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Funding Status

E-Rate for FY 2025

Wave 10 of funding commitment decision letters for FY 2025 was released on Thursday, June 26th, for \$46.1 million, including \$1.82 million for twenty-one North Carolina applicants. Total funding is now \$1.38 billion, including \$32.4 million for North Carolina. Currently, USAC has funded 71.4% of submitted applications, representing 42.7% of the dollars requested.¹

E-Rate for FY 2024:

USAC did not issue a new funding wave for FY 2024 last week. Total funding remains at \$2.70 billion, including \$73.6 million for North Carolina. Currently, USAC has funded 98.5% of submitted applications, representing 94.3% of the dollars requested. As of next week's newsletter, barring any unusual developments, we will stop reporting on FY 2024 funding.

Cybersecurity Pilot Program – Application Window:

The Form 471 application window for the Cybersecurity Pilot Program opened on March 18th and will close on September 15th, 2025. Total pilot funding is capped at \$200 million for 699 applicants, including \$10.1 million for seventeen North Carolina applicants.

Note: Tuesday, July 1st, is the deadline set by the FCC to permit Pilot participants to voluntarily withdraw from the program without incurring any liability (as yet undefined).²

¹ As of the end of June, the dollar value of FY 2025 applications approved is down over 12% from the comparable FY 2024 approvals at this time last year.

² To date, eight fully funded Cybersecurity Pilot participants have withdrawn from the Program (see our [newsletter of May 19, 2025](#)). At this point, if the FCC redirected all canceled funding to the partially funded Cyber participants, their share would increase from 78% of their maximum cap up to 92%.

Supreme Court Upholds Constitutionality of USF

A U.S. Supreme Court decision released last Friday clearly resolves concerns, previously raised by the Fifth Circuit, as to the constitutionality of the Universal Service Fund (“USF”) as the funding source for four key FCC programs including E-Rate. Although Congress and the FCC may yet debate aspects of the program — such as the eligibility of hotspots and School bus Wi-Fi — all other aspects of E-Rate are here to stay!

The general consensus, of those who listened to the hearing on the FCC v. Consumers’ Research case last March, was that the Supreme Court would rule in favor of USF (see our [newsletter of March 31st](#)). The Court’s [decision](#) last week, on a 6-3 vote, was gratifyingly strong. The majority decision, written by Justice Kagan, reads like a love letter to the Universal Service Fund.

Most specifically, the Court held: “The universal-service contribution scheme does not violate the nondelegation doctrine.”

The main constitutionality issue at stake in this case was whether Congress had inappropriately delegated too much authority to the FCC (and in turn to USAC) to implement: (a) the original Communications Act of 1934, which established the original universal service goal; or (b), the updated Telecommunications Act of 1996, which expanded the definition of universal service to include E-Rate and other services.

On this topic, Justice Kagan wrote: “We hold that no impermissible transfer of authority has occurred. Under our nondelegation precedents, Congress sufficiently guided and constrained the discretion that it lodged with the FCC to implement the universal-service contribution scheme. And the FCC, in its turn, has retained all decision-making authority within that sphere, relying on the Administrative Company [i.e., USAC] only for non-binding advice. Nothing in those arrangements, either separately or together, violates the Constitution.”

One point of disagreement between the two sides of the underlying argument was whether USF contribution charges are fees or taxes. Consumers’ Research, the Fifth Circuit, and the dissenting Justices, led by Justice Gorsuch, argued that USF charges are taxes, not fees, and, as such, are subject to higher non-delegation standards under Congress’ taxing power. The majority rejected this position. Even if taxes vs. fees were an important distinction in this case, the majority suggests that contribution factors are more appropriately considered fees, defined as charges providing benefits to the payees as well.³

The next-to-last paragraph of the majority opinion serves as a real tribute to the Universal Service Fund and the job that the FCC and USAC have done in administering USF for many years. It reads:

³ A footnote, in the majority opinion states: “Carriers, the dissent first says, ‘do not gain any special benefit’ from the contributions they make. But as just noted, that would be news to the carriers: Although they pay the bill, they are lined up here to defend universal service, because (in their lawyer’s words) they ‘benefit quite considerably’ from the program.”

When Congress amended the Communications Act in 1996, it provided the Commission with clear guidance on how to promote universal service using carrier contributions. Congress laid out the “general policy” to be achieved, the “principle[s]” and standards the FCC must use in pursuing that policy, and the “boundaries” the FCC may not cross...Our precedents do not require more. Nor do they prevent the Commission, in carrying out Congress’s policy, from obtaining the Administrator’s assistance in projecting revenues and expenses, so that carriers pay the needed amount. For nearly three decades, the work of Congress and the Commission in establishing universal service programs has led to a more fully connected country. And it has done so while leaving fully intact the separation of powers integral to our Constitution.

With this clear guidance from the Supreme Court, on the constitutionality of the Universal Service Fund, the next step we hope for is bipartisan action from Congress, already underway, to reform the underlying financial pinning of the USF. Last Friday’s initial statements from both the House and the Senate are encouraging:

- Ben Ray Lujan (D, NM) and Deb Fischer (R, NE) of the Senate’s USF Working Group stated: “We’re encouraged by the Supreme Court’s ruling on the Universal Service Fund, and we look forward to working together to focus on long-term solutions for the USF, evaluate broadband programs, and help connect unserved and underserved communities across America.”
- Brett Guthrie (R, KY) and Richard Hudson (R, NC) of the House Energy and Commerce Subcommittee, stated: “The Committee on Energy and Commerce can now turn its attention to reforming the USF so it can continue to provide every American with access to the connectivity they need to participate in the 21st century economy.”

Updates and Reminders

Upcoming Dates:

June 30	Deadline to light fiber (or request a service delivery deadline extension) for FY 2024 special construction projects.								
June 30	Last day to receive (or file service substitutions for) FY 2024 recurring services.								
July 1	Withdrawal deadline for Cybersecurity Pilot participants opting not to continue in the Program.								
July 7	FY 2024 Form 486 deadline for Wave 46. 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 2024 are: <table><tr><td>Wave 47</td><td>07/11/2025</td></tr><tr><td>Wave 48</td><td>07/18/2025</td></tr><tr><td>Wave 49</td><td>07/25/2025</td></tr><tr><td>Wave 50</td><td>08/01/2025</td></tr></table>	Wave 47	07/11/2025	Wave 48	07/18/2025	Wave 49	07/25/2025	Wave 50	08/01/2025
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August 18	Last day to certify a CBR Form 470 to meet the minimum 28-day posting period before filing the CBR Form 471.								

- September 5 Final day of the PIA summer deferral period (which began May 23rd).
- September 9 USAC in-person training in Denver, CO.
- September 15 Close of the Cybersecurity Pilot Form 471 application window and deadline for filing the Form 484 Part 2.
- September 16 USAC in-person training in Washington, DC.

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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