

E-Rate Central News for the Week of March 11, 2019

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Funding Status – FY 2019 and FY 2018

FY 2019:

The Form 471 application window is open. It will close at 11:59 p.m. EDT on Wednesday, March 27th.

FY 2018:

USAC issued Wave 48 for FY 2018 on Friday, March 8th, for only \$31 thousand – none for Nevada. Cumulative funding as of Wave 48 is \$2.17 billion including \$4.77 million for Nevada.

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

Official Inflation Adjustments for FY 2019:

On Friday, the FCC announced ([DA 19-170](#)) a 2.2% inflation-adjusted increase in the FY 2019 funding cap to \$4,151,395,402. USAC’s [News Brief](#) for the week announced the new inflation-adjusted Category 2 budget factors as shown in the table below. Please note that although this table includes an extra column for budget factors rounded to the nearest penny, as commonly used by many applicants, the official multipliers are the unrounded numbers. For FY 2019, the unrounded budget factors range from 9-12 decimal points. Both EPC and USAC’s public [Category 2 Budget Lookup Tool](#), when updated, will use the official unrounded figures.

Inflation-Adjusted Category 2 Budget Caps (Pre-Discount)

	FY 2019 (2.2% increase)	
	Exact (official)	Rounded (unofficial)
Schools	\$ 156.669053922000	\$ 159.67 per student
Non-urban libraries	\$ 2.448258826804	\$ 2.45 per sq.ft.
Urban libraries	\$ 5.322301797400	\$ 5.32 per sq.ft.
Minimum	\$ 9,793.04	\$ 9,793.04

Applicants are reminded that EPC’s Category 2 budget calculations do not reflect commitments from FY 2015. Also note that, as of last weekend, EPC and the Category 2 Budget Lookup Tool have not yet been updated to reflect the new FY 2019 budget factors.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

- March 11 Form 486 deadline for FY 2018 funding committed in Wave 31. 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 32 03/18/2019
 - Wave 33 03/21/2019
 - Wave 34 04/01/2019

Note: Applicants missing any Form 486 deadline should watch carefully for “Form 486 Urgent Reminder Letters” in their EPC News Feed. These Reminder Letters afford applicants 15-day extensions to submit their Form 486s without penalty.

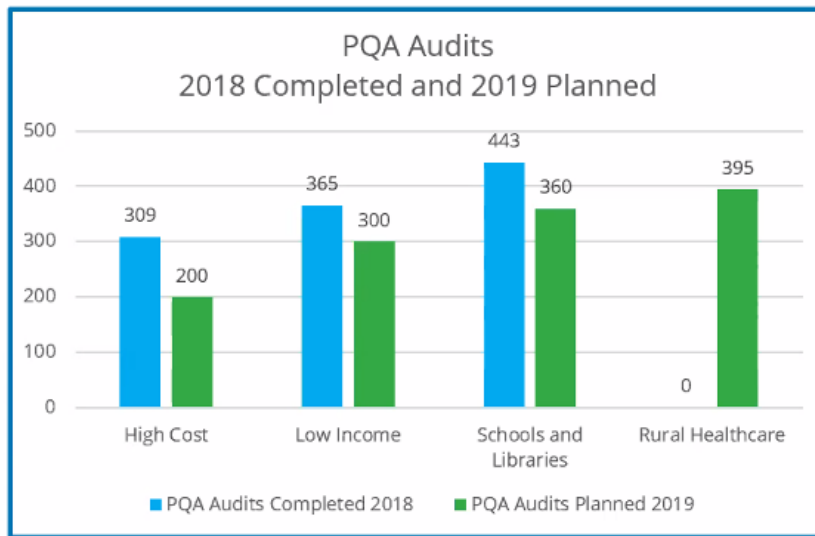
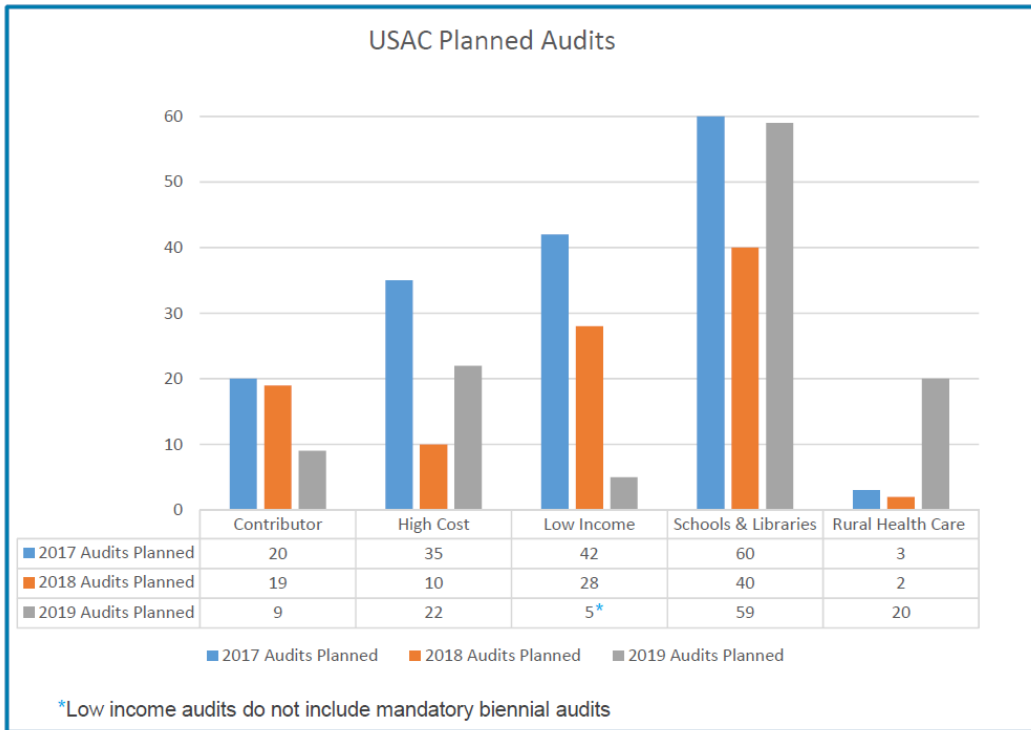
- March 18 Deadline for submitting comments to the FCC’s NPRM ([FCC 19-5](#)) to permanently eliminate the amortization requirement on special construction charges (see our [newsletter of February 4th](#)). Reply comments are due by April 1st.
- March 27 Close of the FY 2019 Form 471 application window.

USAC Audits for 2019:

A webinar on Universal Service Fund (“USF”) issues sponsored by the Schools, Health & Libraries Broadband Coalition (“SHLB”) featured a presentation by the law firm Kelley Drye. The presentation included the following two slides showing USAC’s beneficiary (“BCAP”) and payment quality assessment (“PQA”) audits for 2017 and 2018 as well as planned audits for 2019 for all four USF programs.

On the E-rate front, USAC is planning 50% more of the detailed, full funding year, beneficiary audits — roughly at the same level as in 2017 — but less of the more numerous invoice-specific

PQA audits. Overall, this will represent a 13% reduction in the number of audits faced by E-rate applicants (or suppliers).



FCC Commissioner O’Rielly’s Concerns on Overbuilding:

FCC Commissioner Michael O’Rielly sent a [letter](#) last week to USAC’s CEO Radha Sekar reiterating his longstanding concerns over the use of USF funds, and particularly E-rate funds, to overbuild existing carrier networks. The letter asks USAC for data on consortium-wide WAN

applications that would result in the overbuilding of other fiber provider networks funded in part by other USF High Cost or Rural Health Care programs. Commissioner O’Rielly’s current concern appears to have been triggered by complaints raised by several telephone cooperatives in Texas who may have lost E-rate bids by Educational Service Centers (“ESCs”) in their areas.

USAC, which has a history of painstakingly reviewing dark fiber and self-provisioned applications for cost-effectiveness, will hopefully be able to show the Commissioner that a more appropriate set of questions might be posed to incumbent carriers with existing fiber plant who appear to be unable to provide better network pricing on their own pre-existing networks than new providers constructing networks from scratch. In many cases we’ve seen, new fiber builds can provide dramatically improved economics over surprisingly short time horizons. Perhaps some existing carriers — fortunately clearly not all — need to reexamine their own business models.

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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