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## Funding Status – FY 2020

Wave 28 for FY 2020 was released on Thursday, November 5<sup>th</sup> for a total of \$30.6 million including \$60 thousand for one North Carolina district. Cumulative commitments are \$1.86 billion including \$60.8 million for North Carolina. Nationwide, USAC has now funded 90% of the FY 2020 applications representing 65% of the requested funding.

## NSLP and Enrollment Data for FY 2021

This year continues to become more difficult. With USAC’s administrative window now open for applicants to update their entity profiles, questions are arising as to the best school numbers to enter, and to be able to validate, for enrollment and eligible student counts.

Last month, in response to the COVID-19 crisis, the U.S. Department of Agriculture (“USDA”) extended flexibility to schools to provide free meals to all students throughout the entire 2020-2021 school year. This [announcement](#) was good news for schools already struggling with various combinations of in-class and remote learning and for many families facing deteriorating finances.

As schools take advantage of the new USDA National School Lunch Program (“NSLP”) rules, questions are arising as to how these changes will affect E-rate — not to mention other needs-based school funding — reporting. For E-rate, we’re seeing two basic problems.

1. To the extent that schools, perhaps for the first time, can now report 100% NSLP eligibility, does this mean that USAC will automatically approve maximum discount rates for those schools for FY 2021?

There is no indication that the FCC is moving in that direction. Indeed, there is some precedent to the contrary. Under special provisions in Puerto Rico and the Virgin Islands, all students regardless of income are provided with free lunches (essentially what USDA has now authorized nationwide this year). In the PR/VI situation, USAC is charged with working with the territorial agencies to determine socio-economic levels and applicable NSLP eligibility rates for E-rate purposes.

2. If, instead of automatically using 100% eligibility, schools are asked to continue seeking NSLP applications as they have done in the past, we would expect response rates to be low.

With families already knowing that their children are eligible for free meals, there would be little incentive for returning NSLP applications. Requiring schools to use NSLP applications (or equivalent surveys) for 2020-2021 would result in lower eligibility percentages for FY 2021 — a contraindicated result for the current environment.

An alternative that USAC is apparently prepared to accept is to use last year's NSLP data for discount rate purposes. This is likely to under-report family income levels in many situations and may adversely affect schools whose 2019-2020 eligibility percentages nearly qualified for the next higher discount rate range.

One indicated solution to these problems is to use last year's NSLP data. The FCC's latest Category 2 budget Order ([DA 20-1218](#)) provides support for this approach. It states: "Recognizing that student enrollment at schools has been impacted by COVID-19, and funding year 2021 being the first year of the five-year budget cycle under the new rules, we will permit applicants to provide their full-time enrollment numbers from their funding year 2020 FCC Form 471 applications in funding year 2021." Going further in a footnote, the FCC states: "Typically, applicants should provide full-time enrollment and National School Lunch Program (NSLP) data as of October 1 prior to the filing of the FCC Form 471, or use the most current figure available, but we recognize that it may be difficult to report student enrollment and NSLP numbers as of October 1, 2020 due to COVID-19." Taken together, these two statements suggest that the FCC would willingly accept last year's data for both discount rate and Category 2 purposes if schools and districts cannot document better and more current information.

Given the unknowns we're facing — be it final election results, the path of the pandemic, or even the fate of the universe — what can we at least do about NSLP and enrollment data for FY 2021? Here are a few suggestions:

1. If your school or district is a CEP participant, your existing CEP data is historic, should be well documented, and can be used for discount rate purposes for FY 2021. EPC entity profiles include a separate file for enrollment data. If this was a more normal year — the first year in the new five-year budget cycle — we would expect applicants to use the same enrollment number for both discount rate and Category 2 calculations. But it's not a normal year. If you have a better, well documented enrollment number, we suggest using it in the Category 2 field. Within EPC, the two enrollment numbers do not have to be the same — indeed, in future years in the budget cycle they are often likely to be different. But by our testing, EPC will accept different enrollment numbers now. We're not entirely sure how the FY 2021 Form 471 (or PIA reviewers) will handle different discount and Category 2 enrollment numbers, but we would not be concerned with differences when updating entity profiles during the administrative window.
2. In the absence of having current, well documented NSLP numbers for 2020-2021, non CEP schools and districts can use last year's FY 2020 NSLP information for discount rate purposes. As a practical measure, this is likely to under-report family income levels for this depressed economic environment but that may only adversely affect schools whose 2019-2020 eligibility percentages were already near the top of a given discount rate range. If better and more up-to-date data becomes available next spring after applications have been filed, discount rate data can be updated via RAL modifications. Again, we'd suggest using your best available enrollment numbers for Category 2 purposes.

3. The administrative window, which is your only opportunity to update EPC entity profile data before the Form 471 window opens and profiles are again locked, is expected to close in early January shortly after the seasonal holidays. Although we usually caution against procrastination, a case can be made for holding off updating entity profiles for several more weeks pending additional USAC guidance.
4. Applicants in states that have traditionally provided USAC with “valid” files to aid PIA review — as has North Carolina — should recognize that valid file creation for this coming year may be more difficult. It is not altogether clear at this time how states will be reporting NSLP data. This would be a good time to review your state’s FY 2020 valid file to see what NSLP data was last reported and/or whether district entities need to be updated.

## E-Rate Updates and Reminders

### *Upcoming E-Rate Dates:*

November 13      Form 486 deadline for FY 2020 covering funding committed in Wave 11. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (typically July 1<sup>st</sup>), whichever is later. The upcoming Form 486 deadlines are:

Wave 12	11/20/2020
Wave 13	11/27/2020
Wave 14	12/04/2020

### *FCC Decision Watch:*

Last week, the FCC ruled in favor of four districts that had appealed USAC’s commitment adjustments (“COMADs”) of FY 2010 or FY 2011 Priority 2 funding. The FCC’s decision ([DA 20-1311](#)) concluded that USAC had given “contradictory explanations in explaining how the rule worked in trainings and directed applicants to the inaccurate tool from the explanation page on USAC’s website.”

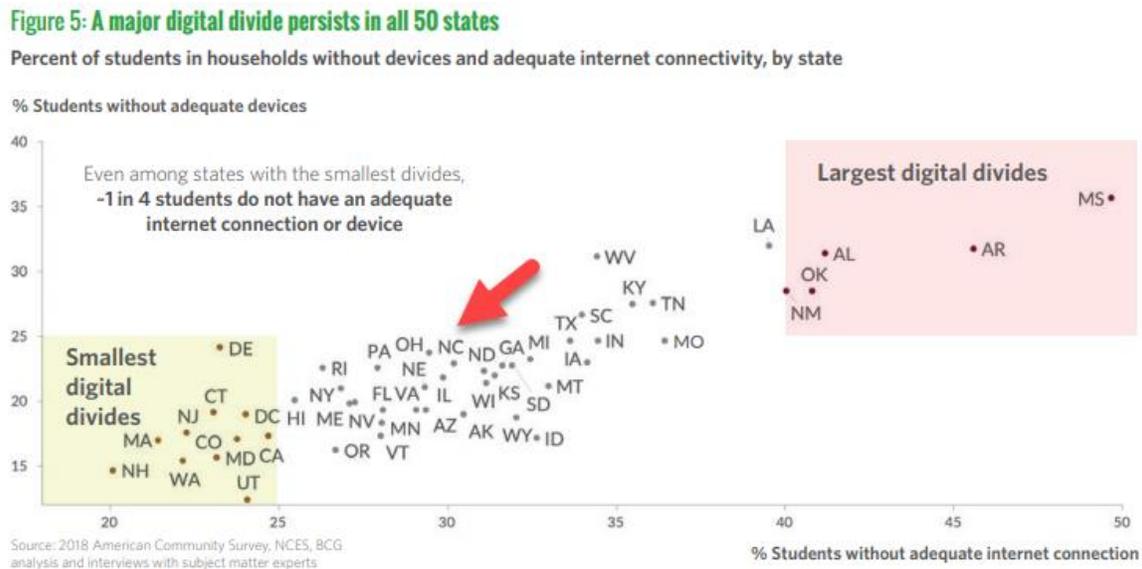
### *Closing the Digital Divide:*

Common Sense, EducationSuperHighway, and the Boston Consulting Group released a useful and detailed report last week entitled [Connect All Students: How States and School Districts Can Close the Digital Divide](#). The report is designed as a guide for policymakers, educators, and the private sector grappling with increased distance learning demands during the coronavirus pandemic. It provides a detailed analysis of just how big the digital divide is for America's students and teachers, how much it will cost to close, and what it will take to get it done.

Perhaps unsurprisingly, the report shows how much the digital divide disproportionately impacts rural communities and minorities.



The new report also links to an earlier one released by Common Sense last June entitled [Closing the K-12 Digital Divide in the Age of Distance Learning](#) that includes a state-by-state comparison of the percentage of students without adequate internet connections or devices. In summary chart form:



## USAC News Brief Dated November 6 – USAC Training Recordings

[USAC’s Schools and Libraries News Brief of November 6, 2020](#), lists and provides links to the recordings of the nine Fall 2020 Training webinars that USAC conducted last week. Those webinars covered the following subjects:

- [2020 Training Kickoff Event](#)
- [E-rate Program Overview](#)
- [E-rate Productivity Center \(EPC\) Demo](#)
- [E-rate Pre-Commitment Process](#)
- [Category Two Budgets](#)
- [E-rate Office Hour and Demo: FY2021+ Category Two Budget Tool](#)
- [E-rate Post-Commitment Process](#)
- [EPC Administrative Window](#)
- [Eligible Services](#)

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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.*

*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](mailto:join-ncerate@lists.dpi.state.nc.us). Please include your name, organization, telephone, and e-mail address.*

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