

- Funding Status – FY 2020 and FY 2021
- E-Rate and the American Rescue Plan Act of 2021
- E-Rate Updates and Reminders
 - Upcoming E-Rate Dates
 - USF Quarterly Contribution Factor Again Hits New High
- USAC News Brief Dated March 12 – Form 471 Filing Reminders

Funding Status – FY 2020 and FY 2021

FY 2020:

Wave 46 for FY 2020 was released on Thursday, March 11th, for a total of \$18.0 million including \$41 thousand for two North Carolina applicants. Cumulative commitments are \$2.27 billion including \$73.3 million for North Carolina. Nationwide, USAC has now funded 97% of the FY 2020 applications representing 84% of the requested funding.

FY 2021:

The FY 2021 Form 471 application window will close on Thursday, March 25th, at 11:59 p.m. EDT. A second E-rate application window, for funding authorized under the Emergency Connectivity Fund of the American Rescue Plan Act of 2021, is expected to open later this Spring (see below).

E-Rate and the American Rescue Plan Act of 2021

It's been a long time coming. Finally, we'll be getting E-rate funding to support off-campus broadband internet access to address remote learning and the Homework Gap. Last Thursday, President Biden signed the \$1.9 trillion American Rescue Plan Act of 2021 that includes an [Emergency Connectivity Fund](#) (Sec. 7402) to provide over \$7 billion in additional E-rate funding.

The new legislation requires the FCC to promulgate implementing regulations within 60 days (i.e., by May 10th). We expect that the FCC will initiate an abbreviated public comment process during this period if only to supplement the recent comments submitted in the E-rate remote learning docket ([DA 21-98](#)). At this point, here's what we do and do not know about the new "ECF" program:

- The program will fund purchases of eligible equipment and/or advanced telecommunications and information services for students, school staff, and library patrons at locations other than the schools or libraries, i.e., off-campus. With the exception of a small pilot-program years ago, E-rate has only funded on-campus products and services. Eligible equipment is defined to mean:

- (a) Wi-Fi hotspots defined as devices utilizing the standard 802.11 (or successor) networking protocol. Arguably, these could be individual single-user hotspots or multi-user community hotspots.
- (b) Modems and/or routers.
- (c) Connected devices (laptops, tablets, or similar end-user devices).

We would expect that the FCC’s ECF program regulations will include more details in the form of an ECF eligible services list.

- Total funding for the program, including small set-asides for oversight and administration, is \$7.171 billion. Unlike other E-rate funding, the ECF funding will come from the U.S. Treasury, not the Universal Service Fund (“USF”). This means that ECF funding will not put additional upward pressure on the already historically high USF contribution factor.
- Administratively, ECF funding remains available through September 30, 2030. Actual ECF funding, however, is for eligible products services procured during the pandemic and up to one fiscal year thereafter. For example, if the COVID-19 emergency period ends some time during the 2021-2022 fiscal year, ECF funding would continue through FY 2022 ending June 30, 2023 (perhaps September 30, 2023 for non-recurring expenses).

The ECF legislation is silent with regard to retroactive funding. We expect this issue to be addressed in the FCC rulemaking. Full retroactivity back to the start of the pandemic (March 2020) is doubtful, but retroactivity to the date of the legislation (March 11, 2021) may be more likely.

- Unlike traditional E-rate funding with discounts of 20-90%, the ECF legislation calls for the reimbursement of 100% of the costs for eligible equipment and services with the provision that reimbursements “may not exceed an amount that the Commission determines...is reasonable.” This provision is difficult to interpret and is being left to the FCC. It could mean only that the price of any particular product or service must be “reasonable” in the same sense that E-rate rules have always required cost-effectiveness. But it might also mean that the amount of funding available to any specific applicant must be “reasonable.” In this sense, the FCC might allocate total available funding on the basis of rural/urban locale and/or NSLP eligibility, essentially establishing Category 2-like budgets for each applicant.
- Once the FCC’s ECF rules are released in early May, we expect USAC to initiate a special ECF application cycle perhaps waiving, or at least simplifying, traditional competitive bidding requirements.

For those of us who have long sought a solution to the Homework Gap, the Emergency Connectivity Fund represents an important first step. It’s unfortunate that it took a pandemic to make that happen, but a foundation may have been laid for a more permanent solution.

Two other possible steps forward should be briefly noted.

- The American Rescue Plan Act of 2021 also created a “Coronavirus Capital Project Fund” (Sec. 614) appropriating \$10 billion for a program to be run out of the U.S. Treasury “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency...” \$100 million in

funding shall be initially allocated to each state under a grant process to be established by the Treasury within 60 days (again May 10th). Such funding could be used for broadband buildout.

- Also on March 11th, House Majority Whip James Clyburn (D-S.C.) and Senate Broadband Caucus Co-chair Amy Klobuchar (D-Minn.) reintroduced the [Accessible, Affordable Internet for All Act](#) in the House and Senate. These bills, if enacted, would provide over \$90 billion in funding to enable ubiquitous broadband access and adoption. The primary goal of the bills is to provide gigabit broadband connectivity to community “anchor” institutions including schools and libraries under a National Broadband Plan. The bills would also provide an additional \$2 billion for the E-rate Emergency Connectivity Fund.

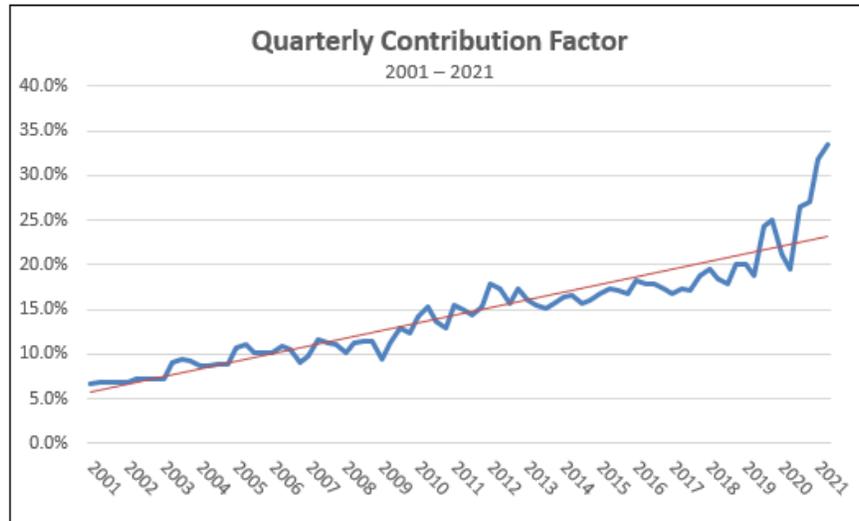
E-Rate Updates and Reminders

Upcoming E-Rate Dates:

- | | |
|----------|---|
| March 19 | Form 486 deadline for FY 2020 covering funding committed in Wave 30. 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. Upcoming Form 486 deadlines are:
Wave 31 03/25/2021
Wave 32 04/02/2021
Wave 33 04/09/2021
Wave 34 04/16/2021 |
| March 22 | “Non-ETC Provider Application & Alternative Eligibility Verification” filing deadline for ISPs seeking to participate in the EBB program. Applications will be accepted from non-ETCs after this deadline but may not be processed by late April when the program is slated to start. |
| March 25 | The FY 2021 Form 471 application window will close at 11:59 p.m. EDT. |
| May 10 | Legislative deadline for the FCC to promulgate regulations for E-rate funding under the Emergency Connectivity Fund (see article above). |

USF Quarterly Contribution Factor Again Hits New High:

The FCC announced that the Proposed Second Quarter 2021 Universal Service Contribution Factor ([DA 21-308](#)) will be 33.4% — as shown below, another record high. The only saving grace is that the additional \$7.2 billion needed for the Emergency Connectivity Fund (discussed above) will be coming out of the U.S. Treasury directly, not out of the Universal Service Fund (“USF”).



As we said when the contribution factor first broke 10%, then 15%, 20%, 25%, and 30%, this cannot keep increasing. Hopefully, under a new Administration and FCC Chair — although this is not a uniquely Republican nor Democratic problem — long-term USF funding will finally be addressed.

USAC News Brief Dated March 12 – Form 471 Filing Reminders

With the FY 2021 application window closing in ten days, [USAC’s Schools and Libraries News Brief of March 12, 2021](#), provides the following reminders on filing a Form 471:

- Wait the full 28 days after your Form 470 was certified before selecting your service provider(s) and certifying your Form 471.
- Make sure all your EPC user rights are correct so that your Form 471 can be drafted and ultimately certified. (Hint: An Account Administrator may have to self-assign permissions that allow them to certify a form.)
- Start your Form 471 early even if you are not ready to provide all funding request details.
- Contract records within EPC must be created for each new contract before they can be cited in a Form 471 application.
- Contact the Client Service Bureau (“CSB”) as soon as possible if you need assistance. CSB’s operating hours will be extended from March 20th through the end of the application window (see News Brief).
- File a RAL modification if you realize you have missing, incomplete, or incorrect information on a Form 471 that has already been certified.

Last week’s News Brief also noted that users logging into the One Portal system, as of last Friday, will be asked to accept the system’s updated terms and conditions the first time they log in.

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.

In compliance with federal law, the NC Department of Public Instruction administers all state-operated educational programs, employment activities and admissions without discrimination because of race, religion, national or ethnic origin, color, age, military service, disability, or gender, except where exemption is appropriate and allowed by law.