



- Funding Status for E-Rate and ECF
 - E-Rate for FY 2022
 - ECF for 2021-2023
- FFL's Twelfth Annual E-Rate Survey
 - E-Rate and USAC
 - Eligible Services
 - Category 2 Budgets
 - Proposed Bidding Portal
- GAO Recommends Additional Federal Coordination to Enhance K-12 Cybersecurity
- Updates and Reminders
 - Upcoming Dates
 - ACP Program Fraud

Funding Status for E-Rate and ECF

E-Rate for FY 2022:

Wave 28 for FY 2022 was issued on Thursday, October 27th, for \$15.8 million, none for North Carolina. Cumulative commitments to date are \$2.62 billion including \$66.6 million for North Carolina. Nationwide, USAC has funded 96.6% of the FY 2022 applications representing 86.7% of the requested funding.

ECF for 2021-2023:

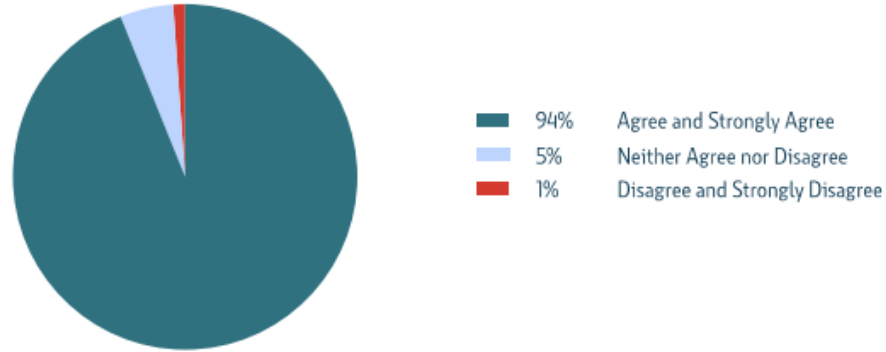
Total commitments for all three ECF windows are \$6.08 billion including \$171 million for North Carolina. Nationwide, USAC has funded 96.4% of the applications from ECF Windows 1 & 2 and 38.0% of applications from ECF Window 3. Total disbursements as of last Friday were \$2.07 billion.

FFL's Twelfth Annual E-Rate Survey

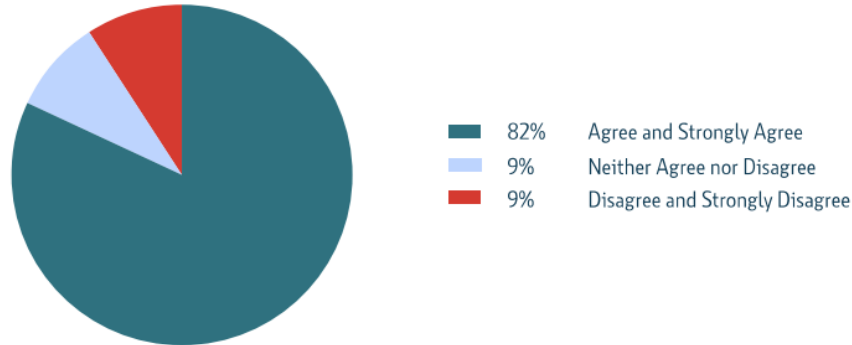
Earlier this year, as has been our practice, we encouraged all of our readers to participate in an annual E-rate survey conducted by Funds For Learning ("FFL") (see our [newsletter of April 18th](#)). Now in their twelfth year, these surveys are an important source of information for Congress, the FCC, and USAC to help them evaluate the E-rate program. FFL's 12th Annual 2022 E-rate Trends Report was released last week (available upon [request](#)). The report is based on responses from more than 2,000 applicants representing nearly 10% of the number of E-rate applicants nationwide.

E-Rate and USAC:

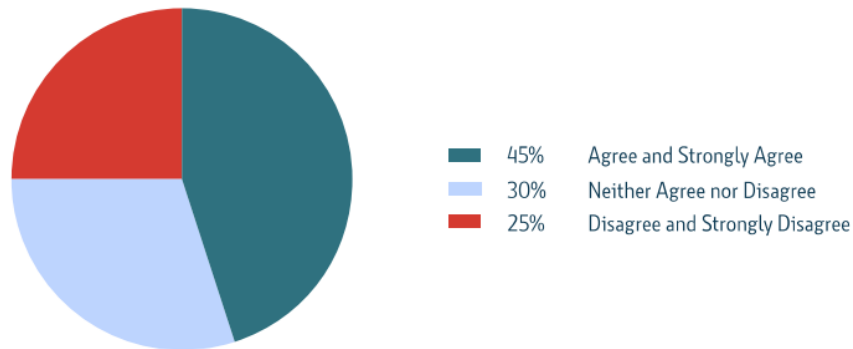
Perhaps the least surprising result of this year’s survey is that almost 95% of the respondents agree that E-rate funding is vital to their organizations’ internet connectivity goals.



Also notable was applicant satisfaction with USAC as the administrator of the E-rate program.



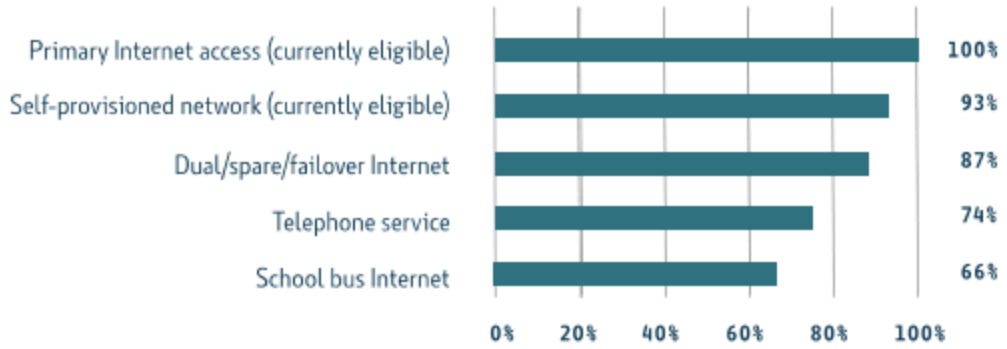
On the other hand, less than half the applicants agreed that USAC’s EPC portal was easy to use.



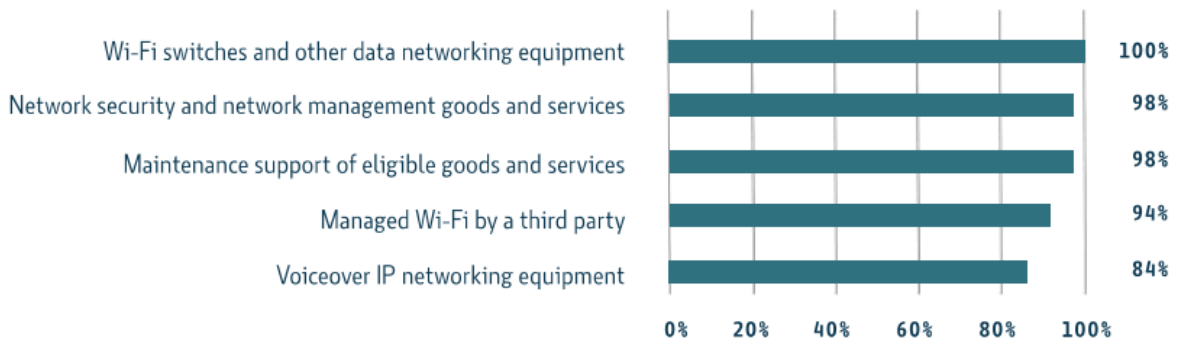
Eligible Services:

Applicants clearly supported the continued eligibility of the products and services in the current Eligible Services List but would like to see the ESL expanded to include:

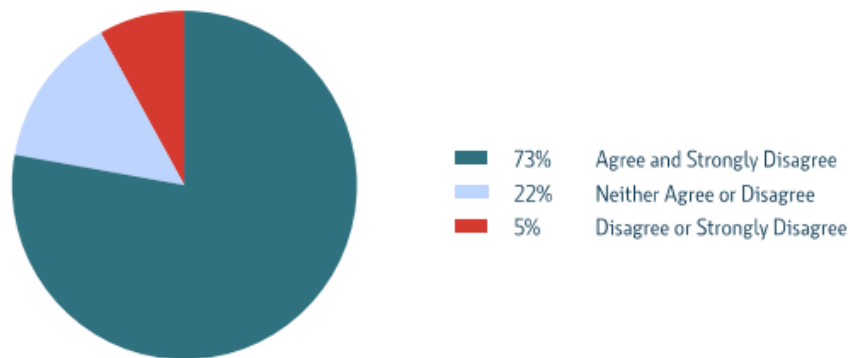
- Dual internet service for backup, Wi-Fi on buses, and the reinstatement of telephone service in Category 1.



- Most importantly, cybersecurity products and services in Category 2.

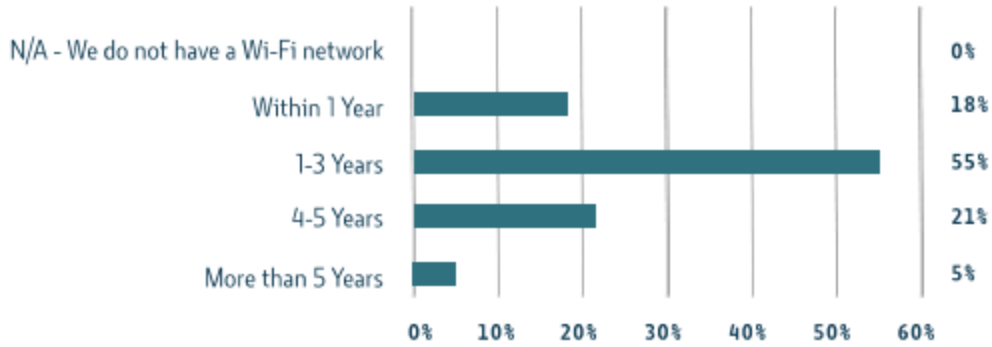


- Funding for off-campus internet.



Category 2 Budgets:

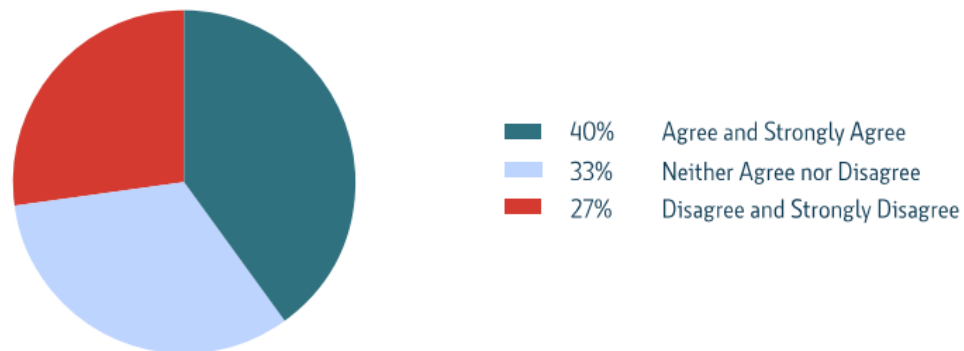
Two-thirds of the responding applicants indicated that they planned to file for Category 2 in FY 2023. More broadly, given that the current Category 2 budget cycle has three years to go, is the indication that most applicants will need to upgrade their current Wi-Fi networks over this period.



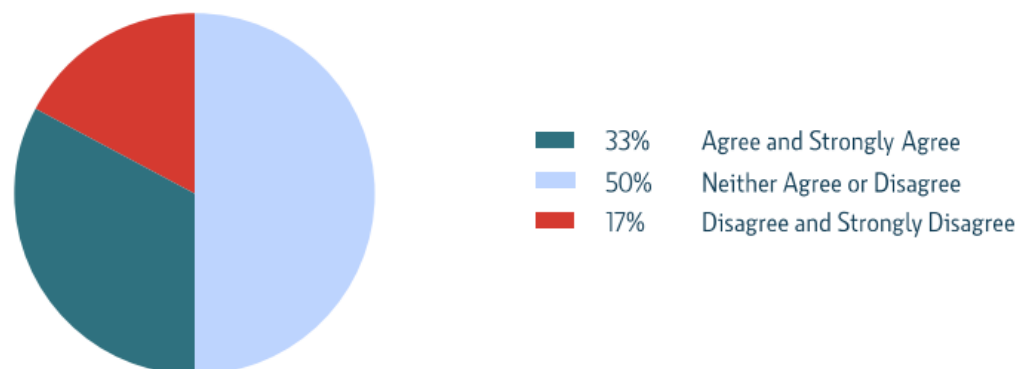
As indicated at the end of the article below on cybersecurity, continued Category 2 expenditures at the rate experienced in FY 2021 – FY2022 can be accommodated under the existing budget structure even with modest increases in the eligibility of products and services for cybersecurity.

Proposed Bidding Portal:

Questions on the FCC’s proposed bidding portal (see our [newsletter of December 20, 2021](#)) were a new topic in this year’s survey. Responses varied widely, perhaps because the exact nature of a bidding portal has not yet been defined. To the statement “The E-rate bidding portal will strengthen and improve the E-rate program,” two-thirds of the responses expressed either optimism or pessimism.



To the more practical question of whether current state and local procurement regulations would allow the FCC or USAC to receive and manage bids for applicant services, a third of the respondents answered “No.”



For applicants who took the time to provide narrative answers, rather than simply check off agreement or disagreement, the responses were almost all negative. As an example:

The current proposed bidding regulations will conflict with both local and state regulations. No other federal grant requires the district to use a bidding portal and have the federal government manage the purchase. This will cause considerable delays since we will now have to get legal opinions and court rulings on federal vs state purchasing law.

Those who supported the bidding program may not fully understand the scope of the proposal. Perhaps the most honest response on this subject came from one applicant who wrote, “I HAVE NO IDEA WHAT THIS IS...”

GAO Recommends Additional Federal Cooperation to Enhance K-12 Cybersecurity

The General Accounting Office (“GAO”) released a [report](#) last week indicating that additional Federal coordination is needed to enhance K-12 cybersecurity. The GAO found that:

Kindergarten through grade 12 (K-12) schools have reported significant educational impact due to cybersecurity incidents, such as ransomware attacks. Cyberattacks can also cause monetary losses for targeted schools due to the downtime and resources needed to recover from incidents. Officials from state and local entities reported that the loss of learning following a cyberattack ranged from 3 days to 3 weeks, and recovery time ranged from 2 to 9 months.

The GAO’s report included the four following recommendations for Executive Action:

Agency Affected	Recommendation
Department of Education	The Secretary of Education, in consultation with the Cybersecurity and Infrastructure Security Agency and other stakeholders involved in updating the Education Facilities Sector-Specific Plan, should establish a collaborative mechanism, such as an applicable government coordinating council, to coordinate cybersecurity efforts between agencies and with the K-12 community. (Recommendation 1)
Department of Education	The Secretary of Education should develop metrics for obtaining feedback to measure the effectiveness of Education's K-12 cybersecurity-related products and services that are available for school districts. (Recommendation 2)

Department of Education	The Secretary of Education, in coordination with federal and nonfederal stakeholders, should determine how best to help school districts overcome the identified challenges and consider the identified opportunities for addressing cyber threats, as appropriate. (Recommendation 3)
Department of Homeland Security	The Secretary of the Department of Homeland Security should ensure that the Director of the Cybersecurity and Infrastructure Security Agency develops metrics for measuring the effectiveness of its K-12 cybersecurity-related products and services that are available for school districts and determine the extent that CISA meets the needs of state and local-level school districts to combat cybersecurity threats. (Recommendation 4)

From an E-rate perspective, it is disappointing to note that none of the four major recommendations involve actions by the FCC to make cybersecurity equipment and services E-rate eligible. A role for the FCC, however, is acknowledged — although not encouragingly so — as follows:

FCC officials noted that the cost of covering advanced cybersecurity services for school districts would likely exceed the funding allocation for the whole program. Specifically, a report from the Consortium for School Networking found that it would cost the E-rate program \$2.389 billion annually to provide all K-12 schools with funding for advanced security services. In contrast, according to FCC officials, the estimated funding allocation for the E-rate program for fiscal year 2022 is \$3.15 billion to cover all eligible telecommunications services under the program and would likely not be sufficient to cover the cost of advanced security services.

FCC officials said that they received comments from the public and stakeholders as part of the funding year 2022 eligible services list proceeding requesting to add advanced cybersecurity services to the Erate program. Many stakeholders who sent in comments requested that advanced cybersecurity services be added to the E-rate program. However, the officials said that the Commission declined to expand funding for advanced cybersecurity services as part of the funding year 2022 eligible services list before the pending release of more information from CISA. The officials said that the FCC plans to review the reports produced by CISA as part of the Cybersecurity Act of 2021 and expressed that this legislation and forthcoming report would provide valuable insight on the cybersecurity services that would be most impactful for K-12 schools.

While it is true that the current E-rate funding cap would not support cybersecurity expenditures at the level indicated above, E-Rate Central believes that it would be reasonable to ask: How much additional funding could be made available for cybersecurity within the limits of the existing Category 2 budgets for FY 2023-2025?

Here’s one rough estimate:

Current level of Category 2 approvals and pending applications for FY 2021 and FY 2022	\$3.499 billion
--	-----------------

Total Category 2 budgets available for FY 2023 – FY 2025	\$6.900 billion
Projected three-year Category 2 budget requirements at the FY 2021 – FY 2022 level	\$5.249 billion
Estimated funding available within existing Category 2 budgets for FY 2023 – FY 2025	\$1.651 billion or \$551 million/year

Although funding at this level would admittedly put additional upward pressure on the Universal Service Fund’s quarterly contribution factor, the total would fall well within the E-rate program’s annual cap. If cybersecurity is a priority, making it eligible in the FY 2023 ESL is a necessary first step.

Updates and Reminders

Upcoming Dates:

- October 31 The first Form 486 deadline for FY 2022 Waves 1-11, committed before July 1, 2022. 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 12 | 11/04/2022 |
| Wave 13 | 11/11/2022 |
| Wave 14 | 11/18/2022 |
| Wave 15 | 11/25/2022 |
- November 3 Continuation of USAC’s fall virtual E-rate training program (see registration information or links to previous recordings and slides on USAC’s [Webinars](#) page).
- | | |
|-------------------------|------------|
| Post-Commitment Process | November 3 |
| Eligible Services | TBA |

ACP Program Fraud:

Last month, the FCC’s Office of the Inspector General (“OIG”) issued a [news release](#) indicating a large number of probable fraudulent enrollments for discounted home internet service under the Affordable Connectivity Program (“ACP”) (see our [newsletter of September 12th](#)). Concern over ACP fraud rose still higher last week after an [article](#) in *The Washington Post* reported on the “deceptive” ACP offerings of a little-known company owned by T-Mobile and on the “bait and switch” tactics of other carriers offering ACP discounts only for customers willing to accept lower bandwidth and/or higher post-ACP priced service plans.

In a rapid response to *The Washington Post* report, Representative Frank Pallone (D-NJ), Chairman of the House Committee on Energy & Commerce, issued a [press release](#) citing letters

sent to thirteen internet companies (including AT&T, Charter, Comcast, and Verizon) requesting information on:

- The number of beneficiaries each company has enrolled.
- Descriptions of the process used to enroll new consumers.
- The number of complaints, and the nature of those complaints, each company has received regarding their administration of these programs.
- The process each company uses to resolve complaints.
- What awareness each company had of instances, if any, where the benefit was applied late resulting in erroneous consumer bills.
- What, if any, prohibitions the companies have put into place on upselling.
- What, if any, protections or trainings the companies have implemented to ensure the faithful application and administration of these programs.

Note: E-Rate Central continues to report on ACP developments because of its importance in providing discounted in-home internet services for students and library patrons not currently covered by ECF or as a longer-term option when ECF ends.

E-Rate Central is also an active proponent of regulatory changes to the ACP program — so far falling on deaf ears — to permit multi-family discounts for homeless shelters to facilitate building-wide internet services. A recent [article](#) in *The New York Times* noted that almost 10% of the students in New York City (and 11% in Los Angeles) are currently living in shelters. Even for school districts that have taken advantage of ECF, reaching students in homeless shelters has proven to be a real challenge.

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.

In compliance with federal law, the NC Department of Public Instruction administers all state-operated educational programs, employment activities and admissions without discrimination because of race, religion, national or ethnic origin, color, age, military service, disability, or gender, except where exemption is appropriate and allowed by law.