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Funding Status – FY 2020 and FY 2021

FY 2020:

Wave 42 for FY 2020 was released on Thursday, February 11th, for a total of $55.0 million including $450 thousand for one North Carolina applicant. Cumulative commitments are $2.23 billion including $72.6 million for North Carolina. Nationwide, USAC has now funded 97% of the FY 2020 applications representing 81% of the requested funding.

FY 2021:

USAC opened the FY 2021 Form 471 application window on Friday, January 15th. The window will close on Thursday, March 25th, at 11:59 p.m. EDT. For additional information on the FY 2021 application window, see the USAC Special Edition Schools and Libraries News Brief dated December 22, 2020.

FCC Comments Due Tuesday, February 16th

Tomorrow, Tuesday, February 16th, is the deadline for submitting:

- Reply comments on Docket 20-445, Establishment of the Emergency Broadband Benefit ("EBB") Program.
- Initial comments on Docket 21-31, Addressing the Homework Gap through the E-Rate Program.

As discussed most recently in our newsletter of February 8th and in our webinar of February 10th, both dockets concern programs of direct interest to schools and libraries. We encourage broad participation in the comment process if only to file express comments as described in both our newsletter and webinar. In our view, the two key issues deserving comment are as follows:

- The $3.2 billion EBB program will provide discounts up to $50/month ($75/month in Tribal areas) during the pandemic on internet services for eligible low-income families — most importantly those with students requiring access for remote learning. As discussed

in the Public Notice ([DA 21-6](#)), EBB discounts would flow through the internet providers for any eligible subscribers. The Notice does not recognize the efforts already undertaken by many schools (and libraries) to establish and pay for internet service for equally eligible families. An [FCC roundtable](#) held last Friday had not a single panelist representing a school or library.

In all fairness, and as a means to more quickly and efficiently meet the goals of the program, discounts should apply to multi-family internet subscriptions arranged by schools or libraries serving as EBB anchor institutions. Express comments, even those simply indicating the importance of EBB funding for existing or prospective plans to provide internet services to needy families, are needed to ensure that the final EBB rules best meet the program's goals.

- The FCC's Public Notice ([DA 21-98](#)) on E-rate and remote learning, based largely on a [petition](#) filed by SHLB, requests comments on possible changes in eligibility and/or the treatment of equipment and services to provide off-campus internet, at least for the duration of the pandemic. One key issue concerns the current FCC rule requiring any applicant extending internet service off-campus to cost allocate out as ineligible a portion of its internet charges. Currently, as such, FCC E-rate rules not only exclude funding for off-campus internet, but penalize any applicant providing such usage by reducing funding for an applicant's otherwise eligible internet service. To the extent that the FCC may provide additional — albeit presumably limited — E-rate funding to permit schools and libraries to extend their internet coverage off-campus during the pandemic (e.g., with wireless towers), the cost allocation requirement must be eliminated.

  Two simple points that might be made in express comments (or in slightly more detail during the very short, one-week period, provided for reply comments due February 23rd) might be:

  - If off-campus facilities are installed using special E-rate pandemic funding, it would appear illogical and unnecessary to reimpose the cost allocation requirement post-pandemic.
  - Rather than bank on another FCC Public Notice (see following article), it could be noted that remote learning exasperated the need for better broadband cybersecurity measures that should become E-rate eligible.

CoSN Submits FCC Comments on Cybersecurity

Having witnessed how quickly a petition for E-rate funding in support of remote learning led to a follow-on FCC Public Notice (see our [newsletter of February 8th](#)), there is hope that the FCC might also move forward expeditiously on a companion petition filed last week by the Consortium for School Networking ("CoSN") et al. The [CoSN petition](#) seeks FCC declaratory relief and rulemaking to allow additional use of E-rate funds for K-12 cybersecurity. CoSN asks the FCC to:

1. Define all firewall and related features as "basic" beginning in FY 2021;
2. Increase the five-year Category 2 budget cap in future funding years to support additional cybersecurity investments; and
3. Update the agency's broadband definition to include cybersecurity.

It should be noted that one easy step the FCC could take, incurring little or no additional E-rate funding, would be to simply make cybersecurity equipment and services eligible within the existing Category 2 budget limitations. At the very least, this would provide applicants with additional flexibility in the use of their Category 2 budgets.

To truly address applicant cybersecurity needs, however, the CoSN petition includes estimates of additional Category 2 budget requirements required over the next five years. Detailed estimates, based on an analysis by Funds For Learning, were calculated for the following three levels of protection:

- $0.738 billion to support next-generation firewalls;
- $1.606 billion to support next-generation firewalls <u>and</u> endpoint security features; or
- $2.389 billion to support <u>all</u> layers of protection including "advanced+ services" such as multi-factor authentication.

Assuming the "new" FCC is receptive to expanding cybersecurity eligibility, it could issue another Public Notice requesting comments. Alternatively, as suggested above, the FCC might consider cybersecurity and remote learning in a combined rulemaking.

E-Rate Updates and Reminders

Upcoming E-Rate Dates:

February 16   Reply comment deadline on the FCC's Emergency Broadband Benefit ("EBB") program, Docket 20-445. EBB will be discussed in the FCC's next open meeting on February 17th.

February 16   Initial FCC comment deadline on using E-rate funding to support remote learning, Docket 21-31 (see article above).

February 16   First of three USAC introductory webinars on the Lifeline and EBB programs for interested service providers. The webinar will be repeated on February 23rd and March 2nd.

February 17   USAC webinar on service provider selection and the Form 471.

February 17   Online hearing is entitled, "Connecting America: Broadband Solutions to Pandemic Problems" held by the Subcommittee on Communications and Technology of the House Committee on Energy and Commerce may discuss additional sources funding.

February 19   Form 486 deadline for FY 2020 covering funding committed in Wave 26. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (typically July 1st), whichever is later. Upcoming Form 486 deadlines are:

Wave 27	02/26/2021
Wave 28	03/05/2021
Wave 29	03/12/2021
Wave 30	03/19/2021

| February 25 | Last day to file a Form 470 for FY 2021 and meet the required 28-day posting requirement. |
| March 25 | The FY 2021 Form 471 application window will close at 11:59 p.m. EDT. |

Closing Education's Digital Divide:

The Boston Consulting Group (BCG) and Common Sense Media, in partnership with EducationSuperHighway and Southern Education Foundation (SEF) has released a new report entitled "LOOKING BACK, LOOKING FORWARD: What it will take to permanently close the K-12 digital divide." The report provides:

> …detailed quantitative analyses of three root causes: affordability, availability, and adoption. Our analysis finds that up to 60% of disconnected K–12 students (9 million students), especially Black and urban students, are unable to afford digital access. Up to 25% of disconnected students (4 million) lack access to readily available and reliable broadband service, a barrier that disproportionately affects rural and Native American students. Finally, up to 40% of disconnected students (6 million) face significant adoption barriers, such as insufficient digital literacy or language barriers.

The report also estimates the cost of closing this digital divide concluding:

> Closing the student digital divide will require between $6 billion and $11 billion in the first year and between $4 billion and $8 billion annually thereafter, to address affordability and adoption gaps. In addition, closing the digital divide for teachers will cost approximately $1 billion in its first year. These costs cover installation, ongoing service fees, devices, repairs, and support for internet connectivity and e-learning devices. Moreover, additional funding is needed to ensure universal deployment of broadband infrastructure capable of 100/100 Mbps. While prior analyses estimated that it would cost $10 billion to $20 billion at the low end and $80 billion at the high end to expand broadband infrastructure, these assessments did not fully account for costs related to home access to adequate speeds and ongoing maintenance to ensure sustainable, universal broadband access.

USAC News Brief Dated February 12 – USAC Eligible Services FAQs

USAC's Schools and Libraries News Brief of February 12, 2021, poses and answers a number of questions from the eligible services webinars that USAC conducted earlier this year. The questions, with an abbreviated summary of the answers (please read the News Brief for details), are:

Q1. If I apply for Category Two services for the first time in FY 2022, does my five-year budget cycle run through FY 2026?

Short Answer: No, only through FY 2025.

Q2. What is the guidance on equipment transfers for FY 2021?

Short Answer: Applicants are no longer required to notify USAC of equipment transfers, but both the transferor and recipient must maintain detailed records documenting the transfer and the reason for the transfer for five years.

Q3. Can I apply for Basic Maintenance of Internal Connections ("BMIC") for eligible equipment if I did not use E-rate funding to purchase the equipment?

Short Answer: Yes.

Q4. Does an upgrade that involves the purchase of a new piece of eligible equipment fall under Internal Connections or BMIC?

Short Answer: The purchase of a new piece of equipment generally would fall under Internal Connections.

Q5. As a service provider, I understand that we should provide a cost allocation of a service that includes components that are not fully E-rate eligible. How do I determine our percentage allocation?

Short Answer: USAC can provide that for you.

Q6. Do we have to file separate Funding Request Numbers ("FRNs") to separate out C2 equipment by individual schools or library branches?

Short Answer: School districts and library systems do not have to separate out equipment for their child entities on separate C2 FRNs, but asset registers must be updated.

Q7. If a school district wants to install and fully pay for a second internet circuit for a school – say to use for traffic shaping and not for redundancy – can they still get E-rate funding for their primary internet circuit?

Short Answer: Yes, but procure that service separately.

Q8. I would like to purchase services and equipment from a state master contract. What do I need to keep in mind?

Short Answer: First, you should determine which Form 470 you will cite on the Form 471.

Q9. Is BMIC eligible for school-owned equipment that is housed at a leased location that doesn't serve students?

Short Answer: It can be, if…

Q10. When are licenses considered Internal Connections and when are they considered BMIC?

Short Answer: It depends upon their function.

Q11. Do I have to keep equipment that is purchased with E-rate funds if it is broken? What if it cannot be repaired?

Short Answer: All equipment must be kept for five years after the date it was installed before you can dispose of it.

Q12. When is a firewall eligible as a Category One (C1) service?

Short Answer: A basic firewall that is offered as part of a bundled internet access service is eligible as a C1 service.

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 USAC, the FCC, or NCDPI.

Additional North Carolina specific E-rate information is available through our Web site — http://www.e-ratecentral.com/us/stateInformation.asp?state=NC. Note that this site provides easy access to formatted North Carolina applicant E-rate histories via the Billed Entity Number ("BEN") search mechanism in the upper left-hand corner. Detailed information can be obtained by "drilling down" using the links for specific funding years and individual FRNs.

If you have received this newsletter from a colleague and you would like to receive your own copy of the North Carolina E-Rate Forum, send an email to join-ncerate@lists.dpi.state.nc.us. Please include your name, organization, telephone, and e-mail address.

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