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Funding Status – FY 2019

USAC released Wave 24 for FY 2019 on Thursday, September 12th. Funding totaled \$30.9 million including \$91 thousand for one North Carolina district. Cumulative commitments through September 12th are \$1.69 billion including \$49.8 million for North Carolina.

USAC’s Fall Applicant Trainings Begin This Week

This week marks the beginning of USAC’s fall applicant training. USAC will be conducting two 1½-day sessions in Washington, DC, with both sessions including beginner/general/advanced tracks. USAC’s full [applicant training series for 2019](#), including special tribal workshops, runs through November. Links to the agenda and most of the slide presentations are shown below.

Applicant Training Agenda and Presentations

- [Agenda](#) 

Half-Day Beginner Session

- [Beginner Overview](#) 
- [Beginner Basic Concepts](#) 
- [Introduction to the E-rate Productivity Center \(EPC\)](#) 
- [Working on Funding Year \(FY\) 2019](#) 
- [Starting FY2020](#) 

Full-Day General Sessions

- [Eligible Services](#) 
- *Audits Coming Soon*
- [Invoicing](#) 

Full-Day Beginner Track

- [Application Process Part 1 \(Pre-Commitment\)](#) 
- [Application Process Part 2 \(Post-Commitment\)](#) 

Full-day Advanced Track

- [Application Process \(Pre-Commitment\)](#) 

Those looking for new information in USAC’s training slides are likely to be disappointed. The problem this fall is that USAC is awaiting several key decisions from the FCC regarding FY 2020, most importantly the:

- Future status of Category 2 budgets;
- Continued eligibility of managed internal broadband services, caching, and basic maintenance of internal connections; and
- Permanent discontinuance of the requirement to amortize special construction charges of \$500,000 or more.

Somewhat surprisingly, the current 2019 applicant slides do not discuss:

- A new requirement to update existing Form 498s with “business type” information (see our [newsletter of August 19th](#)); or
- The implementation of multi-factor authentication for EPC access (see our [newsletter of July 22nd](#)).

One encouraging slide does indicate that USAC may be ready to fully discuss the longstanding problem of how to best handle the transitional phase-in of Category 1 services throughout a funding year. The following slide is scheduled to be discussed in the Full-day Advanced Track. The guidance is consistent with the approach USAC has approved on a case-by-case basis, but that USAC has heretofore been reluctant to discuss more generally.

How to Apply: Transitioning Services

- Applicants that are moving from one recurring service to another may have multiple locations which will transfer over time. The new service usually requires an installation schedule by site.
- Program rules prohibit the funding of duplicate service – same service to the same locations at the same time.
- Therefore, you will have to pick a cutover date(s) for each of the entities.
- You can apply for services from incumbent and new provider but USAC can only commit E-rate funds for 12 months of recurring service combined.
- If you don’t know when you will cut over, you should estimate and work with USAC after commitment to change the services and/or SPIN. We will split the FRNs if there are multiple SPINs involved.

Additional information from this week’s training sessions should be available in next Monday’s newsletter.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

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|-------------------------------|--|---------|------------|---------|------------|---------|------------|
| September 16
– November 21 | See USAC’s 2019 Training webpage for a schedule of all USAC 2019 fall applicant and tribal training sessions. | | | | | | |
| September 18 | Deadline for submitting reply comments on the FCC’s draft Eligible Services List (“ESL”) for FY 2020 (DA 19-738). | | | | | | |
| September 23 | Deadline for submitting comments to the USDA’s proposal to revise the categorical eligibility of families in the Supplemental Nutrition Assistance Program (“SNAP”) (FNS-2018-0037). (See our newsletter of August 5th for E-rate implications.) | | | | | | |
| September 30 | Last day to receive non-recurring services for FY 2018 and/or the deadline for requesting a one-year extension of the delivery and installation of such services. | | | | | | |
| October 28 | Invoice deadline for FY 2018 recurring services. Note: For applicants and service providers unable to submit invoices by this date, October 28 th is also the deadline for filing 120-day Invoice Deadline Extension Requests (“IDERS”). | | | | | | |
| October 28 | Due date for nominations for six positions on the USAC Board of Directors (see DA 19-835) including the slot reserved for a library representative and one of the two slots reserved for school representatives. | | | | | | |
| October 29 | The first Form 486 deadline for FY 2019, covering funding committed in Waves 1-10. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (typically July 1 st), whichever is later. Other upcoming Form 486 deadlines are:
<table border="0" style="margin-left: 40px;"><tr><td>Wave 11</td><td>11/04/2019</td></tr><tr><td>Wave 12</td><td>11/08/2019</td></tr><tr><td>Wave 13</td><td>11/15/2019</td></tr></table> | Wave 11 | 11/04/2019 | Wave 12 | 11/08/2019 | Wave 13 | 11/15/2019 |
| Wave 11 | 11/04/2019 | | | | | | |
| Wave 12 | 11/08/2019 | | | | | | |
| Wave 13 | 11/15/2019 | | | | | | |

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.

USF Quarterly Contribution Factor Reaches 25%:

Last Friday, the FCC released the Proposed Fourth Quarter 2019 Universal Service Contribution Factor indicated at an even 25.0%. This is the first time that the USF quarterly contribution factor has reached the 25% threshold — a level likely to generate at least a modicum of political heat.

As shown in the following table, the contribution factor has been edging towards 25% for several years.

Proposed Contribution Factor by Calendar Year

	2017	2018	2019
1st Quarter	16.7%	19.5%	20.0%
2nd Quarter	17.4%	18.4%	18.8%
3rd Quarter	17.1%	17.9%	24.3%
4th Quarter	18.8%	20.1%	25.0%

It is important to note that the primary reason for the increasing contribution factor is **not** increased USF expenses. The percentage increase is tied more directly to a **decrease** in interstate and international end-user telecommunications revenues, the contribution base, as long-distance toll rates continue to fall. The contribution factor is the ratio of USF expenses (or revenue requirements) divided by the declining contribution base (or revenue base). As exemplified in the tables below:

- Over the past year, quarterly USF expenses rose just over 6%, but the contribution base fell almost 15%. This drove up the contribution factor up by over 24%.
- This past quarter, USF expenses fell slightly, but the contribution base continued its decline.

Contribution Factor Changes (\$ billions)

	Rev. Req.	Rev. Base	Factor
4Q18	2.058760	10.244452	20.1%
4Q19	2.184230	8.744878	25.0%
Change	6.1%	-14.6%	24.3%

	Rev. Req.	Rev. Base	Factor
3Q19	2.228690	9.162070	24.3%
4Q19	2.184230	8.744878	25.0%
Change	-2.0%	-4.6%	2.7%

This is an untenable and unsustainable situation. Ultimately, the future of E-rate and the other Universal Service Fund programs will depend on FCC — and possible Congressional — action to expand the contribution base.

USAC News Brief Dated September 13 – EPC Deployment News

[USAC’s Schools and Libraries News Brief of September 13, 2019](#), reviews the following changes being made in EPC later this week:

- New sender email address for USAC review questions — hint: add the domain “portal.usac.org” to your safe senders list.
- Fix for a problem experienced when uploading documents in response to certain PIA questions.

- Automatic addition of county information to entity profiles.
- New “Recent Information Change” notifications in News feeds, entity landing pages, and user emails.
- Dashboard access to FCDL News posts.
- Halt to notifications being sent to consultants removed from applicant or service provider profiles.
- Improved state coordinator access to service substitution and SPIN Change requests and to Form 486s and Form 500s.

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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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