

E-Rate Central News for the Week of January 22, 2018

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Funding Status – FY 2018 and FY 2017

FY 2018:

The FY 2018 Form 471 Application Window opened Thursday morning, January 11, 2018. The Window will close Thursday, March 22, 2018 at 11:59 p.m. EDT.

FY 2017:

Wave 35 for FY 2017 was released Thursday, January 18th, for a total of \$33.1 million – none for Nevada.

Wave 36, for hurricane relief applicants, was issued on Saturday, January 20th, for \$297 thousand. Cumulative national funding through Wave 36 is \$2.11 billion, including \$7.3 million for Nevada.

Wave 37 is expected to be released Friday, January 26th.

Updates on USAC’s E-Rate Productivity Center and Legacy System

FY 2016 Category 2 Funding Adjustment Options:

A number of applicants who received Category 2 funding commitments at or near to their 5-year budget caps in FY 2016 have been receiving PIA inquiries proffering incremental retroactive increases. These inquiries represent a proactive outreach by USAC to correct 2016 application review problems, but may be confusing to applicants surprised to be receiving PIA inquiries on older and funded applications.

Here's the background, not fully explained in these PIA inquiries. FY 2016, the second year of Category 2 budgets, was the first year in the E-rate Modernization era in which the new funding caps were adjusted for inflation. The inflation adjustment applied, not only to the total E-rate funding cap, but also to individual school and library Category 2 budgets. Unfortunately, when the FCC first announced the FY 2016 inflation percentage in May 2016, it referenced only the increase in the total funding cap. USAC did not update Category 2 budgets in its systems until March 2017. As a result, most FY 2016 Category 2 funding requests were reviewed using the FY 2015 budget caps. School funding, for example, was capped at \$150.00 per student rather than the inflation-adjusted \$151.50 per student — a 1.0% increase for FY 2016. Applicants requesting funding above their Category 2 budget caps were required to reduce their requests to a level at or below the equivalent FY 2015 maximum. Some applicants subsequently appealed; most did not.

Last week, USAC effectively “appealed” on behalf of applicants improperly capped in FY 2016. It gave each applicant an option to restore funding to the full, 1% higher, budget level. As shown in the PIA example below, USAC has calculated the “old” entity budget(s) at the FY 2015 level, the “new” entity budget(s) at the properly inflated FY 2016 level, and the incremental budget amount(s) now available retroactively.

Issue

USAC's Post Commitment, Appeals team is currently reviewing your FCC Form 471 application 1610NNNNN, and we have identified an issue that we need you to help us resolve.

What is the issue?

During the original PIA review of FCC Form 471# 1610NNNNN the Category 2 budget for entity NNNNNN-XXXXXXXXXXXXX ACADEMY was incorrectly calculated at \$50,700.00 because the inflation factor was not taken into this calculation. The correct budget with the inflation factor added for the entity NNNNNN should have been \$51,207.00.

On your FCC Form 471, you originally requested \$74,907.76 as Total Eligible Cost Allocation for entity NNNNNN on FRNs. During PIA review, you reduced the Total Eligible Cost Allocation for this entity to \$50,700.08 by reducing FRN 16991NNNNNN. However, based on the correct C2 budget calculation, you currently have the remaining budget of \$506.92 that can be allocated back to these FRNs. As an alternative, you can utilize any excess category two budgets that the entity NNNNNN has remaining in future funding years.

Entity	Committed Eligible Cost Allocation for Entity in FRNs	Old FY 2016 budget for entity	New FY 2016 budget for Entity	Still Available (New budget-Committed Eligible Cost Allocation)
	\$50,700.08	\$50,700.00	\$51,207.00	\$506.92

Question(s)

Questions	Response
1) Do you want to reallocate \$506.92 category budget back into FY 2016 FCC 471 1610NNNNN FRN 16991NNNNN?	<input type="checkbox"/> No <input type="checkbox"/> Yes
2 If No, any remaining Category 2 budget for the entity NNNNNN will be available in future Funding Years.	
3 If yes please identify the FRN line item and total cost of line item to increase by the available budget using the spreadsheet provided. Note: you cannot increase total FRN amount beyond what you originally requested in your FCC Form 471 for this FRN.	

2016	471	FRN	Amount to reinstate from \$506.92

As noted, use of this increase is an option. Question #1 asks if the applicant wants to “reallocate” the incremental Category 2 budget back into the associated application commitment. If the answer is “Yes,” the applicant is asked to allocate the increase into the appropriate FRN line item(s).

If the increase option is exercised — and the FRN allocation(s) approved by USAC — the applicant will receive a Revised Funding Commitment Decision Letter (“RFCDL”). If the work has already been done, an invoice can then be filed for the additional discount. Note that many completed Category 2 projects may have already been invoiced at a discount, using the SPI

mode. As a result, the additional discounts will have to be coordinated and processed through the associated service providers.

Remember that the additional amount, as shown in the example above, is a pre-discount figure. The additional discount available is unlikely to be significant for most applicants. We suspect that many, once they have recovered from the shock of another FY 2016 PIA inquiry, will politely respond “No” to Question #1 and turn back to their FY 2018 application work. We do, however, applaud USAC’s initiative to correct an old wrong. Bravo!

E-Rate Updates and Reminders

E-Rate and the Federal Government Shutdown:

Given last weekend’s government shutdown, and the possibility of a second shutdown next month if the outstanding issues are only temporarily resolved, it is useful to contemplate the impact on E-rate. Based on what happened during the last government shutdown in 2013, and on a preliminary [FCC plan](#) for a “partial” shutdown released last Friday, here’s what might occur:

- USAC should not be directly impacted. USAC is a private company, not a government agency. We expect PIA to continue working and the window to remain open.
- If the shutdown extends more than a few days, non-critical (including E-rate) FCC staff would be sent home. Indirectly, this would likely affect USAC only to the extent that FCC guidance/decisions would be delayed. FCC work on appeals would also be delayed.

Upcoming 2018 E-Rate Dates:

January 22 FY 2017 Form 486 deadline for funding committed in Wave 17. Upcoming Form 486 deadlines include:

Wave 18	01/29/2018
Wave 19	02/05/2018
Wave 20	02/09/2018

Applicants missing these (or earlier) deadlines should watch carefully for “Form 486 Urgent Reminder Letters” in EPC. The Reminders will afford applicants with 15-day extensions to submit their Form 486s without penalty.

January 29 Invoice deadline for FY 2016 non-recurring services (also the deadline for filing a one-time Invoice Deadline Extension Request).

February 22 Technically, the last day to file a Form 470 for use with a Form 471 application for FY 2018. Whenever possible, Form 470s should be filed well before this date. If a Form 470 is filed on this date, the 28-day posting requirement is not over until March 22nd. On that day, an applicant using that last day Form 470 would have to select vendors, sign contracts, and complete

the Form 471, all on the last day of the Application Window — never a good filing strategy!

February 26 Extended invoice deadline for FY 2016 recurring services for extensions requested and granted of the original October 30, 2017, deadline.

March 22 FY 2018 Form 471 Application Window closes at 11:59 p.m. EDT.

New FCC Funding Initiative for Rural Broadband:

FCC Chairman Ajit Pai [announced](#) last week that he had just shared a proposed order with his fellow Commissioners to promote high-speed broadband deployment in rural areas. If adopted, the proposed order — expected to be released shortly — would provide over \$500 million in additional funding for cooperatives and small rural carriers. The additional funding would be available through the High Cost fund and would be tied to several reforms of that program. The proposed changes would not directly affect the E-rate program, but could benefit rural applicants by increasing the availability of affordable broadband access.

In a separate but somewhat related action, Chairman Pai shared a draft of the FCC’s 2018 Broadband Deployment Report that the Commission is required to provide to Congress each year. In [summary](#), “the draft report concludes that the FCC is now meeting its statutory mandate to encourage the deployment of broadband on a reasonable and timely basis.”

USAC News Brief Dated January 19 – RFCDL Reminders

[USAC’s Schools and Libraries News Brief of January 19, 2018](#), reviews USAC’s new use of Revised Funding Commitment Decision Letters (“RFCDLs”) to communicate funding decision changes as of FY 2016. USAC has begun referring to these decisions — perhaps just to mess with our heads — as “post-commitment” or “PC” activities. As USAC is now aggressively working on a backlog of such PC requests, applicants are going to be seeing many more RFCDLs. RFCDLs are now being used to report decisions on:

- Appeals related to any form type or request
- Form 500s — including service start dates, contract expiration dates, service delivery extensions for non-recurring services, and equipment transfer notifications
- Service Provider Identification Number (“SPIN”) changes
- Service substitutions

Form 486 approvals, denials, and service start date adjustments will continue to be communicated via Form 486 Notification Letters.

USAC notes that these changes are being processed within EPC, but that certain data must subsequently flow back through the legacy system. To the extent RFCDL data affects invoicing, USAC recommends waiting two days after a RFCDL is issued before submitting an associated

invoice. RFCDL decisions are also reflected in the [FRN Status Tool](#), usually with a one-day delay.

Last Friday's News Brief also discusses:

- A new online mechanism — [Share Your E-rate Technical System Ideas](#) — to solicit ideas and feedback on IT enhancements from the E-rate community.
- A recent request to state E-rate coordinators for a “valid file” to provide updated statewide school data on student enrollment and NSLP eligibility.
- Post-commitment guidance, including specific instructions for requesting service substitutions, for Directly Impacted Applicants receiving emergency hurricane relief under the second FY 2017 Application Window.

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 the SLD, FCC, or OSIT.

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