Nevada E-Rate Weekly News

Weekly E-Rate Newsletter
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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 49 for FY 2018 on Friday, March 15th, for only $8.09 million – none for Nevada. Cumulative funding as of Wave 48 is $2.18 billion including $4.77 million for Nevada.

FCC Clarifies Rules on Existing Category 2 Budget Cycles

Responding to a request for clarification in a letter from the Schools, Health & Libraries Broadband Coalition ("SHLB") the FCC confirmed the rolling five-year nature of the current Category 2 budget cycle. Five-year budget cycles were first established as a two-year trial in the First E-rate Modernization Order (FCC 14-99). The FCC subsequently extended the trial to five years in the Second E-rate Modernization Order (FCC 14-189). The implementing language in the First Order appeared to clearly indicate that an applicant's five-year budget would begin the first year an applicant was funded and extend over the next four years. On the other hand, the Orders indicated that the Category 2 budget trial would expire after FY 2019. This suggested that all "five-year" budgets, begun after FY 2015 might be truncated as of FY 2019. Recognizing that the FCC was planning to address Category 2 budgets in a new order to take effect in FY 2020, USAC has studiously avoided requests to clarify the post-FY 2019 status of budgets initiated in or after FY 2016.

The FCC's response to SHLB's request for a definitive clarification, albeit verbally, confirms that a five-year budget with an initial commitment in FY 2016 extends through FY 2020. More generally:

	Five-Year Category 2 Budget Span				
Funding Year of First Commitment	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Final Year of Five-Year Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023

This is a welcome clarification, but one that does not fully establish Category 2 funding rules post-FY 2019. For that we must await a new FCC order, hopefully issued before July 2019, perhaps preceded by an NPRM (public comment period). What we do know from an interim report (DA 19-71) released last month (see our newsletter of February 18th) is that the FCC staff is recommending a continuation of the Category 2 budgeting process, possibly with "targeted changes."

What we believe this means for applicants with existing Category 2 budgets extending into FY 2020 or beyond— including those with first commitments in FY 2019 — is that new rules will leave them no worse off for the remainder of their existing budget cycles. We would also hope that any improvement to the Category 2 budget rules would, at least as an option, accrue to all applicants.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

March 18 — Form 486 deadline for FY 2018 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	03/21/2019
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.

Comments of the State E-Rate Coordinators' Alliance ("SECA") supporting the permanent elimination of amortization were filed last Thursday.

March 27 — Close of the FY 2019 Form 471 application window.

Legislation Reintroduced to Support WiFi on School Buses:

Senators Tom Udall (D-NM), Cory Gardner (R-CO), Catherine Cortez Masto (D-NV), and Sheldon Whitehouse (D-RI) have introduced a bipartisan bill to provide E-rate funding to support WiFi equipment and services on school buses. The measure is designed to help close the "Homework Gap" by providing Internet services to students facing long bus rides to and from school or on school trips. The proposed legislation closely tracks a similar bill sponsored last year by Senators Udall and Gardner and a parallel House bill sponsored by Congressmen Ben Ray Luja (D-NM) and Peter Welch (D-VT).

The one — and somewhat technical — change in the proposed legislation for 2019 is the additional "not withstanding" language in section (b) directing the FCC to commence a rulemaking on school bus WiFi eligibility. According to Cynthia Schultz of the Broadband Law Group, the addition is meant to clarify that, even if the bill's language is deemed to differ from that of the Communication Act of 1934 (as amended with the introduction of E-rate in the Telecommunications Act of 1996), the bill's rulemaking mandate would still apply.

The eligibility of WiFi on buses has wide support within the educational community, but has been deemed outside the scope of the FCC's annual Eligible Services List proceedings. Establishing a separate FCC rulemaking would greatly enhance the likelihood of enabling E-rate funding.

2Q19 Proposed USF Contribution Factor:

The FCC announced (DA 19-178) the proposed Universal Service Fund ("USF") contribution percentage for the second quarter of calendar 2019 (corresponding to the fourth funding quarter of E-rate's FY 2018). After two consecutive quarters at or above the potentially politically-sensitive 20% level, next quarter's factor dropped to 18.8%. The reduction reflects lower expenses, down slightly over 5%, in all four USF programs.

The following table shows the changes in USF contribution percentages over the past two and a half years:

Proposed Contribution Factor by Calendar Year

	2017	2018	2019
1st Quarter	16.7%	19.5%	20.0%
2nd Quarter	17.4%	18.4%	18.8%
3rd Quarter	17.1%	17.9%	
4th Quarter	18.8%	20.1%	

The reduction in the contribution percentage is particularly welcome because of the prospects of increased E-rate demand in FY 2019, combined with the prospects for lower roll-over funding, putting upward pressure on the USF contribution factor.

PIA Telephone Trivia:

Our March 11th newsletter included a brief note on the 5-digit extension numbers provided to contact PIA reviewers on their general toll-free number (833) 205-1185 and how to navigate to the PIA voicemail system if no extension number is provided. Here's a little interesting trivia on the telephone system being used by the Maximus PIA reviewers.

Maximus, USAC's new Business Process Outsourcing ("BPO") contractor, is conducting PIA reviews from two locations, Brownsville TX and Baltimore MD. Calls to the single toll-free number are routed to the appropriate reviewer based on the extension number. Should you ever want to have a friendly chat with your PIA reviewer about the local weather or sports teams, you can use the first two digits on the reviewer's five-digit extension to determine where the review is located. Reviewers with extensions beginning "58" are in Texas and "72" are in Maryland.

Interestingly — or in case PIA's toll-free number is out of commission — the 5-digit extension numbers are the last five digits of the reviewers' direct-dial numbers. For example, a Texas PIA reviewer with an extension 58xxx can be dialed directly at (956) 435-8xxx. Similarly, a Maryland PIA reviewer with an extension 72xxx can be dialed directly at (401) 907-2xxx.

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