



- Funding Status for E-Rate and ECF
  - E-Rate for FY 2023
  - ECF for 2021-2023
  - E-Rate for FY 2024
- 2023 Review – 2024 Preview
  - Key Milestones in 2023
  - Anticipated Developments in 2024
    - ECF and ACP
    - School Bus Wi-Fi
    - Remote Hotspots
    - Cybersecurity Pilot
- Updates and Reminders
  - Upcoming Dates

**E-Rate Central wishes you all the best in what promises to be a Happy New E-Rate Year!**

## Funding Status for E-Rate and ECF

### *E-Rate for FY 2023:*

USAC issued Wave 36 for FY 2023 on Thursday, December 28<sup>th</sup>, for \$12.6 million, none for North Carolina. Total funding is now \$2.48 billion including \$84.3 million for North Carolina. At this point, USAC has funded 97.0% of the originally submitted applications representing 87.5% of the dollars requested.

### *ECF for 2021-2023:*

Total commitments for all three ECF windows are \$6.45 billion including \$192 million for North Carolina.

### *E-Rate for FY 2024:*

The Form 471 filing window for FY 2024 opens on Wednesday, January 17<sup>th</sup>, at noon EST and will close on Wednesday, March 27, 2024, at 11:59 p.m. EDT. The EPC administrative window, which is currently open to allow applicants to update their entity profiles, will close on January 12<sup>th</sup> at 11:59 p.m. EST. At that point, entity profiles will be locked while the application window is open.

## 2023 Review – 2024 Preview

At the New Year, it is worthwhile to look back on the past year and to plan for the new one. Here is our annual E-rate review of 2023 and a preview of 2024. This will be a transitional period in

which, without additional Congressional funding, we will see the phaseout of the ECF and ACP programs adopted to address educational limitations of the pandemic years while looking forward to the FCC’s new “Learning Without Limits” initiatives. 2024 should be an exciting year.

*Key Milestones in 2023:*

January 2023 opened on a promising note in the midst of an FCC request for public comment ([DA 22-1315](#)) on the long-awaited use of E-rate funds for advanced or next-generation firewalls and other network security services (see December 2023 milestone).

The FY 2023 Form 471 application window opened on January 18<sup>th</sup>.

The FCC released a series of decisions ([DA 23-48](#)) concerning ministerial and/or clerical errors on invoices, some of which we filed as far back as 2017, instructing USAC to treat such errors as appeals rather than requiring new, and often late-filed, invoices.

February The FCC adopted a Notice of Proposed Rulemaking ([FCC 23-10](#)) proposing E-rate rule simplifications for Tribal libraries and opening the door for broader proposals later in the year (see July milestone).

March The U.S. Attorney’s Office for the Southern District of New York announced prison terms of up to four years for seven defendants who had pled guilty to defrauding the E-rate program.

The FY 2022 Form 471 application window closed on March 28<sup>th</sup>.

The FCC received numerous comments all supporting the need to make advanced firewalls and other network security services eligible for Category 2 E-rate support (see our [newsletter of April 3<sup>rd</sup>](#)).

April The first wave of E-rate funding commitments for FY 2022 was released on April 29<sup>th</sup>.

May The FCC waived or extended ECF service delivery deadlines for applicants receiving late funding commitments ([DA 23-406](#) and [DA 23-405](#)) to as late as June 30, 2024.

June In a [speech](#) at the annual conference of the American Library Association (“ALA”) and in a subsequent [press release](#), FCC Chairwoman Rosenworcel renewed her proposal to provide E-rate support for Wi-Fi on school buses. She also announced a new “Learn Without Limits” initiative that would also support E-rate funding for hotspots that schools and libraries could loan to students and patrons in need.

July Subsequently, in a [speech](#) before the School Superintendents Association (“AASA”) and the Association of School Business Officers, (“ASBO”) the Chairwoman expanded upon her Learn Without Limits plan by proposing a three-year, \$200 million, pilot cybersecurity program to be funded within the Universal Service Fund (“USF”) but separate from the E-rate program.

In another security development, unrelated to E-rate, the Chairwoman [proposed](#) a plan to establish a voluntary cybersecurity labeling program for connected smart devices.

The FCC released a Report & Order, primarily affecting Tribal libraries, and a Further Notice of Proposed Rulemaking ([FCC 23-56](#)) that would simplify many E-rate rules (see our [newsletter of July 3<sup>rd</sup>](#)).

A Senate subcommittee, headed by Senators Luján (D, NM) and Thune (R, SD) issued a call for comments on the Universal Service Fund (“USF”).

August The FCC granted a limited waiver ([DA 23-669](#)) extending the ECF Window 1 and 2 invoice deadlines two months until October 30, 2023.

September The FCC waived a series of E-rate rules and deadlines to assist participants and service providers in areas affected by Hurricane Idalia ([DA 23-805](#)).

The U.S. Senate finally [confirmed](#) the appointment of Anna Gomez as the fifth FCC Commissioner, a position that had been open for two years. This broke a 2:2 Democratic/Republican tie on two controversial E-rate issues, school bus Wi-Fi and hotspots that were finalized later in the fall.

The [USF contribution factor](#) for 4Q23 reached a new high of 34.5% (and inched slightly higher to 34.6% for 1Q24).

October USAC released the supplemental draft of the Eligible Services List (“ESL”) for comment adding the eligibility of school bus Wi-Fi ([DA 23-1011](#)).

The FCC received final public reply comments on proposed simplifications to the E-rate program, many of which we hope to see implemented later this year.

Funds For Learning released the results of its thirteenth annual E-rate survey (see our [newsletter of October 16<sup>th</sup>](#)).

The U.S. Department of Agriculture (“USDA”) finalized [new rules](#) reducing the school eligibility threshold for participation in the Community Eligibility Provision (“CEP”) program from an Identified Student Percentage (“ISP”) of 40% to 25%.

November USAC successively completed the transition of the legacy BEAR and SPI invoicing system into EPC (see [USAC’s E-Rate Special Edition News Brief dated November 7, 2023](#)).

The FCC released the NPRM ([FCC 23-91](#)) to make home hotspots E-rate eligible. Initial comments are due January 16<sup>th</sup>.

The FCC also released the cybersecurity pilot NPRM ([FCC 23-92](#)). Initial comments are due January 28<sup>th</sup>.

December The FCC adopted the Eligible Services List ([DA 23-1171](#)) for FY 2024 including eligibility rules for school bus Wi-Fi.

The FCC [reappointed](#) Joan H. Wade, Executive Director of the Association of Educational Service Agencies, to a new three-year term on

the USAC Board. New three-year appointments to the Board included Angela Siefer, Executive Director of the National Digital Inclusion Alliance, as the representative for low-income consumers, and Mona L. Thompson, General Manager of the Cheyenne River Sioux Tribe Telephone Authority, as the representative for Tribal communities (a new position this year).

Additional details on 2023 developments can be found in our [E-Rate Weekly News Archive](#).

#### *Anticipated Developments in 2024:*

With the introduction of three new programs — school bus Wi-Fi, hotspot loans, and a cybersecurity pilot — and the probable demise of the ECF and ACP programs, 2024 is expected to be an interesting year.

#### *ECF and ACP*

The Emergency Connectivity Fund (“ECF”) and the Affordable Connectivity Program (“ACP”) are two COVID-driven programs designed to provide internet services and connected devices to school students, staff, and library patrons. ACP, in particular, extends its reach more broadly to low-income households but is projected to run out of money in 2024.

Funding for the few remaining ECF applications has slowed dramatically to less than \$500,000 in the last two months indicating the end is near. Total committed funding is under \$6.5 billion with a sizable proportion likely to go unused. ACP funding is being used but is projected to be depleted by this coming May.

Although there is some support in the Administration and in Congress, particularly for ACP, additional funding for either program appears unlikely now that the pandemic is officially over. For students, staff, and library patrons seeking off-campus internet services, the FCC’s new school bus Wi-Fi and hotspot programs may be the only game in town.

#### *School Bus Wi-Fi (see our [newsletter of December 18<sup>th</sup>](#)):*

With the December release of the Eligible Services List for FY 2024, applicants interested in obtaining school bus Wi-Fi funding next year can take the first step by beginning the competitive bidding process and filing a Form 470. It is advisable to start this process well before the February 28<sup>th</sup> deadline. The eligibility rules for bus Wi-Fi are in place and USAC has already issued initial guidance on the use of the existing Form 470. USAC has indicated that some changes are being made to the Form 471. We expect these changes will be minor and will be made in time for the opening of the regular application window on January 17<sup>th</sup>. We also expect to see additional guidance provided over time by the FCC and/or USAC in future News Briefs and/or FAQs.

#### *Remote Hotspots (see our [newsletter of November 13<sup>th</sup>](#)):*

Details regarding rules and the application timing of off-campus hotspots are less certain. Given that public reply comments for this NPRM are not due until January 29<sup>th</sup>, the release of a final FCC order is not expected until late February at best. As such, hotspot applications are unlikely

to be filed within the regular FY 2024 filing window. FCC options include an extended or separate application window for FY 2024 or deferring the program until FY 2025.

The major question mark for the hotspot program is one of scope. How many hotspots and internet service contracts can be affordably funded within the E-rate program? If viewed as a partial replacement for ECF — i.e., home internet without the connected devices for all “unmet” needs — the cost could be upwards of a billion dollars or more per year. Although we find no such hint in the NPRM, we assume the FCC’s goal is more modest. We will have to wait to see.

One approach would be to limit the number of hotspots that any school or library has to “loan” out as necessary for a week, month, or semester to meet specific “educational” needs. In this sense, the term “loan” is important because that was the word that the Chairwoman first used in her ALA speech when she talked about hotspots that could be “loaned” out by public libraries or school libraries.

This could be done by adopting a C2-like budget mechanism. As an example, the FCC could limit the number of hotspots a school or district could request funding for to X (to be determined) per 100 students times a school’s discount rate. If X=20, for example, a school with a 90% discount, indicating a higher need, could apply for 18 hotspots per 100 students. Whereas a wealthier school with a 20% discount, reflecting a much lower need for school-provided hotspots, could only apply for 4 per 100.

Another aspect of the loan approach is that it would suggest need for arrangements with wireless carriers whereby the school or library could turn on services when the hotspots were loaned out, and turn them off when they were returned. It would also recognize that a school or library might typically have a few unused devices on hand. FCC acceptance of such an approach could sidestep many of the tracking questions raised in the NPRM.

For now, we are eager to read comments submitted in response to the FCC’s NPRM and to await the FCC’s order on hotspot rules and application timing.

*Cybersecurity Pilot (see our [newsletter of November 20<sup>th</sup>](#)):*

The FCC’s three-year, \$200 million, cybersecurity program is being developed as a separate Universal Service Fund program outside of E-rate but using many of the same E-rate processing elements. With the NPRM only recently published in the *Federal Register*, and final reply comments not due until February 27<sup>th</sup>, the pilot is proceeding along a longer timeline than either of the two other programs. At best, we would not expect USAC to open a special pilot application window until at least late Spring. At that point:

- Schools and libraries will apply for pilot program participation by filing a new Form 484. Conceptually, the Form 484 can be viewed as a grant application for the pilot. Once accepted into the program, participation will be for the entire three-year period. Annual re-applications will not be required. Successful applicants will need to propose specific cybersecurity test plans, ideally leveraging other federal cyber resources, which can be evaluated over the three-year period.
- Equipment and services provided to pilot participants must be procured, approved, and funded in an E-rate manner using new forms that mirror E-rate’s Forms 470, 471, 472, and 474. Invoicing and appeal deadlines will track with the shorter ECF timelines.

- Annual and final progress reports will be required “detailing use of funds and effectiveness of the programs.”

We find it encouraging that the FCC has finally begun to address the pressing cybersecurity needs of schools and libraries. We hope that the pilot will not be used as a three-year excuse to defer cybersecurity eligibility within the E-rate program itself. At the very least, cybersecurity products and services should be deemed eligible for funding midway through the pilot period as five-year Category 2 budgets are reset for FY 2026.

## Updates and Reminders

### *Upcoming Dates:*

- |             |   |         |            |         |            |
|-------------|---|---------|------------|---------|------------|
| January 5   | Form 486 deadline for FY 2023 Wave 20. More generally, the Form 486 deadline is 120 days from the FCDL date or from the service start date (typically July 1 <sup>st</sup> ), whichever is later. Upcoming Form 486 deadlines are:<br><table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Wave 21</td> <td>01/12/2024</td> </tr> <tr> <td>Wave 22</td> <td>01/19/2024</td> </tr> </table> <p>Applicants missing their Form 486s deadlines should, within the week, receive Urgent Reminder Letters from USAC providing a 15-day grace period.</p> | Wave 21 | 01/12/2024 | Wave 22 | 01/19/2024 |
| Wave 21     | 01/12/2024  |         |            |         |            |
| Wave 22     | 01/19/2024  |         |            |         |            |
| January 8   | Last day of the winter PIA deferral period.   |         |            |         |            |
| January 12  | Close of the EPC administrative window.   |         |            |         |            |
| January 16  | New, and slightly extended, due date for comments on the FCC’s hotspot eligibility NPRM ( <a href="#">FCC 23-91</a> ) (see our <a href="#">newsletter November 13<sup>th</sup></a> ). Reply comments will now be due January 29 <sup>th</sup> .   |         |            |         |            |
| January 17  | Form 471 filing window for FY 2024 opens at noon EST and will close at 11:59 p.m. EDT on Wednesday, March 27, 2024.   |         |            |         |            |
| January 29  | Due date for comments on the FCC’s cybersecurity pilot NPRM ( <a href="#">FCC 23-92</a> ). Reply comments are due February 27 <sup>th</sup> .   |         |            |         |            |
| January 29  | Invoice (or invoice deadline extension request) deadline for FY 2022 non-recurring service FRNs.  |         |            |         |            |
| February 28 | Last day to file a Form 470 for FY 2024 so as to allow its posting for at least 28 days before the close of the Form 471 application window.<br><br>Please note that any applicant waiting until February 28 <sup>th</sup> to file a Form 470 would have to review all bids, select vendors, sign contracts and upload them into EPC, create and file their Form 471, all on March 27 <sup>th</sup> when the EPC is likely to be at its busiest. This is <b>NOT</b> a recommended course of action!   |         |            |         |            |
| March 27    | Close of the Form 471 application window for FY 2024. To be considered as having been filed “in window,” Form 471s must be filed and certified by 11:59 p.m. EDT.   |         |            |         |            |

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*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](mailto:join-ncerate@lists.dpi.state.nc.us). Please include your name, organization, telephone, and e-mail address.*

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