERS in the fall of 2015, but were not approved for 120-day extensions until well into the 120-day period calculated as ending February 25, 2016. Due to a variety of circumstances (see [waiver request](#)), the applicants were unable to meet the extended invoice deadline with the remaining time available. As a matter of principle, the FCC appears to have agreed with the applicants that new IDER deadlines should be based on 120 days from the dates of the IDER approvals, rather than 120 days from the original invoice deadline.

USAC News Brief Dated March 17 – Copying FRNs

USAC’s [Schools and Libraries News Brief of March 17, 2017](#), discusses a new feature in EPC’s FY 2017 Form 471 preparation system that allows applicants to copy information from FY 2016 or FY 2017 Form 471s on an FRN-by-FRN basis. This feature will be particularly useful for applicants preparing applications with a large number of FRNs paralleling their FY 2016 applications. Copied FRNs should be carefully reviewed to confirm and/or update service start and contract dates as well as Form 470 references.

The March 17th News Brief also discusses:

- The belated issuance of Quarterly Disbursement Reports (“QDRs”) for the fourth quarter of 2016;
- Eight new fields that have been added to the [Form 471 Download Tool](#); and
- The financial responsibility of consortium applicants when relying upon data entered by member schools and/or libraries.

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.



If you have received this newsletter from a colleague and you would like to receive your own copy of the North Carolina E-Rate Forum, send an email to join-ncerate@lists.dpi.state.nc.us. Please include your name, organization, telephone, and e-mail address.

In compliance with federal law, the NC Department of Public Instruction administers all state-operated educational programs, employment activities and admissions without discrimination because of race, religion, national or ethnic origin, color, age, military service, disability, or gender, except where exemption is appropriate and allowed by law.