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Funding Status for E-Rate and ECF

E-Rate for FY 2022:

The FY 2022 Form 471 Application Window closed last week on Tuesday, March 22, 2022. We expect FY 2022 funding waves to commence in mid-to late April.

There are always several steps that must be, and already have been, taken before the first funding wave, namely:

- The FCC has established the inflation-adjusted E-rate funding cap for FY 2022. That was set two weeks ago at \$4.456 billion (see [DA 22-271](#) and our [newsletter of March 21st](#)).
- The FCC has approved USAC’s Program Integrity Assurance (“PIA”) procedures for FY 2022. That was done last week (see [DA 22-306](#)).

USAC has sent the FCC a preliminary [estimate of demand](#) for FY 2022 based on applications submitted by the close of last week’s application window. Overall demand is \$3.15 billion, up 4.16% from FY 2021, fueled by a 12.96% increase in Category 2 requests.

Applicants who missed the March 22nd filing deadline may still file their applications but will have to file FCC waiver requests to have their out-of-window applications treated as timely filed. The FCC has routinely granted such requests for applications filed within 14 days of the window (i.e., by April 5th). Still later-filed out-of-window waivers may be approved if the applicants can show extraordinary, possibly COVID-related, circumstances.

A special extended application window for new Tribal libraries closes May 26th (see [DA 22-231](#) and our [newsletter of March 14th](#)).

E-Rate for FY 2021:

Wave 50 for FY 2021 was released on Thursday, March 24th, for \$3.08 million, none for North Carolina. . Cumulative commitments are now \$2.63 billion including 84.3 million for North Carolina. Nationwide, USAC has funded 98.6% of the FY 2021 applications representing 94.6% of the requested funding.

ECF 2021-2023:

Wave 12 was released on Wednesday, March 23rd, for \$67.9 million including \$316 thousand for four North Carolina applicants. Cumulative ECF commitments are now \$4.76 billion including \$150 million for North Carolina. Nationwide, USAC has funded 92.5% of filed applications. Authorized disbursements as of last Friday totaled \$559 million.

FCC Announces Third ECF Window

Last week, the FCC announced ([DA 22-309](#)) a third ECF application window that will open on April 28th and close at 11:59 p.m. EDT on May 13th. The FCC indicates that a minimum of \$1 billion will be available to fund the same type of eligible equipment and services as in the original two windows but for delivery within the 18-month span from July 1, 2022, through December 31, 2023. New recurring service funding during this 18-month period, however, is limited to 12 months (see below).

Funding will be available to applicants that had applied for equipment and services in the first and second windows as well as to schools and libraries that had not previously applied for ECF.

Funding for Continued Recurring Services:

For existing ECF applicants already funded for recurring services, it is important to understand how the potential for an additional 12 months of funding will work. Consider the following examples:

- Applicant A originally applied for 12 months of internet service beginning July 1, 2021. Funding for that service ends June 30, 2022. Applicant A can now apply for another 12 months of internet service any time within the new 18-month period (for consistency, most likely for July 1, 2022, through June 30, 2023).
- Applicant B originally applied for 12 months of internet service but did not begin using that service until school began in September 2021. Based on the FCC's recent ECF service delivery extension (see [DA 22-176](#) or our [newsletter of February 28th](#)), Applicant B can use that funding to provide service through August 2022. If approved for another 12 months, service could be funded through August 2023.

Here are two more increasingly complicated examples:

- Applicant C also originally applied for 12 months of internet service but did not begin using that service until September 2021. In October, trying to be a good ECF citizen, Applicant C voluntarily reduced its approved funding to 10 months of service thus

providing coverage only through June 2022. The FCC’s ECF service delivery extension order invited applicants in this situation to file FCC waivers to restore the funding that they had relinquished. If Applicant C does that and the FCC approves it — so far, there have been no such waiver approvals — Applicant C’s original funding would provide services through August 2022, and it could apply for an additional 12 months of service through August 2023.

- Applicant D also originally applied for 12 months of internet service, but delayed beginning service until April 2022 awaiting ECF funding approval that was not received until March 2022. Under the FCC’s ECF service delivery extension order, Applicant D’s service is covered through March 2023. Technically, Applicant D can now apply for an additional nine (9) months of service in the third window to provide internet coverage through December 2023.

Recognizing that situations such as those discussed above may complicate the third-window application process, the FCC’s third window order includes the following Form 471 narrative instruction:

To avoid duplicative support and expedite the review of the third filing window applications, applicants should include in the narrative section of the ECF FCC Form 471 application information regarding services funded during the first or second filing windows, including the ECF FCC Form 471 application number(s) and the service end date(s) for any services funded during the first or second window that an applicant is seeking to continue between July 1, 2022, through December 31, 2023.

Invoice Deadlines:

Consistent with the new window, there will now be two primary invoice deadlines. As a general rule, invoices must be filed within 60 days from the date of an FCDL, a RFCDL, a successful appeal of denied funding, or the service end date, whichever is later. The most common service end dates for ECF are:

- June 30, 2023, for funding in the first and second ECF windows — making the invoice deadline August 29, 2023; or
- December 31, 2023, for the third ECF window — making the invoice deadline February 29, 2024 (yes, it’s Leap Year).

Limited Funding Possibilities:

There are two big questions regarding the third filing window. How much demand will there be? How much funding will be available?

Our guess is that Window 3 demand will exceed the “at least \$1 billion” currently identified by the FCC. We assume that most existing ECF applicants will request funding for another 12 months of recurring service and for some level of new devices (if only for new students in 2022-2023). We would also expect significant demand from schools and libraries that did not participate in the first two windows.

If demand exceeds available funding, ECF rules specify that funding will be allocated to the highest discount applicants first using the following modified discount rate table.

% of students eligible for National School Lunch Program	Emergency Connectivity Fund Prioritization Matrix	
	Discount Level	
	Urban	Rural
< 1.....	20	30
1-19.....	40	55
20-34.....	50	65
35-49.....	60	75
50-74.....	80	85
75-100.....	90	95

With limited funds, this is an all-or-nothing scheme. Higher discount applicants would be reimbursed at 100%; lower discount applicants would get nothing.

The problem, assuming third window demand is in excess of \$1 billion, is that neither USAC nor the FCC will know how much extra funding is available until: (a) all remaining first and second window applications are funded; and (b), all approved funding is invoiced. With a first invoice deadline of August 29, 2023, this could easily be a year and a half from now. This would suggest a third window funding strategy would be to start at the highest discount level — 95% rural — then slowly work down the discount ladder as available funds are identified. Fortunately, funding, when approved, will be retroactive. But, for many applicants, it may take a year or more to be funded. Lower discount applicants may never be funded — and will have to decide within a month whether to even bother applying.

Updates and Reminders

Upcoming Dates:

- April 1 Form 486 deadline for FY 2021 covering funding committed in Wave 34. More generally, the Form 486 deadline is 120 days from the FCDL date or from the service start date (typically July 1st), whichever is later. Upcoming Form 486 deadlines are:

Wave 35	04/08/2022
Wave 36	04/15/2022
- April 15 FCC reply comments due on the Further Notice of Proposed Rulemaking for the Affordable Connectivity Program (“ACP”) ([FCC 22-2](#)).
- April 27 FCC comments due on the FCC’s proposal to create an E-rate competitive bidding portal ([FCC 21-124](#)). Reply comments are due May 27th. Note: These are new extended deadlines [granted](#) by the FCC in response to a request filed by a coalition of 27 E-rate stakeholder organizations.
- April 28 Opening of the third ECF application window (see [DA 22-309](#) and article above). The window will close May 13th at 11:59 p.m. EDT.

May 26

Extended FY 2022 application window deadline for new Tribal libraries (see [DA 22-231](#)).

USAC ECF Newsletter Dated March 24 – Invoicing Reminders and New FAQs

[USAC’s Emergency Connectivity Fund Program Newsletter of March 24, 2022](#), includes several invoice-related reminders and tips including:

- What to do if you receive an invoice decision email denying your request for reimbursement.
- A reminder that applicants seeking reimbursement may be asked to provide information regarding their “unmet needs.”
- How to change the invoice method to or from BEAR or SPI.
- Links to new Request for Reimbursement Checklists for [BEARs](#) and [SPIs](#).
- Reminders to provide detailed vendor invoices, check SAM.gov registrations, and confirm DUNS and TIN/EIN numbers.

The newsletter also contains the following FAQs:

Q: What must applicants or service providers, who agree to invoice on behalf of applicants, do to be in compliance with the non-usage certification?

Short answer: Applicants and service providers are required to certify on the request for reimbursement that they are not willfully or knowingly requesting reimbursement for services and equipment that are not being used.

Q: What is the extended service delivery date and invoicing deadline for funding requests submitted during the first and second application filing windows?

Short answer: June 30, 2023.

Q: If the applicant doesn’t start service until after its funding commitment decision letter is approved for a first or second window funding request, can it still receive the 12 months of service requested and approved?

Short answer: Yes.

Q: If the applicant didn’t start service until September 1st, and originally requested only 10 months of service, can it now request additional funding for recurring services beyond June 30, 2022, with the FCC’s new service delivery date extension for first and second window funding requests?

Short answer: No (although we would suggest filing an FCC waiver request).

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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