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Funding Status – FY 2019 and FY 2020

FY 2019:

USAC released Wave 44 for FY 2019 on Thursday, January 30th. Funding totaled \$16.3 million including \$47 thousand for one North Carolina district. Cumulative commitments through January 30th are \$2.16 billion including \$76.2 million for North Carolina.

FY 2020:

The Form 471 application window for FY 2020 opened on January 15th and will close at 11:59 p.m. EDT on Wednesday, March 25th. PIA reviews are underway and a growing number of applications have already been designated as “Wave Ready.”

FCC Permanently Removes Network Amortization Requirement

Last week’s FCC Report and Order ([FCC 20-3](#)) was more of a formality than a surprise. A brief history:

- In 2000, concerned that large upfront charges for non-recurring services could drain the E-rate fund, the FCC instituted a rule requiring applicants to amortize network installation costs of \$500,000 or more over a period of at least three years.
- In 2014, with the E-Rate Modernization Orders and additional E-rate funding, the FCC temporarily suspended the amortization requirement for four years (FY 2015-FY 2018).
- In 2019, having experienced no problems with unamortized charges, the FCC extended the amortization suspension another year (through FY 2019) while proposing to eliminate it permanently.
- Last week the FCC did just that. As of FY 2020 the FCC has permanently eliminated any requirement to amortize large upfront non-recurring charges including special construction charges.

What was a surprise in the FCC’s action — and a pleasant one at that — is what the Order did not address.¹ We had been half expecting a reprise of Commissioner O’Rielly’s attack on the use of E-rate funds to “overbuild” existing carrier plant. Instead the Order, unanimously adopted, stresses that in the absence of the amortization requirement in recent years “there is more competition for special construction projects and more choice for applicants.” The Order highlighted two major special construction projects concluding:

We are confident that eliminating the amortization requirement will continue to provide incentives for schools and libraries to pursue opportunities to invest in special construction projects that will increase connectivity, while improving the long-term efficient use of E-Rate funds.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

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|-------------|--|---------|------------|---------|------------|
| February 3 | Due date for submitting comments on the FCC’s Notice of Proposed Rulemaking (“NPRM”) regarding national security threats (FCC 19-121). Reply comments are due March 3 rd . | | | | |
| February 6 | Two USAC webinars covering eligible services (one for beginners and one for advanced users). The remaining schedule of USAC’s FY 2020 application process webinars, with registration and training material links, is included in last Friday’s News Brief referenced below. | | | | |
| February 7 | Form 486 deadline for FY 2019 funding committed in Wave 28. 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" data-bbox="568 1218 1006 1302"><tr><td>Wave 29</td><td>02/14/2020</td></tr><tr><td>Wave 30</td><td>02/21/2020</td></tr></table> | Wave 29 | 02/14/2020 | Wave 30 | 02/21/2020 |
| Wave 29 | 02/14/2020 | | | | |
| Wave 30 | 02/21/2020 | | | | |
| February 13 | Due date for submitting comments on the FCC’s Notice of Proposed Rulemaking (“NPRM”) regarding new rules on suspensions and debarments (FCC 19-120). Reply comments are due March 16 th . | | | | |
| February 25 | Extended invoice deadline for FY 2018 recurring services. | | | | |
| February 26 | Last day to file a Form 470 to meet the minimum 28-day posting requirement prior to the close of the FY 2020 Form 471 application window. | | | | |
| March 25 | Close of the Form 471 application window for FY 2020 at 11:59 p.m. EDT. | | | | |

¹ One footnote (#38) did reference comments suggesting the FCC “implement additional checks to prevent the construction of new networks to serve sites already served by a legacy network.” But the FCC noted “that this issue was not raised in the *Amortization Notice and Order*, [and] is beyond the scope of this proceeding.”

FCC Decision Watch:

The FCC issued another set of “streamlined” precedent-based decisions ([DA 20-107](#)) on January 31st. Applicants facing similar problems as those addressed in these decisions may garner useful information by carefully reading the additional FCC explanations found in the footnotes. The original appeal and waiver requests can be found online in the FCC’s [Search for Filings](#) under Docket 02-6.

In January’s streamlined decisions, the FCC:

1. Dismissed:
 - a. One Request for Waiver for failure to comply with the FCC’s general filing requirements.
 - b. Two Petitions for Reconsideration deemed untimely or not to have provided any additional information that wasn’t already considered by the FCC.
2. Granted:
 - a. Two Requests for Review and Waiver involving additional discounts for matching state funding for special construction.
 - b. Six Requests for Review and/or Waiver involving ministerial and/or clerical errors including two involving FRNs omitted from Form 471s.
3. Denied:
 - a. One Request for Review for failing to respond to multiple PIA requests to adequately provide documents.
 - b. Three Requests for Waiver for late-filed Form 471s.
 - c. One Request for Waiver for invoice deadline extension requests.
 - d. Two Requests for Waiver of late-filed appeals or waivers.

USAC News Brief Dated January 31 – Amortization Rule Eliminated

[USAC’s Schools and Libraries News Brief of January 31, 2020](#), covers the removal of amortization requirement for large upfront nonrecurring payment discussed in more detail above.

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 USAC, the 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.

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. Please include your name, organization, telephone, and e-mail address.

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