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Funding Status

E-Rate for FY 2025:

USAC issued Wave 34 for FY 2025 on Thursday, December 18th, for \$50.1 million, including \$16 thousand for one North Carolina applicant. Total funding for FY 2025 stands at \$2.50 billion, including \$53.2 million for North Carolina. Currently, USAC has funded 94.5% of submitted applications, representing 84.2% of the dollars requested.

Wave 34 also included the formal denial of 489 school bus Wi-Fi funding requests, an action that has been expected ever since the FCC retroactively made the service ineligible last summer. Hotspot funding requests for FY 2025, also now ineligible, have yet to be formally denied. The stated reason given for the bus Wi-Fi denials is, as we expected, quite legalistic reading:

DR1: The FRN is denied because product(s) and service(s) being requested are ineligible items and cannot receive funding in funding year 2025. This FRN contains the following ineligible product(s) and service(s): Wireless School Bus Services and/or Equipment. See Modernizing the E-Rate Program for Schools and Libraries, WC Docket No. 13-184, Declaratory Ruling, FCC 25-63 (Sept. 30, 2025); Wireline Competition Bureau Releases Amended Funding Year 2025 Eligible Services List for the E-Rate Program, WC Docket No. 13-184, Public Notice, DA 25-920 (WCB Sept. 30, 2025).

Cybersecurity Pilot Program — Wave 1:

On December 17th, USAC issued the first wave of funding for the Cybersecurity Pilot Program totaling \$46.9 million for 140 applicants, all approved as submitted. Wave 1 funding included \$1.78 million for three North Carolina applicants.

With the issuance of Wave 1, USAC has now added a Cyber Form 471 file to its Open Data platform (see [Cybersecurity Catalog](#)), providing a wide range of data on all funded and pending applications.

This dataset contains data from the Cybersecurity Pilot FCC Form 471, including participant details, services or equipment requested and their respective costs, application statuses, funding commitmen...

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Applications, which have been funded, show a Service Delivery Deadline of December 18, 2028 — three years (and two days, if that’s correct) from the FCDL date. Funded applicants, seeking 36 months of recurring Cyber services, need to move quickly to initiate service. In preparation for service initiation, we recommend that applicants review [USAC’s Cybersecurity Pilot Program Newsletter dated December 2, 2025](#), which includes a section on the Pilot Form 488 (Post-Commitment Change Request Form) that can be used to revise certain application parameters including:

- Changing the invoice method.
- Changing service start and/or end dates.
- Cancelling Funding Request Number (FRN) line items.
- Modifying commitment amounts for FRN line items.
- Initiating a site and/or service substitution.

FCC Releases Eligible Services List for FY 2026

Barely in time for the opening of the FY 2026 application window, and well after many applicants have already begun or even completed their competitive bidding processes, the FCC released the final version of the [Eligible Services List for FY 2026](#). Fortunately, the FCC’s updates to the Eligible Services List (“ESL”) largely simplify certain maintenance issues — for BMIC and MIBS — that have long been a source of applicant confusion. Most importantly, although consigned to footnote 27, is an instruction to USAC to:

“...to allow applicants that make an error in funding year 2026 to modify their funding request to match their competitively-bid contract if it is discovered pre-commitment during the application review process or through the appeals process if it is discovered post-commitment before the invoice filing deadline date.”

The most significant change in the FY 2026 ESL is a simplification and re-categorization of Basic Maintenance of Internal Connections (“BMIC”). BMIC previously covered two types of maintenance.

1. Contracted remote services for bug fixes, security patches, software-based technical assistance, and configuration changes were always fully eligible, even if provided under multi-year contracts, but only on an annual basis.
2. On-site, break-fix, services could be applied for on an estimated annual basis, but could only be invoiced based on an actual time and materials basis.

As of FY 2026, only the on-site, break-fix, services will be considered BMIC. The much more common remote services can now be included as Internal Connections charges. Multi-year contracts for such services, much like multi-year right-to-use licenses, are now fully eligible in the

year the equipment is procured. Applicants with existing remote service contracts, who have previously been applying for only an allocated one year of service at a time, now have the option of continuing that practice **or** of applying for all the remaining years of the contract in FY 2026. Hats off to the FCC for making this change!

On the flip side, the FCC again rejected requests to include limited cybersecurity services — full eligibility for modern firewalls or DNS/DHCP services — in the FY 2026 ESL, noting that it “may reconsider the eligibility of these services after the conclusion of the Pilot program.” Disappointing, but historically not surprising.

Additionally, the FCC had asked in its draft ESL whether changes should be made to Managed Internal Broadband Services (“MIBS”). After receiving extensive comments on the issue, the FCC decided to make no changes in FY 2026 and to seek further comments in the future.

Updates and Reminders

Upcoming Dates:

- | | | | | | | | |
|-------------|--|---------|------------|---------|------------|---------|------------|
| December 29 | FY 2025 Form 486 deadline for applicants funded in Wave 19. More generally, 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 2025 are:
<table><tbody><tr><td>Wave 20</td><td>01/02/2026</td></tr><tr><td>Wave 21</td><td>01/09/2026</td></tr><tr><td>Wave 22</td><td>01/16/2026</td></tr></tbody></table> | Wave 20 | 01/02/2026 | Wave 21 | 01/09/2026 | Wave 22 | 01/16/2026 |
| Wave 20 | 01/02/2026 | | | | | | |
| Wave 21 | 01/09/2026 | | | | | | |
| Wave 22 | 01/16/2026 | | | | | | |
| January 1 | Happy New Year! | | | | | | |
| January 2 | The winter deferral period for PIA inquiries, which began December 19 th , will close the day after New Years’. | | | | | | |
| January 16 | In preparation for the opening of the FY 2026 application window, the EPC Administrative Window will be closed. At that point, EPC applicant profiles will be locked until after the close of the application window. | | | | | | |
| January 21 | The FY 2026 Form 471 application window opens at noon EST. The window will close at 11:59 p.m. EDT (no fooling) on April 1, 2026.

To meet the minimum 28-day posting requirement and still be able to file a Form 471 by April 1 st , a Form 470 for FY 2026 must be filed no later than March 4, 2026. Waiting to this last day to file a Form 470 is strongly discouraged. | | | | | | |
| January 22 | USAC webinar on the E-Rate pre-commitment process (register). | | | | | | |
| January 28 | Invoice deadline, and deadline to request an invoice deadline extension, for non-recurring services for FY 2024. | | | | | | |
| February 19 | USAC Q&A session on the E-Rate pre-commitment process (register). | | | | | | |

1Q26 Contribution Factor Down Slightly:

The FCC [announced](#) that the proposed contribution factor for the Universal Service Fund (“USF”) for the first calendar quarter of 2026 will be 37.6%, down only slightly from the previous quarter’s high of 38.1%. Although, as we have been discussing quarterly, the contribution factor remains untenably high, we were heartened by the U.S. Supreme Court’s ruling last June (see our [newsletter of June 30th](#)) affirming the constitutionality of USF. The underlying funding mechanism, however, needs a major overhaul. A bipartisan and bicameral Congressional Working Group is addressing the problem but a short-term fix is unlikely (see our [newsletter of September 22nd](#)).

FCC Names Seven Members to the USAC Board:

FCC Chairman Brendan Carr [named](#) seven members to USAC’s Board of Directors effective January 1st. Six appointments are for new three-year terms; one is to complete a two-year term. The 20-member Board serves to provide leadership and guidance for USAC’s administration — not policy, which is the FCC’s role — of the four USF programs.

The good news from an E-Rate perspective is that the appointments include new terms for Julie Tritt Schell and Amber Gregory. Ms. Schell, a representative for schools, and the Pennsylvania E-Rate Coordinator, is an experienced USAC Board member currently serving as the Board’s Vice Chair. Ms. Gregory, the representative for libraries, is the E-Rate Manager for the Arkansas State Library. The other school representative on the Board is Joan Wade, Executive Director of the Association of Educational Service Agencies (“AESA”), currently serving as the Board’s Treasurer with one year remaining on her three-year term.

USAC E-Rate News Brief Dated December 18th

[USAC’s E-Rate News Brief dated December 18, 2025](#), covers the following topics:

- [E-Rate Tips](#), including a brief note on the Maximus to Ernst & Young vendor transfer effective January 2nd.
- [FY 2026 Form 471 Application Filing Window Opens January 21, 2026](#).
- [E-Rate Program Updates](#), including:
 - Adoption of the FY 2026 Eligible Services List (see article above).
 - New BEAR/SPI selection option in the FY 2026 Form 471 application.
 - Reminder on the ineligibility of bus Wi-Fi and hotspots for FY 2026.
- [Customer Service Center Holiday Hours](#).
- [Winter Deferral Period Starts December 19, 2025](#).
- [FY 2024 Invoicing Reminders](#).
- [Training and Outreach](#).

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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