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Funding Status for E-Rate and ECF

E-Rate for FY 2023:

The Form 471 application window for FY 2023 closed Tuesday, March 28th. USAC’s initial [estimate of demand](#), which does not include any late-filed applications that may ultimately be granted FCC waivers, reports the following request totals:

Cat. 1	\$ 1,657,702,656
Cat. 2	1,286,303,604
Total	\$ 2,944,006,260

Many FY 2023 applications have already been reviewed, are currently categorized as “Wave Ready,” and are likely to be funded when USAC begins releasing FY 2023 funding waves later this week.

E-Rate for FY 2022:

Wave 53 for FY 2022 was issued on Thursday, April 20th, for \$713 thousand, none for North Carolina. Nationwide, USAC has funded 98.6% of the FY 2022 applications representing 96.8% of the requested funding. Cumulative FY 2022 commitments to date are \$2.84 billion including \$71.1 million for North Carolina.

ECF for 2021-2023:

Total commitments for all three ECF windows are \$6.62 billion including 189 million for North Carolina. Nationwide, USAC has funded 86.2% of the ECF applications representing 67.6% of the requested funding. Window 3 applications are being funded down to the 65% rural band. Total disbursements as last reported on April 14th were \$3.11 billion.

CEP: Today, Tomorrow, and the Future

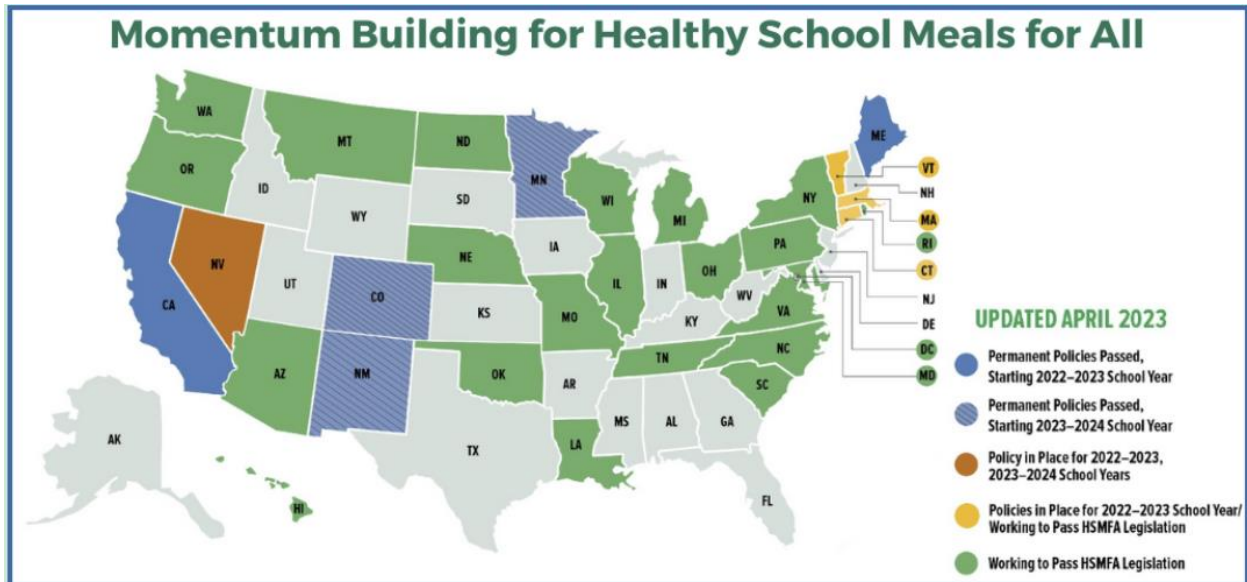
The Community Eligibility Provision (“CEP”) program has become an increasingly popular way for schools in lower income areas to ensure that all of their students have free access to a healthy breakfast and lunch on school days. With CEP applications currently due by June 30th, and with schools in most states no longer providing free meals under COVID relief programs, as was the case during the COVID years, now is a good time to consider the benefits of CEP and changes that are being proposed at both the federal and state levels.

E-rate specifics aside, we want to stress that E-Rate Central is a strong proponent for school adoption of CEP wherever possible. The ability to provide free and healthy school meals to all students, independent of family income, is physically and socially beneficial for all. As currently structured, CEP is usually financially and administratively beneficial to participating schools.

Under current rules, any school or group of schools are eligible to participate in CEP if they can identify, largely from state databases of financial assistance programs, at least 40% of their students whose families qualify for SNAP, Medicaid (in most states), Head Start programs, etc. If those schools provide breakfast and lunch to all their students, the schools are compensated for those meals at the rate of the Identified Student Percentage (“ISP”) times 1.6. That compensation rate is capped at 100%. Even if the compensation rate is less than 100%, the schools generally realize offsetting administrative savings by avoiding other costs incurred of administering a family-surveyed National School Lunch Program (“NSLP”). For E-rate purposes, the (ISP x1.6) percentage is treated as an equivalent NSLP percentage for E-rate discount purposes.

The social benefits of CEP are so strong that the U.S. Department of Agriculture (“USDA”) is currently considering a proposal to lower the ISP threshold for CEP participation from 40% to 25% while retaining the 1.6x multiplier factor for meal reimbursement purposes. As noted below, comments on the [USDA proposal](#) are due May 8th. We fully expect this proposal to be adopted, perhaps in time (with an extended CEP enrollment deadline beyond June 30th) for the 2023-2024 school year.

On a state-by-state basis — and potentially in the future for all states — we’re seeing a move to provide free meals for all students as was the case during the COVID years. The following chart shows the current status of Healthy School Meals for All (“HSMFA”) legislation nationwide. Such legislation has already been permanently enacted into law in five states, is going into place for this year or next in four other states, and is being seriously considered in a number of other states (including North Carolina).



Courtesy of FRAC, the Food Research & Action Center (frac.org)

E-rate applicants in states providing free meals for all will need to consider how they will document NSLP percentages for discount rate purposes. This information will also be required to determine how meal costs will be shared with the states picking up expenses not covered under the federal National School Lunch Program. In most states, this would mean:

1. CEP schools will continue to rely on their ISP percentages and the 1.6x multiplier.
2. Non-CEP schools may have to calculate NSLP percentages via parent applications that, in a free meal environment, there is little incentive for the families to complete.

Updates and Reminders

Upcoming Dates:

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| April 24 | Due date for submitting comments on the FCC’s Notice of Proposed Rulemaking (FCC 23-10) to further improve E-rate program rules and encourage greater Tribal participation (and potentially other small applicants) in the E-rate program (see our newsletter of February 6th). Reply comments are due by May 23 rd . |
| April 25 | USAC webinar on the Program Integrity Assurance (“PIA”) and Selective Review processes (register). |
| April 27 | USAC webinar of the consolidation of the legacy BEAR and SPI processing systems into EPC scheduled in the May-June timeframe (register). |
| April 28 | The Form 486 deadline for FY 2022 Wave 37. More generally, the Form 486 deadline is 120 days from the FCDL date or from the service start date (typically July 1 st), whichever is later. Upcoming Form 486 deadlines are: |
| | Wave 38 05/05/2023 |
| | Wave 39 05/12/2023 |

- May 8 Due date for submitting comments on the USDA’s proposed change to expand CEP participation by lowering the ISP threshold from 40% to 25% (see our [newsletter of March 27th](#)).
- June 30 Unless subsequently extended by the FCC, at least for late-approved ECF Window 1 and Window 2 applications, June 30th is the last day to receive service for home internet access and device purchases. The invoice deadline for these services is August 29, 2023.

USAC E-Rate News Brief Dated April 21 — Next Steps

[USAC’s E-Rate News Brief Dated April 21, 2023](#), covers the following topics:

- Review of submitted Form 471 applications.
- Filing Form 486s for FY 2023.
- Understanding of the PIA review process.
- Updating contract award dates, if necessary, for quicker PIA reviews.
- RAL Modification Requests and post-commitment corrections.
- New UEI requirement beginning May 12th for applicants updating or submitting new Form 498s.
- Notice for suppliers that the Form 473 Service Provider Annual Certification (“SPAC”) for FY 2023 is now available online.

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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