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## Funding Status – FY 2017

Wave 23 for FY 2017 was released Friday, November 3<sup>rd</sup>, for a total of \$39.6 million. Funding for North Carolina was \$1.17 million for 4 applicants. Cumulative national funding through Wave 23 is \$1.67 billion, including \$52.4 million for North Carolina. Wave 24 is scheduled to be released on Friday, November 10<sup>th</sup>.

## Category 1 Form 470 Menu Nonsense

For a program targeted to help schools and libraries, one would think that the simplest English words and phrases would have clear meanings — or at least not be misleading. Increasingly, this seems not to be the case. Last week, USAC’s guidance on the Category 1 Form 470 menu options — presumably driven by the FCC — became even more ridiculous. Perhaps out of a sense of embarrassment, USAC seems disinclined to fully and publicly express its guidance in writing. So let us try.

The major problems with the Form 470 pulldown menu trace back to USAC’s [Special Edition News Brief dated August 22<sup>nd</sup>](#) announcing the new and “simplified” drop-down options for Category 1 services. The new options, supported by a revised [Form 470 User Guide](#), became effective August 26<sup>th</sup> and govern all FY 2018 Form 470s filed on or after that date.

## Add New Service Request

Function \*

Please select a value
Leased Lit Fiber
Internet Access & Transport Bundled
Transport Only – No ISP Service Included
Internet Access: ISP Service Only
Leased Dark Fiber and Leased Lit Fiber
Self-Provisioned Networks and Services Provided Over Third Party Networks
Cellular Data Plan/Air Card Service
Voice Service
Cellular Voice
Other

The new options appear simple, but are now the source of confusion — and potentially a source of funding denials for applicants not selecting the right options.

The first problem arose shortly after the new options were implemented when USAC indicated that the “Internet Access & Transport Bundled” option, in and of itself, applied only for bundled Internet services delivered over non-fiber circuits. Initially, USAC claimed applicants seeking bundled Internet services over fiber circuits — or possibly even considering bids for fiber-based Internet — must select three options. By October, at least by the first USAC fall training session, the guidance had changed to require selecting the following two options:

- Internet Access & Transport Bundled
- Leased Lit Fiber

The requirement to include “Leased Lit Fiber” is clearly not intuitive, but now constitutes the guidance for bundled Internet service delivered over fiber. Applicants using only the “Internet Access & Transport Bundled” option, as they might have done for FY 2017, may find their FY 2018 bundled Internet funding requests denied if fiber circuits are involved. We suspect that many applicants will not learn of this new guidance until too late.

The second problem raised its head last week when USAC began explaining that applicants seeking Internet service only, but which will be delivered over fiber provided separately, must also select “Leased Lit Fiber” — not just “Internet Access: ISP Service Only.” Indeed, “Leased Lit Fiber” now appears to be the default option for any fiber-based service — circuits and/or Internet. When asked how a service provider evaluating a Form 470 is supposed to know this, USAC suggested describing the actual requirement(s) in the Narrative. So much for menu simplifications.

Our advice to applicants who have any fiber circuits in their networks is to include the “Leased Lit Fiber” menu option in any potentially-related Form 470 posting.

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

### *USAC Form 486 Processing:*

EPC has been updated so that USAC can now begin the backend processing required to review and correct Form 486s for FY 2017. A number of these forms had been filed with incorrect or

inconsistent certifications, and, as a result, had not been system-approved as submitted. The EPC fix, which is specific to FY 2017, will permit USAC to begin manually working down the backlog of pending Form 486 approvals. Backend processing of Form 486s for FY 2016 is still problematic.

#### *Service Start Dates in E-Rate Forms:*

E-rate rules permitting installation work to begin prior to the start of the funding year (i.e., July 1<sup>st</sup>) are causing some confusion. To review, the [Advance Installation](#) rules allow:

- Installation work on Category 1 services to begin up to six months early (i.e. on or after January 1<sup>st</sup>); and
- Installation work on Category 2 services to begin up to three months early (i.e. on or after April 1<sup>st</sup>).

The important point to note is that early work — installation, not the service itself — is permitted only to facilitate the actual receipt of services within the funding year. For Form 486 and invoicing purposes, neither EPC nor the legacy BEAR system will accept a Service Start Date prior to July 1.

Terminology is important. A service provider’s invoice may show installation work done before July 1, and may be dated accordingly. An E-rate invoice for the associated discount, however, will not be accepted before July 1. When referring to invoices, therefore, it is important to distinguish between a service provider’s installation invoice, which might be dated before the funding year begins, and the BEAR or SPI invoice, which can be dated only on or after the beginning of the funding year. Put another way: In order for an Advanced Installation charge to be eligible, the actual service may not start before July 1.

### **E-Rate Updates and Reminders**

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

November 8      Form 486 deadline for FY 2016 funding committed in Wave 54. 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 FY 2016 Form 486 deadlines in November include:

Wave 55	11/15/2017
Wave 56	11/22/2017
Wave 57	11/29/2017

November 13      Form 486 deadline for FY 2017 funding committed in Wave 7. Upcoming FY 2017 Form 486 deadlines in November include:

Wave 8	11/20/2017
Wave 9	11/27/2017

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.

November 7      Reply comments due on the FCC’s inquiry ([DA 17-921](#)) on revisions to Category 2 budgets.

#### *Eligibility for Matching Grants on Special Construction:*

USAC has now approved state matching funds for 18 states, including North Carolina, to qualify applicants in those states for additional E-rate discounts. Under the [state matching rule](#), E-rate will provide up to an additional 10% discount on broadband special construction charges if matched by approved state funding. For example, an applicant with a nominal discount of 80% would receive a 90% discount on special construction charges if the state paid the remaining 10%.

One important proviso of the state-matching rule is that it only applies to the installation of circuits that meet, or could meet, the FCC’s long-term bandwidth goals — 1 Gbps per 1,000 students for Internet access and 10 Gbps per 1,000 students for overall WAN circuit capacity. Last week, USAC clarified that a special construction project eligible for the 10% state match does not need to meet that bandwidth requirement immediately, but it must have the ability to expand to that capacity during the life of the contract. To qualify, USAC will look to (a) the underlying technology (such as fiber), and (b), a signed contract allowing the applicant to upgrade to the long-term bandwidth goals.

#### *New FCC Hurricane Emergency Relief Order:*

The FCC issued a new Order ([FCC 17-139](#)) last week providing significant new E-rate assistance to schools and libraries adversely affected by Hurricanes Harvey, Irma, and Maria. As discussed in USAC’s [News Brief of October 27<sup>th</sup>](#), the FCC had already extended filing deadlines for affected applicants. The new Order provides additional funding support to schools and libraries in the federally-designated disaster areas and to schools experiencing increased enrollment (5% or more) of displaced students.

For “Directly Impacted Applicants,” the Order:

1. Opens a second funding window for FY 2017 (with modified competitive bidding rules).
2. Resets 5-year Category 2 budgets (with maximum discounts for all affected applicants).
3. Provides additional flexibility on service substitutions.

“Indirectly Impacted Applicants,” meeting the increased enrollment criterion, may also avail themselves of the second funding window. Please note that the new emergency provisions are narrowly defined for specific applicants and require strict certifications.

### *FCC Decision Watch:*

The FCC issued another set of “streamlined,” precedent-based decisions ([DA 17-1048](#)) last week. Applicants facing similar problems as addressed in these decisions may garner useful information by carefully reading the additional FCC explanations found in the footnotes. The original appeals and waiver requests can be found online in the FCC’s [Search for Filings](#).

In summary, last week’s FCC decisions:

1. Dismissed:
  - a. One appeal deemed moot for which the invoicing record indicated that the applicant had been fully compensated.
  - b. One service provider Request for Review failing to meet the FCC’s basic filing requirement. In this instance, the service provider had first sought an Invoice Deadline Extension from USAC, a waiver that can only be granted by the FCC. The service provider then simply filed USAC’s rejection letter with the FCC. A more formal FCC waiver request was submitted in late October and is not affected by this dismissal.
  - c. Four Petitions for Reconsideration failing to provide any arguments not already fully considered by the FCC.
  - d. Four Petitions for Reconsideration newly arguing that invoice extensions should be granted in the public interest because there was adequate funding available for the year in question. The FCC rejected this argument as not warranting a deviation from the invoice deadline rule.
2. Granted:
  - a. One Request for Review granting the applicant additional time to respond to USAC requests for information.
  - b. One Petition for Reconsideration involving a late-filed Form 471 application due to technical system problems beyond the applicant’s control.
  - c. Two Requests for Review or Waiver for applications involving ministerial and/or clerical errors.
  - d. Seven Request for Waiver involving late-filed BEAR(s) pending USAC actions on Form 498s, PINs, or other requests.
3. Denied:
  - a. Five Requests for Waiver for invoice deadline extensions.
  - b. Four Requests for Waiver for late-filed Form 471 applications filed more than two weeks late.
  - c. Five Requests for Waiver not filed within the 60-day appeal window.

### *USAC Fall E-Rate Training:*

USAC’s annual fall training sessions have been held in Charlotte, Minneapolis, and Washington DC. Presentation slides for the trainings are available [online](#). This season’s final training workshop will be held November 14<sup>th</sup> in [Portland, OR](#).

## USAC News Brief Dated November 3 – Open Data Platform

[USAC's Schools and Libraries News Brief of November 3, 2017](#) discusses USAC's Open Data platform. As previewed in our [newsletter of October 30<sup>th</sup>](#), this is a new database being developed to provide expanded download and search capability, including an API interface, for all four Universal Service Fund ("USF") programs. Currently, the dataset includes Form 470 and Form 471 E-rate data for FY 2016 and FY 2017, entity profile information from EPC, and selected Form 498 and Form 486 data.

The News Brief answers the following questions:

- Why is USAC adding this platform?  
Brief answer: To permit consistent and customized access to all USF program data.
- How will I know what to do?  
Brief answer: [Video Guides](#) are available.
- How do I get started?  
Brief answer: Go to the Open Data platform.
- What if I still have questions?  
Brief answer: Submit questions via the "Contact Data Owner" button.
- I'm used to the existing tools. Why should I use this new platform?  
Brief answer: There is no immediate need to switch. USAC encourages exploration and feedback.

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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.*



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