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## **Funding Status – FY 2017 and FY 2016**

### *FY 2017:*

Wave 21 for FY 2017 was released Friday, October 20<sup>th</sup>, for a total of \$97.0 million. Funding for North Carolina was \$824 thousand for 5 applicants. Cumulative national funding through Wave 21 is \$1.58 billion, including \$51.1 million for North Carolina. Wave 22 is scheduled to be released on Friday, October 27<sup>th</sup>.

### *FY 2016:*

Wave 66 for FY 2016 was released Tuesday, October 17<sup>th</sup>, providing \$295 thousand in funding for one California consortium. The cumulative national funding through Wave 66 is \$2.88 billion, including \$104 million for North Carolina. Wave 67 is scheduled to be released on Tuesday, October 24<sup>th</sup>.

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

### *New EPC Functionality:*

USAC implemented changes and new functionality in EPC last week. The first thing you will notice when logging into EPC is a requirement to accept a revised set of Terms of Service agreement. Most of the language remains the same with the major exception being the addition of the following paragraph:

You agree that USAC may provide you with any Communications in electronic format including by electronic mail (i.e., email) or by posting online in EPC and that USAC may discontinue sending Communications it has formerly sent in paper format by First Class mail. “Communications” mean any written correspondence, notice, disclosure, document or other information that USAC provides to you, or that you sign or submit or agree to. “Communications” include, but are not limited to, Commitment Adjustment Letters, Recovery of

Improperly Disbursed Funds Letters and Demand Payment Letters. The date of an electronic Communication for the purpose of determining any deadline by which you must respond is the later of the date on which the Communication was posted in EPC or the date it was emailed to you. You agree to provide USAC with an accurate and complete e-mail address, administrator information and all other contact information related to your User Account and to update this information as soon as it changes. You may request that USAC provide you with a duplicate paper copy of a specific electronic Communication by contacting Customer Service Bureau (CSB) at (888) 203-8100. If there is a response deadline associated with this Communication, the response deadline will be calculated from the date it was posted in EPC or emailed to you. USAC reserves the right, but assumes no obligation, to provide a paper (instead of electronic) copy of any Communication. In that event, if there is a response deadline associated with this Communication, the deadline will be calculated from the date that appears on the Communication (i.e., letter date).

Now that most applicant correspondence is sent via EPC, sometimes appearing only in an applicant's News Feed — which the applicant may or may not immediately notice — USAC might be becoming sensitive to the likelihood that applicants are going to be unaware of, and miss, impending deadlines. Acceptance of the terms in the new paragraph essentially places the burden of receiving EPC correspondence onto the applicant.

Some of the new functionality includes:

- Added feature for filing appeals including type selection, Request ID filtering, and helper text
- Form 486 summary of certifications
- Global service substitution filings by service providers
- Automation of Commitment Adjustment (“COMAD”) notifications

#### *FRN Status Tool Updates:*

Last week USAC added several new fields to the FRN Status Tool (“FST”) to show important information on post-FCDL decisions for FY 2016 and later years. The new fields are:

- PC Wave Number: This involves a change in terminology for what was previously referred to as the “Appeal Wave Number.” The “PC” in this label is an abbreviation for “post-commitment” (not to be confused — hopefully — with “pre-commitment”).
- Revised FCDL Date: The date of any revised Funding Commitment Decision Letter, often abbreviated “RFCDL.” Prior to EPC, the RFCDL was only used to notify applicants of commitment changes on approved appeals. The RFCDL now provides notifications for almost all post-commitment changes.
- RFCDL Comment and Post Commitment Rationale: Two separate text fields describing the approved FRN changes and the basis for those changes.

Note that with the broader variety of changes initiated by the new Form 500 process, any given FRN may be impacted by more than one RFCDL decision over time in different “PC” waves.

To facilitate computerized processing of these new fields for multiple changes, two sets of symbols are used in the downloaded CSV-formatted FST file.

- Three “pipes” (|) are used to separate data when there is more than one PC Wave.
- Two “pipes” (||) are used to separate data when there is more than one comment per FRN.

We have received reports of FST errors including missing FRN disbursement information, or missing FRNs entirely. Hopefully, these errors will be corrected as well.

## E-Rate Updates and Reminders

### *Upcoming 2017 E-Rate Dates:*

- October 23 Initial comments due on the FCC’s inquiry ([DA 17-921](#)) on revisions to Category 2 budgets. Reply comments are due November 7<sup>th</sup>.

Note: Several educational associations issued warnings last week suggesting that this Public Notice might be the FCC’s first step towards cutting or eliminating funding for Category 2. We see no indication of such an adverse action, but instead are expecting to see the FCC’s recommitment and improvements to the Category 2 funding program. We encourage interested parties to submit comments for such action.

- October 24 Open FCC meeting to consider a [Report and Order](#) enabling quicker law enforcement access to caller ID information to investigate threatening calls to schools and certain other organizations (last discussed in our [newsletter of August 25<sup>th</sup>](#)).

- October 30 Invoicing deadline for FY 2016 recurring services. (Note: The normal October 28<sup>th</sup> deadline falls on a Saturday pushing this year’s actual deadline to the following Monday.) **Important note:** Requests to extend this deadline, if needed, will be automatically granted by USAC if filed on or before this date. Invoice Deadline Extension Requests (“IDERS”) can be filed by logging into the [Online BEAR System](#).

- October 30 Form 486 deadline for FY 2016 funding committed in Wave 52. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (often July 1<sup>st</sup>), whichever is later. Upcoming Form 486 deadlines for funding commitments received in later waves include:

Wave 53	11/01/2017
Wave 54	11/08/2017
Wave 55	11/15/2017

October 30<sup>th</sup> is also the first Form 486 deadline for FY 2017 FRNs approved in Waves 1–5. Other upcoming FY 2017 deadlines include:

Wave 6	11/07/2017
Wave 7	11/13/2017
Wave 8	11/20/2017

Applicants missing these (or earlier) deadlines should watch carefully for “Form 486 Urgent Reminder Letters” in EPC. The Reminders will afford applicants with 15-day extensions to submit their Form 486s without penalty.

### *Verizon Consent Decree:*

Verizon<sup>1</sup> executed a Consent Decree ([FCC 17-64](#)) to resolve a longstanding investigation by the FCC’s USF Strike Force into alleged violations of E-rate rules associated with services provided to the New York City Department of Education (“NYCDOE”) from FY 2002 through FY 2015. The action has its roots in a special investigation reported by NYCDOE in 2011 into the earlier self-dealing activities of an independent IT consultant coordinating technology work for NYCDOE, including certain E-rate services, by Verizon and IBM. The consultant was subsequently convicted and sentenced for fraud. NYCDOE itself signed a Consent Decree ([DA 15-1434](#)) with the FCC in 2015, agreeing to pay \$3 million, forego three years of pending E-rate funding, and implement a strict compliance program (see our [newsletter of December 28, 2015](#)).

The Verizon compliance agreement, like several other earlier applicant and service provider settlements, includes:

- Designation of a senior compliance officer
- Development of specific operating procedures for E-rate activities, including
  - A compliance manual
  - A compliance training program
  - Periodic compliance reports
  - A system to report material noncompliance

Verizon is also required to “return” over \$17 million to the E-rate program. This figure is interesting because, unlike many other FCC enforcement actions we’ve seen, the Consent Decree does not indicate how this amount was calculated. On the one hand, at least with respect to the reported fraud, the agreement indicates that Verizon had been instructed not to submit consultant charges for E-rate reimbursement. On the other hand, Commissioner Clyburn’s dissent to the Consent Decree indicates that the FCC had found over \$50 million in harm to the E-rate fund.

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<sup>1</sup> Specifically: Verizon New York (SPIN 143001359), Verizon Network Integration (SPIN 143004333), and Verizon Select Services (SPIN 143004038).

## *USAC Fall E-Rate Training:*

USAC’s annual fall training began October 10<sup>th</sup> outside Washington, DC. Presentation slides from this training are available [online](#). Additional USAC workshops will be held the following locations:

- October 24 [Charlotte, NC](#) — registration closed
- November 2 [Minneapolis, MN](#)
- November 14 [Portland, OR](#)

## **USAC News Brief Dated October 20 – PQA Requests**

In addition to the EPC update information discussed above, [USAC’s Schools and Libraries News Brief of October 20, 2017](#) announced that USAC has begun this year’s Payment Quality Assurance (“PQA”) assessments of invoices paid in 2017. PQAs are random inquiries required, as with other federal funding programs, under the Improper Payments Elimination and Recovery Improvement Act of 2012 (“IPERIA”). In 2016, there were roughly 500 E-rate PQAs conducted in a “statistically valid” manner. This means that any applicant, with paid invoices of any size, may be subject to a PQA to review the competitive bidding process, service(s) received, and payment(s) made on an individual FRN.

PQAs should not be confused with the more formal and in-depth Beneficiary and Contributor Audit Program (“BCAP”). The BCAP audits — more “risk-based” than purely random — cover an entire funding year and often involve site visits by USAC staff and/or an auditing contractor. This year’s cycle of BCAP audits for schools and libraries, expected to number 50-60, is also just beginning.

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*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](mailto:join-ncerate@lists.dpi.state.nc.us). Please include your name, organization, telephone, and e-mail address.*

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