



- Funding Status
  - E-Rate for FY 2024
- Supreme Court To Hear USF Constitutionality Case
- FCC Financial Report for FY 2024
- Updates and Reminders
  - Upcoming Dates

## Funding Status

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

Wave 31 for FY 2024 was released on Thursday, November 21<sup>st</sup>, for \$14.4 million including \$52 thousand for one North Carolina applicant. Total funding is now \$2.40 billion including \$67.3 million for North Carolina. Currently, USAC has funded 96.7% of the originally submitted applications, representing 81.6% of the dollars requested.

## Supreme Court To Hear USF Constitutionality Case

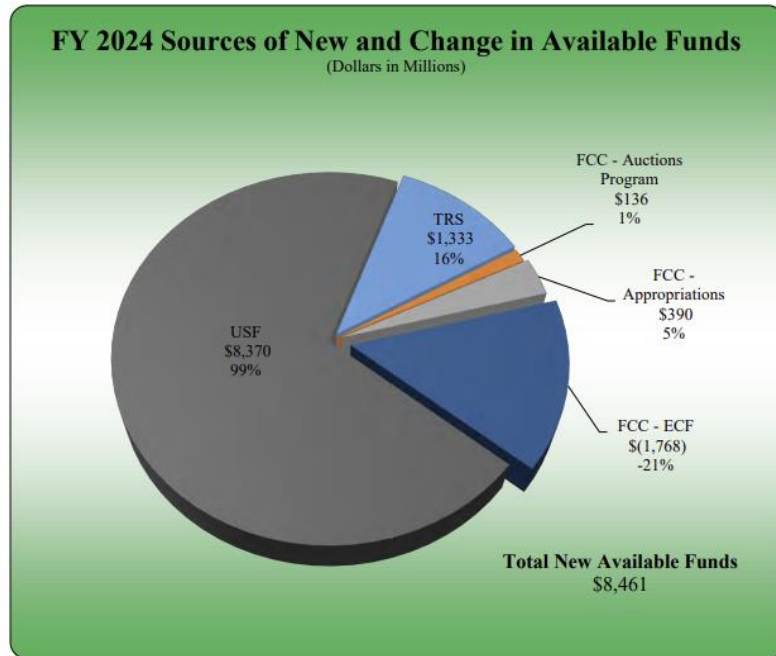
On Friday, the Supreme Court [granted](#) and combined two certiorari petitions filed by the [FCC](#) and the [Schools, Health, and Libraries Broadband \(“SHLB”\) Coalition](#). The Court agreed to review a decision by the 5<sup>th</sup> Circuit Court of Appeals that held that the Universal Service Fund (“USF”) was unconstitutional. As discussed in our [newsletter of July 29<sup>th</sup>](#), this decision was at odds with earlier decisions by 6<sup>th</sup> and 11<sup>th</sup> Circuit Courts of Appeal. The split between the Courts of Appeal on this issue formed the basis of the Supreme Court’s decision to hear the case. We expect that this hearing will take place in the Spring of 2025 with a decision as early as June or July.

USF funding is critical to the E-Rate and the other USF programs. Indeed, as indicated in the article below, USF funding represents the majority of the FCC’s annual budget. Replacing USF funding in the unlikely (in our view) event that USF is found unconstitutional would presumably mean that funding for E-Rate and the other USF programs would revert to annual Congressional appropriations, perhaps at different levels and with less certainty.

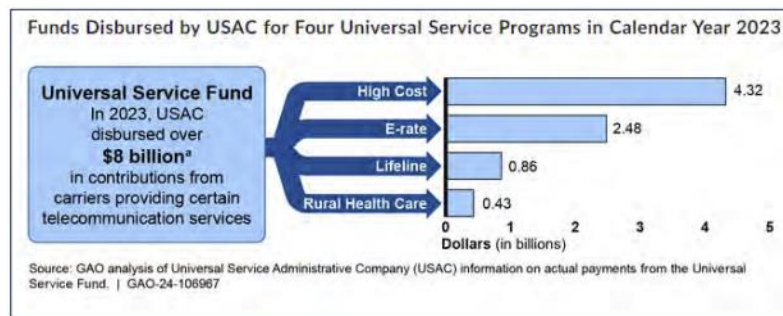
## FCC Financial Report for FY 2024

The FCC’s [Agency Financial Report](#) for fiscal year 2024, released last week, is well over a hundred pages containing a wealth of information on the FCC’s operations. For those interested primarily in E-Rate, and more broadly the Universal Service Fund (“USF”), here are two highpoints:

- Just how important USF funding is to the FCC is shown in this pie chart of FY 2024 available funds. With the demise of ECF going forward, USF’s percentage will be even larger.



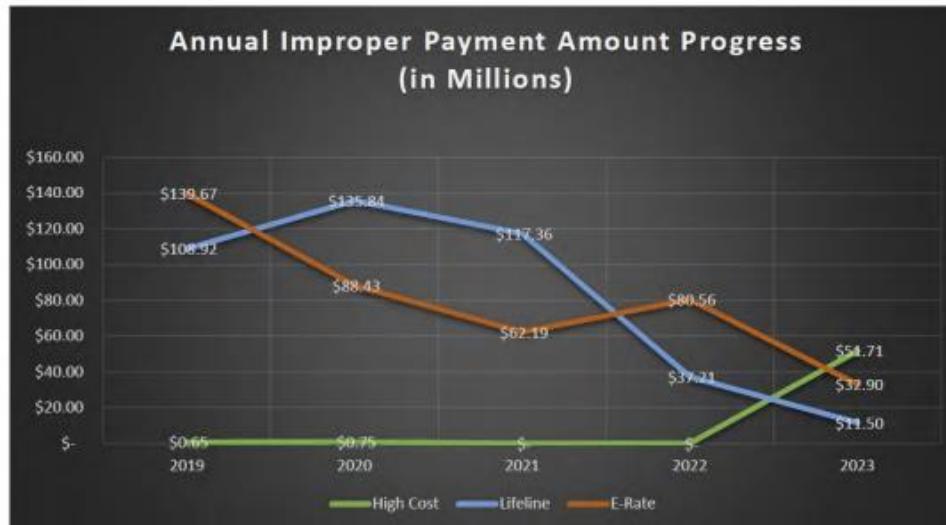
As an indication of how USF funds are distributed among the four USF programs, consider the following chart covering the preceding fiscal year:



- Based on the latest round of Payment Quality Assurance (“PQA”) audits on invoicing, improper payments for E-Rate (designated “USF S&L”) fell to 1.27%. This is important because any rate at or above 1.5% is defined as “significant improper payments.” With the rate now below 1.5%, PQA audits in E-Rate may be paused for three years.

Program	Estimated Improper Payment Rate %	Estimated Improper Payment Amount \$M	Improper Payment Reasons	Major Corrective Actions Summary
USF S&L	0.35%	\$8.55	Invoicing Error	The Schools and Libraries Program team continues to use predictive data analytics to identify potential competitive bidding violations and leverages the results to flag applications for competitive bidding reviews prior to committing funding for the applications. In addition, the Schools and Libraries Program team continues to improve its competitive bidding and invoicing training and enhance compliance with FCC rules through additional content added to its website, training, and other E-Rate program materials. The Schools and Libraries Program team also continues to expand invoicing pre-payment reviews, including collecting service certifications confirming that internal connections are installed and operating by the required deadlines.
	0.00%	\$0.02	Goods/Services Received by Ineligible Non-Traditional Entities	
	0.09%	\$2.14	Incomplete Documentation	
	0.43%	\$10.60	Competitive Bidding/Invalid Contract	
	0.39%	\$9.59	Internal Connections/Not Installed	
	0.01%	\$0.20	Service Provider (SP) Lowest Corresponding Price (LCP) Confirmation/No Certification BEAR	
<b>TOTAL</b>	<b>1.27%</b>	<b>\$31.11</b>		

The report also describes steps that USAC and the FCC have taken to prevent and reduce improper E-Rate payments. They include the use of “predictive data analytics to identify potential competitive bidding violations and flag applications for additional reviews prior to committing funding for the applications.” (For more detail, see pp. 102-103.) As is clear from the trend of improper E-Rate payments over the previous four years, these efforts are paying off (see E-Rate trendline in orange).



## Updates and Reminders

### Upcoming Dates:

- November 29    FY 2024 Form 486 deadline for Wave 15. More generally, the Form 486 deadline is 120 days from the FCDL date, or the service start date (typically July 1<sup>st</sup>), whichever is later. The next Form 486 deadlines for FY 2024 are:
- |         |            |
|---------|------------|
| Wave 16 | 12/06/2024 |
| Wave 17 | 12/13/2024 |
| Wave 18 | 12/20/2024 |
| Wave 19 | 12/30/2024 |
- December 9    FY 2023 Form 486 deadline for Wave 61. Upcoming Form 486 deadlines for FY 2023 are:
- |         |            |
|---------|------------|
| Wave 62 | 12/19/2024 |
| Wave 63 | 01/02/2025 |
| Wave 64 | 01/30/2025 |
- January 20    President Trump’s inauguration will mark a change in control of the Federal Communication Commission (“FCC”). The current Chairwoman, Jessica Rosenworcel, has [announced](#) plans to step down that day. President-elect Trump has already announced that current Commissioner Brendan Carr will become the new FCC Chairman (see our [newsletter of November 11](#)). Until a fifth Commissioner has been nominated, and confirmed to replace Jessica Rosenworcel, the FCC leadership will be politically balanced with two Republican and two Democratic Commissioners.

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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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