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Funding Status – FY 2021

Wave 5 for FY 2021 was released on Thursday, May 13th, for a total of \$53.7 million including \$1.69 million for 24 North Carolina applicants. Cumulative commitments are \$1.01 billion including \$35.1 million for North Carolina. Nationwide, USAC has now funded 65% of the FY 2021 applications representing 34% of the requested funding.

Final ECF Rules Released

The FCC’s final rules for the Emergency Connectivity Fund (“ECF”) were released last Tuesday, May 11th. As discussed in [last week’s newsletter](#), an earlier draft of the ECF rules was subject to a number of *ex parte* comments from interested parties, many of which led to changes in the final Report and Order ([FCC 21-58](#)). The most significant aspects of the final order are discussed below.

- **Application Periods:** The draft rules proposed an initial application window covering retroactive expenditures followed by at least one additional window to cover projected expenditures into the next school year.

The final rules essentially flipped the filing windows. The first 45-day window, which we expect to open in June or July, will cover projected remote learning expenditures for the next fiscal year (July 1, 2021 to June 30, 2022). The FCC has indicated if the first window “appears to be far short of meeting current needs,” a second “prospective” may be needed.

Once prospective needs are largely met, and assuming that 2021-2022 funding does not deplete the \$7.1 billion ECF fund, a retroactive expenditure window would be opened to cover expenditures incurred during the March 1, 2020 to June 30, 2021 period.

The most immediate implication of this change is that applicants now undertaking or contemplating remote learning equipment purchases should withhold delivery and invoicing until on or after July 1, 2021.

- **Allocation of Limited Funds:** The FCC had proposed that if ECF demand exceeds the \$7.1 billion program cap, funding would be allocated first to those applicants with the

highest discount rate (or even the highest NSLP percentage) much like the old Priority 2 rule.

That provision is still in the final rules but has been slightly modified to provide additional preferences to rural applicants. For ECF purposes only, applicant discount rates will be determined by the following matrix bumping up the rural discounts in each band by 5%:

% of students eligible for National School Lunch Program	Emergency Connectivity Fund Prioritization Matrix	
	Discount Level	
	Urban	Rural
< 1.....	20	30
1-19.....	40	55
20-34.....	50	65
35-49.....	60	75
50-74.....	80	85
75-100.....	90	95

At the lowest discount band, the extra 5% makes no difference. Rural applicants at 30%, rather than at the normal 25%, would still have priority over the 20% urban applicants. In most bands, however, rural applicants would jump up at least one step in priority as compared to the traditional discount matrix.

It is worth remembering that these discount rates only affect priority in the event of limited funding. Subject to equipment caps, all approved expenses are to be reimbursed at 100% regardless of the order of priority that is based on the discount rate.

- **Equipment and Service Eligibility:** The ECF eligible services list (see Appendix B of the Order) remains unchanged. What is stressed in the final rules is that funding for the construction of new networks is permitted only if applicants can prove that no commercially available internet access is available. It is not enough to simply show that a self-constructed service is more cost-effective.
- **Competitive Bidding:** No change. The ECF rules do not require a traditional E-rate competitive bidding process (including a Form 470). But compliance with state and local procurement rules is still mandated.
- **Invoicing:** The draft rules had indicated that all invoicing would be on a BEAR reimbursement basis, but the FCC clearly heard that this would create problems for applicants unable to frontend payment. To address this issue, the final rules made two changes, namely:
 - SPI billing at 100% will be permitted subject to agreement by the service providers as reflected in the Form 471s; and, perhaps more interestingly
 - BEAR billing may be done on a “prepayment” basis as long as payments are made to the vendors — and documented — within 30 days.

Publication of the final rules is only the first step in the ECF program. Already the rules are generating many questions that will need to be addressed either by the FCC or USAC. But we expect the first window to open soon. It's not too early to begin planning for 2021-2022 equipment and services — but stay tuned for further information.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

May 21	Form 486 deadline for FY 2020 covering funding committed in Wave 39. 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 40 05/28/2021
	Wave 41 06/04/2021
	Wave 42 06/11/2021
	Wave 43 06/18/2021
May 26	USAC webinar for beginner applicants on PIA and Selective Reviews .

EBB Enrollment Has Begun:

USAC opened enrollment for the [Emergency Broadband Benefit](#) (“EBB”) program last Wednesday, May 12th. EBB, which is not an E-rate program, provides discounts on home internet services for low-income families.

As discussed in our [EBB strategy memos](#), schools and libraries that are already paying for internet service for needy students and patrons may be able to arrange with their internet providers to provide EBB discounts to their bulk subscriptions. This made the most sense when the FCC was contemplating applying ECF funding retroactively to 2020-2021 expenditures. Now that the first ECF window will be for 2021-2022 prospective purchases, it may be simpler to pay for next year's remote internet services through ECF rather than EBB. Schools and libraries not paying for remote internet services can still provide a valuable service to their low-income families by alerting them to the availability of EBB discounts. Extensive promotional outreach material is available through the [FCC website](#).

USAC News Brief Dated May 14 – Emergency Connectivity Fund Program

[USAC's Schools and Libraries News Brief of May 14, 2021](#), briefly notes the release of the FCC's ECF Report and Order (see article above) and reminds applicants of the PIA review webinar scheduled for May 26th (see link above).

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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