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Funding Status – FY 2019 and FY 2020

FY 2019:

USAC released Wave 50 for FY 2019 on Thursday, March 12th. Funding totaled \$26.7 million, none for North Carolina. Cumulative commitments through March 12th are \$2.23 billion including \$76.0 million for North Carolina.

FY 2020:

In response to the COVID-19 pandemic, the FCC announced last week that **the Form 471 application deadline for FY 2020 has been extended until 11:59 p.m. EDT on Wednesday, April 29th (DA 20-273)**. PIA reviews are currently underway. As of last Friday, over 5,400 applications had already been designated as “Wave Ready.”

COVID-19, School Closures, and E-Rate

The early threat of COVID-19 has already led to a rash of school closings throughout the United States in what could lead to what one expert described as “a vast unplanned experiment in home schooling.” Although E-rate provides limited financial support for virtual schools, there is little in the current funding rules to assist traditional schools in quickly transitioning to a remote learning environment.

Last week, two FCC Commissioners, [Jessica Rosenworcel](#) and [Geoffrey Starks](#), both suggested emergency steps that the FCC could take in a number of its programs to support “telework, telehealth, and tele-education.” In the educational arena, both Commissioners focused on funding to “rapidly increase the number of lendable hotspots available through schools and libraries.”

E-rate funding of mobile hotspots¹ would be a step in the right direction but falls far short of addressing all the remote technology issues schools will be facing in the coming weeks and months. In particular:

1. Hotspots in student homes would need to be tied into wireless Internet services. Monthly data usage fees, even if assumed by schools and libraries, are not currently E-rate eligible.
2. Some form of device (laptop, tablet, etc.) is necessary for effective distance learning. Such devices have never been E-rate eligible.
3. Existing school Internet bandwidth may not be sufficient to support a large number of concurrent remote users. Additional bandwidth, if properly deployed (essentially making regular schools into virtual schools), would be E-rate eligible. To provide E-rate funding, however, the FCC would have to further extend or reopen the application window for FY 2020 (and the remainder of FY 2019).
4. Most schools would have to fund, procure, and implement LMS (Learning Management System) software. Such software has never been E-rate eligible.

Besides funding mobile hotspots, other actions that the FCC should consider, at least temporarily, include:

- Supporting off-campus Internet access for students in lower-income families.
- Encouraging service provider provision of free or reduced-priced equipment and/or services by easing gift rules and Lowest Corresponding Price (“LCP”) restrictions.
- Opening a second filing window that would allow applicants to refile for funding once a true assessment of their needs has been determined.

As of the end of last week, we began to see requests of this nature being made to the FCC. We expect to see a number of additional requests being filed this week.

FCC Chairman Ajit Pai, to his credit, announced last Friday that he had launched the [Keep Americans Connected Pledge](#) program and has been personally asking broadband and telephone service providers (and their trade associations), apparently with great success, for a 60-day voluntarily agreement to:

1. Not terminate service to residential or small business customers because of their inability to pay their bills due to the disruptions caused by the coronavirus pandemic;
2. Waive any late fees that residential or small business customers incur because of their economic circumstances related to the coronavirus pandemic; and
3. Open their Wi-Fi hotspots to any American who needs them.

¹ E-rate is not the only potential source of funding being considered for mobile hotspots. As discussed in our [newsletter of March 2nd](#), there is legislation pending in the House — “Closing the Homework Gap Through Mobile Hotspots Act” H.R. 5243 — that would provide \$100 million in funding to schools and libraries.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

- March 16 Due date for submitting reply comments on the FCC’s Notice of Proposed Rulemaking (“NPRM”) regarding new rules on suspensions and debarments ([FCC 19-120](#)). See our [newsletter of February 17th](#) for a summary of initial comments.
- March 20 Form 486 deadline for FY 2019 funding committed in Wave 34. 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 35 | 03/26/2020 |
| Wave 36 | 04/03/2020 |
| Wave 37 | 04/10/2020 |
- April 29 Extended closing date of the FY 2020 Form 471 application window (11:59 p.m. EDT). Note that with the new extended Form 471 deadline, the last possible date for filing an effective Form 470 for FY 2020 becomes April 1st — appropriately April Fool’s Day for those waiting until the last moment.

USF Quarterly Contribution Factor Declines:

Last Friday, the FCC announced the [Proposed Second Quarter 2020](#) Universal Service Contribution Factor would be 19.6%. As shown in the following table, the second quarter percentage represents another drop from the 4Q19 all-time high of 25.0%.

Proposed Contribution Factor by Calendar Year

	<u>2018</u>	<u>2019</u>	<u>2020</u>
1st Quarter	19.5%	20.0%	21.2%
2nd Quarter	18.4%	18.8%	19.6%
3rd Quarter	17.9%	24.3%	
4th Quarter	20.1%	25.0%	

FCC Announces Inflation-Based Cap for FY 2020:

The FCC formally announced ([DA 20-263](#)) last week that the E-rate funding cap for FY 2020 has been adjusted upwards from FY 2019 to \$4,151,395,402 to reflect a 1.8% inflation factor. Assuming that an additional amount of previously unused funds — perhaps upwards of \$1 billion — will be available to be carried over into FY 2020 the true cap is expected to be north of \$5 billion. Such a cap would be more than twice the annual program demand in recent years. It would also indicate that there is funding available for any initiatives needed to support schools addressing remote learning in response to COVID-19.

NSLP Waivers for Closed Schools:

With the closing of many schools due to the threat of the coronavirus, many states including North Carolina have obtained waivers from the U.S. Department of Agriculture (“USDA”) to continue to provide lunches and snacks to eligible students using “grab-and-go” or delivery (to non-school locations) models.

Note also that the U.S. House of Representatives passed an emergency appropriations bill ([H.R. 6201](#)) last weekend with supported expected this week by the Senate and the President. The bill includes a provision permitting states to provide families whose children receive free or reduced-price school meals with money to buy food in the event of school closures. The assistance would kick in after five consecutive days of school cancellation.

USAC News Brief Dated March 13 – Form 471 Filing Reminders

[USAC’s Schools and Libraries News Brief of March 13, 2020](#), reviews actions applicants should undertake before the extended application filing window closes, including:

- Wait the full 28 days after filing a Form 470 before selecting your service provider(s) and certifying your Form 471.
- Make sure you have the necessary EPC rights to work on a Form 471.
- Start your Form 471 even if you are not ready to provide all funding request details.
- Create a contract record for each new contract or legally binding agreement.
- Ask CSB to create missing entities for you, if necessary.
- Create a customer service case in EPC to provide them with detailed information or if you want a written response to your question(s).

Last Friday’s News Brief also announced the extension of the Form 471 application filing window to April 29th and the FCC’s directive to USAC to provide all applicants with an automatic, 14-day extension for responding to PIA inquiries.

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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