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Funding Status – FY 2020

Wave 15 for FY 2020 was released on Thursday, August 13th for a total of $49.2 million including $765 thousand for 16 North Carolina applicants. Cumulative commitments are $1.35 billion including $34.7 million for North Carolina. Nationwide, USAC has now funded 82% of the FY 2020 applications representing almost 48% of the requested funding.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

August 20	Deadline for submitting initial comments on the FCC's draft ESL for FY 2021 (DA 20-767) — see our newsletter of July 27th. Reply comments are due September 4th.
October 12	Nomination deadline for six USAC Board members including one school representative (see article below).

FCC Seeks Nominations for USAC Board:

The FCC issued a Public Notice (DA 20-880) seeking nominations for six positions on the USAC Board of Directors. Terms of the current Board members in these slots expire December 31, 2020. From an E-rate perspective, the most important nomination is for the position currently held by Joan Wade (Executive Director of the Association of Educational Service Agencies) representing schools. The other five nominations are for positions representing the incumbent local exchange carriers, competitive local exchange carriers, interexchange carriers, rural health care providers, and low-income consumers. Nominations are due October 12, 2020.

FCC Cancels AT&T LCP Forfeiture:

In July 2016, the FCC issued a Notice of Apparent Liability for Forfeiture ("NAL") to AT&T for an alleged violation of the Lowest Corresponding Price ("LCP") rule having found that AT&T had charged two Florida districts for telecommunications services well in excess of the rates available to those districts under a statewide contract with AT&T. The LCP rule states that E-rate providers

"shall not submit bids for or charge schools, school districts, libraries, library consortia, or consortia…a price above the lowest corresponding price…that a service provider charges to nonresidential customers who are similarly situated to a particular school, library, or library consortium for similar services." The NAL proposed a forfeiture penalty of $106,425 based on the difference between the price the districts should have been charged and the price they were actually charged, trebled for damage caused by the unlawful charges to the Universal Service Fund ("USF") and submission to USAC of false certifications of compliance with the E-rate rules.

In its defense, AT&T argued:

1. That there was no LCP violation in that the higher rates charged the two districts were for non-contractual month-to-month services rather than for the longer-term state contract services; and, in any event,

2. The proposed forfeiture was "time-barred" because the alleged violations occurred more than one year before the NAL was issued (almost 14 months later) as required by the LCP rules.

In last week's Order (FCC 20-103), the FCC agreed that the statute of limitations had expired and canceled the forfeiture without explicitly addressing the issue of whether an LCP violation had occurred.   While concurring with the statute of limitations aspect of the FCC decision, Commissioner Geoffrey Starks noted that having let the NAL linger for four years, he — and we — "would have expected the Commission to be in a position to say *something* about the merits of the case to give all parties a modicum of guidance and allow school districts to set firm pricing expectations." Time and again, while expressing strong support for the principle of the LCP requirement, the FCC has avoided setting any guidelines for enforcement.


USAC News Brief Dated August 14 – Category 2 Budget Tool for FY 2021-2025

USAC's Schools and Libraries News Brief of August 14, 2020, discusses USAC's new (as of last Thursday) Category 2 Budget Tool for the next five-year budget cycle FY 2021 – FY 2025. For a user interested only in C2 budget data for a single applicant, the new tool may be a bit overwhelming. Its real power is to provide data for large sets of applicants. A useful first step is to watch the thirteen and a half minute video tutorial.

The opening screen of the new tool, shown below, is a bar graph of total Category 2 pre-discount budgets on a state-by-state basis.[1] The budget bars are shown in light blue that is denoted in the Legend as the "Available C2 Budget Amount." Currently, this represents total Category 2 budgets for the five-year budget cycle beginning in FY 2021. Ultimately, once applications are filed, reviewed, and approved for FY 2021, data will also be available on funded and pending Category 2 FRNs.

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[1] To see all states and territories, hold down the left-hand mouse button and move the mouse up and down.
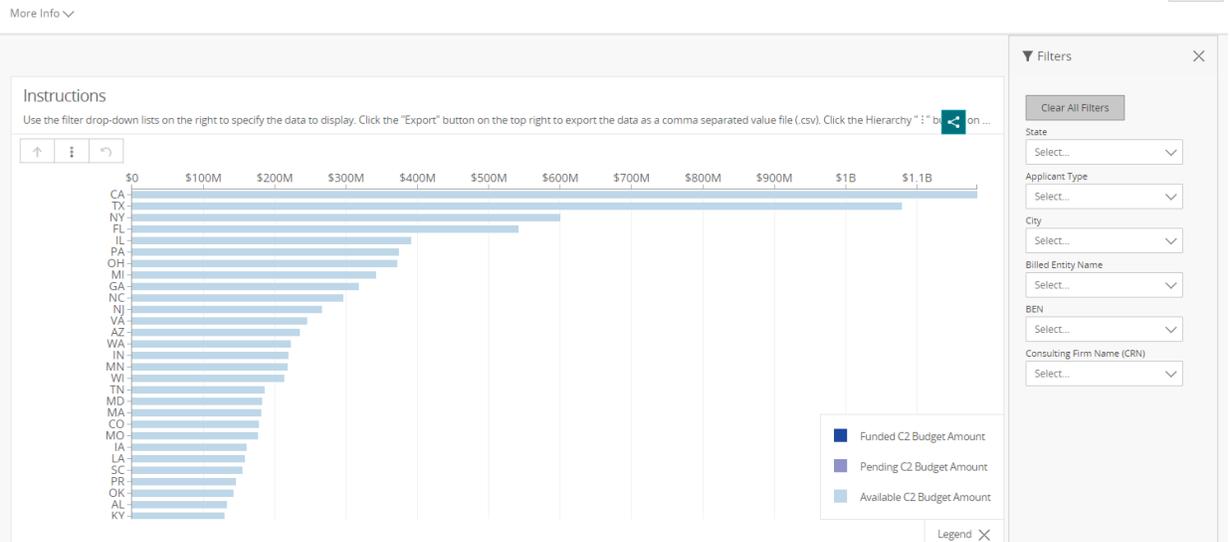
To find the Category 2 budget of a specific applicant (or group of applicants), use the filters on the right-hand side of the screen. For a single applicant you need only enter the BEN (or Billed Entity Name) in the appropriate filter field and click "Apply." The resulting display shown below includes one big bar that, if you mouse over it, changes color and displays a black box indicating the exact pre-discount Category 2 budget. The data line under the chart shows the details including the current number of full-time students ("Full T…") and the pre-discount budget ("C2 B…"). The student count in this "Forecast" view is based on the data currently in that entity's EPC profile.
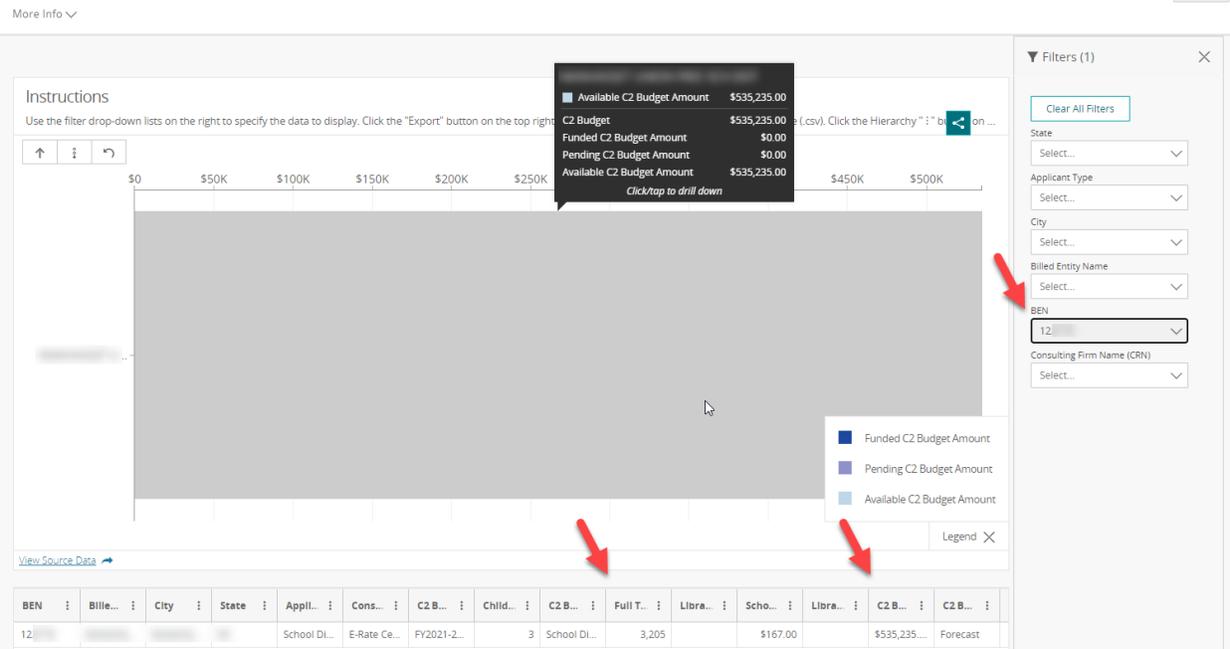
A powerful aspect of the new tool is its ability to provide individual and aggregate Category 2 budget information for multiple entities. The example below includes a bar chart of total

prediscount budgets by applicant type for North Carolina. More importantly, the individual entity data displayed below the chart (13 lines at a time) can be exported in bulk into an Excel file using the "Export" button in the top right-hand corner of the screen.

The News Brief's description of the new Category 2 Budget Tool covers the following points, several of which require a little more explanation.

- C2 budget algorithms. Budgets for school districts and library systems depend upon the number and size of the individual "child" entities. The tool is designed to maximize the Category 2 budget of each district or system.

- C2 budget versions. The News Brief describes three different versions. Currently, in this pre-FY 2021 application stage, only the "forecast" version applies.

- C2 budgets will change according to a fixed, five-year cycle. The tool only applies to the new FY 2021-2025 period. There is no budget carry-forward from FY 2020.

- C2 budget multipliers and the funding floor for each five-year budget cycle will set once at the beginning of the cycle and apply to the entire cycle. The multipliers are not (as could be interpreted in the News Brief) adjusted for inflation within each cycle, but only from cycle to cycle.

- School districts and library systems with 10 or fewer child entities can also calculate their C2 budgets on a per site basis and combine the results. Based on the first bullet above (and our preliminary tests), the tool will optimize this option.

Friday's News Brief also provides updates and tips on the new multifactor authentication ("MFA") process for logging into and using the One Portal to access EPC and the BEAR system.