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Funding Status – FY 2015 and FY 2016

FY 2016:

The revised filing deadline for FY 2016 applications is 11:59 p.m. EDT on Thursday, May 26th. PIA application review for FY 2016 is underway. The first funding wave for FY 2016 should be released by the first week of June.

Libraries and consortia, whose applications depend on the completion of related school district data, have been granted an additional eight-week extension to July 21st. As a result of the latter Form 471 deadline extension, the last possible date for libraries and consortia to file Form 470s for FY 2016 is June 23rd.

The FCC announced that the inflation-adjusted E-rate funding cap for FY 2016 is \$3.939 billion, up 1% from the current year ([DA 16-505](#)). Last December, [USAC announced](#) that \$1.9 billion would be available in carry-forward funding into FY 2016. Although the FCC will have to formally carry-over these previously unused funds, this means that over \$5.8 billion in total E-rate funding should be available for FY 2016 — apparently giving both USAC and the FCC enough confidence to begin FY 2016 funding waves before the close of the library/consortium filing window.

FY 2015:

Wave 49 for FY 2015 will be released on Thursday, May 12th. Funding for FY 2015 is available for both Category 1 and Category 2 services at all discount levels. Cumulative funding for FY 2015 is \$3.26 billion.

Updates on USAC’s E-Rate Productivity Center

E-Rate Invoicing Issues as of July 1st:

Note: This article should be read in conjunction with USAC's latest News Brief discussed below.

Applicants and service providers are about to experience a change in the way E-rate discounts are invoiced and paid. The good news is that BEAR reimbursement payments will be made directly to applicants as of July 1st. Service providers will no longer have to acknowledge BEAR forms prior to their submittal to USAC, nor will reimbursement payments have to flow through the suppliers and then back to the applicants. This should mean faster reimbursements for applicants and less work for both applicants and service providers.

At least for a transitional period, however, there is a little bad news and a lot of unknowns — much of it EPC-related.

The known factor is that applicants seeking payments of BEAR reimbursements after July 1st must have already completed a Form 498 within EPC. This is needed to provide banking information to USAC for receiving direct payments. Note that the new direct payment will apply to all BEARs including those for FY 2015 (or earlier). Completing a Form 498 within EPC is not difficult, but it is a new step in the E-rate process for applicants and it does require appropriate user rights to both access and complete the Form 498.

The three key unknowns about the new direct payment BEAR process are:

1. How will the transition to the new BEAR process work? BEAR payments sought prior to July 1st will be processed as before. Most are submitted electronically, but paper forms will still be accepted. Electronically submitted BEARs, filed by applicants prior to July 1st, however, still have to be electronically approved by the service providers. As a result, we expect that USAC will shut down the applicant portion of the electronic BEAR filing process sometime in mid-June in order to give the service providers time to approve those BEARs before July 1st. BEARs not approved by service providers by July 1st may be cancelled and may need to be resubmitted under the new system.
2. How will USAC treat applicant BEARs submitted under the new direct payment mechanism if the applicants have not filed valid Form 498s? Ideally, USAC will reach out to such applicants, and defer the processing of those BEARs until the applicants can complete their Form 498s. History, however, suggests that USAC may simply deny the BEARs — a so-called “pass zero” action — and require post-Form 498 resubmittals.
3. What filing system will be used for BEARs as of July 1st? The original plan was to implement BEAR filings within EPC. That plan was called into question two weeks ago when USAC indicated that the existing EPC system — at least the frontend system used by applicants — would be replaced as of FY 2018. Rather than spend additional development dollars on an EPC BEAR module, to be used only for two years, USAC is likely to modify the existing non-EPC BEAR system by simply deactivating the service provider approval module. Regardless of which system is used, paper BEAR forms have a life expectancy of less than two months.

Applicants expecting service providers to discount their bills for FY 2016 are likely to be disappointed — at least early in the funding year. The unknowns affecting SPIs are:

1. How fast will USAC be able to issue funding commitments? The first funding waves for FY 2016 are expected to be about a month later than last year. USAC has reportedly developed new internal systems to speed application review, particularly for those applications not requiring PIA outreach. Applicants receiving PIA questions, however, will have to deal with a new and likely challenging PIA inquiry response system within EPC.
2. Even after funding is approved, many service providers will not (nor are they required to) begin discounting bills until their customers have filed the requisite Form 486s and those forms have been approved. USAC has indicated that the Form 486 will be ready for FY 2016 by the time the first funding wave is released. It is not yet clear whether this year's Form 486 will be an updated version of the existing Form 486 or a new EPC version.
3. How will service providers be able to track customer funding status? USAC notifies service providers when applications are filed referencing the providers' SPINs, when those applications are approved, and when associated Form 486s are approved. Many service providers, particularly the larger ones, have developed computerized systems to receive and process their electronic copies of these Receipt Acknowledgement Letters ("RALs"), Funding Commitment Decision Letters ("FCDLs"), and Form 486 Notification Letters. If the electronic formats change under EPC, service providers may have major problems tracking customer funding. These difficulties may adversely affect the timing of discounted billing for applicants.

This continues to be an interesting and challenging year for E-rate.

E-Rate Updates and Reminders

File Along with Me Updates:

A USAC blog, "File Along with Me," initiated in early February, provides additional information on the application process. Links to last week's postings are provided below. You can subscribe to the blog by entering your email address on the blog's [home page](#) (under the USAC logo), and confirming the resulting email.

<u>Post No.</u>	<u>Title</u>
42.	Balance of Your Category Two Budget: How To View Your C2 Budget in EPC
43.	Add a Category Two FRN Line Item: Product and Service Details

FCC Decision Watch:

The FCC issued its latest monthly set of "streamlined," precedent-based decisions in Public Notice [DA 16-472](#), including:

1. Granted:
 - a. Two requests for invoice deadline extensions filed less than 12 months late.

Note: Unlike the preceding week's denial of 123 invoice extension requests for FY 2014, these requests involved earlier funding years.

- b. Five requests for review granting the applicants additional time to respond to USAC's requests for information.
 - c. Two requests to extend service delivery deadlines due to reasons beyond the service providers' control.
 - d. Three requests for waivers of the Form 471 window for a late-filed certification or for applications submitted within 14 days of the deadline.
 - e. One request for waiver of the appeal filing deadline missed by "only a few days."
 - f. Three requests for reviews and/or waivers approving Form 471 corrections of ministerial and/or clerical errors.
2. Partially granted:
- a. One request for the reassessment of eligible and ineligible services.
3. Dismissed:
- a. Three requests, dismissed as moot, involving funding requests already approved by USAC or withdrawn.
 - b. Two requests for reviews or waivers, dismissed without prejudice, which did not meet the basic requirements of the FCC rules. Both failed to cite the associated application numbers.
 - c. Three petitions for reconsideration.
 - d. One request for review of an applicant's failure to consider price as the primary factor.
 - e. One request for review of an applicant's failure to file a Form 470 for the current year.
 - f. Two requests for review of Form 470s failing to include sufficient information to enable prospective service providers to formulate bids.
 - g. Four requests for invoice deadline extensions filed more than 12 months late.
 - h. Five requests for waivers of the Form 471 filing window.
 - i. One request for review of an applicant's failure to secure the necessary resources to effectively use the service purchased.
 - j. One request for review seeking service not covered by an applicant's competitive bidding process.
 - k. One request for review for support for recurring services delivered after the funding year.
 - l. Nine requests for reviews or waivers not filed within the 60-day appeal window.

Form 486 Deadlines for May:

The Form 486 deadline for certifying the start of service (and CIPA compliance, if applicable) is 120 days from the later of the FCDL approval date or the start of service date. The deadlines for the remainder of May (adjusted for weekends and holidays) for approved FY 2015 applications are:

Wave 32	05/13/2016
Wave 33	05/23/2016
Wave 34	05/27/2016

Schools and Libraries News Brief Dated May 6 – Overview of New Invoicing Process

The [S&L News Brief of May 6, 2016](#), discusses the major changes to the invoicing process scheduled to occur July 1st. It reviews:

- Form 498 (new for applicants)
- SPAC Form (for service providers)
- BEAR Form (for applicants)
- SPI Form (for service providers)
- Electronic Notifications (for service providers)

Many of the implications of these changes, including major unknowns, are discussed in our EPC update above.

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 the SLD, FCC, or NMPED.

Additional New Mexico specific E-rate information is available through our Web site — <http://www.e-ratecentral.com/us/stateInformation.asp?state=NM>. Note that this site provides easy access to formatted New Mexico 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.

For further information on E-rate, follow us on Twitter, Facebook, and LinkedIn.



If you have received this newsletter from a colleague and you would like to receive your own copy of the New Mexico E-Rate Exchange, send an email to subscribe@e-ratecentral.com. Please include your name, organization, telephone, and e-mail address. This email address can also be used to unsubscribe.

E-Rate Central is a nationally recognized E-rate consulting firm providing complete E-rate application and processing services for applicants including a large growing base of school districts and regional education cooperatives in New Mexico (including Albuquerque, Gallup-McKinley County, Las Cruces, Santa Fe, and others).

E-Rate Central's services can be procured through a master bid awarded by REC IX or through the New Mexico Cooperative Educational Services ("CES"). For CES contract information, search for E-Rate Central at <http://www.ces.org/ces/procurement/ VendorSearch/>.



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