

E-Rate Central News for the Week of March 2, 2020

Please see the attached newsletter for articles on:

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Funding Status – FY 2019 and FY 2020

FY 2019:

USAC released Wave 48 for FY 2019 on Thursday, February 27th. Funding totaled \$13.2 million, none for Nevada. Cumulative commitments through February 27th are \$2.21 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. As of last Friday, over 4,800 applications had already been designated as “Wave Ready.”

March Madness and Cabling Cost-Allocations

We have begun to hear scattered, but disturbing, reports of FY 2020 PIA requests seeking information on equipment to be connected to new Category 2 structured cabling projects. One such request took the following form:

On your form, you requested funding for products and services that are ineligible to receive E-rate funding. This is an issue because before we can proceed with processing your form, we must remove the ineligible services and the cost associated with each from Funding Request Number (FRN). (For reference, see USAC’s information on cost allocation standards.) Ineligible Products and Services

- Desktop Computers
- Laptops Computers
- Printers

To be clear, the funding request in question is **not** for computers and printers, which are clearly ineligible, but for a cabling network to connect and use this equipment. As posed, the question

suggests that PIA intends to require the applicant to allocate out of its funding request a percentage of the cost — likely to be close to 100% — of that portion of the cable network to be used to directly or indirectly (in the case of access points) connect ineligible devices.

What is not yet clear is whether requests of this nature are the result of PIA reviewer confusion with new procedures and templates introduced for FY 2020, which can be corrected with additional training, or whether this is the result of a new interpretation of the rules introduced by USAC or the FCC. If the latter, this month's use of the phrase "March Madness" by those in our field will likely refer more to E-rate than to college basketball.

Had this confusion arisen a year ago, we would have quickly written off the concern as a simple misunderstanding. But lurking in the background today is a more recent, and unresolved, audit finding of a FY 2015 funding request for a district switch on which some ports were to be used to connect security cameras. The auditors determined, and USAC has so far concurred, that the camera ports needed to be cost allocated out of the funding request. Although this dispute has yet to be adjudicated by the FCC, it raised the specter that some equipment — presumably any serving no "educational purpose" — is more ineligible than other equipment.

While we believe that using cameras to ensure the safety of our children does serve an "educational purpose," extending cost-allocation to cabling connecting computers and other devices used to access educational material is totally illogical. It would defeat the entire purpose of the E-rate Program's mission of "Ensuring that schools and libraries across the U.S. are connected to information and resources through the internet."

With this in mind, it is worth reviewing instances in which certain networking products and services are known to be fully or proportionally ineligible. Here are a few examples:

- A dedicated video security network is fully ineligible. Depending upon the final outcome of the audit discussed above, a portion of a general school network supporting security cameras may or may not be fully eligible.
- UPS equipment supporting both eligible and ineligible network equipment will be eligible only for the allocated portion of the eligible equipment connected to the UPS.
- Network circuits dedicated to voice (including VoIP) services are ineligible now that voice services have been fully phased out. Network circuits carrying incidental voice traffic on a dynamically assigned basis remain fully eligible.

As with many things related to E-rate, ongoing developments do not always bring greater clarity. Hopefully "March Madness" will quickly become basketball-specific again.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

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| March 3 | Due date for submitting reply comments on the FCC's Notice of Proposed Rulemaking ("NPRM") regarding national security threats (FCC 19-121). See our newsletter of February 10th for a summary of initial comments. |
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- March 6 Form 486 deadline for FY 2019 funding committed in Wave 32. 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:
- | | |
|---------|------------|
| Wave 33 | 03/13/2020 |
| Wave 34 | 03/20/2020 |
| Wave 35 | 03/26/2020 |
- March 16 Due date for submitting reply comments on the FCC’s Notice of Proposed Rulemaking (“NPRM”) regarding new rules on suspensions and debarments ([FCC 19-120](#)). See our [newsletter of February 17th](#) for a summary of initial comments.
- March 25** Close of the Form 471 application window for FY 2020 at 11:59 p.m. EDT.

FCC Decision Watch:

The FCC issued another set of “streamlined” precedent-based decisions ([DA 20-191](#)) on February 28th. Applicants facing similar problems as those addressed in these decisions may garner useful information by carefully reading the additional FCC explanations found in the footnotes. The original appeal and waiver requests can be found online in the FCC’s [Search for Filings](#) under Docket 02-6.

In February’s streamlined decisions, the FCC:

1. Dismissed:
 - a. Five FY 2016 Requests for Waiver deemed moot where USAC had already taken the actions requested by the petitioners.
 - b. One late-filed Petition for Reconsideration.
2. Granted:
 - a. Three Requests for Waiver allowing additional time to submit discount rate documentation.
 - b. One Request for Review and/or Waiver — from 2008! — directing USAC to assist the applicant in selecting a new Good Samaritan provider to process their reimbursements.
 - c. Seven Requests for Review and/or Waiver involving ministerial and/or clerical errors.
 - d. One Request for Review and/or Waiver for an applicant not using price as the primary factor in its bid evaluation but having nevertheless selected the least expensive responsive bid.
 - e. Two Requests for late-filed Waivers.
 - f. On its own motion, one Request for Review (and subsequent Petition for Reconsideration) regarding the timely filing of additional information related to an invoice under review by USAC.
3. Denied:
 - a. One old Request for Waiver involving a discount rate below the Priority Two funding cap for FY 2013.

- b. Two Requests for Waiver for late-filed Form 471s.
- c. Nine Requests for Review and/or Waiver for invoice deadline extension requests.
- d. One Request for Review of an applicant’s alleged ministerial and/or clerical error.
- e. One Request for Review involving a Form 470 that did not seek bids on the types of services later requested in a Form 471.
- f. Four Requests for Review of applications denied as the result of service provider agreements dated before the applicants’ vendor selection processes closed.
- g. Eight Requests for Review and/or Waiver of late-filed appeals or waivers (including one also deemed moot because the FCC had previously denied the applicant’s same appeal and petition for reconsideration).

Mobile Hotspots and the Homework Gap:

FCC Commissioner Jessica Rosenworcel’s latest [podcast](#) features an interview with Congresswoman Grace Meng (D NY) discussing the bill she introduced last November to help solve the Homework Gap. The bill is entitled the “Closing the Homework Gap Through Mobile Hotspots Act,” H.R. 5243, and would create a \$100M grant program for schools and libraries to purchase mobile hotspots to be loaned to students without adequate Internet access at home. The bill currently has 36 cosponsors in the House but unfortunately has no bipartisan support and no companion legislation pending in the Senate. The bill has no direct bearing on E-rate but would represent a welcome approach to addressing the problem faced by many schools of providing affordable access to out-of-school Internet access for all students.

USAC News Brief Dated February 28 – USAC’s New Category 2 Budget Tool

A Special Edition of [USAC’s Schools and Libraries News Brief of February 28, 2020](#), announces the availability of a new FY 2020 Category 2 budget tool. The new tool was apparently rushed into use without a lot of user testing. It is valuable, looks to be accurate, but is a little quirky.

As of Sunday, the new tool was not listed in the [Tools](#) section of the USAC website; only the previous version of the [Category 2 Budget Lookup Tool](#), which provides data on Category 2 commitments through FY 2019, remains there. To access the new tool, use the link in Friday’s News Brief or bookmark the [Category Two Budget](#) section on the USAC website and use the [FY2020 C2 Budget Tool](#) link.

C2 Budget Tools

The C2 Budget Tools include information on C2 budget calculations and commitment information.

- The [FY2015 – FY2019 C2 Budget Tool](#) provides C2 budget information for FY2015 through FY2019 only.
- See the [FY2015 – FY2019 Category Two Budget Tool User Guide](#) for additional information.
- The [FY2020 C2 Budget Tool](#) provides information about the **expected** FY2020 C2 budget for an entity based on the information in that entity’s current profile in EPC. It also allows a user to manually enter a projected student count and display a projection of the entity’s C2 budget based on the entered data.
- See [FY2020 C2 Budget Tool – Instructions](#).



The [FY2020 C2 Budget Tool](#) link brings up the new tool itself, an Excel worksheet with 14 columns. As shown below, users wishing to print out a completed worksheet should do so on large (perhaps legal-sized) paper and may want to have a pair of reading glasses handy.

The screenshot shows an Excel spreadsheet titled "FY2020 C2 CALCULATIONS - As of 02/29/2020". It includes instructions for using the tool and a table with the following columns: Entity Number, Projected Student Count or Square Footage, Entity Name, Student Count or Square Footage (a), FY2019 Multiplier (b), FY2020 Inflation Factor (c), FY2020 Bridge Factor (d), FY2020 Multiplier (e)=(b)+(c)+(d), FY2020 C2 Budget (f)=(a)*(e), Total Approved Pre-Discount (g), Total Pending Pre-Discount (h), FY2020 Remaining Budget (i)=(g)-(h), Projected FY2020 C2 Budget (j), and Projected FY2020 Remaining Budget (k). The table lists three entries: Allegany Elementary School, Allegany Elementary School, and WDA CHRONIA PRESBYTERIAN ACAD/DEPT.


Not all these columns are actually necessary, nor completely accurate. Columns G-J, for example, show the derivation of the FY 2020 budget factor. This is fixed information for any specific type of applicant. For schools, it shows the following:

- Col. G: FY2019 Multiplier = 157.67. This is rounded to the nearest penny, however, that was not how it was done in FY 2019 when the actual multiplier was 159.669053922.
- Col. H: FY2020 Inflation Factor = 3.35. The actual inflation factor used for FY 2020 was 2.1%; the “3.35” is the “FY 2019 Multiplier” as adjusted for inflation and rounded to the nearest penny.
- Col. I: FY2020 Bridge Factor = 32.60. This is the additional 20% provided to account for the sixth year added to all previous five-year budgets, again rounded to the nearest penny.
- Col. J: FY2020 Multiplier = 195.63. This is the per student school multiplier for FY 2020 that for the first year is correctly rounded to the nearest penny. Note, that the figures in Columns G-I add up to only 195.62 as the cumulative result of the FY 2019 rounding adjustments.

This is not a big deal. The FY 2020 school multiplier of \$195.63/student is correct. This means you can safely ignore Columns G-I. What you can’t easily do is delete or hide these useless columns because they are locked — as are all columns on the worksheet except Columns A-B.

Using a little Excel magic to reduce the new Category 2 budget tool to a somewhat more manageable and readable size, let’s consider some simple examples of the tool’s results as shown in the condensed table below (you may still need reading glasses).

Available for Public Use



INSTRUCTIONS
 To view your remaining Category Two (C2) budget for FY2020, enter one or more entity numbers in the Entity Number column. You can type the numbers or copy and paste them from another spreadsheet if you remove the formatting by using the "Paste Values" function.

Using the data from your current entity profile in EPC, the spreadsheet will display each school's student count or library's square footage with its gross C2 budget for FY2020 and its remaining C2 budget. For

For more

FY2020 C2 CALCULATIONS - As of 02/29/2020

Entity Number	Projected Student Count or Square Footage	Entity Name	From Current Entity Profile				Projected Based on Entered Data		
			Student Count or Square Footage (a)	FY2020 C2 Budget (a x e) = (f)	Total Approved Pre-Discount (g)	Total Pending Pre-Discount	FY2020 Remaining Budget (f-g)	Projected FY2020 C2 Budget	Projected FY2020 Remaining Budget
210752		Typical School A	523	\$ 102,314.49	\$ 44,455.76	\$ -	\$ 57,858.73	\$ 11,998.43	\$ -
210752	550	Typical School A	523	\$ 102,314.49	\$ 44,455.76	\$ -	\$ 57,858.73	\$ 107,596.50	\$ 63,140.74
16039840		Small School B	59	\$ 11,998.43	\$ 9,792.96	\$ -	\$ 2,205.47	\$ 11,998.43	\$ 2,205.47
11667		Entity type does not have a C2 budget							
11667	200	Entity type does not have a C2 budget							

To use the new Category 2 tool, enter the appropriate entity numbers in Column B. If the student count in that entity's EPC data is correct, no additional information is needed. The tool will capture the student count from EPC, will calculate the total outstanding Category 2 commitments on a prediscount basis from the previous five years, FY 2015-2019, and will calculate the remaining prediscount budget total for that entity available in FY 2020. In this sense, the new tool works like a charm, at least for the entities we've checked so far. But note the following in the five line items we've shown:

Line 17: School A's EPC profile shows 523 students (Col. F). At \$195.63 per student, the school's total Category 2 budget is correctly calculated (Col. K). The prediscount total of all Category 2 funds currently approved and committed for FY 2015-2019 is shown (Col. L). Note that this amount corresponds with the total shown in USAC's earlier Category 2 Budget Status tool as of FY 2019. The "FY2020 Remaining Budget" is obviously higher than the "Remaining Balance" shown in the FY 2019 tool.

Category 2 Budget Status

Understanding the search results [\(more...\)](#)

Funding Year

Entity #	Entity Name		
210752	School		
FY2019	C2 Budget	Approved Pre-Discount	Remaining Balance
	\$83,506.92	\$44,455.76	\$39,051.16

The tool is also set up to report any Category 2 funding still pending for the preceding five years (Col. M) — in this case none (this is a new and welcome feature not provided in USAC's previous budget tool). The tool then calculates the entity's remaining prediscount budget available for FY 2020 (Col. N).

But what you might ask is the \$11,998.43 shown in Col. O? And what is the “\$ - ” in Col. P? The answers are that Columns O-P are used to recalculate Category 2 budgets when the user enters in a different student count in Column C. If no value is entered in Column C, the Columns O-P are calculated as if the student count was zero. Therefore, the system sets the Category 2 budget at the minimum level that is \$11,998.43 for FY 2020. On this basis, School A has already used more than its minimum budget, so it’s remaining FY 2020 budget would be \$0.00.

- Line 18: Using the same School A (the system doesn’t appear to check for duplicates), assume that the user does enter an alternative student count in Column C — in this example, 550 students versus the 523 students shown in EPC. Columns F-N remain the same, but Columns O-P are updated to reflect the higher number of students. Note that this establishes both a higher total budget (Col. O) and a higher FY 2020 budget (Col. P).
- Line 19: School B, in this example, has only 59 students (as shown in EPC) and therefore qualifies for the minimum Category 2 budget. Without entering a different student count, the budget data shown in the current entity profile columns (Col. F-N) matches the budget calculations shown in the entered data columns (Col O-P) (i.e., there is no budgetary difference between 53 students and zero students).
- Line 20: If there is no student data available in a school’s EPC profile, the tool simply reports that the “Entity type does not have a C2 budget.”
- Line 21: Manually entering a student count for an entity with no EPC student data does not help; the tool continues to report that the “Entity type does not have a C2 budget.”

Despite its quirks, USAC’s new Category 2 budget tool is a valuable addition for applicants seeking category 2 funding for FY 2020. We encourage applicants to read Friday’s News Brief carefully and to review the [FY2020 C2 Budget Tool – Instructions](#) available online.

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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