

E-rate Changes and Updates: FY 2025 & Beyond



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Future of E-rate

What Changed for FY 2025

- Cybersecurity Pilot
- School Bus Wi-Fi (FY 2024)
- Hot Spot Off-Campus Lending

Looking to the Future...

- New Category 2 Budget Cycle
- E-rate Bidding Portal
- SAM.gov Integration
- E-rate Simplification
- Supreme Court Case
- USF Contribution Factor



Cybersecurity Pilot - CPP

- 1-time, \$200 million pilot program
- Intended to gather data concerning cybersecurity and advanced firewalls to better inform them whether and how E-rate should eventually cover those services/equipment
 - Applicants can request 3-years' worth of funding
- 707 applicants selected nationwide – all 90% schools or libraries
 - 54 from PA awarded \$8.8 million!

Next Steps:

- Post CPP Form 470 for equipment/services
- Complete Form 484 Part 2
- File CPP Form 471 to request funding
- Must submit annual progress report & final report

Future:

- Have not heard that this will be overturned
- Fingers crossed that FCC will expand E-rate eligibility to include cybersecurity in the next few years

School Bus Wi-Fi



Eligibility:

- Was newly eligible in E-rate for FY 2024
- Only school buses allowed (no vans)
- All Category 1, including equipment
- After-school activities permitted
- Must be bid on Form 470 and filed on separate Form 471
 - <http://e-ratepa.org/?p=35231>
- Not eligible: Non-educational trips or private events or when bus is parked

Future:

- Congressional Review Act can't be used to overturn
- But FCC can overturn the decision as soon as 3rd Republican Commissioner is confirmed by Senate
 - Both current Republican Commissioners voted no
 - Senator Cruz strongly opposes

Off-Campus Wi-Fi Hotspots



Eligibility:

- Hotspot loan program for students (grades 1+), staff and library patrons without access to the internet when off-premises
- Must be bid on Form 470 and filed on separate Form 471
- Caps: \$15/hotspot plan and \$90/hotspot device
- Applicants may request up to 45% of their 3-year, pre-discount budget in a single funding year

Future:

- Senator Ted Cruz has introduced a resolution of disapproval under the Congressional Review Act (CRA) that, if passed, would nullify the FCC's Off-Campus Hotspot Order
 - The Resolution states that the Telecommunications Act limited the FCC's USF authority to classrooms, not off-campus services
- Or, FCC can overturn the decision as soon as 3rd Republican Commissioner is confirmed by Senate
 - Both current Republican Commissioners voted no
- Recommend you apply if interested. No harm in doing so. May show high interest

E-rate Looking Glass...

- **Category 2 Budgets Reset**
 - FY 2026-2030 C2 Budget Cycle – multiplier?
 - FY 2025 is “Use It or Lose It”
- **Bidding Portal?**
 - No action on this yet
 - However, Republicans were previously supportive
- **E-rate disbursements via SAM.gov?**
 - Appears to be on hold for now
 - Get SAM.gov account/UEI number now if you don’t already have one
 - Most public schools already do
- **E-rate simplification?**
 - Had traction, but fate is now uncertain
 - Possible changes?
 - Moving some services from BMIC to IC
 - Eliminating Form 486
 - Multi-year discount validations
 - Invoice deadline relief

Supreme Court USF Case



- Over the past two years, Consumers' Research has filed suit in several appellate courts, alleging that the quarterly USF contribution announcement is unconstitutional
 - They argued that the FCC has expanded the Fund and imposes a tax on consumers that Congress did not specifically authorize.
- The appellate courts in the 5th, 6th, and 11th Circuit courts upheld the USF funding system as constitutional. But, on further review, the **5th Circuit Court *en banc* (full court)** ruled 9-7 against and made 3 findings:
 1. The USF collection is a “tax”
 2. Congress did not provide sufficient limits on the FCC’s fundraising authority in the Telecommunications Act
 3. The FCC should not have delegated its responsibilities to an outside party (USAC), whose Board members include beneficiaries of the fund. The 5th Circuit Court found that the “double delegation” of authority (from Congress to the FCC and from the FCC to USAC) violated the Constitution’s appropriations clause.

Supreme Court USF Case



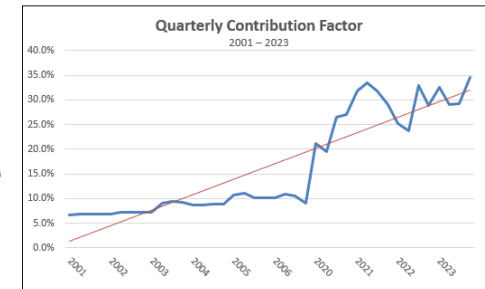
- The 5th Circuit Decision created a split amount the courts because the 6th and 11th Circuit Courts previously deemed USF *is* constitutional in nearly identical cases brought by the same petitioners last year
- Supreme Court has agreed to hear 5th circuit case
- Briefs filed in January; Oral arguments in late March/early April
- Decision expected in June 2025

- Should SCOTUS side with the 5th Circuit over the other two appellate court decisions, legal analysts believe the Court would likely give the FCC or Congress time to modify the USF mechanism to comply with their decision

- For now, the existing E-rate program remains in effect and the flow of E-rate reimbursements is not impacted

Lurking Issue: USF Contribution Factor

- E-rate one of 4 Universal Service Programs
 - Funded from assessments on interstate telecom revenues (long distance phone bills) – same method for 89 years
 - Universal Service Contribution Factor is currently **36.3%**
 - Not sustainable
- Underlying problem: interstate telecommunications revenues (i.e., the contribution base) have declined dramatically over the last decade and a half
 - More than 7 in 10 U.S. households have no landline
 - This ongoing trend concentrates the financial burden of USF on an ever-smaller group of people that have fixed line voice service
- Possible solutions?
 - Expand contribution base with internet service, content provider revenues (companies that benefit from ubiquitous broadband)
 - Fund through US budget



Questions?



Always Available!

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www.e-ratepa.org

Helpful Documents: http://e-ratepa.org/?page_id=754

Training: http://e-ratepa.org/?page_id=745