



- Funding Status
 - E-Rate for FY 2024
 - E-Rate for FY 2023
- FCC Finalizes Cybersecurity Pilot Order
- Updates and Reminders
 - Upcoming Dates

Funding Status

E-Rate for FY 2024:

Wave 8 for FY 2024 was released on Thursday, June 13th, for \$70.8 million including \$870 thousand for eleven North Carolina applicants. Total funding is now \$1.46 billion including \$53.5 million for North Carolina. At this point, USAC has already funded 77.0% of the originally submitted applications representing 47.8% of the dollars requested.

E-Rate for FY 2023:

No additional funding wave for FY 2023 was issued last week. Total funding remains at \$2.63 billion including \$84.6 million for North Carolina. At this point, USAC has funded 98.3% of the originally submitted applications representing 96.4% of the dollars requested.

FCC Finalizes Cybersecurity Pilot Order

Last week, the FCC issued the final version of the Cybersecurity Pilot Report & Order ([FCC 24-63](#)). Much of the textual content of the final Order matched the initial draft Order that had been circulated earlier in May (see our [newsletter of May 20th](#)). Fortunately, as discussed below, there were some significant clarifications.¹ Unfortunately, many questions remain.

- **Application Timing:** Applying for the Cybersecurity Pilot is a four-step process involving the filing of four forms, including:
 - Form 484 (Part 1) to express interest in participating in the Pilot.
 - Applicants selected as potential participants will then file a more detailed Form 484 (Part 2) for acceptance into the Pilot.
 - Funding for the three years of the program will require competitive bidding for equipment and services similar to E-rate utilizing a Pilot Form 470.

¹ Many of the clarifications are consistent with *ex parte* comments that had been filed prior to the FCC's vote on the Order (see our [newsletter June 3rd](#)).

- Again, similar to E-rate, applications for funding must be filed utilizing a Pilot Form 471.

The timing of each step in the application process has been delegated to the FCC’s Wireline Competition Bureau. To start, as indicated in a brief [USAC announcement](#) last week, the initial application window for Form 484 (Part One) will open “this fall.” A footnote in the Order indicates that program deadlines for entrance into the program and for the first year of funding should not start until the 2024-2025 school year begins. Actual dates have not yet been announced but here is a possible and aggressive schedule that would meet the Order’s guidelines:

- Sept. 3-27: Form 484 (Part One) window.
- Nov. 1: USAC announces preliminary Pilot program participants.
- Nov. 4–Dec. 5: Form 484 (Part Two) window.
- Jan. 3: USAC confirms final Pilot program participants.
- Jan. 6: Pilot Form 470s made available for filing.
- Feb. 3-Mar. 28 Pilot Form 471 window.

This would be a tight schedule, admittedly more aggressive than the traditional E-rate cycle, but one that would align the E-rate and Pilot Form 471 deadlines and would give USAC time to begin issuing Pilot FCDLs before the first Pilot funding year starts July 1, 2025.

Note that the initial Pilot Form 470/471 filings are meant to cover the entire three years of the program and will not be required annually for FY 2026 and FY 2027. Nevertheless, the Order does give the WCB authority to open additional application windows if the first window’s demand does not exceed available funds.

- **Budget Caps:** The final Order clarifies a confusing aspect of the draft Order establishing prediscount budget caps for schools, libraries, and consortia. The budget caps in the final Order are expressed as annual caps — preceded by an explanation that “participants’ expenses are capped based on the full three-year duration of the Pilot and participants may seek reimbursement for more than the annual budget for any given Pilot Program year, so long as the total amount disbursed over the three-year term does not exceed three times the applicable annual budget.” Effectively, therefore, participant budgets for the entire three-year program, although not expressed this way in the Order, will be as follows:
 - Schools or districts with 1,100 students or less will have a three-year, prediscount budget of \$45,000.
 - Schools or districts with more than 1,100 students will have a three-year, prediscount budget of \$40.80 per student up to a maximum of \$4.5 million.
 - Each eligible library/site will have a three-year, prediscount budget of \$45,000 for up to 11 libraries/sites. Library systems with more than 11 libraries/sites less will have a three-year, prediscount budget of \$525 thousand, regardless of the number of extra libraries/sites.
 - The three-year, prediscount budgets for consortia will be governed by the limits indicated above. This means that the maximum budget would be \$4.5 million for

a school-only consortium; \$525 thousand for a library-only consortium; and the school-based \$4.5 million for a school and library consortium.

It may be useful, when considering these budget caps, to contemplate what they might mean for the overall scope of the \$200 million Pilot. In a worst-case scenario, the Pilot would support only about 50 large school or school/library consortia at 90% discounts. This is, of course, an extreme possibility. The calculations do suggest, however, that the applicant base for the Pilot can best be estimated in the low hundreds, not in the thousands. Schools and libraries interested in the Cybersecurity Pilot need to understand that funding will likely be competitive. Successful applicants will need to know what they are doing and have a well-thought-out cyber plan.

- **Eligible Services:** No changes were made in the final list of eligible cybersecurity products and services. As provided in Appendix B, the Eligible Services List is divided into the following four categories:
 - Advanced/next-generation firewalls.
 - Endpoint protection.
 - Identity protection and authentication.
 - Monitoring, detection, and response.

A footnote authorizes the Bureau to make determinations as to specific services or equipment that have “substantially similar features or [are] their equivalents.”

Products and services deemed ineligible include:

- Any services, equipment, and associated costs that are already eligible through the E-rate program.
 - Equipment that is not “network-based” (including “both cloud and server-based solutions”).
 - Staff salaries and labor costs.
 - Consulting services not related to the installation or configuration of eligible equipment.
 - Any services or equipment on the FCC’s [“Covered List”](#) provided by companies deemed national security risks.
- **Competitive Bidding:** All products and services funded under the Pilot must be competitively bid. As with E-rate, the primary vehicle for initiating bidding will be the Pilot Form 470. As a limited exception, again similar to E-rate, Pilot participants will not be required to seek competitive bids on services and equipment purchased under master service agreements (“MSAs”) awarded pursuant to the E-rate Form 470 process as well as applicable federal, state, Tribal, or local government competitive bidding requirements. Note, however, that use of such MSAs may require mini-bids.
 - **Selection Process:** Although it is obvious that the \$200 million Pilot funding cap will limit applicant participation, it is not yet clear where in the process such limits will hit. Conceivably, entities seeking to participate could be screened after submission of the

Form 484 (Part 1), Form 484 (Part 2), Pilot Form 471, or progressively throughout that sequence. The Order states a clear emphasis on “funding low-income and tribal entities.”

Once selected applicants have submitted their Pilot Form 471 applications, there appears to be at least two possibilities.

- As discussed above, if funding requests from the initial applications are less than \$200 million, the FCC may authorize additional application windows (perhaps open to new applicants).
- Conversely, if at any time demand exceeds available funds, funding will be allocated first to applicants with the highest discount rates.

More details on the Cybersecurity Pilot are expected to become available shortly on the USAC website, in USAC news briefs, in USAC training workshops, or from the FCC directly (perhaps in the form of published FAQs).

Updates and Reminders

Upcoming Dates:

June 20	USAC’s Beginning E-Rate Services webinar (register).				
June 21	Form 486 deadline for FY 2023 Wave 44. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (typically July 1 st), whichever is later. Upcoming Form 486 deadlines are: <table><tr><td>Wave 45</td><td>06/28/2024</td></tr><tr><td>Wave 46</td><td>07/05/2024</td></tr></table> <p>The first Form 486 deadline for FY 2024, for applicants funded on or before July 1st, will be October 29th. Applicants filing before July 1st should check the early filing certification box (see our newsletter of April 29th).</p>	Wave 45	06/28/2024	Wave 46	07/05/2024
Wave 45	06/28/2024				
Wave 46	07/05/2024				
June 30	Last day to receive (or file service substitutions for) FY 2023 recurring services.				
June 30	Last day to light fiber (or request an extension) for special construction projects from FY 2023.				
June 30	Last day to receive ECF Window 3 services; all equipment must be received by this date.				
June 30	Last day for applicants to complete Funds For Learning’s important annual E-rate survey (see our newsletter of May 6th).				
August 29	Invoice deadline for ECF Window 3 applications. ² Please note that invoice deadline extension requests are unlikely to be approved.				

² The government funding bill passed in March 2024 rescinds \$1.768 billion from the ECF program. As a result, the FCC and USAC are now prevented from: processing post-commitment requests to change service providers or invoicing methods; approving a commitment if an appeal or waiver is granted; or making upward commitment adjustments to resolve errors (see [USAC’s ECF Newsletter for June](#)).

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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