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## Funding Status

### *E-Rate for FY 2025:*

The Form 471 filing window for FY 2025 closed last Wednesday, March 26<sup>th</sup>. Preliminary demand, as reflected in the “In Window” applications certified by the deadline, 11:59 p.m. EDT Wednesday night, showed:

	<u>No. Applications</u>	<u>Funding Requested</u>
Nationwide	36,435	\$ 3,220 Million
Category 1	23,707	1,803 Million
Category 2	13,728	1,416 Million
North Carolina	634	\$78 Million

Total initial demand for FY 2025 is slightly down from FY 2024 and is well below the year’s \$5.06 billion funding cap set earlier this month by the FCC. This demand total is expected to increase over the next month or two as the FCC grants waivers on late-filed applications certified within two weeks of the window close, then decrease as pending requests are reduced during the PIA review process. Overall, as we have seen in previous years, we expect committed funding will be under \$3 billion.

A more interesting factor to track will be the Category 2 demand. As discussed in our [newsletter of March 10th](#), the total funding cap for FY 2025 actually has two components. The Category 1 cap for FY 2025 is \$3.79 billion, well above the initial demand level. The Category 2 cap, however, is only \$1.27 billion, currently below the \$1.42 billion demand. While it may be close, we expect final Category 2 demand to ultimately fall below this year’s cap.<sup>1</sup>

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<sup>1</sup> Should that **not** occur, there is an escape clause in the Modernization Order ([FCC 14-99, footnote #162](#)) that “does not preclude the possibility” of spending more than the Category 2 cap after Category 1 demand has been met. This option was reiterated in the Second Modernization Order ([FCC 14-189, footnote #306](#)) allowing the Wireline Competition Bureau “to direct the Administrator to use any remaining funds to provide support for category two requests.”

PIA has been reviewing applications since the application window opened in January. Formal approval of PIA's review procedures was [confirmed](#) by the FCC last week. We would expect the first wave of FY 2025 funding commitments to be issued by USAC in the last week or two of April.

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

Wave 49 for FY 2024 was released on Thursday, March 27<sup>th</sup>, for \$2.64 million, none for North Carolina. Total funding is now \$2.64 billion including \$73.6 million for North Carolina. Currently, USAC has funded 98.3% of the originally submitted applications, representing 91.6% of the dollars requested.

#### *Cybersecurity Pilot Program – Application Window:*

The CBR Form 471 application window for the Cybersecurity Pilot Program opened on March 18<sup>th</sup> and will close on September 15<sup>th</sup>, 2025. Total pilot funding is capped at \$200 million for 707 applicants. Initial commitments include \$10.1 million for seventeen North Carolina applicants.

### **Supreme Court Hearing on USF Constitutionality**

The U.S. Supreme Court held an almost three-hour hearing last week — coincidentally on the same day the FY 2025 E-Rate application window closed — to discuss the constitutionality of the Universal Service Fund (“USF”). The outcome of the Supreme Court’s decision, not expected until June or later this summer, will be important to E-Rate, one of the four FCC programs supported by the USF. The case reached the Supreme Court as the result of differing opinions issued by three separate U.S. appeals courts. Consumers’ Research, a litigious public interest group, argued that the USF fee mechanism is effectively a tax improperly delegated to the FCC that, in turn, has improperly delegated control of USF to USAC, a private company. Consumers’ Research argues that USF violates the long-dormant “nondelegation principle” under which the U.S. Congress has improperly delegated its taxing power to other entities.

Speaking in favor of USF before the Court was the acting U.S. Solicitor General, representing the Administration and an experienced attorney arguing on behalf of the Schools, Health & Libraries Broadband (“SHLB”) Coalition and other broadband advocacy groups. A pre-hearing press conference, organized by SHLB, featured a series of school and library supporters, including an appearance by FCC Commissioner Anna Gomez (speaking below), all stressing the importance of USF.



Our sense from the hearing itself ([transcript](#)) is that the majority of the Justices will be reluctant to overturn USF recognizing:

- The long-standing success of the program in addressing affordable telecommunications services for all Americans, an original goal tracing back to the Communications Act of 1934.
- Despite a call from Consumers' Research for a Congress-imposed cap, actual USF expenses have grown little over its long history.
- Overturning the “nondelegation principle” would impact many other federal programs.

## Updates and Reminders

### *Upcoming Dates:*

April 3	USAC Program Integrity Assurance and the Selective Review Process webinar: 2:00-3:00 PM EST   <a href="#">Register</a> .
April 4	FY 2024 Form 486 deadline for Wave 33. The Form 486 deadline is 120 days after 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 34 04/11/2025 Wave 35 04/18/2025
April 11	Comments due on the FCC's “Delete, Delete, Delete” Initiative ( <a href="#">DA 25-219</a> ). See our <a href="#">newsletter of March 17th</a> .
April 28	Reply comments due on the FCC's “Delete, Delete, Delete” Initiative.
May 28	Extended invoice deadline for FY 2023 non-recurring service FRNs with approved extensions beyond the original January 28, 2025, deadline.
July 1	Withdrawal deadline for Cybersecurity Pilot participants opting not to continue in the Program.
September 15	Close of the Cybersecurity Pilot Form 471 application window and deadline for filing the Form 484 Part 2.

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*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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