| Nevada E-Rate Weekly News | Weekly E-Rate Newsletter<br>Vol. 4, No. 6 February 10, 2020 |
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### E-Rate Central News for the Week of February 10, 2020

## Please see the attached newsletter for articles on:

- Funding Status – FY 2019 and FY 2020
- NPRM Comments on USF National Security Rules
- E-Rate Updates and Reminders
    - Upcoming E-Rate Dates
- USAC News Brief Dated February 7 – Documentation of Cost-Effectiveness

### Funding Status – FY 2019 and FY 2020

*FY 2019:*

USAC released Wave 45 for FY 2019 on Thursday, February 6th. Funding totaled $17.0 million, none for Nevada. Cumulative commitments through February 6th are $2.18 billion including $9.8 million for Nevada.

*FY 2020:*

The Form 471 application window for FY 2020 opened on January 15th and will close at 11:59 p.m. EDT on Wednesday, March 25th. PIA reviews are currently underway, and a growing number of applications have already been designated as "Wave Ready."

### NPRM Comments on USF National Security Rules

Last November, the FCC released an Order (FCC 19-121) barring the use of Universal Service Fund ("USF") subsidies to fund equipment, components, and services from "covered" companies deemed to provide a national security risk including, at the outset, Huawei and ZTE. As discussed in our newsletter of December 2nd, the new rules included a prohibition on E-rate funding of Huawei and ZTE equipment and services as of FY 2020.

Included with the national security Order was a Further Notice of Proposed Rulemaking ("NPRM") requiring the removal and replacement of existing equipment made by these covered companies and installed by telecommunications carriers. The FCC did not propose to subject other USF recipients such as schools and libraries to the removal requirement but did seek comments on the proposed E-rate (and rural health care) exclusion. Initial comments on this NPRM were due last Monday, February 3rd.

Not surprisingly, most of the comments received dealt with the "rip and replace" aspects of the proposed rules as they applied to the telecommunications carriers. Issues addressed included:

- Exactly which equipment would need to be replaced and over what timeframe.
- Whether the rules would apply only to Eligible Telecommunications Carriers having received USF funding or to a broader range of telecom and Internet network providers.
- Whether, and to what extent, funding to support the replacement of covered equipment should be provided by the USF or by general federal tax revenues under Congressional appropriations.

Only two commenters addressed the narrower E-rate issues. The most detailed E-rate comments were filed by the State E-Rate Coordinators' Alliance ("SECA"). SECA's comments support the FCC's preliminary position that E-rate applicants need not remove and replace previously installed covered equipment. SECA's analysis of USAC data indicates that over the past four years only 24 schools or districts have installed Huawei equipment with a pre-discount value of $4.4 million — hardly enough to justify a new set of E-rate rules. Should the FCC desire to encourage, but not require, the replacement of this equipment, SECA suggested offering offsetting Category 2 budget credits for removed equipment to the affected applicants. SECA's comments also reiterate several key points from earlier comments, not reflected in the FCC's resulting Order, that the presumptive responsibility for assuring no future use of covered equipment be borne by the service providers, not by the applicants.

Moore Public Schools in Oklahoma, the E-rate applicant with the largest installed base of Huawei equipment, also filed comments. Moore's comments also agreed that rules requiring E-rate applicants to remove Huawei equipment were unnecessary. Should the FCC's position change, however, Moore asked the FCC to consider funding the full cost of replacement (and a waiver of short-term equipment transferability prohibitions).

To see all comments filed on the NPRM, go to the FCC's Electronic Comment Filing System and search under the "Proceedings" for Docket No. "18-89." Reply comments on this NPRM are due March 3rd.

## E-Rate Updates and Reminders

### *Upcoming E-Rate Dates:*

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| February 13 | Due date for submitting comments on the FCC's Notice of Proposed Rulemaking ("NPRM") regarding new rules on suspensions and debarments (FCC 19-120). Reply comments are due March 16th. |
| February 14 | Form 486 deadline for FY 2019 funding committed in Wave 29. More generally, the Form 486 deadline is 120 days from the FCDL date, or the service start date (typically July 1st), whichever is later. Other upcoming Form 486 deadlines are:<br>Wave 30 — 02/21/2020<br>Wave 31 — 02/28/2020 |
| February 25 | Extended invoice deadline for FY 2018 recurring services. |

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| February 26 | Last day to file a Form 470 and meet the minimum 28-day posting requirement prior to the close of the FY 2020 Form 471 application window. |
| February 27 | USAC webinar on service provider selection and the Form 471 application process. |
| March 3 | Due date for submitting reply comments on the FCC's Notice of Proposed Rulemaking ("NPRM") regarding national security threats (FCC 19-121). |
| March 25 | Close of the Form 471 application window for FY 2020 at 11:59 p.m. EDT. |

## USAC News Brief Dated February 7 – Documentation of Cost-Effectiveness

USAC's Schools and Libraries News Brief of February 7, 2020, notes that the Form 471 application requires applicants to make the following certification:

> I certify an FCC Form 470 was posted and that any related RFP was made available for at least 28 days before considering all bids received and selecting a service provider. I certify that all bids submitted were carefully considered and the **most cost-effectiv**e service offering was selected, with price being the primary factor considered, and is the **most cost-effective** means of meeting educational needs and technology goals.

The News Brief points out that the words "most cost-effective" appear twice, once with respect to other bids received and once with respect to the applicant's overall educational needs and technology goals. In other words, the service must be both relatively and absolutely cost-effective.

Relative cost-effectiveness can be shown by comparing the selected bid in relationship to all other bids received (most commonly by using a bid valuation matrix). Absolute cost-effectiveness may be more difficult to demonstrate, particularly if the price is significantly higher than comparable services nationwide. Should that be the case, USAC provided the following examples of other factors that might explain the differential:

- Entities in remote areas
- High teacher-to-student ratios
- Consolidation of equipment
- Entities serving as network hubs
- Installations in older buildings
- Planned future expansions

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Nevada Governor's
Office of Science, Innovation and Technology