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Funding Status

E-Rate for FY 2024:

Wave 34 for FY 2024 was released on Thursday, December 12th, for \$9.2 million, none for North Carolina. Total funding is now \$2.47 billion including \$73.6 million for North Carolina. Currently, USAC has funded 97.2% of the originally submitted applications, representing 83.9% of the dollars requested.

Updates and Reminders

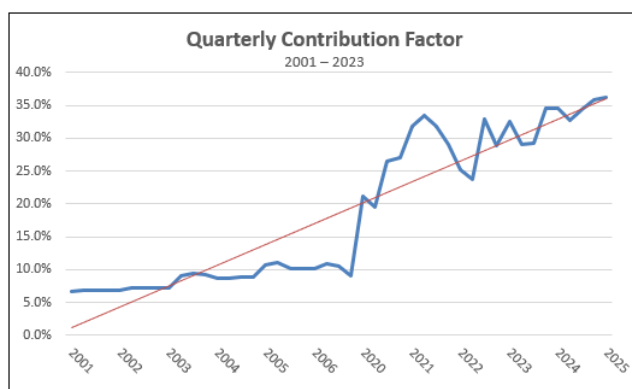
Upcoming Dates:

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|-------------|---|---------|------------|---------|------------|---------|------------|
| December 19 | FY 2023 Form 486 deadline for Wave 62. The Form 486 deadline is 120 days after the FCDL date, or the service start date (typically July 1 st), whichever is later. The next Form 486 deadlines for FY 2023 are: <table><tr><td>Wave 63</td><td>01/02/2025</td></tr><tr><td>Wave 64</td><td>01/30/2025</td></tr></table> | Wave 63 | 01/02/2025 | Wave 64 | 01/30/2025 | | |
| Wave 63 | 01/02/2025 | | | | | | |
| Wave 64 | 01/30/2025 | | | | | | |
| December 20 | FY 2024 Form 486 deadline for Wave 18. Upcoming Form 486 deadlines for FY 2024 are: <table><tr><td>Wave 19</td><td>12/30/2024</td></tr><tr><td>Wave 20</td><td>01/03/2025</td></tr><tr><td>Wave 21</td><td>01/10/2025</td></tr></table> | Wave 19 | 12/30/2024 | Wave 20 | 01/03/2025 | Wave 21 | 01/10/2025 |
| Wave 19 | 12/30/2024 | | | | | | |
| Wave 20 | 01/03/2025 | | | | | | |
| Wave 21 | 01/10/2025 | | | | | | |
| 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). | | | | | | |

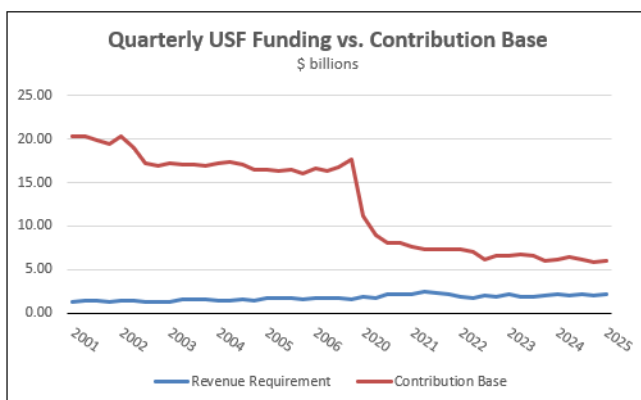
USF Quarterly Contribution Factor Hits a New High — Again:

The FCC announced ([DA 24-1245](#)) that the Proposed First Quarter 2025 Universal Service Contribution Factor will be 36.3%. For the second quarter in a row, this is a new high. Again we say, “This cannot go on,” but it does.

With the constitutionality of the Universal Service Fund (“USF”) under review by the Supreme Court (see our [newsletter of November 25](#)), and with funding changes being discussed by some members of a Republican-dominated Congress, this is a precipitous time to again consider needed USF reform.



As we have discussed in the past, the underlying problem continues to be, not so much that USF expenses (i.e., revenue requirements) are rising but that interstate telecommunications revenues (i.e., the contribution base) have fallen sharply over the last decade and a half.



The only real long-term solution is to expand the contribution base with internet service and/or content provider revenues. One positive sign that this might be on the horizon is that Brendan Carr, selected by President-elect Trump to be the next FCC Chairman, is on record as the author of [Chapter 28 of Project 2025](#), calling for “Big Tech” to begin contributing their fair share. In what may become a rallying call for USF funding reform, Carr characterizes the current system of relying on long distance telephone fees in a broadband internet world as “the regulatory equivalent of taxing horseshoes to pay for highways.”

USAC's Expired Category Two Notices:

Last week, USAC began sending out two-page notices to applicants with expired Category 2 funds. These notices serve as a reminder that it will be possible to use those funds to purchase additional Category 2 equipment and services in FY 2025. To do this, applicants must file Form 500s to cancel funds previously approved, but unused. This process allows applicants to return those funds to their remaining Category 2 budgets. The notices start out as follows:

Universal Service Administrative Co. E-Rate

Check Your Category Two Funding to Prepare for FY2025

December 12, 2024

Dear [REDACTED]

Our records indicate that your entity(ies) has Category Two (C2) funding available. The current C2 budget cycle runs from Funding Year (FY) 2021 to FY2025. We have included C2 budget details below for your entity as you consider your C2 funding requests for FY2025 so you can take the necessary steps to manage the C2 budget as we move into planning for FY2025:

| BEN | Applicant | Expired Pre-Discount FY2021-25 C2 Funds (\$) | Remaining FY2021-25 C2 Funds (\$) |
|------------|------------|--|-----------------------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

File the FCC Form 500 to Use Expired Funds

To use any expired funds in FY2025, an FCC Form 500 must be filed and processed by USAC for each Funding Request Number (FRN), so that the expired funds can be returned to your budget. Filing an FCC Form 500 must be completed *before* you file your FY2025 FCC Form 471 during the filing window, which typically opens in January for

The two key numbers provided in the notice are:

- (1) The pre-discount amount, as reflected in USAC's accounts, of the applicant's remaining Category 2 budget for the current five-year, 2021-2025, budget cycle. If the applicant does nothing, this is the total pre-discount amount of Category 2 funds that can be requested in FY 2025.
- (2) The pre-discount amount of any previously funded Category 2 awards that have "Expired." By "Expired," USAC means that these funds were originally approved for use in an earlier funding year, probably FY 2021-2023, but have not been used and are now beyond their associated invoice deadline(s).

The primary purpose of the notice is to alert applicants with "Expired" funds that these funds — originally approved but not used — can be repurposed for FY 2025 by filing a Form 500 to effectively "cancel" these original awards. Doing so will increase the remaining Category 2 budget total accordingly.

It is important to note that some applicants may have additional Category 2 funds that have been awarded, are not yet "Expired," but are not going to be used. These funds may also be canceled via Form 500s to be added back into the applicants' Category 2 budgets to be used in FY 2025, the final year of the current budget cycle. Later in calendar 2025, we expect the FCC to announce the parameters of the next, presumably five-year, budget cycle for FY 2026-2030.

Acceptable Use Policies for Hotspots:

Under the FCC's new rules making hotspots eligible for FY 2025 ([FCC 24-76](#)), applicants will be required to certify on their Form 486s that they have publicly posted an Acceptable Use Policy ("AUP") detailing the availability of the hotspots and the rules governing their use. Schools and libraries that already have an Acceptable Use Policy governing the use of other technology items provided to students, staff, and patrons, will probably require updates consistent with the requirements. Specifically, an updated AUP must:

- Be posted publicly, physically and/or online, to advise potential borrowers of the availability of the loanable hotspots.
- Stress that hotspots are available only to those needing broadband access and are to be used primarily for educational purposes.
- Indicate that hotspot loans are limited to one device per eligible individual or household.

Hotspot applicants without an AUP will need to create one. For additional information on hotspot AUPs, including a sample hotspot AUP designed to meet the FCC's minimum requirements, see our E-Rate Primer on [Acceptable Use Policies and Hotspots](#) on the E-Rate Central website.

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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