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Funding Status – FY 2019 and FY 2020

FY 2019:

USAC released Wave 54 for FY 2019 on Thursday, April 9th. Funding was only $242 thousand for one applicant in New Mexico. Cumulative commitments through April 9th are $2.25 billion including $76.0 million for North Carolina.

FY 2020:

The extended Form 471 application deadline for FY 2020 is 11:59 p.m. EDT on Wednesday, April 29th (see DA 20-273). PIA reviews are currently underway. As of last Friday, over 13,900 applications — well over half the 23,400 Form 471s submitted to date — have already been designated as "Wave Ready."

Category 2 Budgets and Part-Time Students

Last Wednesday was the deadline to file comments in "opposition" (or support) of the Petitions for Reconsideration filed by (a) the State E-Rate Coordinators' Alliance ("SECA") and (b) Infinity Communications & Consulting. As discussed in our newsletter of January 27th, the Petitions called for the FCC to amend its Category 2 Order (FCC 19-117) to (a) eliminate the requirement to allocate out of funding requests any Category 2 equipment used by standalone NIFs, and (b) reverse its decision to base Category 2 student counts on "full time" students only.

Both petitions had merit but generated little comment pro or con. Only SECA choose to file comments in support of Infinity's request to reverse the FCC's decision to exclude part-time students in the calculation of district Category 2 ("C2") budgets. The basic argument is as follows:

The FCC's original decision to set C2 budgets on the basis of a school's full-time ("FT") and part-time ("PT") student enrollment made sense. Essentially, it adopted peak student count (FT + PT) as a proxy for the amount of data networking equipment required for each school. However, under the FCC's revised C2 budget rules, effective FY 2021, school budgets are to be set on a districtwide basis counting only full-time students. On the surface, this approach would seem to simplify the

budgeting process. But does the simplification make sense? That answer depends on the nature of a district's schools.

In many districts, most students attend classes in only their home school. To the extent that a few students attend a second school for special classes, the number of PT students within a district is minimal. In such situations, the budgetary impact of ignoring the PT students in the district's total student count is also minimal and can be justified as a reasonable simplification. But not all districts are comprised of traditional — essentially full-time student — schools.

Both Infinity's initial petition and SECA's comments argue that a blanket prohibition on counting part-time students does not make sense in establishing the networking needs of less traditional schools — most commonly career or other alternative education schools. The enrollment in these schools typically includes a large number of students who regularly attend classes on a half-day basis. The networking requirements of these schools — and thus of their district as well — would best be based on peak daily enrollment largely comprised of PT students. In particular:

- Not counting PT students in a district with a separate alternate-ed school understates that district's C2 budget needs by an entire school. If, for example, a district has one alt-ed school and 20 traditional schools, the district budget shortfall would be roughly 5%.

- An even more serious problem arises with respect to independent Educational Service Agency ("ESA") schools serving multiple districts. Without a proper definition of part-time students, an ESA district serving primarily PT students would have little or no C2 budget. In that case, the shortfall could approach 100%.

What the FCC really needs to do is to better define part-time and full-time students. This may mean continuing to recognize the peak student counts in all schools and/or adopting a measure of full-time equivalent (i.e., "FTE") students. Hopefully we'll see further support for this approach in reply comments on the Petitions due April 20th.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

April 20	Deadline to file reply comments on the Petitions for Reconsideration filed by (a) the State E-Rate Coordinators' Alliance ("SECA") and (b) Infinity Communications & Consulting ("Infinity") regarding Category 2 budgetary calculations for non-instructional facilities ("NIFs") and part-time students (see discussion above).
April 29	Extended closing date of the FY 2020 Form 471 application window (11:59 p.m. EDT).

USAC News Brief Dated April 10 – Contract Reminders

[USAC's Schools and Libraries News Brief of April 10, 2020](#), provides the following reminders on the treatment of contracts for the provision of E-rate equipment and services:

- Services provided under contract — even tariffed services if a contract is signed — are considered "contracted" services."
- Contract details (including the contract itself) must be entered in a "contract record" within an applicant's EPC profile.
- A contract record can be created for a pre-existing contract.
- It is important to cite the correct Form 470 for state master contracts.
- State replacement contracts must comply with all of the [state replacement contract requirements](#).

Friday's News Brief also includes instructions to applicants working on their Form 471 applications wishing to cancel an FRN that had initially been generated using the "Copy FRN" feature.