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## **Funding Status – FY 2018 and FY 2017**

### *FY 2018:*

The FY 2018 Form 471 Application Window will:

- Open Thursday, January 11, 2018 at 12:00 noon EST.
- Close Thursday, March 22, 2018 at 11:59 p.m. EDT.

Important note: On January 10 at 11:59 p.m. EST, USAC will lock every applicant’s entity profile for the duration of the Application Window. Any changes applicants need to make in preparation for the FY 2018 application cycle must be made before these profiles are locked.

### *FY 2017:*

Wave 31 for FY 2017 was released Friday, December 29<sup>th</sup>, for a total of \$14.6 million — none for North Carolina. Cumulative national funding through Wave 31 is \$2.01 billion, including \$67.6 million for North Carolina. Wave 32 is expected to be released Friday, January 5<sup>th</sup>.

## **2017 Review – 2018 Preview**

At the New Year, it is worthwhile to look back on the past year and to plan for the new one. Here’s our E-rate review of 2017 and a preview of 2018. Additional details on 2017 developments can be found in our [E-Rate Weekly News Archive](#).

### *Key E-Rate Milestones in 2017:*

- January
- USAC added applicant capability to EPC for [filing](#) FY 2016 Form 500s, SPIN changes, and service substitutions. The system capability to [process](#) these forms and change requests, however, was not implemented until later in the year creating backlogs that are still being resolved.
  - Prior to the change in the Administration, the FCC released a glowing [E-rate Modernization Progress Report](#) focusing on improvements in broadband capacity and pricing and on the availability of Category 2 funding. The Report was subsequently withdrawn by the reconstituted Commission.
  - With the change in the Administration, the Commission was rebalanced to give majority control to Republican Commissioners. Ajit Pai, previously a minority member of the Commission, was appointed Chairman.
- February
- USAC set the FY 2017 Form 471 Application Window to open February 27<sup>th</sup> and to close May 11<sup>th</sup>. In doing so, USAC set an intermediate deadline of February 26<sup>th</sup> by which school and district applicants could update their EPC entity profiles.
- March
- USAC [acknowledged](#) that consortium applicants do not have control of student data maintained in EPC by the consortium members, and that “USAC will not hold the consortium financially responsible for any finding that is based on incorrect data entered by a school or library.”
  - Extraordinarily late in the FY 2017 procurement cycle, USAC introduced two [new Form 470 requirements](#) — later explained as “clarifications” — for those seeking self-provisioned fiber networks. USAC then began calling affected applicants suggesting that they file new Form 470s. We have seen a similar calling program undertaken this year — albeit earlier in the cycle — regarding applicant use of the new Category 1 drop-down menus for bundled Internet and transport services.
- April
- USAC implemented a new [Category Two Budget Tool](#) for FY 2015 and FY 2016. The Tool is expected to be updated shortly to include FY 2017 funding.
  - USAC initiated an excruciatingly detailed review process for special construction fiber requests in both pending and previously approved applications.
  - In a [letter to USAC](#), FCC Chairman Pai restated his support for the E-rate program, but berated USAC for “serious flaws” in its administration of the program, specifically with regard to EPC’s technical problems and costs. In December, Chairman Pai sent a second letter directing USAC to “redouble its effort” in information technology and security.
- May
- Unlike 2016, when the Application Window for consortia and libraries

had to be extended into July, the FY 2017 Form 471 Application Window closed as scheduled on May 11<sup>th</sup>. As reported by USAC, the preliminary demand for FY 2017 was \$3.2 billion, roughly equivalent to FY 2016 and comfortably under the \$4.0 billion cap.

- Wave 1 for FY 2017 was released on May 26<sup>th</sup>, three weeks earlier than in the previous year.
- June
- USAC began sending the first batch of “several hundred” Commitment Adjustment (“COMAD”) letters related to alleged rule violations dating to ten or more years ago — situations that had been in limbo for over a decade.
  - President Trump nominated Jessica Rosenworcel and Brendan Carr to fill out the remaining two slots on the FCC Commission and to maintain the Republican:Democratic majority (now 3:2). Senate confirmation was in early August.
  - The FCC released a draft of the FY 2018 Eligible Services List (“ESL”) proposing minor changes to clarify network equipment with mixed eligibility and the category of service for separate schools located in the same building. The [ESL](#) was approved in October.
  - Without much of a public alert — and with erroneous guidance in the Form 500 — applicants funded for special construction in FY 2016 hit the June 30<sup>th</sup> deadline for operational completion of fiber networks or for requesting one-year extensions.
- July
- USAC added applicant capability to EPC for filing Form 486s and appeals. Again, system capability to process these forms and requests lagged applicant filing resulting in backlogs currently being addressed.
- August
- USAC updated and “simplified” the Form 470 Category 1 drop-down menu options in EPC effective August 26<sup>th</sup>. Initial guidance, particularly for those requesting bundled Internet and transport services, was confusing. A more explanatory [Form 470 C1 Drop-Downs Reference Table](#) was quietly posted in early December.
- September
- The FCC initiated a comment period to explore options for handling Category 2 funding beyond FY 2019, the end of the five-year budget cycle for those applicants first funded in FY 2015. Comments and reply comments due October 23<sup>rd</sup> and November 7<sup>th</sup>, respectively, universally supported the continuation of Category 2 funding.
- October
- USAC began its series of four annual fall training workshops, reducing the usual number of regional sessions by half.
  - FCC Chairman Pai was confirmed for a second term.
  - The FCC released a [report](#) on the impact of the phase-down of discounts for voice services. The report focused on applicants receiving voice discounts in FY 2014 indicating that most were still participating in

E-rate, and that their funding had increased overall based primarily on Category 2 funds.

- USAC launched a new [“Open Data” platform](#) providing API access to the expanding data generated by the four Universal Service Fund (“USF”) programs.
  - The FCC approved new (non-E-rate) [rules](#) governing the handling of threatening calls to schools and other organizations.
- November
- After first extending filing deadlines for E-rate applicants adversely affected by Hurricanes Harvey, Irma, and Maria in October, the FCC issued a broader [Hurricane Emergency Relief Order](#) to open a second Form 471 Application Window for FY 2017 and to reset Category 2 budgets. A similar request for relief was filed on behalf of California applicants affected by the State’s extensive wildfires (released for public comment in December).
  - USAC clarified that Service Start Dates (“SSDs”) cannot be earlier than July 1<sup>st</sup> of the funding year. Installation work — as opposed to the “service” itself — can begin earlier in the preceding year (January 1 for Category 1 and April 1 for Category 2 services).
  - USAC completed its update of entity profile data based on FY 2017 PIA review, and opened an “administrative window” in which schools and school districts can update their entity profiles in advance of the FY 2018 Form 471 Application Window (at which point the profiles will be “locked”). The deadline for updating profiles is January 10<sup>th</sup>.
  - Catriona Ayer selected as the Acting VP of the Schools and Libraries Division, replacing Craig Davis.
- December
- Radha Sekar was appointed CEO of USAC replacing Chris Henderson, who had resigned last May and who had been replaced on an acting basis by Vickie Robinson.
  - Joan H. Wade, Ed.D., the Executive Director of the Association of Educational Service Agencies (“AESA”) was appointed as one of the school representatives on the USAC Board. Ms. Wade steps in to replace long-time member (and USAC Board Chairman), Dr. Brian L. Talbott, Executive Director Emeritus of AESA, whose term expired December 31<sup>st</sup>.
  - The FCC [adopted](#) a controversial order ending the net neutrality protections established two years ago under the previous Administration. Although not directly impacting E-rate, the rancor engendered by the rulemaking process may, for better or worse, impede other E-rate decisions.

### *Anticipated E-Rate Developments in 2018:*

2017 was a difficult year for E-rate. 2018 will hopefully be better — although we wishfully, and mistakenly, held a similar view last year.

EPC remains a challenge. There are still system problems and manual processing bottlenecks associated with FY 2017 forms. Minor improvements have been [announced](#) to the FY 2018 version of the Form 471 in EPC, but EPC's ability to process all FY 2018 forms is not simply a matter of adding a new FY 2018 drop-down option. Although it may take some manual dexterity, we suggest approaching EPC in 2018 with crossed fingers.

The FCC has an ongoing proceeding underway to address Category 2 budget rules and funding as of FY 2020. Although FCC action is possible later in 2018, a decision in 2019 is more likely. In the meantime, we remind applicants who did begin Category 2 projects in FY 2015 that the current budget rules apply to any 5-year period beginning in subsequent years. Applicants first funded for Category 2 in FY 2018 will have budgets extending through FY 2022.

A major rewrite of the E-Rate Modernization Orders, neither of which were supported by the current Republican-controlled FCC Commission, does not appear to be on the agenda for 2018. The Commission already appears to have sufficient work on its plate to support its recent net neutrality repeal and revamps to both the Lifeline and Rural Health programs. One measure we will be watching carefully, possible affecting all Universal Service Fund programs, is the gradual increase in the USF contribution factor percentage now approaching 20%.

We wish you all the best for the New Year and a successful FY 2018.

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

#### *Entity Profile Modifications:*

With the January 10<sup>th</sup> deadline for updating EPC entity profiles fast approaching, the ability to track profile updates is important. This is particularly true for consortia and libraries whose applications will rely on associated school and/or school district data (and for consultants serving multiple clients). USAC provides two tools for tracking entity updates, neither of which appears to work flawlessly.

On an entity-by-entity basis, EPC is designed to maintain a record of "Modifications" available to those with the proper user permissions. When it works, as illustrated in the example below, the Modifications tool shows a record of changes, either by the user or by USAC's "System," as far back as 2015. (Note that in this example, the most recent update was a result of a bulk upload of USAC-generated entity changes made last November based on PIA review of FY 2017 applications.)

# [REDACTED]

MANAGE ORGANIZATION MANAGE ORGANIZATION RELATI...

Summary Customer Service **Modifications** Additional Information Discount Rate Contracts FCC Forms FRN Appeals News  
 Related Actions

▼ Modifications by User

Modification Nickname	Modifier	Change Date
[REDACTED]	[REDACTED]	6/26/2017 10:32 AM EDT
[REDACTED]	[REDACTED]	5/4/2016 11:45 AM EDT
[REDACTED]	[REDACTED]	4/13/2016 8:48 AM EDT
[REDACTED]	[REDACTED]	9/21/2015 9:28 AM EDT

▼ Modifications by System

Modification Nickname	Modifier	Change Date	Pre-Post Update Data
Automated Profile Update	EPC System	11/10/2017 9:21 PM EST	<a href="#">View Profile Changes</a>

Hint: To more easily track user changes over time, provide truly descriptive nicknames.

Unfortunately — most frequently in our experience — the “Modifications” records shown are blank (or occasionally indicate “No items available”) even when profiles have been recently updated.

A better tracking tool is the non-EPC [Entity Download Tool](#). This tool generates an Excel file of entity data on a state-by-state basis. The initial download, listing all of a state’s entities, is unwieldy for individual applicant use, but can be focused more precisely using Excel’s filtering capability (e.g., selecting only the district name in the Parent Entity Name column). The following is an example of the tool’s display (hiding Col. G-CL) for a small district.

	A	B	C	D	E	F	CM	CN
1	Entity Name	Entity #	Entity Type	Parent Entity Name	Parent Entity	Parent Entity Type	Entity Last Modified By	Last Updated Date
1542	ELEMENTARY SCH		School	SCH DIST		School District	EPC System	12/06/2017 03:56 PM
1543	MS/HS		School	SCH DIST		School District	EPC System	12/15/2017 01:07 PM
1544	ELEMENTARY SCH		School	SCH DIST		School District	EPC System	12/06/2017 03:55 PM
12415	BUS GARAGE		Non-Instructional	SCH DIST		School District	EPC System	09/11/2015 09:08 PM

A major advantage of this tool is that it includes all entities. There are, however, several limitations including:

1. Only the “Last Updated Date” (Col. CN) is shown. There is no history of earlier changes nor any indication (such as nicknames) of the nature of the changes. Applicants tracking student data updates can most likely assume that recent changes did just that.
2. The “Entity Last Modified By” field (Col. CM) can be misleading. In particular:
  - a. Many changes attributed to “EPC System” appear to have been made by the applicants themselves, not by USAC.
  - b. USAC-generated entity changes, made in bulk last November, are labeled “Commitment Batch Update.”

- c. Other changes are attributed to specific individuals identified by their email addresses. Many of these addresses are clearly associated with the applicants (or the applicants' consultants). Others, with the email address suffix "gdit.com," are employees of USAC's Client Service Bureau contractor, General Dynamics Information Technology.

## E-Rate Updates and Reminders

### *Upcoming 2018 E-Rate Dates:*

January 2	Form 486 deadline for FY 2017 funding committed in Wave 14. Upcoming FY 2017 Form 486 deadlines include:
	Wave 15            01/08/2018
	Wave 16            01/15/2018
	Wave 17            01/22/2018
	Wave 18            01/29/2018

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.

January 10	Close of the EPC Administrative Window. As of 11:59 p.m. EST, EPC entity profiles will be locked. Applicants will not be able to update their profiles (e.g., with student NSLP data) until after the close of the Form 471 Application Window.
January 11	The FY 2018 Form 471 Application Window opens at 12:00 noon EST.
March 22	The FY 2018 Form 471 Application Window closes at 11:59 p.m. EDT.

### *FCC Decision Watch:*

The FCC issued its yearend set of "streamlined," precedent-based decisions ([DA 17-1217](#)). 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. Two Requests for Waiver deemed moot because the invoicing records indicated that the applicants had been fully compensated.
  - b. Two Petitions for Reconsideration, one for failing to provide any arguments not already fully considered by the FCC, and the other for not being submitted within the 30-day Reconsideration filing window.

2. Granted:
  - a. One Request for Waiver for a Form 471 filed late, but within 14 days of the close of the Window.
  - b. One Request for Waiver for the extension of the deadline to complete and use a self-provisioned network.
  - c. One Request for Waiver of the 60-day appeal deadline because the “late-filed appeal would never have been necessary absent an error on the part of USAC.”
  - d. One Request for Waiver of the appeal deadline missed by only a “few days.”
3. Denied:
  - a. Seven Requests for Waiver for invoice deadline extensions.
  - b. Nine Requests for Waiver for late-filed Form 471 applications filed more than two weeks late.

### *E-Rate Training Material:*

USAC’s annual fall training sessions were held this year in Charlotte, Minneapolis, Portland, and Washington DC. Presentation slides for these training sessions are available [online](#). USAC also did a webinar earlier this month entitled “[Applicant Training Highlights](#).” Other useful instructional videos and webinar recordings may be found in USAC’s [Online Learning Library](#) and at [EducationSuperHighway’s Webinars](#) site.

### **USAC News Brief – None for the Pre-New Year’s Week**

USAC did not issue a Schools and Libraries Program News Brief on Friday, December 29<sup>th</sup>.

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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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