- Funding Status – FY 2019

- Updates on USAC's E-Rate Productivity Center and Legacy System
  - EPC Multi-Factor Authentication

- E-Rate Updates and Reminders
  - Upcoming E-Rate Dates
  - Reply Comments on Fiber Overbuilding
  - Full Funding for FY 2019
  - FY 2016 "Pribilof" Waivers

- USAC News Brief Dated July 19 – EPC Training Site Update

Funding Status – FY 2019

USAC released Wave 13 for FY 2019 on Thursday, July 18th. Funding totaled $38.9 million including $2.85 million for 19 North Carolina applicants. Cumulative commitments through Wave 13 are $1.10 billion including $33.8 million for North Carolina.

FCC Issues

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

EPC Multi-Factor Authentication:

During a Rural Health Care Stakeholder webinar last week, USAC announced that beginning later this fall logins to **all** USAC portals — including EPC — will begin using multi-factor authentication. To login, users will first enter their usernames (email addresses) and passwords as is currently required. The logins will then be subject to a second level of authentication requiring users to either enter authentication codes (sent by email or text message) or to answer pre-established security questions. Presumably the additional authentication step is being added to cut down on the unauthorized sharing of user names and passwords. The downside, of course, is that the additional step will make EPC logins a bit slower and more burdensome.

The two key slides in the Rural Health Care webinar (likely to be similarly used in upcoming E-rate presentations) are shown below. Note that when multi-factor authentication is implemented, and a user first selects one of the three authentication modes, that method will be used for all future logins. The best choice may depend upon exactly how the system is implemented.

My Portal Multi-Factor Authentication

- For added security, USAC programs will require multi-factor My Portal log in beginning in Oct/Nov 2019
- Once username and password are entered, account holders will be prompted to select either
  - Text Msg Authentication
  - Email Authentication
  - Security Question
- The method selected for initial log in, will be used for all future log-ins
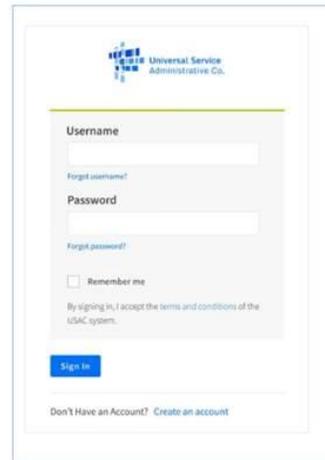
My Portal Multi-Factor Authentication

10

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

July 22

Form 486 deadline for FY 2018 funding committed in Wave 50. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (typically July 1st), whichever is later. Other upcoming Form 486 deadlines are:

Wave 51	07/26/2019
Wave 52	08/02/2019
Wave 53	08/09/2019
Wave 54	08/16/2019

Note 1: Applicants missing any Form 486 deadline should watch carefully for "Form 486 Urgent Reminder Letters" in their EPC News Feed. These Reminder Letters afford applicants 15-day extensions to submit their Form 486s without penalty.

	Note 2: The first Form 486 deadline for FY 2019, covering funding committed in Waves 1-10, will be October 29, 2019.
July 29	Extended deadline ([DA 19-628](#)) for submitting comments to the FCC's NPRM ([FCC 19-46](#)) seeking comment on establishing a cap on total funding of the Universal Service Fund ("USF") (see our newsletter of [June 3rd](#)). Reply comments are due August 26th.
August 5-9	USAC is holding two [service provider training](#) sessions in Washington DC, one at the beginning of the week (August 5-6) and one at the end of the week (August 8-9). Each two-day session will begin with a half-day presentation for beginners and will include a second full day for everyone.
August 16	Deadline for submitting initial comments to the FCC's Notice of Proposed Rulemaking ("NPRM") on the future of Category 2 funding for FY 2020 and beyond ([FCC 19-58](#)). (See our [newsletter of July 15th](#).) Reply comments are due by September 3rd.
September 16 – November 21	See USAC's [2019 Training](#) webpage for a schedule of all USAC 2019 fall applicant and tribal training sessions.

Reply Comments on Fiber Overbuilding:

Reply comments were received last week to an FCC proceeding ([DA 19-493](#)) regarding a [petition](#) filed by three Texas carriers to restrict the use of E-rate funds to build fiber networks in areas where fiber networks already exist. The reply comments tracked closely with the initial comments filed two weeks earlier (see the review in our [newsletter of July 8th](#)).

Seldom has an FCC proceeding elicited two such distinctly polar positions. On one side are the initial petitioners, their rural carrier supporters, and somewhat surprisingly one (and hopefully only one) FCC Commissioner, Michael O'Rielly, who believe that E-rate rules should be changed to forestall the construction of any new fiber networks that would result in the "overbuilding" of existing plant funded in part by other USF programs. Arrayed on the other side is the rest of the E-rate community — applicants, competitive service providers, educational public service organizations — who believe that the competitive bidding and cost-effective requirements of the E-rate rules are critical components of the program's success.

Both the comments and the reply comments reflect this disparity. As [EducationSuperHighway](#) summarizes:

- Opposition is Broad, Support Is Narrow
- The Petitioners Request Anticompetitive Rule Changes
- The Requested Rule Changes Would Increase Costs for Schools
- The Requested Rule Change Would Delay Progress and Connectivity
- The Petitioners Fail to Provide Sufficient Evidence to Justify Commission Consideration

One particularly telling set of reply comments was submitted by the [Region 10 Education Service Center](#), a Texas ESC whose competitive fiber network procurement may have provoked the ire of one of the local petitioning carriers. But as Region 10 notes, that carrier never questioned any

aspect of the RFP, didn't attended the bidders conference, didn't bid, yet believes it should be given a post-bid, post-contract, opportunity to negotiate leased fiber facilities to either the Region 10 ESC or the winning bidder.

Our view of this entire controversy and the resulting FCC proceeding can be summed up in one word — also found in the have-to-be-read reply comments of Funds For Learning — "bizarre."

Full Funding for FY 2019:

The FCC's Wireline Competition Bureau ("WCB") announced (DA 19-669) that there is sufficient funding available to fully meet the estimated Category 1 and Category 2 demand for FY 2019. Given that FY 2019 funding is well underway at all discount levels, and that USAC's estimate of total demand is well under this year's $4.15 billion funding cap, the announcement is somewhat of a late formality. The announcement does, however, indicate the availability of $1 billion of unused funds from previous years to be rolled-over into FY 2019. These additional funds are down slightly from the $1.2 billion carried-forward last year and will therefore put a little more upward pressure on the USF contribution factor percentage.

FY 2016 "Pribilof" Waivers:

Several applicants have reported receiving letters last month and follow-up calls this month from USAC regarding out-of-window Form 471 applications for FY 2016. The correspondence relates to an FCC decision (FCC 18-118) last year involving the Pribilof School District. As discussed in our newsletter of August 13, 2018, the district filed an out-of-window Form 471 application for FY 2016 but, as a result of a misleading EPC message, did not realize that the application would not be funded without requesting and receiving an FCC late-filing waiver. By the time the district recognized the error it had missed the 60-day waiver deadline. The FCC's decision not only granted Pribilof a waiver but instructed USAC to identify and so notify other "similarly situated" late filing applicants.

Applicants receiving these letters and calls will have 60 days to file late Form 471 waiver requests with the FCC to reinstate their FY 2016 applications.

USAC News Brief Dated July 19 – EPC Training Site Update

USAC's Schools and Libraries News Brief of July 19, 2019, discusses changes it will be making to the EPC training site and reminds prospective users that they will need to request personalized login credentials.

Currently, the site provides full-rights user training for four types of applicants — independent schools, independent libraries, schools districts, and library systems. USAC is in the process of adding a consortium training option.

Similarly, the training site has not supported Form 486 filings for individual schools and libraries. That capability is now being added. The Form 486 function, however, is set for FY 2019. This creates a small training scheduling problem. To be useful for training this year, USAC presumes that users will want to train on Form 470s and Form 471s for FY 2020, but Form 486s for FY 2019

(i.e., for previously approved applications). The test system is apparently funding-year specific. Therefore, USAC is setting aside Monday-Thursday for FY 2020 Form 470/471 training and Friday-Sunday for FY 2019 Form 486 training.

Last week's News Brief also references the newly established comment period for the Category 2 NPRM (see the August 16th entry in the Updates section above) and notes two system updates this past weekend to (a) change a BEAR Form message, and (b) permit EPC bulk uploads with line item costs of less than one dollar.