

FCC FACT SHEET*

**Promoting Fair and Open Competitive Bidding in the E-Rate Program
Schools and Libraries Universal Service Support Mechanism**

Report and Order and Order on Reconsideration – WC Docket No. 21-455, CC Docket No. 02-6

Background: The E-Rate program provides support to ensure that schools and libraries can obtain affordable, high-speed broadband services and internal connections. The Commission is committed to the responsible stewardship of E-Rate funds and protecting against waste, fraud, and abuse. If adopted, this Report and Order and Order on Reconsideration, will amend E-Rate program rules to strengthen program integrity, assist E-Rate applicants with program compliance, prevent improper payments, simplify program rules, and decrease the risk of fraud in the E-Rate program.

What the Report and Order and Order on Reconsideration Would Do:

- Create and implement a competitive bidding portal and repository for the funding year 2028 competitive bidding cycle, beginning July 1, 2027.
- Require prospective service providers to submit bids responding to applicants' requests for services (FCC Form 470) to the portal and require applicants to upload all competitive bidding documentation, including bid evaluation and vendor selection documentation, and contracts, to the portal.
- Reduce the need for applicants to respond to documentation requests from the Commission and the E-Rate program administrator.
- Simplify E-Rate procedures for applicants and service providers by refining procedures for applicants transitioning service providers; providing guidance on cost allocation rules; and clarifying competitive bidding rules.
- Streamline E-Rate procedures for applicants and service providers by eliminating the receipt of the service confirmation form (FCC Form 486) and giving applicants and service providers greater flexibility in requesting additional time to refile rejected requests for reimbursement.

* This document is being released as part of a “permit-but-disclose” proceeding. Any presentations or views on the subject expressed to the Commission or its staff, including by email, must be filed in WC Docket No. 21-455, which may be accessed via the Electronic Comment Filing System (<https://www.fcc.gov/ecfs/>). Before filing, participants should familiarize themselves with the Commission’s *ex parte* rules, including the general prohibition on presentations (written and oral) on matters listed on the Sunshine Agenda, which is typically released a week prior to the Commission’s meeting. See 47 CFR § 1.1200 *et seq.*

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Promoting Fair and Open Competitive Bidding in the E-Rate Program)	WC Docket No. 21-455
)	
Schools and Libraries Universal Service Support Mechanism)	CC Docket No. 02-6
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REPORT AND ORDER AND ORDER ON RECONSIDERATION*

Adopted: []

Released: []

By the Commission:

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* This document has been circulated for tentative consideration by the Commission at its April 30, 2026 open meeting. The issues referenced in this document and the Commission’s ultimate resolutions of those issues remain under consideration and subject to change. This document does not constitute any official action by the Commission. However, the Chairman has determined that, in the interest of promoting the public’s ability to understand the nature and scope of issues under consideration, the public interest would be served by making this document publicly available. The Commission’s *ex parte* rules apply and presentations are subject to “permit-but-disclose” *ex parte* rules. *See, e.g.*, 47 CFR §§ 1.1206, 1.1200(a). Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules, including the general prohibition on presentations (written and oral) on matters listed on the Sunshine Agenda, which is typically released a week prior to the Commission’s meeting. *See* 47 CFR §§ 1.1200(a), 1.1203.

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I. INTRODUCTION

1. The Federal Communications Commission (Commission) is committed to strengthening the integrity of the E-Rate program—formally known as the schools and libraries universal service support mechanism—and protecting limited E-Rate funds against waste, fraud, and abuse. Today, we take action to reinforce the safeguards and integrity of the E-Rate program by establishing a competitive bidding portal and document repository to strengthen the E-Rate program’s competitive bidding rules as well as other actions to simplify and streamline program processes and procedures for E-Rate participants.

2. Beginning in funding year (FY) 2028, service providers will be required to respond to applicants’ FCC Form 470 requests for services by submitting their bids into a Universal Service Administrative Company (USAC)-managed bidding portal, and applicants will be required to upload all bid evaluation and vendor selection documents, including contracts, to the portal after they select their service providers.¹ The E-Rate program’s competitive bidding requirements reflect the Commission’s determination that competition is the most efficient and effective means to ensure that applicants can receive and select the most cost-effective service offerings. The Commission has long held that a fair and open competitive bidding process is a cornerstone of and fundamental to the integrity of the E-Rate program.² In addition, we adopt changes to streamline and simplify the E-Rate program while maintaining the integrity of the program and grant an Order on Reconsideration. Today’s actions will provide greater transparency into the applicants’ competitive bidding and bid evaluation and selection processes, and protect the program against waste, fraud, and abuse.

II. BACKGROUND

A. Program Background and Current E-Rate Process

3. The E-Rate program was authorized by Congress in 1996, and established by the Commission in 1997, as a universal service support mechanism to ensure the availability and delivery of affordable advanced telecommunications and information services to and within eligible schools and libraries.³ Eligible schools, libraries, and consortia of eligible schools and libraries apply for E-Rate support annually during the application filing window that is open between mid-January and mid-March,

¹ USAC is the administrator of the universal service fund (USF) and the USF programs, including E-Rate. Applicants will be able to start their competitive bidding for FY 2028 on or around July 1, 2027.

² See *Federal-State Board on Universal Service*, CC Docket 96-45, Report and Order, 12 FCC Rcd 8776, 9076-80, paras. 570-80 (1997) (*Universal Service First Report and Order*) (subsequent history omitted) (requiring applicants to conduct a fair and open competitive bidding process when seeking support for eligible products and services); *Federal-State Joint Board on Universal Service*, CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72, Fourth Order on Reconsideration, Report and Order, 13 FCC Rcd 5318, 5425-26, para. 185 (1997) (*Fourth Order on Reconsideration*) (stating that competitive bidding is a key component of the Commission’s effort to ensure that universal service funds support services that satisfy the precise needs of an institution, and that the services are provided at the lowest possible rates).

³ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (codified at 47 U.S.C. § 151 *et seq.*).

prior to the start of the upcoming funding year, which runs from July 1 through June 30.⁴ The E-Rate program is administered by USAC under the direction and oversight of the Commission.⁵

4. Under the E-Rate program, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible services and/or equipment (collectively, eligible services).⁶ To obtain E-Rate support, an applicant must first conduct a competitive bidding process and comply with the Commission's E-Rate competitive bidding rules.⁷ Applicants begin the competitive bidding process by filing a completed FCC Form 470 with USAC.⁸ USAC, in turn, posts the FCC Form 470 on its public website for all potential competing service providers to review.⁹ The FCC Form 470 must specify and provide a description of the eligible services requested with sufficient detail to enable potential service providers to submit responsive bids to the applicant.¹⁰ Service providers may view FCC Forms 470 through public tools on USAC's website to determine whether they will submit bids. Service providers then submit bids directly to the applicant.¹¹ The Commission has not delineated specific requirements or protocols for how or in what format service providers must respond to FCC Forms 470, except that service providers and applicants must comply with E-Rate program rules and all applicable state and local procurement rules and regulations.¹² Service providers must also carefully review any

⁴ See 47 CFR § 54.507(c)-(d). Each funding year runs from July 1 through the following June 30. 47 CFR § 54.507(b). Funding year 2026, for example, runs from July 1, 2026 through June 30, 2027.

⁵ 47 CFR § 54.701.

⁶ 47 CFR §§ 54.501-54.505. Equipment offered through the E-Rate program is limited to equipment necessary for the provision of eligible services, such as routers and switches, and does not include end-user devices, such as tablets and laptops.

⁷ 47 CFR § 54.503.

⁸ The FCC Form 470 is the form used by applicants to seek competitive bids for the requested eligible services and equipment. See 47 CFR § 54.503(c)(1). After the competitive bidding process, applicants must use the FCC Form 471 to request funding for requested eligible services and equipment. See 47 CFR § 54.504(a).

⁹ 47 CFR § 54.503(b)-(c).

¹⁰ 47 CFR § 54.503(c)(1)(i)-(ii); see *Universal Service First Report and Order*, 12 FCC Rcd at 9078, para. 575 (subsequent history omitted). A failure to completely and accurately identify the services for which an applicant is seeking bids in an FCC Form 470 undermines the competitive bidding process and may result in denial of a funding request. See *Petition for Reconsideration by Chicago Public Schools, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 29 FCC Rcd 9289, 9291-9292, paras. 7-8 (WCB 2014). See also *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District*, CC Docket Nos. 96-45, 97-21, Order, 18 FCC Rcd 26407, 26419-21, paras. 27-31 (2003) (*Ysleta Order*) (clarifying how "an applicant's FCC Form 470 ... must detail specific services sought in a manner that allows bidders to understand the specific technologies that the applicant is seeking").

¹¹ On USAC's website there are tools and datasets service providers may use to review E-Rate applicants' FCC Forms 470: USAC E-Rate FCC Form 470 Download Tool at: <https://opendata.usac.org/stories/s/ejcg-sjaz> (last visited Apr. 8, 2026); USAC's FCC Form 470 Dataset on its Open Data platform at: <https://opendata.usac.org/> (last visited Apr. 8, 2026).

¹² 47 CFR § 54.503(a); see also *Universal Service First Report and Order*, 12 FCC Rcd at 9030, para. 482 ("[A]lthough we do not impose bidding requirements, neither do we exempt eligible schools or libraries from compliance with any state or local procurement rules."); see also *Schools and Libraries Universal Service Support Mechanism, A National Broadband Plan for our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Order, 25 FCC Rcd 18762, 18798-99, para. 85 (2010) (*Schools and Libraries Sixth Report and Order*) (codifying the requirement that the competitive bidding process must be fair and open).

applicant-specific requirements when responding to the requests for bids in a particular FCC Form 470 or request for proposals (RFP).¹³

5. Applicants are required to wait at least four weeks from the date on which their FCC Forms 470 are posted on USAC's website before entering into a signed contract or other legally binding agreement with a service provider and submitting an FCC Form 471 to seek funding for selected services.¹⁴ Before entering into agreements with service providers, applicants are required to carefully consider all bids submitted and must select the most cost-effective service offering, with the price of E-Rate-eligible services being the single most heavily weighted factor in the vendor selection process.¹⁵ Other relevant factors, such as prior experience and personnel qualifications, may also be considered, but price must be the primary factor.¹⁶ Moreover, the competitive bidding process must be fair and open and not have been compromised by improper conduct by the applicant, service provider, or both parties.¹⁷ All potential bidders and service providers must have access to the same information and be treated in the same manner throughout the entire procurement process.¹⁸

6. Applicants may receive E-Rate funding only for eligible and approved equipment and services, and an eligible services list is updated and published every funding year to assist applicants.¹⁹ Certain E-Rate-eligible equipment or services may have components that are ineligible or could be used for ineligible purposes and, therefore, applicants are required to allocate and remove the costs of the ineligible portions of the equipment or services from their E-Rate funding requests.²⁰ Under the cost allocation rules, if a piece of equipment or service contains ineligible components, costs must be allocated to the extent that a clear delineation can be made between the eligible and ineligible components.²¹ The cost allocation must have a tangible basis, and the price for the eligible portion must be the most cost-effective means of receiving the eligible equipment or service.²² However, if the ineligible functionality

¹³ USAC, Step 2: Responding to Bids, <https://www.usac.org/e-rate/service-providers/step-2-responding-to-bids/> (last visited Apr. 8, 2026) (stating that “[s]ervice providers must be compliant with all E-Rate Program rules and all applicable state and local procurement rules and regulations, including any competitive bidding requirements [and] should also review the FCC Form 470 and RFP for specific requirements related to the competitive bidding process and make sure to follow them”).

¹⁴ 47 CFR § 54.503(c)(4). USAC must send confirmation of the posting to the entity requesting service, which includes the date after which the requestor may sign a contract with its chosen provider(s), and that the entity must wait at least four weeks from the date on which its description of services is posted before making commitments with the selected providers of services. *Id.* USAC's website calls this the “28-Day Waiting Period” and reminds applicants that state or local procurement regulations may require a longer waiting period or impose additional requirements. *See* USAC, 28-Day Waiting Period, <https://www.usac.org/e-rate/applicant-process/competitive-bidding/28-day-waiting-period/> (last visited Apr. 8, 2026).

¹⁵ 47 CFR § 54.511(a).

¹⁶ 47 CFR §§ 54.504(a)(1)(ix), 54.511(a) (requiring price to be the primary factor considered). *See also Universal Service First Report and Order*, 12 FCC Rcd at 9029, para. 481 (providing that price must be the primary factor in selecting the winning bid); *Ysleta Order*, 18 FCC Rcd at 26429, para. 50 (requiring that when evaluating bids, the “cost category” must be given more weight than any other single factor).

¹⁷ 47 CFR § 54.503(a).

¹⁸ *See* 47 CFR § 54.503(a); *Schools and Libraries Sixth Report and Order*, 25 FCC Rcd at 18799, para. 86.

¹⁹ 47 CFR § 54.502(a), (e); *see, e.g., Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, DA 25-1069, 2025 WL 3707895 (WCB rel. Dec. 17, 2025) (*FY 2026 Eligible Services List*).

²⁰ 47 CFR § 54.504(a)(1)(v).

²¹ 47 CFR § 54.504(e)(1).

is part of the product or service without any itemized costs associated with it, then it is considered to be “ancillary.” If it is ancillary, the costs for the product’s or service’s ineligible functionality do not need to be removed from the funding request.²³ The Commission has established rules and procedures for commonly recurring cost allocations, including related to ancillary use²⁴ and non-instructional facilities.²⁵

7. After USAC reviews and approves a funding request, it issues a funding commitment decision letter (FCDL).²⁶ Under certain circumstances, applicants and service providers may request post-commitment changes to their approved funding requests (e.g., a Service Provider Identification Number (SPIN) change request to change service providers or correct a service provider’s identification number).²⁷ Once USAC processes the post-commitment request, it issues a revised funding commitment

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²² USAC, Cost Allocations for Services, <https://www.usac.org/e-rate/applicant-process/before-you-begin/eligible-services-overview/cost-allocations-for-services/> (last visited Apr. 8, 2026) (providing examples of ineligible components of otherwise eligible services, including an otherwise eligible firewall bundle that includes an ineligible spam license and intrusion prevention license).

²³ 47 CFR § 54.504(e)(2) (providing that an ineligible functionality may be considered “ancillary” if (1) a price for the ineligible component that is separate and independent from the price of the eligible components cannot be determined, and (2) the specific package remains the most cost-effective means of receiving the eligible services, without regard to the value of the ineligible functionality); *see also Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Third Report and Order and Second Further Notice of Proposed Rulemaking, 18 FCC Rcd 26912, 21927-28, paras. 36-39 (2003) (*Third Report and Order*).

²⁴ *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Report and Order and Further Notice of Proposed Rulemaking, 38 FCC Rcd 6842, 6854-55, paras. 26-27 (2023) (*2023 E-Rate Report and Order*) (adopting a presumption that if at least 90% of an applicant’s requested Internet service is being used for eligible purposes, the remaining ineligible use will be presumed ancillary).

²⁵ Non-instructional facilities (NIFs) are school buildings without instructional areas, such as administrative buildings, school bus barns, data centers and library buildings without public areas. Category two E-Rate support is generally not available for NIFs, unless the equipment is “essential for the effective transport of information to or within one or more instructional buildings of a school or non-administrative library buildings, or the Commission has found that the use of those services meets the definition of educational purpose.” *2023 E-Rate Report and Order*, 38 FCC Rcd at 6856-57, para. 29 (amending the rules regarding cost allocation for shared use by a NIF); 47 CFR § 54.502(b)(6); *see also Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order, 34 FCC Rcd at 11238-39, paras. 50-51 (2019) (*Category Two Report and Order*); *Universal Service First Report and Order*, 12 FCC Rcd at 9016-23, paras. 459-463 (making internal connections eligible); *Fourth Order on Reconsideration*, 13 FCC Rcd at 5440, paras. 208-10 (finding that non-instructional facilities are generally ineligible for internal connections); *Schools and Libraries Sixth Report and Order*, 25 FCC Rcd at 18779, paras. 31-32 (making residential dorms for schools with unique student populations eligible for category two support because they meet the definition of educational purposes). The State E-rate Coordinators’ Alliance (SECA) filed a petition for reconsideration of the *2023 E-Rate Report and Order* that is resolved below. Petition for Reconsideration and/or Clarification of SECA, CC Docket No. 02-6 et al., (filed Sept. 6, 2023) (SECA 2023 Petition for Reconsideration).

²⁶ *See* USAC, Step 4: Application Review, <https://www.usac.org/e-rate/applicant-process/application-review/> (last visited Apr. 8, 2026).

²⁷ *See Request for Review of a Decision of the Universal Service Administrator by Warren Village School, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 26 FCC Rcd 237, 237-38, para. 2 (WCB 2011). All post-commitment changes to a funding commitment must be filed with USAC before the last date to submit an invoice, and in some cases, earlier than that. *Id.* (stating that SPIN changes must be submitted before the last date to submit an invoice); *Requests for Review of Decisions of the Universal Service Administrator by Beaufort County School District, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 29 FCC Rcd 3124, 3125, para. 3 n.6 (WCB 2014) (“[A] service substitution request must be received or postmarked by the last day to receive service for that funding request number.”).

decision letter (RFCDL) with the updated information for the funding commitment.²⁸ The RFCDL must be received before applicants and service providers can submit requests for reimbursement (i.e., FCC Forms 472/474) reflecting the post-commitment changes approved by USAC. Otherwise, the requests for reimbursement will be rejected because the information on the request for reimbursement does not match the information approved in the funding commitment. An applicant may file, and USAC must grant, a request for a post-commitment service substitution of a service or product identified in the applicant's FCC Form 471 application, as long as the service or product has the same functionality, the substitution does not violate any contract provisions or state or local procurement laws, the substitution does not result in an increase in the percentage of ineligible services or functions, and the applicant certifies that the requested change is within the scope of the controlling FCC Form 470, including any associated RFPs, for the original service or equipment.²⁹ Additionally, if a service substitution results in a change in the pre-discount price, support is provided based on the lower of either the pre-discount price of the original or substituted service or equipment.³⁰

8. In addition, applicants must file FCC Form 486, which notifies USAC that services have started for the recipients of service included on an approved funding request. The FCC Form 486 is also used by applicants to certify their compliance with the Children's Internet Protection Act (CIPA) requirements for the funding requests.³¹ The FCC Form 486 must be filed after USAC issues a funding commitment decision letter, but no later than 120 days after the service start date or 120 days after the funding commitment decision letter, whichever date is later.³² For consortia, members must file FCC Forms 479 with their consortium leader to notify the consortium leader of their status under CIPA.³³ Once the consortium leader receives all of its members' FCC Forms 479, the consortium leader completes and submits the FCC Form 486.³⁴ Applicants and service providers may not submit requests for reimbursement (i.e., FCC Forms 472/474) until FCC Form 486 is filed by the applicant.³⁵

9. Applicants and service providers must submit requests for reimbursement prior to the invoice filing deadline.³⁶ Before 2014, invoice filing deadlines were established by USAC's procedures, and invoice filing extension requests were governed by a USAC procedural rule that allowed applicants or service providers to request and receive a 120-day invoice extension under certain conditions.³⁷ USAC routinely granted invoice filing extension requests that met its criteria, including requests made up to a

²⁸ See USAC, Schools and Libraries Program News Brief: RFCDL Reminders (Jan. 19, 2018), <https://www.usac.org/slnewsbriefs/2018/News-Brief-2018-01-19.pdf> (listing post-commitment changes and events for which RFCDLs will be issued).

²⁹ 47 CFR § 54.504(d)(1).

³⁰ *Id.* § 54.504(d)(2).

³¹ See Schools and Libraries Universal Service, Receipt of Service Confirmation and Children's Internet Protection Act Certification Form, OMB 3060-0853 (FCC Form 486).

³² USAC, FCC Form 486 Filing, <https://www.usac.org/e-rate/applicant-process/starting-services/fcc-form-486-filing/> (last visited Apr. 8, 2026).

³³ USAC, FCC Form 479 Filing, <https://www.usac.org/e-rate/applicant-process/before-you-begin/consortia/fcc-form-479-filing/> (last visited Apr. 8, 2026).

³⁴ *Id.*

³⁵ USAC, Step 6: Invoicing, <https://www.usac.org/e-rate/applicant-process/invoicing/> (last visited Apr. 8, 2026).

³⁶ 47 CFR § 54.514.

³⁷ See, e.g., *Third Report and Order*, 18 FCC Rcd at 26950, para. 93.

year after the original invoice filing deadline.³⁸ In the *First 2014 E-Rate Order*, the Commission codified the invoice filing deadline established by USAC's procedures³⁹ and adopted a strict standard for granting extensions of the applicable invoice filing deadline.⁴⁰ Specifically, the Commission's rules now allow USAC to grant a single 120-day extension of an invoicing filing deadline if the applicant or service provider submits the request on or before the applicable invoicing filing deadline.⁴¹ In the interest of efficient program administration, however, the Commission prohibited USAC from granting any additional or late-filed invoice filing deadline extension requests.⁴² As a result, if applicants and service providers require more time than the single 120-day extension to complete the invoicing process, they may only obtain it by seeking a waiver of the invoice filing deadline rule from the Commission.⁴³ To ensure the efficient administration and the timely submission of requests for reimbursement, the Commission explained that "it is generally not in the public interest to waive [the] invoicing rules,"⁴⁴ and the Wireline Competition Bureau (Bureau) should grant waivers of the invoice filing deadline rules only under "extraordinary circumstances."⁴⁵

B. Procedural Background

10. In its 2017 Semiannual Report to Congress, the Commission's Office of Inspector General (OIG) noted that the Commission's "ability to deter and detect fraud, waste, and abuse during the competitive bidding process has been severely limited by the lack of upfront collection of competitive bids."⁴⁶ To address this problem, OIG recommended that "USAC create an online competitive bid repository within [the E-Rate Productivity Center] (EPC) where service providers are required to upload all bids instead of directly submitting bids to applicants."⁴⁷ Additionally, OIG recommended that the submitted bids be released to applicants upon the closing of the 28-day window.⁴⁸ OIG has continued to reiterate its recommendation for the creation of an online repository for the E-Rate program bidding documents.⁴⁹

³⁸ See *Requests for Waiver of Decisions of the Universal Service Administrator by Ada School District, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 31 FCC Rcd 3834, 3835, para. 3 (WCB 2016).

³⁹ See *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870, 8965-66, paras. 238-39 (2014) (*First 2014 E-Rate Order*) (requiring applicants and service providers to submit invoicing forms for reimbursement to the Administrator no later than 120 days after the last day to receive service or 120 days after the date of the FCC Form 486 Notification Letter, whichever is later); 47 CFR § 54.514(a).

⁴⁰ See *First 2014 E-Rate Order*, 29 FCC Rcd at 8965-66, paras. 238-40; 47 CFR § 54.514(b).

⁴¹ 47 CFR § 54.514(b).

⁴² *First 2014 E-Rate Order*, 30 FCC Rcd at 8966, para. 240.

⁴³ *Id.*

⁴⁴ The Commission has concluded that the invoice filing deadline rules are necessary to ensure the efficient operation of the program, provide certainty for program participants, and allow USAC and the Commission to identify unused E-Rate funds that may be carried forward to future funding years. *Id.* at 8965-66, paras. 238-39.

⁴⁵ *Id.* at 8966, para. 240.

⁴⁶ See FCC, Office of Inspector General, Semiannual Report to Congress, October 1, 2016-March 31, 2017, at 13-15, https://transition.fcc.gov/oig/FCC_OIG_SAR_03312017.pdf (2017 FCC OIG Report).

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ See, e.g., FCC, Office of Inspector General, Semiannual Report to Congress, April 1, 2025-September 30, 2025, at 39,

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11. In September 2020, the United States Government Accountability Office (GAO) released a report on its review of fraud risk management in the E-Rate program, which addressed, among other things, what the GAO considers to be the E-Rate program's key fraud risks.⁵⁰ The report highlighted as key fraud risks for the E-Rate program the program's reliance on self-certifications and opportunities for E-Rate applicants and/or their consultants to misrepresent compliance with competitive bidding requirements.⁵¹ Specifically, the GAO reported that, because of a lack of direct access to the bidding information, E-Rate participants, in their self-certification statements, could misrepresent facts concerning their circumventing or violating competitive-bidding rules or processes, and that this could occur without the Commission's or USAC's knowledge.⁵² Noting OIG's recommendation for a bidding repository, the GAO concurred that a portal "could strengthen program controls by allowing USAC direct access to obtain and monitor bidding information submitted by bidders without having to request such information from the applicants or service providers."⁵³

12. In response, the Commission released the *Promoting Competitive Bidding NPRM* in 2021, seeking comment on its proposal to implement a centralized documentation repository (i.e., "bidding portal") through which service providers would be required to submit bids to USAC, instead of directly to applicants.⁵⁴ The Commission also sought comment on requiring USAC to temporarily withhold submitted bids from applicants for a specific period of time.⁵⁵ Additionally, the Commission sought comment on whether to require applicants to submit competitive bidding documentation with their FCC Form 471 applications.⁵⁶ Finally, the Commission sought comment on the potential benefits and burdens that adoption and implementation of such requirements would have on E-Rate program participants and the public, as well as any required rule modifications needed to effectuate these changes.⁵⁷ Forty-one parties filed comments in response to the *Promoting Competitive Bidding NPRM*, and thirteen filed reply comments.⁵⁸ As part of this proceeding, the U.S. Department of Justice (DOJ) submitted an *ex parte* supporting the creation of a competitive bidding portal for the E-Rate program.⁵⁹

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https://www.fcc.gov/sites/default/files/FCC%20OIG%20Semiannual%20Report%20to%20Congress%20Fall%202025%20Final_508.pdf (2025 FCC OIG Report).

⁵⁰ GAO, Telecommunications: FCC Should Take Action to Better Manage Persistent Fraud Risks in the Schools and Libraries Program, GAO-20-606, at 14-26 (Sept. 16, 2020), <https://www.gao.gov/assets/d20606.pdf> (2020 GAO E-Rate Report).

⁵¹ *Id.* at 19-21, 24.

⁵² *Id.* at 19-20, 24. In its report, the GAO states "USAC does not have direct access, through a repository or otherwise, to obtain and monitor bidding information submitted by bidders without requesting such information from the applicants or service providers." *Id.* at 20.

⁵³ *Id.* at 20-21.

⁵⁴ *Promoting Fair and Open Competitive Bidding in the E-Rate Program*, WC Docket No. 21-455, Notice of Proposed Rulemaking, 36 FCC Rcd 17892, 17897, para. 12 (2021) (*Promoting Competitive Bidding NPRM*).

⁵⁵ *Id.* at 17898, paras. 15-18.

⁵⁶ *Id.* at 17902, para. 24.

⁵⁷ *Id.* at 17893, para. 3.

⁵⁸ See Appendix B.

⁵⁹ See Letter from Jonathan S. Kanter, Assistant Attorney General, Antitrust Division, DOJ, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-455 (filed Aug. 15, 2022) (US DOJ *Ex Parte*), <https://www.fcc.gov/ecfs/document/108162889120454/1>; see also FCC, Office of Inspector General, Semiannual Report to Congress, April 1, 2022-September 30, 2022, at 16-17, https://www.fcc.gov/sites/default/files/fcc_oig_sar_09302022.pdf (2022 FCC OIG Report) (providing a summary of the US DOJ *Ex Parte* in support of the bidding portal).

13. In addition to adopting measures to address fraud risks in the E-Rate program,⁶⁰ the Commission has also taken actions to simplify and streamline processes and procedures for E-Rate applicants. In a 2023 proceeding, the Commission adopted the *2023 E-Rate Report and Order* and the *2023 FNPRM* seeking comment on a number of proposals focused on simplifying and streamlining E-Rate program rules and procedures that continue to frustrate E-Rate applicants and service providers without improving program integrity.⁶¹ Thirteen parties filed comments in response to the *2023 FNPRM*, and twelve parties filed reply comments.⁶² To the extent that the *Promoting Competitive Bidding NPRM* and *2023 FNPRM* sought comment on issues we do not address today, they remain pending further consideration.

III. REPORT AND ORDER

14. In this Report and Order, we take steps to both strengthen the integrity of the E-Rate program and simplify and improve program administration. Recognizing the Commission’s recent achievements in addressing and managing fraud risks in the E-Rate program,⁶³ and mindful of the need to balance effective oversight of the program with minimizing unnecessary administrative burdens, the measures we take today are aimed at refining and improving certain aspects of the program, while tightening our oversight of the competitive bidding process. To that end, we first adopt our proposal to establish a competitive bidding portal, which will strengthen program integrity by increasing transparency and reducing reliance on self-certifications and will be effective for funding year 2028. Under the competitive bidding portal rules adopted today, we will require: (1) prospective service providers to respond to applicants’ FCC Forms 470 by submitting their bids into the USAC-managed portal; and (2) applicants to upload their bid evaluation and vendor selection documentation, including contract(s), after selecting their service provider(s). In addition, we take steps to simplify and streamline program rules and administration to improve how applicants transition services during the funding year; clarify cost allocation rules and procedures; provide competitive bidding guidance; eliminate a program form; modify the invoice filing deadline rules; and update E-Rate program definitions. Each of these issues have caused challenges for applicants in applying for and receiving funding for eligible services, and we anticipate that these changes will simplify E-Rate procedures and processes.

A. Promoting Fair and Open Competitive Bidding in the E-Rate Program

1. Competitive Bidding Portal and Repository

15. Based on the record and pursuant to our authority under section 254 of the Communications Act, we adopt the Commission’s proposal to require applicants and service providers to use a competitive bidding portal and document repository during the E-Rate procurement process. In the *Promoting Competitive Bidding NPRM*, the Commission proposed to “require prospective service providers to respond to applicant requests for services and equipment by uploading bids into a bidding

⁶⁰ See generally U.S. Government Accountability Office, *Federal Awards—Selected Programs Did Not Fully Include Identified Practices to Enhance Oversight and Fraud Prevention* at 12 (2025), <https://www.gao.gov/assets/gao-26-107444.pdf> (2025 GAO Fraud Prevention Report) (finding that the E-Rate program was only one of five federal programs to have implemented all nine of the GAO’s anti-fraud measures).

⁶¹ *Schools and Libraries Universal Service Support Mechanism, et al.*, CC Docket No. 02-6, et al., Report and Order and Further Notice of Proposed Rulemaking, 38 FCC Rcd 6842, 6861-6880, paras. 40-81. (2023) (*2023 E-Rate Report and Order* or *2023 FNPRM*); see also *Schools and Libraries Universal Service Support Mechanism; Federal-State Joint Board on Universal Service; Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 02-6, 96-45, 97-21, Notice of Proposed Rulemaking, 38 FCC Rcd 1858 (2023) (*Tribal E-Rate NPRM*).

⁶² See Appendix B.

⁶³ See 2025 GAO Fraud Prevention Report.

portal managed by USAC, rather than submitting bids directly to applicants.”⁶⁴ The Commission also sought comment on whether the competitive bidding portal should be used as a repository to store documentation associated with the FCC Form 470 requests and competitive bidding process.⁶⁵ We discuss these new requirements below.

16. Specifically, beginning with funding year 2028, we will require service providers to submit their bids in response to applicants’ FCC Forms 470 into a USAC-managed competitive bidding portal. Applicants, in turn, will be required to use the bidding portal for communications and updates during the competitive bidding process and then must upload bid evaluation and vendor selection documentation with their FCC Form 471 applications.⁶⁶ Applicants will also be required to upload contracts and award documentation, to the extent that they are not already doing so.⁶⁷ We direct USAC, under the direction and oversight of the Bureau and the Commission’s Office of the Managing Director (OMD), to develop and implement the competitive bidding portal. We also direct the Bureau, working with OMD and other Commission staff, to make changes to E-Rate forms, as needed, and to provide clarification and guidance in the case of any ambiguity that may arise during the implementation of the competitive bidding portal. Additionally, we direct USAC to enhance training and outreach materials to better assist participants with complying with the Commission’s E-Rate competitive bidding rules.⁶⁸ To promote maximum effectiveness and smooth implementation and administration of the competitive bidding portal, we delegate to Bureau staff the authority to address and resolve unforeseen administrative issues or problems, provided that doing so is not inconsistent with the decisions we reach here today.

17. *Benefits to the New Approach.* First, we find that a competitive bidding portal will help ensure a more fair and open competitive bidding process by increasing visibility and transparency into bidding information received during the E-Rate competitive bidding process. As noted in the 2020 GAO E-Rate report, a competitive bidding portal would strengthen E-Rate program controls and increase transparency by “allowing USAC direct access to obtain and monitor bidding information submitted by bidders without having to request such information.”⁶⁹ We agree and further conclude that this increased transparency will give USAC and the Commission direct and instant insight into the competitive bidding process to reduce opportunities for potential bid collusion and the submission of sham or altered bids, thereby protecting the E-Rate program from waste, fraud, and abuse.⁷⁰ We agree with several commenters that suggest the portal and the insight gained from having direct access to this competitive bidding documentation and information could lead to a more fair and open process and reduce potential

⁶⁴ *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17896.

⁶⁵ *Id.* at 17903, para 28.

⁶⁶ The bid evaluation and vendor selection documentation includes bid evaluation criteria; completed bid evaluation worksheets or matrices; explanation for any disqualified bids; a list of people who evaluated the bids (along with their title/role/relationship to the applicant); memos, board minutes, or similar documents related to the service provider selection/award; copies of notices to winners; and any correspondence with the service providers prior to and during the competitive bidding, evaluation, and award phase of the process that occurred outside of the bidding portal.

⁶⁷ Under the existing rules, applicants are required to create a contract record in EPC when completing the FCC Form 471, but are not required to upload a copy of the contract. Under the revised rules, applicants will be required to upload copies of their contracts. For multi-year contracts, applicants will only need to upload the contract for the first year of the contract. If the contract has already been uploaded into EPC, the applicant will not be required to upload the contract again. *See infra* para. 31.

⁶⁸ *See* 47 CFR § 54.503.

⁶⁹ 2020 GAO E-Rate Report at 19-21.

⁷⁰ *Id.* at 21 (finding that bidding collusion where applicants and service providers collude to violate E-Rate program rules may not be discovered due to the self-certifying nature of the program).

waste.⁷¹ Additionally, we find that the competitive bidding portal and repository would streamline program administration by providing USAC and the Commission with direct access to the competitive bidding documentation, which, in turn, would make reviews more efficient. Moreover, a competitive bidding portal and an associated repository will streamline both applicant and service provider document retention and other requirements, simplifying review in many cases, while requiring only that applicants simply upload documents they are already required to retain and produce.⁷² The document repository will reduce the recordkeeping burdens on applicants and service providers by preserving documents in the repository.⁷³ Finally, the competitive bidding portal will bolster “more robust enforcement of laws designed to protect the E-Rate program’s public procurement process” by preserving the integrity of source documents and ensuring that pre-award bid and bid selection documents remain “unaltered and available to auditors and investigators.”⁷⁴

18. We disagree with commenters that contend that such a portal or repository is unnecessary, or that it would not reduce waste, fraud, or abuse.⁷⁵ Some commenters suggest a lack of sufficient justification,⁷⁶ others suggest the current rules provide sufficient protection,⁷⁷ while still others

⁷¹ See Juniper Networks Comments at 1-2 (concluding that creating a bidding portal “would lead to a more fair, open, and competitive bidding process because it would introduce greater visibility into the proposals that the applicants have before them ... [e]ven increased awareness of the number of proposals that opportunities receive would be a step in the right direction.”); Rural Companies Comments at 6.

⁷² See, e.g., Illinois Office of Broadband Comments, WC Docket No. 21-455, at 1 (rec. Apr. 27, 2022) (Illinois Office of Broadband Portal Comments) (stating that “a document repository, such a portal could address the concerns raised in the GAO Report and FCC OIG Report, streamline program administration for USAC, increase transparency, and reduce the burden of document retention for applicants and service providers alike”).

⁷³ See 47 CFR § 54.516(b) (requiring E-Rate participants to provide documentation upon request); see also 47 CFR § 54.516(a)(1) (“Schools, libraries, and any consortium that includes schools or libraries, shall retain all documents related to the application for, receipt, and delivery of supported services for at least 10 years after the latter of the last day of the applicable funding year or the service delivery deadline for the funding request.”).

⁷⁴ US DOJ *Ex Parte* at 2-3.

⁷⁵ See, e.g., NSBA Reply at 1 (noting that “[w]e are concerned, however, that the Commission’s proposal to establish a national bidding portal may make the E-rate application process significantly more complicated without providing offsetting fraud-prevention benefits to program participants and the public”); SECA Comments, WC Docket No. 21-455, at 10 (rec. Apr. 27, 2022) (SECA Portal Comments) (asserting that “[m]andating a national bidding portal is an extraordinarily complex, expensive, and ineffective means to try to reduce bidding errors”); ALA Comments, WC Docket No. 21-455, at 3 (rec. Apr. 27, 2022) (ALA Portal Comments); Cristo Rey’s Comments at 2 (arguing that “[w]hen out of all the applicants, are prosecuted for committing fraud with One tenth of One percent of the funds, the point of diminishing returns has been found”); Consortium for School Networking and State Educational Technology Directors Association (CoSN and SETDA) Comments at 7 (asserting that “[d]etermined thieves, like these bad actors, are unlikely to be deterred by creating a national bidding portal and other new procedural requirements ... [f]urthermore, this theft from schools, while terrible, only amounted to one-tenth of one percent of total 2019 E-rate funding”); SECA Portal Comments at 3; SHLB Comments, WC Docket No. 21-455, at 6 (SHLB Portal Comments) (stating that OIG fraud cases generally involve collusion between the service provider and applicant would not be stopped by the use of a bidding portal or additional reporting requirements); WIDPI Comments, WC Docket No. 21-455, at 1 (rec. Apr. 27, 2022) (WIDPI Portal Comments); Boston Reply at 5.

⁷⁶ See, e.g., CoSN and SETDA Comments at 7 (noting that [t]he GAO report used Commission findings and estimates to highlight improper program payments but did not demonstrate systemic waste, fraud, and abuse ... “[t]he report featured only a single fraud case where seven individuals stole \$2.6 million in program funding”); SHLB Reply at 4-5 (noting that the GAO did not recommend adopting a competitive bidding portal); WTA Comments at 4 (stating that “it does not appear that there currently exists any significant, much less widespread, fraud or misrepresentation of compliance with E-Rate competitive bidding requirements”); Letter from John D. Harrington, Chief Executive Officer, Funds For Learning, LLC, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 21-455 (rec. April 1, 2022), at 1 (FFL Apr. 1, 2022 *Ex Parte*); Letter

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worry that the new requirements will be overly burdensome for E-Rate program participants.⁷⁸ As the OIG and DOJ criminal investigations into the program have shown, fraud remains a problem, and we believe that establishing a portal and associated repository will reduce opportunities for fraud.⁷⁹ As noted

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from John D. Harrington, Chief Executive Officer, Funds For Learning, LLC, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 21-455 (rec. Apr. 15, 2022), at 1 (FFL Apr. 15, 2022 *Ex Parte*) (noting that “we found no data to indicate that the E-rate competitive bidding process needs a significant overhaul”); SECA Portal Comments at 2-3; SHLB Portal Comments at 5; SECA Portal Reply, WC Docket No. 21-455, at 1 (rec. May 27, 2022) (SECA Portal Reply); Illinois Office of Broadband Portal Comments at 2; Infinity Comments at 7; Kentucky Department of Education Comments at 1; Verizon Comments at 1; Lancaster Comments at 1-2; INCOMPAS Comments, WC Docket No. 21-455, at 4 (rec. Apr. 27, 2022) (INCOMPAS Portal Comments); Randolph County Schools Comments at 10.

⁷⁷ See, e.g., CoSN and SETDA Comments at 5-6 (stating that “applicants have little or no incentive to break the program’s rules and the additional scrutiny provided by other local stakeholders and elected leaders in the system makes it harder for rare bad actors that try to defraud the program”); SECA Portal Comments at 10 (noting that “applicants already must provide basic information about their contract awards in the Contract Record, and if they do not upload a copy of the signed contract at the time of the Contract Record creation, PIA [reviewers] require [] that the document be supplied during their review. In other words, providing a signed contract is universally enforced as a requirement during PIA review in order to receive funding approval. It would be completely redundant and unnecessary for applicants to be required to upload contract documents in the proposed bidding portal.”).

⁷⁸ See, e.g., Council of the Great City Schools Comments at 2 (asserting “[c]reating additional complexity by requiring another level of compliance upfront will only slow and confuse the applicants’ and service providers’ roles in this program”); CoSN and SETDA Comments at 8 (noting that “[a]dding this new central national document repository and related rules would complicate, not simplify, the application process and add additional costs to the process”); FFL Apr. 15, 2022 *Ex Parte* at 2 (stating “we do not have confidence that the EPC system could effectively manage 84,000 proposals and 29,000 new contracts each year; and that there was no data, or even anecdotal information, to suggest that USAC can manage the bidding process more effectively than school and library procurement officials currently do”); SECA Portal Comments at 4 (arguing that “the already complex program will become extraordinarily more difficult to navigate and will create a new set of reasons for funding denials due to technical, but not intentional non-compliance”); INCOMPAS Portal Comments at 4 (stating that “our members have expressed concern that the change to a bidding portal may also introduce unnecessary inefficiencies and delays into the system”); SHLB Portal Comments at 10.

⁷⁹ See, e.g., Press Release, U.S. Attorney’s Office, School Consultant Pleads Guilty to Kickback Conspiracy Connected to Covid-Era Programs Designed to Help Schoolchildren Access the Internet (Jan. 22, 2026), <https://www.justice.gov/usao-edny/pr/school-consultant-pleads-guilty-kickback-conspiracy-connected-covid-era-programs> (stating consultant, Richard Bernstein and his companies E-Rate Consulting, LLC (CRN 16062128) and E-Rate Management Solutions Inc. (CRN 17026509) provided consulting services to schools for the ECF and E-Rate programs); Press Release, U.S. Attorney’s Office, Seven Defendants Sentenced for Defrauding Federal Program that Provided Technology Funding for Rockland County Schools (Feb. 28, 2023), <https://www.justice.gov/usao-sdny/pr/seven-defendants-sentenced-defrauding-federal-program-provided-technology-funding>; Press Release, U.S. Attorney’s Office, Kentucky Businessmen Sentenced in Decade Long Scheme to Defraud FCC (June 6, 2023), <https://www.justice.gov/usao-wdtn/pr/kentucky-businessmen-sentenced-decade-long-scheme-defraud-fcc>; Press Release, U.S. Dept. of Justice, Illinois-Based Charter School Management Company to Pay \$4.5 million to Settle Claims Relating to E-Rate Contract (Nov. 3, 2020), <https://www.justice.gov/archives/opa/pr/illinois-based-charter-school-management-company-pay-45-million-settle-claims-relating-e-rate>; Press Release, U.S. Dept. of Justice, Chief Executive Officer of Staten Island Technology Company Pleads Guilty to Wire Fraud (Sep. 14, 2020), https://www.fcc.gov/sites/default/files/doj_pr_comito_09142020.pdf; Press Release, U.S. Attorney’s Office, Dallas Charter School CEO Convicted in Kickback Scheme Sentenced to 7+ Years (Jan. 30, 2020), <https://www.justice.gov/usao-ndtx/pr/dallas-charter-school-ceo-convicted-kickback-scheme-sentenced-7-years>; Press Release, U.S. Attorney’s Office, Two Plead Guilty to Wrongdoing in Connection to Federal E-rate Schools Program (Nov. 7, 2019), <https://www.justice.gov/usao-sdoh/pr/two-plead-guilty-wrongdoing-connection-federal-e-rate-schools-program>.

by both OIG and the GAO, the Commission's ability to detect and deter fraud has historically been limited by its lack of direct access to underlying competitive bidding documentation.⁸⁰ Access to the real-time submission of competitive bidding documentation will assist in uncovering fraud, simplifying reviews, ensuring program compliance, and reducing the potential for waste, fraud, and abuse. Enhanced fraud detection will also deter program participants from violating the rules. As stewards of limited universal service funds, we have a responsibility to identify ways to prevent bad actors from participating in the E-Rate program and ensure program participants continue to comply with our rules. We find that the competitive bidding portal and repository we adopt today furthers this objective.

19. Although there will be additional document submission requirements in the funding years when competitive bidding is conducted,⁸¹ on balance, we expect that imposing these additional requirements will significantly benefit program integrity. While requiring applicants and service providers to upload documentation that they are already required to maintain and produce pursuant to section 54.516(a)-(b) of the Commission's rules, into a competitive bidding portal is a new requirement, we find that it will not impose a substantial burden on program participants.⁸² Applicants are already required to post their FCC Form 470 on USAC's website in addition to uploading the form to any state bidding portal that may also be required.⁸³ Additionally, certain E-Rate participants are already accustomed to uploading the documentation into an online portal or repository, and uploading the documentation into the USAC-managed competitive bidding portal should not be a significant burden.⁸⁴ Moreover, the document repository will assist applicants and service providers with meeting recordkeeping and production requirements because the competitive bidding documentation will be available to USAC and the Commission through the portal. We agree with the National School Board Association (NSBA) that "[m]aximizing the program's impact on school and classroom broadband connectivity rates, while ensuring that bad actors are unable to defraud the program and ratepayers must be a high priority for policymakers."⁸⁵ We also agree with commenters Juniper Networks that a bidding portal "would lead to a more fair, open, and competitive bidding process"⁸⁶ and with Infinity Communications & Consultants, Inc. that it would "reinforce the bidding process set forth in the E-Rate rules and lead to lower instances of bid protests or questions of bid efficacy."⁸⁷ In weighing the concerns about the competitive bidding portal against the benefits of limiting the risk for potential waste, fraud, or abuse, we conclude that the benefits weigh in favor of creating the competitive bidding portal and repository.

20. We reject commenters' views that state and local procurement requirements alone are sufficient to protect the integrity of the E-Rate program.⁸⁸ Our experience over the years has shown that

⁸⁰ See 2017 FCC OIG Report at 13-15; 2020 GAO E-Rate Report at 19-21.

⁸¹ SECA Portal Comments at 4 (stating that the portal will not streamline the program because there is no aspect of program simplification in the proposal).

⁸² 47 CFR § 54.516(a)-(b).

⁸³ 47 CFR § 54.503(c).

⁸⁴ See, e.g., Infinity Comments at 2 (noting that many of their clients already use these state bidding portals for their E-Rate bidding requirements); SECA Portal Comments at 15.

⁸⁵ NSBA Reply at 1.

⁸⁶ Juniper Networks Comment at 2.

⁸⁷ Infinity Comments at 2.

⁸⁸ See, e.g., CoSN and SETDA Comments at 5 (arguing that "[s]chool and other E-rate applicants take their financial, fiduciary, and ethical obligations very seriously. Applicants carefully work to abide by the federal, state, and local laws, regulations, and ethical norms applicable to their professional positions and duties."); LAUSD Comments at 1 (noting that LAUSD "has stringent procurement policies that are based on State and local procurement requirements to protect against waste, fraud, and abuse"); Lancaster Comments at 2 (stating that

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certain E-Rate applicants, including private and charter schools and private libraries, are exempt from, or otherwise not subject to, state and local procurement rules.⁸⁹ Moreover, the Commission, as steward of E-Rate funding, has both the most direct stake in ensuring that the limited program funds are protected and not misused, and it has the unique ability to tailor E-Rate program rules based on insight into how the program operates across all states and localities. While state and local procurement requirements play an important role in ensuring that E-Rate funding is protected, state and local requirements vary among jurisdictions and are not specifically designed to protect the integrity of the E-Rate program.⁹⁰ Additionally, the Commission has an independent obligation to safeguard every dollar in the Universal Service Fund, which cannot be delegated to a variety of state and local authorities to carry out through their procurement rules.

21. We find that implementing a bidding portal and repository is a prudent method to simplify program integrity reviews, streamline audits, and ensure program compliance. We observe that commenters raise concerns regarding the potential costs associated with implementing the competitive bidding portal and the impact it may have on program participation.⁹¹ For example, Arkansas State Library expresses concern that small and rural libraries do not have the staff time or expertise to devote to a more complex filing process.⁹² The Council of the Great City Schools also speculates that the bidding portal could have the “unintended effect of deterring service providers from submitting bids” resulting in

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referring to competitive bidding compliance as self-certification is inaccurate and incomplete as it ignores the detailed information requests during which they are required to provide documentation demonstrating compliance with fair and open competitive bidding); South Dakota Department of Education Comments at 5 (noting that there is no history of competitive bidding improprieties or fraud concerning their E-Rate procurements).

⁸⁹ For example, charter schools in Hawaii are exempt from the state’s main procurement code. See HI Rev Stat § 302D-25 (2024).

⁹⁰ See *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17900-01, para. 20 (observing that “state, local or other requirements . . . may dictate varying procurement timeframes and processes for different applicants in the E-Rate program” in the absence of E-Rate-specific procurement requirements). No commenter disputed this view. See SECA *Ex Parte* Letter at 2 (noting, as examples, that “the requirements for procurement in California are different than the requirements for procurement in Arizona, Texas, and Virginia”); Council of the Great City Schools Portal Comments at 2 (describing a “wide range of differing local and state procurement regulations and practices”).

⁹¹ See, e.g., CoSN and SETDA Comments at 18 (asserting that “while the intent is to protect important funding for the program, many potential applicants may not apply due to the overhead costs and associated delays under the proposal”); SECA Portal Reply at 1 (arguing that the “bidding portal will be so burdensome that it will discourage competitive bidding and participation in the E-rate program by both applicants and vendors – especially smaller entities”); ALA Portal Comments at 2-3 (arguing that bidding portal will discourage participation in the E-Rate program, especially from smaller entities); NATOA Reply at 2-3; FFL Apr. 15, 2022 *Ex Parte* at 1 (“At best, this new procurement system would be duplicative, and would likely lead to more errors and mistakes by all parties. This would place an additional burden on applicants, as well as vendors, and would likely have a chilling effect on the competitive bidding process.”); INCOMPAS Portal Comments at 5 (suggesting the portal could skew the competitive bidding field to benefit larger providers over smaller ones). *But see* Juniper Networks Comments at 2 (finding that FCC’s proposed reforms including the competitive bidding portal “would enable providers to offer better tailored solutions to applicants and ensure that applicants are given the opportunity to consider all proposals carefully”); Rural Companies Comments at 6 (suggesting that a competitive bidding portal will increase transparency in the bidding process, ensure the cost effectiveness of the proposed services and reduce waste).

⁹² Arkansas State Library Reply at 1 (“These libraries do not have either additional staff time to devote to a more complex filing process or funding to hire a consultant. If the administrative burden of the E-Rate program becomes more complex with the introduction of a bidding portal, these small libraries will be forced to take a hard look at the number of hours required to participate in the E-Rate program versus the amount of money the library can save with E-Rate discounts.”).

weakened competition and less cost savings.⁹³ Other commenters argue that requiring participants to use a federal competitive bidding portal in addition to other bidding portals would be burdensome and confusing for applicants and service providers.⁹⁴ While we acknowledge that there will be a change in the filing process, we disagree that using the competitive bidding portal will be significantly more complex than existing rules requiring the FCC Form 470 to be posted on USAC's website or that a higher level of expertise will be required. The proposal we adopt today requires applicants to upload a limited number of documents that they are already required to retain and produce under our rules and provides a centralized place for service providers to submit bids and communicate with applicants about any questions they may have. Currently, to initiate the competitive bidding process, applicants are required to complete and upload their FCC Forms 470 and documentation into EPC, for posting on USAC's website. As such, E-Rate program participants already possess the requisite skills they need to comply with these new requirements. In other words, other than adjusting how this documentation is shared with the Commission and USAC, the proposal we adopt today is not intended to change the way applicants or service providers conduct their competitive bidding processes. Consequently, we disagree with the notion that the competitive bidding portal will discourage applicants or service providers from participating in the E-Rate program. To the extent that the portal does alter the process, we expect that it leans towards a more fair, open, and transparent process, resulting in more cost-effective service proposals and a reduction of waste, fraud, and abuse.⁹⁵ Indeed, the use of a document repository should aid smaller entities in complying with recordkeeping requirements because the required documents would be uploaded and available in the portal.⁹⁶ Also, we find that many entities are already utilizing bid portals; as such, being required to upload similar documentation to a competitive bidding portal should not be burdensome because it is a familiar process.⁹⁷ We also note the potential streamlining for E-Rate entities, as commenters explained that amongst entities that already use bid portals for their E-Rate bidding requirements, they "appreciate the singular place to post, respond, and collect documents."⁹⁸ We find that the competitive bidding portal may also assist participants with complying with state or local requirements by providing a centralized place for communications and documentation regarding their competitive bidding processes.

22. We acknowledge that commenters express concerns that the proposed bidding portal could conflict with state and local laws, noting that state and local procurement requirements are

⁹³ Council of the Great City Schools Portal Comments at 1-2 (finding that the bidding portal proposal "could also have the unintended effect of deterring service providers from submitting bids and weakening the competition that results in cost savings").

⁹⁴ Council of the Great City Schools Portal Comments at 2; Illinois Office of Broadband Portal Comments at 7 ("It would be inefficient, burdensome, and unnecessary for the Commission to supplant the Illinois BidBuy portal, and others like it. These portals are often tailored to meet specific needs of individual state and local government purchasers, including the specific requirements of state and local procurement codes and open records acts, akin to the federal Freedom of Information Act."); SECA Portal Comments at 14-15 (finding that a national E-Rate bidding portal would "place an undue nationwide burden on administrations, school boards, and potentially even state legislatures, forcing them to alter their established procurement requirements or force their applicants to withdraw their participation from the E-rate program due to the inability to comply with local, state and federal procurement rules").

⁹⁵ See Rural Companies Comments at 6 (suggesting the portal will increase transparency and make the bidding process more fair, especially for small service providers).

⁹⁶ Illinois Office of Broadband Portal Comments at 1 (stating the use of a deposit repository would aid smaller entities with compliance with recordkeeping requirements because all of the documents would be uploaded to the portal).

⁹⁷ See, e.g., Infinity Comments at 2 (noting that many of their clients already use these state bidding portals for their E-Rate bidding requirements); SECA Portal Comments at 15.

⁹⁸ Infinity Comments at 2.

complex, tailored to the needs of individual states, and are likely to change over time.⁹⁹ We find that the competitive bidding portal will not conflict with state or local laws nor raise any preemption concerns because the portal will not supplant existing state and local requirements and instead must be used alongside these requirements.¹⁰⁰ For example, SECA states that “numerous E-rate applicants are required by state and local laws to receive printed, signed, and sealed bids. Some require notarized signatures to be lawful. Paper bids copies would be precluded by the portal.”¹⁰¹ Infinity Communications & Consultants, Inc. notes that some states “require wet signatures for contracts, or hard copy responses not digital.”¹⁰² Under our adopted rules, E-Rate program participants are required to comply with state and local rules; however copies of the bids, bidding documentation and any communication between applicants and service providers would also need to be uploaded into the competitive bidding portal. In addition to using the new, USAC-managed competitive bidding portal, applicants and service providers would continue to use existing state or local bidding portals where required. Specifically, applicants should include instructions regarding any additional state or local requirements in their FCC Form 470 or RFP document allowing service providers to upload their response to the FCC Form 470 in the bidding portal, and to comply with other requirements for submitting a responsive bid.¹⁰³ The bidding portal will not replace other procurement requirements under state or local procurement laws, including submitting the bid in an additional portal.

23. We reject commenters’ remaining arguments regarding potential conflicts between the bidding portal and state and local laws. Some commenters argue that the proposed bidding portal would conflict with state requirements concerning the publicizing of bid requests.¹⁰⁴ For example, Infinity notes that California Public Contract Code and Utah’s State Statute both require public advertisement for the

⁹⁹ See, e.g., FFL Apr. 15, 2022 *Ex Parte* at 1; Illinois Office of Broadband Portal Comments at 3 (“[I]t would be functionally impossible for the Commission to comprehensively assess the entire panoply of state and local procurement laws and regulations that may exist across the nation. Even if the Commission were to attempt to do so, it would be impossible for USAC to implement timely updates as these requirements evolve and change over time.”); South Dakota Department of Education Comments at 3 (requiring SD DoE to retrofit their current procedures and replacing them with a federal portal would result in preemption of statutory requirements and are counter to 47 CFR § 54.503(b), which states, “These [E-rate] competitive bid requirements apply in addition to state and local competitive bid requirements *and are not intended to preempt such state or local requirements.*”) (emphasis added); SECA Portal Reply at 2 (“Twenty-one (21) commenting parties, including agencies from nine different states, explained and provided different examples and citations as to how the bidding portal will conflict with state law.”); SHLB Portal Comments at 7 (“State and localities have their own procurement processes that have been in place for many years and with which bidders must comply. Adding a requirement to submit bids to USAC would at best duplicate these efforts with little to no benefit, and at worst would violate state and local procurement laws and regulations.”).

¹⁰⁰ See, e.g., OUSF Comments at 3 (stating that under 17 O.S. § 139.109.1(B)(2), “beneficiary may be in violation of Oklahoma law if the beneficiary is unable to provide the required documentation to the OUSF Administrator.”). However, under the new rules, applicants will not be precluded from submitting documentation associated with the competitive bidding process in their state process (e.g., to the OUSF Administrator); instead, they will also be required to submit this documentation into the E-Rate competitive bidding portal.

¹⁰¹ SECA Portal Comments at 15.

¹⁰² Infinity Comments at 4.

¹⁰³ To the extent state or local law requires minor communication outside of the competitive bidding portal, it is not a violation of the communications ban discuss below. See *infra*. paras. 24-25.

¹⁰⁴ See, e.g., Infinity Comments at 3 (“Utah’s State Statute (63G-6a-112) which states that the purchasing entity is responsible to advertise ‘On the main website for the procurement unit; or on a state website that is owned, managed by, or provided under contract with, the division for posting a public procurement notice’”); Arkansas State Library Reply at 2 (stating that “[f]or county purchases requiring formal bidding, county purchasing procedures require steps such as posting the bid in a conspicuous location in the county courthouse and publicizing the date, time, and place of the bid opening.”).

submission of bids.¹⁰⁵ We conclude that the rules we adopt today and the competitive bidding portal requirements do not conflict with rules requiring the publication of bids – applicants may post advertisements and public notices soliciting bids to the FCC Forms 470 as required by state regulations and include instructions that copies of the bids must be uploaded to the competitive bidding portal as well.¹⁰⁶ LAUSD speculates that “[r]equired bidders’ security, in the form of cash, a cashier’s check made payable to the school district, a certified check made payable to the school district, or a bidder’s bond executed by an admitted surety insurer made payable to the school district, may not be transmissible through a third-party portal.”¹⁰⁷ We find that there is no such conflict between California’s procurement laws and the federal competitive bidding portal as California’s Public Contract Code does not prevent E-Rate program participants from submitting bids to the federal bidding portal and the rules we adopt today place no restrictions on the submissions of securities. Additionally, to the extent there are state or local laws requiring bidder’s security and specific instructions for submitting the security, these laws will not preclude creation of a competitive bidding portal, as applicants and service providers may satisfy the state or local requirements regarding the bidder’s security requirements while also submitting the bids and competitive bidding documentation to the competitive bidding portal. Similarly, we disagree with SHLB that Mississippi state procurement law precludes the use of a federal competitive bidding portal.¹⁰⁸ While the statute states that it “shall not require any bidder to submit bids electronically,” service providers may choose to submit electronic bids.¹⁰⁹ We find that this is not incongruent with the competitive bidding portal and that service providers can reply to the applicant’s FCC Form 470 using the competitive bidding portal and be compliant with Mississippi state procurement requirements. To the extent that there is a true conflict between the competitive bidding portal and state or local laws, parties may request a waiver of the Commission’s rules.¹¹⁰

24. *Communications between Applicants and Service Providers.* In the *Promoting Competitive Bidding NPRM*, the Commission proposed that “[s]ervice providers may anonymously submit questions or other inquiries to applicants through the bidding portal, to which applicants must respond during the competitive bidding process.”¹¹¹ In addition, the Commission proposed that “no communication between service providers and applicants related to the competitive bid or the competitive bidding process would be permitted outside of the bidding portal during the competitive bidding process.”¹¹² Commenters raise concerns regarding this process, asking whether the applicant could set the timeline for questions and answers in a fair and open manner,¹¹³ and whether this requirement effectively

¹⁰⁵ See Infinity Comments at 3 (“California Public Contract Code § 100 states clearly that the competitive bidding process involves public advertisement for the submission of sealed bids, the public opening of bids, and the award of contracts to the lowest responsible bidder that is responsive to the solicitation for bids.”).

¹⁰⁶ See Cal. Pub. Contract Code, §§ 20111, 20112 (stating for the purpose of securing bids the governing board of a school district shall publish at least once a week for two weeks in some newspaper of general circulation published in the district, or if there is no such paper, then in some newspaper of general circulation, circulated in the county, and “may post on the district’s Web site or through an electronic portal, a notice calling for bids, stating the work to be done or materials or supplies to be furnished and the time when and the place and the Web site where bids will be opened”).

¹⁰⁷ LAUSD Comments at 2-3; see also Cal. Pub. Contract Code, §§ 20111, 20112.

¹⁰⁸ SHLB Portal Comments at 9.

¹⁰⁹ Miss. Code Ann. § 31-7-13(c)(v).

¹¹⁰ 47 CFR § 1.3.

¹¹¹ *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17908, Appendix A.

¹¹² *Id.*

¹¹³ Illinois Office of Broadband Portal Comments at 6; PEPPM Comments at 3; South Dakota Department of Education Comments at 4.

precludes applicants from holding bidder conferences or walkthroughs to discuss service needs with potential bidders and answer any questions.¹¹⁴

25. We adopt the proposal prohibiting communication between service providers, applicants, and any representative thereof outside the bidding portal. We also adopt the proposal for bidders to be able to submit anonymous questions in the bidding portal for all participants to view, and for applicants to answer those questions in the bidding portal. We direct the Bureau and USAC to create a process for submitting questions anonymously through the competitive bidding portal and for the applicant to respond to the questions through the portal. Service providers may submit their questions regarding the competitive bidding process to applicants through the competitive bidding portal without using the anonymous question format. Applicants will be required to respond to the bidders' questions through the portal so all bidders may see the questions asked and the provided responses. We find that this question and response requirement will not supplant an applicant's existing ability to set deadlines for questions and otherwise ensure that all interested bidders are treated fairly and given access to the same information. In addition, under our new rules, applicants can continue to hold conferences or other meetings that are generally open to the public and allow all interested bidders the opportunity to attend. We find that this affords applicants the ability to hold these important conferences and walkthroughs without raising a concern about certain bidders having conversations with an applicant in a manner that gives special treatment. Additionally, we require that applicants post notice of such meetings in the bidding portal, as well as post a summary of the meeting, including those in attendance, to the portal after the meeting has taken place. We believe this enables applicants to use a variety of methods, including conferences and walkthroughs, to ensure that interested bidders have the required information to thoroughly respond to a bid solicitation, while ensuring that the program is protected against special treatment, inside information, or other anticompetitive practices that undermine the integrity of the E-Rate program.

26. *Bid Holding Period.* In the *Promoting Competitive Bidding NPRM*, the Commission sought comment on "requiring applicants to wait a specified amount of time before they can access bids submitted in response to their FCC Form 470 service requests."¹¹⁵ The Commission discussed the risk that the current process enables applicants to share bids received from one service provider with another, perhaps more favored service provider, in a manner that violates the program rules, and it asked whether a bid holding period could address this concern.¹¹⁶ The Commission further asked whether withholding the bids from applicants until the deadline for bids has passed would help applicants comply with section 54.503(c) of the Commission's rules, which requires applicants to wait at least four weeks from the date of posting the FCC Form 470 to USAC's website before entering into a contract with a service provider.¹¹⁷ Consistent with the majority of commenters, we decline to require a bid holding period for the competitive bidding portal at this time.¹¹⁸ We agree with INCOMPAS that prohibiting applicants from reviewing bids early would prevent them from identifying potential issues and permit service providers to "cure their proposal and correct their bid," thus leading more service providers to be disqualified, resulting in higher costs of service for the E-Rate program.¹¹⁹ We also agree with SHLB that

¹¹⁴ SECA Portal Comments at 16; SHLB Portal Comments at 10.

¹¹⁵ *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17892, para. 16.

¹¹⁶ *Id.* at 17898-99, para. 15 & n.46.

¹¹⁷ *Id.* at 17898-99, para. 16; *see also* 47 CFR § 54.503(c)(4) (stating that an applicant shall wait "at least four weeks" before signing a contract with a service provider after posting a Form 470).

¹¹⁸ Kentucky Department of Education Comments at 2 ("While holding a bid for a given length of time would prevent 28 day violations, no other errors would be impacted. Based on observations made assisting districts in navigating the E-rate program, this error is very rare. As it stands, the EPC already prevents submission of Forms 471 inside of the 28 day waiting period.").

¹¹⁹ INCOMPAS Portal Comments at 5.

“requiring USAC to withhold proposals from applicants for some period of time would needlessly extend the bidding process.”¹²⁰ Some commenters express concern that the “current system of allowing applicants to open bids on a rolling basis could lead to a lack of competition because applicants might view earlier bids more favorably than later bids (or vice versa) based simply on when they are received.”¹²¹ However, we conclude that the benefits of a bid holding period are outweighed by the costs of a holding period.¹²² We anticipate that because of the measures adopted today, applicants will be deterred from viewing earlier bids more favorably and instead will evaluate all bids fairly pursuant to our rules. We find that the competitive bidding portal will assist service providers in correcting their bids and streamlining the competitive bidding process. Accordingly, under the rules we adopt today, applicants will be notified when a bid is uploaded into the portal and service providers will be able to communicate with applicants in the competitive bidding portal to modify bids to address any issues that may be identified during the E-Rate competitive bidding process and provide documentation of this communication in the portal.

27. Some commenters note that certain states have sealed bid requirements, or further require that applicants open bids at a predefined time.¹²³ To accommodate this, we direct the Bureau and USAC to develop controls on who can access bids and an audit log for the bidding portal that would show a date and time for when a bid is received, opened, and downloaded, and by whom, along with the IP address. Applicants will be required to abide by state and local requirements regarding opening bids. We find that the audit log would help applicants demonstrate compliance with state and local laws that may preclude them from opening a bid prior to the bid deadline.

28. The access controls and audit log will also address OIG’s concerns about bid collusion and improper sharing of bids.¹²⁴ OIG recommended that bids be withheld from the applicant for a 28-day period to help prevent improper bid sharing or collusion between applicants and service providers.¹²⁵ We note that because there is no mandatory 28-day period for bids to be submitted in the E-Rate program, holding bids for a 28-day period would not fully address OIG’s concerns about bid collusion and improper bid sharing activities as there may still be time for parties to improperly share information and submit a bid to the FCC Form 470 after the 28-day holding period has expired. Applicants may file the FCC Form 470 to initiate the competitive bidding process up to one year before the start of the relevant funding year and thus, there could still be opportunities for bid collusion or improper bid sharing activities even with a 28-day holding period for each bid submitted.¹²⁶ We believe an audit log and controls on who can access the bids will be a better way to address this issue than implementing a 28-day holding period as the audit controls and logs will indicate who accessed bids, the date/time when bids were accessed, and the date and time of bids as they are received. If there was improper bid sharing or

¹²⁰ SHLB Portal Comments at 10.

¹²¹ Juniper Networks Comments at 2; *see also* Rural Companies Comments at 10.

¹²² *See* ALA Portal Comments at 3 (noting that regarding the potential for applicants to share bids between service providers, that it does not “know how often this happens but think[s] such behavior by applicants seldom occurs because it is very likely prohibited by local or state procurement rules or by language in the provider’s response that prevents such sharing”).

¹²³ These states prohibit bids from being opened until a specified date/time. *See* Illinois Office of Broadband Portal Comments at 9 (“In Illinois, bid opening takes place at a prescribed date and time, and procurement officials are not permitted to access or review the bids in advance.”); PEPPM Comments at 2 (observing that Pennsylvania conducts a public bid opening and “requires competitive sealed bids to be publicly opened and read aloud”).

¹²⁴ *See* 2017 FCC OIG Report at 13-15.

¹²⁵ *Id.* at 13 (“Submitted bids would then be released to applicants at the closing of the 28-day bidding window.”).

¹²⁶ For example, USAC will make the FCC Form 470 for FY 2027, which starts on July 1, 2027, available on July 1, 2026.

bid collusion, the audit log would help identify these actions allowing USAC and the Commission to take appropriate actions.

29. *State and Other Master Contracts.* In the *Promoting Competitive Bidding NPRM*, the Commission sought comment on whether, “for those applicants using state master contracts, [there is] documentation that applicants should be required to upload [to] demonstrate compliance with the E-Rate rules.”¹²⁷ Some commenters identify challenges that a bidding portal would create for applicants conducting large procurements, or those who must comply with unique rules and processes. For example, commenters note concerns with the use of state master contracts, in particular state master contracts that result in multiple awards schedules and require the use of mini-bids.¹²⁸ Commenters offer that, to account for state master contracts, the bidding portal must have “considerable flexibility,” or further, that competitive bidding processes that result in state master contracts should be exempt from the bidding portal.¹²⁹ We require applicants to upload a copy of a state master contract and the related bidding documentation to the competitive bidding portal when filing their FCC Form 471 application if the state master contract was used as part of an applicant’s competitive bidding process or is the contract that was selected.¹³⁰ We disagree with SECA that the competitive bidding portal is “unable to accommodate multi-stage bidding or mini-bids conducted using E-rate qualified master contracts.”¹³¹ Instead, we find that the bidding portal will have sufficient flexibility to accommodate a variety of competitive bidding processes, including those with multiple stages. When applicants are required to perform a “mini-bid” evaluation based on a multi-award state master contract,¹³² the documents that the applicant prepared, in connection with the mini-bid process, including those reflecting how the applicant selected the winning bidder among the available vendors in the multi-award state master contract, must also be uploaded to the competitive bidding portal. For consortium applicants, we require the consortium leader to submit the competitive bidding and contract documentation related to the consortium’s FCC Form 471 on behalf of its members to the competitive bidding portal. We find that this approach is consistent with the role of a consortium leader as the entity that takes the lead in responding to USAC inquiries related to the consortium applicant’s competitive bidding process.¹³³

30. For multi-stage bidding, we require that applicants use the portal for each round of the procurement, and that portal functionality will enable multiple successive rounds in a multi-stage procurement to be linked or otherwise associated. This functionality will permit applicants that do multi-

¹²⁷ *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17901, para. 22.

¹²⁸ PEPPM Comments at 1 (“The PEPPM State Master contract is comprised of 65 manufacturer contracts and is available to Pennsylvania schools and libraries for the procurement of their E-rate Category 2 products. Because these contracts are considered Multiple Award Contracts, E-rate rules require our schools and libraries to also conduct a second layer of bidding which is known as a mini-bid.”).

¹²⁹ ALA Portal Comments at 3 (“[W]e advocate that bids released by state government agencies resulting in State Master Contracts should not be required to use any E-rate bidding portal.”); PEPPM Comments at 1 (“It would be more logical for the bid portal process to apply at the mini-bid level, rather than the State Master Contract level.”).

¹³⁰ A state master contract is a contract that is competitively bid and put in place by a state government entity for use by an E-Rate eligible entity. See, e.g., USAC, State Master Contracts, <https://www.usac.org/e-rate/applicant-process/selecting-service-providers/state-master-contracts/> (last visited Apr. 8, 2026).

¹³¹ SECA Portal Reply at 1.

¹³² See USAC, State Master Contracts, <https://www.usac.org/e-rate/applicant-process/selecting-service-providers/state-master-contracts/> (last visited Apr. 8, 2026) (discussing that a mini-bid evaluation is required when a state awards a contract to multiple service providers/vendors).

¹³³ See, e.g., USAC, Consortia, <https://www.usac.org/e-rate/applicant-process/before-you-begin/consortia/> (last visited Apr. 8, 2026) (“The consortium leader is responsible for ensuring that necessary certifications are made and for responding to USAC inquiries on behalf of the consortium members during both pre- and post-commitment processes.”).

stage procurements, or who wish to include a “Best and Final Offer” phase of a procurement, to manage the entire procurement through the bidding portal.

31. *Multi-Year Contracts.* For multi-year contracts, we require applicants to upload the required competitive bidding and contract documentation to the competitive bidding portal only once in the first year of the contract, and applicants will not be required to upload duplicative competitive bidding and contract documentation for the remainder of the contract’s term provided there are not any modifications that require a new competitive bidding process.¹³⁴ For existing multi-year contracts that are currently being used to support funding requests, in funding year 2028, applicants will be required to upload the associated bids, competitive bidding, and bid evaluation documents for the multi-year contract into the portal when the applicant submits their FCC Forms 471 that rely on that contract.¹³⁵

2. Document Retention, Production, and Recordkeeping Requirements

32. In the *Promoting Competitive Bidding NPRM*, the Commission asked whether applicants and service providers should “be permitted access to their stored competitive bidding documents for a period long enough to be able to comply with recordkeeping requirements.”¹³⁶ The Commission also asked, “if E-Rate program participants retain access to their records, should this access be afforded to them in a way to permit them to produce the records at the request of any representative (including any auditor) appointed by a state education department, USAC, the Commission, or any local, state or federal agency with jurisdiction over the entity, as is required by section 54.516(b)?”¹³⁷ Today, as noted above, we answer both these questions affirmatively. Under our adopted rules, once an applicant uploads the competitive bidding documentation into the bidding portal and repository, applicants will be able to access this documentation when needed and provide it to other local, state, or federal agencies with jurisdiction over the applicant as necessary. Thus, by preserving this documentation in the bidding portal and repository, the portal will assist in ensuring compliance with the competitive bidding recordkeeping and production requirements set forth in section 54.516(a)-(b) of the Commission’s rules. We agree with the Illinois Office of Broadband that the bidding portal “reduces the burden of complying with the Commission’s document retention rules over the long term.”¹³⁸ In adopting this requirement, we do not make any modifications to section 54.516(a) of the Commission’s rules and continue to require applicants and service providers to retain documentation related to their E-Rate applications for at least 10 years after the latter of: (i) the last day of the applicable funding year or (ii) the service delivery deadline for the funding request.¹³⁹

33. *Processing of FCC Forms 471.* We expect that USAC will continue to issue funding

¹³⁴ Beginning in FY 2028, applicants are required to use the portal and repository for any contract modifications that require a new competitive bidding process.

¹³⁵ The bidding portal is anticipated to be available to applicants beginning July 1, 2027, allowing applicants to begin uploading the associated bids, competitive bidding, and bid evaluation documents for existing multi-year contracts before the start of FY 2028. If an applicant has already provided USAC with the competitive bidding documentation for an existing contract, they do not need to resubmit the documentation again. To the extent applicants require more time to upload competitive bidding documentation associated with existing multi-year contracts, they may request a waiver.

¹³⁶ *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17903, para. 29.

¹³⁷ *Id.*

¹³⁸ Illinois Office of Broadband Portal Comments at 10.

¹³⁹ 47 CFR § 54.516(a); *see also Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17903, paras. 27-29 (seeking comment on whether to retain document storage recordkeeping requirements in section 54.516 of the Commission’s rules if program participants are required to submit documents through a bidding portal). We note that applicants’ and service providers’ provision of this documentation to USAC in no way lessens or alters their own obligation to retain documentation related to their E-Rate funding requests.

commitments in a timely manner according to the standard that the Commission provided in the *First 2014 E-Rate Order*.¹⁴⁰ There, the Commission directed USAC “to aim to issue funding commitments or denials for all ‘workable’ funding requests by September 1st of each funding year,” noting that this date would “provide[] USAC with approximately five months beyond the [usual] application filing window deadline to review all timely filed and complete funding requests.”¹⁴¹ In issuing this direction, the Commission acknowledged that “even ‘workable’ funding requests may be time consuming for USAC to process” and that USAC should continue to perform a “thorough review of each application,” including by “contact[ing] applicants to seek additional information concerning a funding request” and “provid[ing] applicants with an opportunity to respond to [USAC’s] questions.”¹⁴²

34. A few commenters raise concerns about whether the additional data and documentation submitted to the competitive bidding portal may result in system issues or delays in reviewing applications.¹⁴³ While these process changes will result in additional documentation, we find that expecting USAC to maintain the same processing timelines for issuing funding commitments is justified, given the paramount importance of making funding commitments prior to the start of the typical school year, i.e., in or around early September. We direct USAC to incorporate data analytics and other tools to select specific FCC Form 471 applications for additional review and to detect potential competitive bidding violations during pre-commitment reviews using the additional documentation that will be available through the competitive bidding portal.¹⁴⁴ While any additional pre-commitment reviews may increase processing times in some respects, we find that USAC’s processing times will be lessened in other respects as it can use the submitted competitive bidding and contract documentation to resolve potential issues with funding applications internally, rather than incur delays by reaching out to applicants or service providers for additional information. We find that asking USAC to continue to follow existing processing times and review standards while, at the same time, strategically incorporating this additional competitive bidding and contract documentation into its review processes strikes a reasonable balance between ensuring that funding commitments are issued in time for schools and libraries to purchase vital broadband services and equipment and ensuring that USAC uses this additional information to detect rule violations and strengthen program integrity.

35. *Information Security and Confidentiality.* Some commenters raise the question of whether proprietary and confidential information submitted to the competitive bidding portal would be kept confidential.¹⁴⁵ For example, South Dakota Department of Education notes that the public availability of bidding information submitted into the competitive bidding portal could run afoul of state law.¹⁴⁶ Given the possibility that certain bidding documentation (i.e., non-winning bids) submitted to the bidding portal may contain confidential financial or proprietary information, we will treat bids and other

¹⁴⁰ *2014 First E-Rate Order*, 29 FCC Rcd at 8893-94, paras. 58-60.

¹⁴¹ *Id.* at 8893, para. 59. The Commission explained that a “workable” funding request is one that is “filed timely and is complete, with all necessary information, to enable a reviewer to make the appropriate funding decision, and the applicant, provider, and any consultants are not subject to investigation, audit, or other similar reason for delay in a funding decision.” *Id.*

¹⁴² *Id.*

¹⁴³ FFL Apr. 1, 2022 *Ex Parte* at 2; FFL Apr. 15, 2022 *Ex Parte* at 2.

¹⁴⁴ Consistent with its existing practice, USAC will not need to conduct selective or competitive bidding reviews for all FCC Form 471 applications submitted as part of its Program Integrity Assurance (PIA) processes, i.e., at the pre-commitment stage, as a result of the rules we adopt today.

¹⁴⁵ South Dakota Department of Education Comments at 4 (release of confidential information may run afoul of state law); PEPPM Comments at 4 (stating that Pennsylvania open records laws have special provisions regarding the handling of confidential and proprietary information).

¹⁴⁶ South Dakota Department of Education Comments at 4.

pricing data submitted to the bidding portal as presumptively confidential and will not make the non-winning bids and submitted pricing data routinely available for public inspection. This includes bid reviews by applicants and other related documents which may include or reference information from bids. However, we are not making any changes to the data that is currently available for the E-Rate program, and all pricing data included on the FCC Form 471 will remain publicly available. We direct the Bureau, in consultation with the Office of General Counsel, to evaluate and determine whether additional data could be made publicly available without compromising the security or confidentiality concerns raised in the record. We direct USAC to retain all documentation in the portal and repository in accordance with the applicable federal records schedule for Universal Service Fund-related records and protect, retain, manage, and use all data and documentation in accordance with applicable federal information security and privacy requirements. We also direct that access to the competitive bidding portal and repository be limited to the applicant's Account Administrator and up to two other authorized users (including consultants) and audit logs to be maintained on when, by whom, and what documentation was accessed in the portal.¹⁴⁷

36. *Bid Response Template.* In the *Promoting Competitive Bidding NPRM*, the Commission sought comment on “whether service providers should be required to submit information in a manner that enables applicants to compare competing bids.”¹⁴⁸ The Commission also asked whether applicants face difficulty in comparing bids submitted in different formats.¹⁴⁹ Most commenters did not address this issue. DOJ supports this proposal, specifically stating that service providers should submit information “in a manner that enables applicants to compare competing bids.”¹⁵⁰ In particular, DOJ supports a requirement that service providers submit a summary form, which could be a portion of the FCC Form 471, that contains “key data points,” in an effort to allow USAC to better leverage the data for compliance and investigative purposes, and allow applicants to “be confident that they are comparing apples to apples when selecting a service provider.”¹⁵¹

37. We direct the Bureau, after seeking comment if deemed necessary or advisable, to develop a standardized bid response template, and make it available for applicants to use on an optional basis.¹⁵² We find that a standardized template, made available for service providers to use for submitting bids, would prove useful to applicants, as it could help standardize bid responses and make it easier for applicants to compare bids and ensure compliance with our rules for several reasons. First, we find that having a standardized bid response template would help service providers formulate bids in a more uniform manner by making clear the required information. Second, a standard template would help applicants in their bid evaluation process because each response would contain data that could easily and appropriately be compared across service providers. Third, we find that a bid template could help USAC better utilize data analytics because it will allow for the data points to be provided in a uniform manner, making it easier for USAC to identify areas of concern that warrant further review.¹⁵³ Applicants choosing to use the template can require potential bidders to use the template bid response form by stating

¹⁴⁷ Access to the bidding portal and repository will be limited to three persons per applicant. One of the three persons must be the Account Administrator and up to two authorized users may be granted access to the bidding portal and repository by the Account Administrator.

¹⁴⁸ *Promoting Competitive Bidding NPRM*, 36 FCC Rcd at 17898, para. 14.

¹⁴⁹ *Id.*

¹⁵⁰ US DOJ *Ex Parte* at 4.

¹⁵¹ *Id.*

¹⁵² Parties will have an opportunity to comment as part of the Paperwork Reduction Act (PRA) review process. Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 109 Stat. 163 (codified at 44 U.S.C. § 35 *et seq.*).

¹⁵³ US DOJ *Ex Parte* at 4; *see also* 2020 GAO E-Rate Report at 34-38 (discussing USAC's use of data analytics in the E-Rate program).

that use of the template is a requirement for responding to its FCC Form 470. We will determine in the future whether to require mandatory use of a standardized bid response form by service providers.

B. Simplifying the E-Rate Program

38. We also take steps to streamline or clarify aspects of the E-Rate program and its administration based on the record received in response to the *2023 FNPRM*. Specifically, we amend the E-Rate program rules to improve how applicants transition between service providers during a funding year and establish a process for applicants to increase bandwidth within a funding year. We also take this opportunity to provide guidance on transition of services; clarify cost allocation rules and procedures; provide guidance on competitive bidding requirements; eliminate the FCC Form 486; amend the Commission's invoicing rules; and update E-Rate program definitions. Each of these issues have caused challenges for applicants in applying for and receiving discounts on eligible services, and we anticipate that these changes will result in an overall simplification of E-Rate procedures and processes.

1. Transition of Services During a Funding Year

39. First, we adopt changes to improve how applicants request funding when they are transitioning between two service providers (or service offerings) during the funding year, given the difficulty in determining the precise cutover date during the application filing window. To prevent funding duplicative services, E-Rate procedures do not allow USAC to commit funding to two funding requests for service, to the same recipients, that overlap in time.¹⁵⁴ At the same time, due to concerns about exceeding the E-Rate funding cap, the Commission's service substitution rules require that post-commitment service substitutions be based on the lower of either the pre-discount price of the service for which support was originally requested or the pre-discount price of the new, substituted service.¹⁵⁵ In the *2023 FNPRM*, the Commission sought comment on the best way to allow applicants to adjust transition dates during the funding year, such as requesting twelve months of funding for the higher-priced service and then filing a post-commitment change request to reduce one of the requests.¹⁵⁶ Commenters agree that the current process for transitioning services during the funding year should be streamlined.¹⁵⁷

40. Upon review of the record and consideration of the potential impact on demand, we amend our rules to create a process for applicants that are transitioning services to file a post-commitment request that changes the service start and end dates and permits, if the applicants meet certain criteria, increases in the commitment amount.¹⁵⁸ Applicants that seek the flexibility to increase a funding commitment, if needed, will file partial year funding requests for both the old and the new services, estimating the cutover dates, but not to exceed twelve months. The applicant must indicate on the FCC Form 471 application that the services are transitioning. Once the dates are known, the applicant may file

¹⁵⁴ See *Schools and Libraries Universal Support Mechanism*, CC Docket No. 02-6, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202, 9209-11, paras. 22-24 (2003) (*Second Report and Order*) (declining to support duplicative services).

¹⁵⁵ 47 CFR § 54.504(d)(2).

¹⁵⁶ *2023 FNPRM*, 38 FCC Rcd at 6863, paras. 44-45.

¹⁵⁷ See, e.g., ALA Comments, CC Docket No. 02-6 et al., at 3 (rec. Sept. 25, 2023) (ALA FNPRM Comments); Council of the Great City Schools Comments, CC Docket No. 02-6 et al., at 2 (rec. Sept. 25, 2023) (Council of the Great City Schools FNPRM Comments); E-MPA Comments at 4; EPS Comments at 2; Illinois Office of Broadband Comments, CC Docket No. 02-6 et al., at 5 (rec. Sept. 25, 2023) (Illinois Office of Broadband FNPRM Comments); NCTA Comments at 12; SECA Comments, CC Docket No. 02-6 et al., at 25-26 (rec. Sept. 26, 2023) (SECA FNPRM Comments); SHLB Comments, CC Docket No. 02-6 et al., at 7-8 (rec. Sept. 25, 2023) (SHLB FNPRM Comments); INCOMPAS Reply, CC Docket No. 02-6 et al., at 3 (rec. Oct. 23, 2023) (INCOMPAS FNPRM Reply); WIDPI Reply, CC Docket No. 02-6 et al., at 3 (rec. Oct. 23, 2023) (WIDPI FNPRM Reply).

¹⁵⁸ See Appendix A (amended rules, adding 47 CFR § 54.504(g)).

a post-commitment request, which USAC will be permitted to grant even if the date change results in a higher funding commitment.

41. Some commenters support an option mentioned in the 2023 *FNPRM* to have the applicant request 12 months of service from the higher cost service;¹⁵⁹ however, we find that this option would result in more volatile program demand and a more burdensome review when applicants want to transition service providers. By requiring applicants to file partial year funding requests for both services, estimated demand at the close of the application filing window will be closer to the actual demand,¹⁶⁰ rather than inflating demand to accommodate the highest possible cost of every transition. In addition, USAC can review both funding requests and the associated contract records at the time of the application review and the amount of time needed for post-commitment review will be reduced. This will also permit the existing service provider to be reimbursed for services provided even if the new service provider has the higher-cost service.¹⁶¹ Additionally, applicants that estimated the transition dates correctly will not need to file any post-commitment requests, giving applicants an added incentive to work with their service providers to try to determine accurate cutover dates when transitioning service during a funding year.¹⁶² We expect that, in total, these changes will enable applicants to be able to more easily receive approved E-Rate funding when they are transitioning services even when the transition dates are not known at the time they are applying for E-Rate funding during the application filing window and will simplify the process for when they are transitioning services during the funding year. These changes will be effective after the Office of Management and Budget (OMB) approves any necessary program form changes.

42. To effectuate this change, we direct USAC to approve a post-commitment increase if the applicant: (1) filed partial funding year requests for funding from both service providers (or service offerings, in the case of a transition to a different service from the same service provider) during the application filing window using the best estimates of the transition dates; (2) indicated on the FCC Form 471 that the requests were for a transition of service;¹⁶³ and (3) there are available funds below the E-Rate program funding cap.¹⁶⁴ We caution that if there are no available E-Rate funds when an applicant files the post-commitment request, USAC will not be permitted to approve an increase in the funding commitment. We do not expect this to be an issue in the near future under the current funding cap and demand, but we direct the Bureau to monitor demand and release guidance on how to request funding for transitions in future funding years if demand is nearing the cap.¹⁶⁵ During post-commitment review, the applicant shall provide details about the transition and dates of actual transition between the two service

¹⁵⁹ 2023 *FNPRM*, 38 FCC Rcd at 6863, paras. 44-45. See, e.g., NCTA Comments at 12; WIDPI *FNPRM* Reply at 3.

¹⁶⁰ See, e.g., ALA *FNPRM* Comments at 3 (noting that this approach would result in higher overall demand).

¹⁶¹ Currently, if an applicant is unsure when the transition is occurring and estimates funding for a new, higher cost service, the original service provider is unable to request reimbursement for the services provided until the transition occurs and the dates are corrected.

¹⁶² USAC will also continue to allow applicants to file Receipt Acknowledgement Letter (RAL) corrections during the PIA application review process to correct the dates prior to the commitment date.

¹⁶³ See USTelecom *FNPRM* Comments at 2 (recommending adding a check box allowing applicants to indicate on the FCC Form 471 that they are requesting funding for services that are being transitioned). Applicants should also provide information in the narrative section of the FCC Form 471 regarding the service transition, including the estimated cutover dates and service provider information. Both the former and the new contract records must also be uploaded with the funding requests.

¹⁶⁴ 47 CFR § 54.507.

¹⁶⁵ In funding year 2025, there were 306 funding requests totaling approximately \$53.7 million in pre-discount funding. We would expect the actual post-commitment shift to be a fraction of that amount as some funding requests would increase while others would decrease.

providers or offerings, including a showing of agreement from both service providers about the end date of the first service provider and the start date of the second service provider.¹⁶⁶ We disagree with commenters suggesting that USAC should be permitted to commit funding for both service providers for the transition month and to resolve the duplicate funding issues during the invoicing review;¹⁶⁷ we find that the administrative challenges during invoicing and potential for improper payments to both service providers outweigh any potential benefits of such an approach.

43. Finally, we recognize that there are some applicants that have transitioned services without the benefit of this post-commitment process and as a result have been unable to obtain reimbursement for all of the approved services delivered. For pending requests for waiver/appeals or pending service substitution requests,¹⁶⁸ we direct the Bureau to review requests based on the new rules, once effective, and to find good cause for a waiver,¹⁶⁹ if the following conditions are met: (1) the party indicated it was transitioning to new services during the funding year; (2) the delay in transitioning services was for reasons beyond the service providers' control; (3) the party filed an appeal within a reasonable amount of time after determining there was an issue with the transition of services; and (4) there is funding available based on overall program demand and the funding cap. When these conditions are met, there is good cause to find that applicants have taken the steps needed to transition between service providers, and it is appropriate to provide E-Rate support when the transition of service is delayed for reasons beyond their control.

2. Providing Further Guidance on Cost Allocation Rules and Procedures

44. Next, in response to stakeholder requests, we offer additional guidance on cost allocation rules and procedures. As part of its efforts to simplify the E-Rate program, the Commission provided guidance in the *2023 E-Rate Report and Order* on several common cost allocation issues that applicants experienced.¹⁷⁰ Specifically, the Commission provided guidance on when on-campus Internet usage can be considered ancillary¹⁷¹ and when the use of shared equipment located in a non-instructional facility

¹⁶⁶ We further agree that applicants should be able to receive funding for services received from each service provider during the transition month. *See, e.g.*, SECA FNPRM Comments at 26-27 (stating that the E-Rate invoicing system should allow for proration of monthly changes, which leaves applicants responsible for the cost from the second service provider in the event that the transition does not occur on the 1st day of the month); CSM Consulting Reply at 6 (supporting mid-month cutover dates); SHLB FNPRM Comments at 7-8; USTelecom Reply at 2-3. We therefore direct USAC, within one year of the effective date of this Order, to develop procedures or make information technology (IT) system changes to enable the commitment and disbursement of funding for the partial month of services provided by the two service providers during the transition month, provided that there is no overlap in the services delivered during this month.

¹⁶⁷ *See, e.g.*, SHLB FNPRM Comments at 7-8 (recommending that USAC commit funding for both service offerings for the transition month and resolve the differences at the invoicing stage).

¹⁶⁸ For applicants that file applications in funding year 2026 that may need to make changes, they can also request a waiver if they can meet the requirements set out above.

¹⁶⁹ 47 CFR § 1.3.

¹⁷⁰ *See 2023 E-Rate Report and Order*, 38 FCC Rcd at 6853-57, paras. 25-30.

¹⁷¹ *Id.* at 6853-55, paras. 25-26. 47 CFR § 54.504(e)(2) (“If a product or service contains ineligible components that are ancillary to the eligible components, and the product or service is the most cost-effective means of receiving the eligible component functionality, without regard to the value of the ineligible component, costs need not be allocated between the eligible and ineligible components. Discounts shall be provided on the full cost of the product or service.”).

requires cost allocation.¹⁷² In addition, the Commission sought further comment on cost allocation issues that would benefit from additional guidance.¹⁷³

45. Several commenters support applying the Internet ancillary use guidance to data transmission services, wide area network services, or to all category one services.¹⁷⁴ In the *2023 E-Rate Report and Order*, the Commission adopted a presumption that, if at least 90% of an applicant's requested Internet service is being used for eligible purposes, the remaining ineligible use of the Internet service will be presumed to be ancillary and, therefore, cost allocation is not required. The *2023 E-Rate Report and Order* included guidance regarding data transmission services,¹⁷⁵ and we agree that if at least 90% of an applicant's requested recurring category one service, be it a data transmission service or any other category one service, will be used for an eligible purpose during the funding year, the remaining ineligible use of the category one service at eligible locations will be presumed to be ancillary and, therefore, cost allocation will not be required.¹⁷⁶ As the Commission stated in the *2023 E-Rate Report and Order*, if an applicant selected the most cost-effective offering to meet its needs, then the minimal ineligible use of the service should be treated as ancillary and cost allocation is not required.¹⁷⁷ Category one services, including Internet access services, provide connectivity to a location as a whole, and incidental, ancillary on-premises use beyond that eligible use should be permissible without additional paperwork burdens.

46. Next, ALA notes that some libraries may extend their Wi-Fi a short distance into the community and asks whether the presumption of ancillary use applies.¹⁷⁸ This presumption is limited to on-premises ancillary use.¹⁷⁹ Each of the examples provided by commenters to the *2023 E-Rate Report and Order* discussed the burden of attempting to allocate costs associated with in-building school or library ineligible uses, such as healthcare clinics, childcare services, or services to a classroom offering services to students under the age of three.¹⁸⁰ Applicants are required to cost allocate off-campus use from their E-Rate requests.

3. Mid-Year Bandwidth Increases

47. As proposed, we adopt a limited exception to our competitive bidding rules to allow applicants to seek needed bandwidth increases in between E-Rate funding cycles.¹⁸¹ The E-Rate program rules require applicants to competitively bid services using the FCC Form 470.¹⁸² This process starts at least four weeks before the applicant files its FCC Form 471 applications during the annual filing window, but can occur six months before, or—in the case of multi-year contracts—years before the

¹⁷² *2023 E-Rate Report and Order*, 38 FCC Rcd at 6855, para. 27.

¹⁷³ *2023 FNPRM*, 38 FCC Rcd at 6865, para. 48.

¹⁷⁴ See USTelecom Reply at 5-6 (urging the presumption apply to wide area network and data transmission services, in addition to internet access service); CSM Consulting Reply at 3.

¹⁷⁵ *2023 E-Rate Report and Order*, 38 FCC Rcd at 6854, para. 25, n.92.

¹⁷⁶ This guidance on ancillary ineligible use applies to services to eligible locations and does not extend to cost allocation of special construction or services to ineligible locations.

¹⁷⁷ *2023 E-Rate Report and Order*, 38 FCC Rcd at 6854, para. 26.

¹⁷⁸ ALA Reply, CC Docket No. 02-6 et al., at 2 (rec. Oct. 23, 2023) (ALA FNPRM Reply).

¹⁷⁹ *Id.* at 2 (seeking information regarding the ancillary cost-allocation guidance when the service is used off library or school property).

¹⁸⁰ *2023 E-Rate Report and Order*, 38 FCC Rcd at 6854, para. 25, n.90.

¹⁸¹ *2023 FNPRM*, 38 FCC Rcd at 6866, para. 51.

¹⁸² 47 CFR § 54.503.

funding application is submitted.¹⁸³ Applicants are encouraged to seek bids for and sign contracts that include a range of bandwidths in order to accommodate changes in bandwidth needs in the future, but applicants are not always able to anticipate all their bandwidth needs.¹⁸⁴ For example, in 2020, the Bureau opened a second application filing window in September to address increased on-campus bandwidth needs as a result of remote learning challenges caused by the COVID-19 pandemic.¹⁸⁵ However, in other instances, applicants may be unable to increase their bandwidth mid-funding year without potentially violating the E-Rate program competitive bidding rules.¹⁸⁶ We therefore agree with commenters supporting a limited exception to the competitive bidding rules so applicants can submit a service substitution request to increase bandwidth during the funding year at the existing commitment amount (i.e., total price of the current bandwidth service).¹⁸⁷ We clarify that this exception means applicants will be responsible for any corresponding increase in price for the increased bandwidth for the remaining period of the funding year.¹⁸⁸ To request the increased bandwidth (and a potential increased funding commitment) in subsequent funding years, applicants would need to file a new FCC Form 470 and seek competitive bids for the increased bandwidth service for the next application filing window. Applicants that can demonstrate that the bandwidth and price increase were covered by an existing FCC Form 470 and competitive bidding process would not need to rebid the service.

48. By providing this limited exception, we allow applicants flexibility to work with their service providers to obtain the services they need without risking unexpected changes in program demand or program abuse.¹⁸⁹ We disagree with certain alternate proposals in the comments to the *2023 FNPRM*. For example, commenters suggest allowing for a commitment increase using pricing adjusted from the original bid or contract¹⁹⁰ or allowing applicants to seek new bids mid-funding year.¹⁹¹ The E-Rate program relies on fair and open competitive bidding to ensure that schools and libraries supported by federal universal service funds receive the highest-quality services at the lowest available rates,¹⁹² and we

¹⁸³ An applicant can enter into multi-year contracts or contracts with voluntary extensions without reposting an FCC Form 470 each year. *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 15 FCC Rcd 6732, 6736, paras. 10-12 (WCB 1999) (clarifying that applicants may sign multi-year contracts).

¹⁸⁴ See, e.g., Council of the Great City Schools FNPRM Comments at 2 (explaining that classroom instruction and school operations have increased their use of online applications, making it more difficult for school districts to precisely forecast bandwidth needs in future years).

¹⁸⁵ See *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 35 FCC Rcd 10347 (WCB 2020).

¹⁸⁶ For example, if an applicant competitively bids and requests E-Rate funding in January for services on a contract that provides pricing for 1 Gbps bandwidth, but the applicant determines in September that it requires 2 Gbps, there is no mechanism for the applicant to increase that bandwidth from the service provider on their E-Rate funding request, and if it submits invoices for 2 Gbps, it can trigger additional competitive bidding reviews.

¹⁸⁷ See, e.g., NCTA Comments at 10-11 (agreeing that this exception is appropriate when the original competitive bidding process did not cover possible bandwidth increases being requested); USTelecom Reply at 3 (agreeing that an exception is warranted given the challenges in anticipating rapid bandwidth need changes).

¹⁸⁸ See *Uniti Fiber* Comments at 5.

¹⁸⁹ See E-MPA Comments at 5 (stating that limiting funding to the original commitment amount “would protect the program from abuse and misuse while allowing the goals of the program to be realized”).

¹⁹⁰ See SHLB FNPRM Comments at 12 (suggesting that when a specific bandwidth is neither included in a bid response or contract that the E-Rate eligible cost could be determined based on the price of the original bandwidth, such as a per-megabit price for the new bandwidth at or lower than the original bandwidth price).

¹⁹¹ See SECA FNPRM Comments at 9 (recommending mid-year changes be allowed if applicants conduct a new competitive bidding process for the following funding year).

¹⁹² See *Universal Service First Report and Order*, 12 FCC Rcd at 9076-80, paras. 570-80 (requiring applicants to conduct a fair and open competitive bidding process when seeking support for eligible products and services);

(continued....)

do not intend to introduce unnecessary complexity to these rules. In general, the program does not allow for mid-funding year, post-commitment funding increases, and we find this action appropriately allows applicants to increase bandwidth during the funding year without affecting program demand.

4. Spam Bids

49. We expect that the competitive bidding portal will help address the issue of unsolicited spam bids because the bidder will be required to use the portal to respond the applicant's FCC Form 470 and the applicant will not be permitted to consider bids received outside of the portal.¹⁹³ Here, we address the treatment of spam or other automated bid responses that applicants receive until the portal is fully implemented. In the *2023 FNPRM*, the Commission sought comment on the types of spam and other automated bid responses that are being generated and sent to the applicant once or soon after their FCC Form 470 is posted, their frequency and quantity, as well as whether to consider changes to the FCC Form 470 to simplify how to establish disqualification factors and deadlines.¹⁹⁴ In considering comments, the Commission is primarily focused on how to ensure applicants carefully consider all qualified bids in accordance with program requirements.¹⁹⁵

50. We expect applicants to retain all bid documentation, including those applicants consider to be spam bid responses. Commenters raise concerns about bid responses received that lacked information requested on the FCC Form 470, such as pricing or information tailored to the applicant.¹⁹⁶ These responses often appear as generic email solicitations with a list of all goods and services and contact information to receive additional information.¹⁹⁷ Applicants may establish disqualification factors, such as disqualifying if the bid lacks pricing and other necessary information, in the FCC Form 470, provided those factors are consistent with applicable Commission rules, and document when a bid response is disqualified.¹⁹⁸ Although we recognize that applicants may face a small burden in documenting why a bid was disqualified or not considered during the bid evaluation, our current information concerning the quantity and types of bid responses that applicants seek to discard is limited, and it would be premature to determine whether particular bid responses do not need to be retained and the characteristics of such responses.

51. We also agree with those commenters that assert that bid responses that do not include

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Fourth Order on Reconsideration, 13 FCC Rcd at 5425-26, para. 185 (stating that competitive bidding is a key component of the Commission's effort to ensure that universal service funds support services that satisfy the precise needs of an institution, and that the services are provided at the lowest possible rates).

¹⁹³ See *supra* Section III.A.

¹⁹⁴ See *2023 FNPRM*, 38 FCC Rcd at 6869, para. 56.

¹⁹⁵ 47 CFR § 54.511(a); see also, e.g., *Request for Review of A Decision of the Universal Service Administrator by Truth or Consequences Municipal Schools*, CC Docket No. 02-6, Order, 27 FCC Rcd 10078 (WCB 2012) (denying appeal where applicant failed to evaluate all the bids it received); *Requests for Review of Decisions of the Universal Service Administrator by Central Islip Free Union School District et al.; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 26 FCC Rcd 8630, 8640, para. 22 (WCB 2011) (denying appeal where applicant failed to carefully consider all bids submitted in response to its FCC Form 470 posting).

¹⁹⁶ SECA FNPRM Comments at 36.

¹⁹⁷ *Id.*

¹⁹⁸ See, e.g., *Requests for Review of a Decision of the Universal Service Administrator by Baltimore City School District and Cobb County School District; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 26 FCC Rcd 11193, 11199, para. 12 (WCB 2011) (*Baltimore City Order*) (explaining that applicants should provide notice to all potential bidders as to the specific criteria to be evaluated, which criteria will be used as disqualification criteria, and the circumstances under which bidders will be disqualified from further consideration).

pricing information or require the applicant to contact the solicitor to request pricing for the sought-after services for the requested time period can be disqualified as non-responsive even if the applicant does not state in the FCC Form 470 that pricing information is specifically required.¹⁹⁹ The Commission's rules require that price be the primary factor in selecting the most cost-effective service offering.²⁰⁰ In the 2011 *Baltimore City Order*, the Bureau provided guidance that explained that applicants must provide notice—in either its FCC Form 470 or its RFP—of any disqualification criteria, but also made clear that price is required to be the primary factor applicants must consider.²⁰¹ When pricing is not expressly provided in the bid response, the bid response can be disqualified without the applicant needing to state that fact in its FCC Form 470 or RFP. The applicant should still retain the bid response and note why the response was disqualified and not evaluated.

5. Bids Received After the 28-Day Waiting Period

52. We next modify our rules to clarify the bids that applicants must consider in the evaluation process. Applicants must wait at least four weeks from the posting of the FCC Form 470 before selecting service providers.²⁰² Our rules require applicants to carefully consider all bids received before the bid evaluation process has occurred.²⁰³ Even if the minimum 28-day waiting period has lapsed, applicants should consider all bids received up until they begin consideration, unless they provided a specific bid submission deadline and noted that bids received after the deadline would be disqualified on the FCC Form 470 or RFP document. Commenters suggest that the bid response deadline, the point after which a bid could be disqualified for being late-submitted, should be presumed to be at 11:59 pm E.T. on the day before the allowable contract date (the day after the 28-day waiting period when applicants may select a service provider), but some also seek the flexibility to consider bids received after that deadline.²⁰⁴ We reject this proposal and revise our rules to make our current interpretation clear that absent a deadline in the narrative, applicants should consider all bids received before the evaluation process, which may occur sometime after the minimum 28-day waiting period.²⁰⁵ Considering more bids, rather than fewer, benefits applicants and the E-Rate program. Stakeholders also acknowledge that “there may be some instances where the applicant may want to consider all late submitted bid[s],” noting that rural or remote applicants may need additional time to receive bids.²⁰⁶ The benefits of considering additional bids that may be meritorious and are received prior to the bid evaluation far outweigh the burden to applicants of considering them, and to the extent that an applicant finds the burden to be too high, it may set a bid response deadline in the narrative section of the FCC Form 470 or an RFP document that could be used to disqualify all late-submitted bids.

6. Eliminating the FCC Form 486

53. To reduce the number of forms required to be filed by E-Rate applicants throughout the

¹⁹⁹ SECA FNPRM Comments at 34-36 (describing a number of scenarios where service providers email information to applicants that lack specific prices and associated quantities, or include contingencies for a special construction or other charges).

²⁰⁰ 47 CFR §§ 54.504(a)(1)(ix); 54.511(a).

²⁰¹ See *Baltimore City Order*, 26 FCC Rcd at 11199, para. 12 (directing USAC to provide guidance regarding disqualification factors while noting that “ultimately, price must be the primary factor”).

²⁰² 47 CFR § 54.503(c)(4) (requiring entities to wait “at least four weeks”).

²⁰³ 47 CFR § 54.511(a).

²⁰⁴ SECA FNPRM Comments at 36-38.

²⁰⁵ See Appendix A (amended rules, revising section 54.503(c)(4) to include “The entity must consider all bid responses received prior to their bid evaluation, unless it has set a specific bid deadline within the controlling FCC Form 470 or any associated Requests for Proposal.”).

²⁰⁶ See SECA FNPRM Comments at 37.

funding year, we adopt the proposal to remove the requirement that applicants file the FCC Form 486 (Receipt of Service Confirmation and Children’s Internet Protection Act (CIPA) Certification Form) for future funding years, beginning in funding year 2028.²⁰⁷ We find the notification that an applicant makes that their services have started to be duplicative and we transfer the remaining CIPA compliance certifications to the FCC Form 471 funding application. There was strong support from commenters regarding this proposal and no opposition.²⁰⁸

54. We agree with commenters that state this proposal would reduce applicant burden by removing duplicative certifications and reducing the risk of penalties.²⁰⁹ Requiring applicants to provide notice to USAC that services have started is duplicative of certifications made on the FCC Forms 472 and 474, associated invoicing forms.²¹⁰ For example, the FCC Form 472 currently requires certification that “The discount amounts listed in this Billed Entity Applicant Reimbursement Form are accurate and represent charges for eligible services and/or equipment delivered to and used by eligible schools, libraries, or consortia of those entities for educational purposes, on or after the service start date reported on the associated Form 486.”²¹¹ We also find the limited benefits of requiring an applicant to certify that services have started prior to invoicing are outweighed by the burden of filing the FCC Form 486. Commenters also note that “any ministerial or clerical errors made by applicants in the form [486] can result in reduced or denial of funding thereby causing additional hardship and burdens without a corresponding benefit.”²¹² The failure to timely file the FCC Form 486 has real consequences for applicants and service providers, resulting in loss of funding or additional time spent filing appeals.²¹³

55. For the CIPA certifications that are collected on the FCC Form 486, we will move the certifications to the funding application form, or the FCC Form 471.²¹⁴ Commenters support this

²⁰⁷ 2023 FNPRM, 38 FCC Rcd at 6873, paras. 65-66. See Schools and Libraries Universal Service, Receipt of Service Confirmation and Children’s Internet Protection Act Certification Form, OMB 3060-0853 (FCC Form 486).

²⁰⁸ See, e.g., ALA FNPRM Comments at 8 (supportive); EPS Comments at 4 (supporting this change); FFL Comments at 11; GCI Comments at 9; Illinois Office of Broadband FNPRM Comments at 6 (expressing strong support); OITC Comments at 4 (supporting elimination of the form); NCTA Comments at 8-9 (supporting the elimination of the form and the move of the certifications to the FCC Form 471); SECA FNPRM Comments at 41 (supporting the change and explaining that it will benefit both applicants and service providers).

²⁰⁹ See, e.g., EPS Comments at 4 (supporting this change, which will “mean fewer opportunities for complications, especially for new applicants”); OITC Comments at 4 (agreeing that the certifications are duplicative).

²¹⁰ See, e.g., Council of the Great City Schools FNPRM Comments at 2 (agreeing that eliminating the form would reduce redundancies); OITC Comments at 4 (agreeing that the FCC Form 486 is duplicative of other forms).

²¹¹ See Schools and Libraries Universal Service, Billed Entity Applicant Reimbursement Form, OMB 3060-0856 (FCC Form 472).

²¹² Uniti Fiber Comments at 5-6.

²¹³ See, e.g., Illinois Office of Broadband FNPRM Comments at 6 (explaining that the risks of non-compliance “far outweigh” the benefits to the program); NCTA Comments at 8-9 (explaining that the current requirements can delay invoicing and disbursements); see *cf.*, *Requests for Review of the Decision of the Universal Service Administrator by Alaska Gateway School District; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, 21 FCC Rcd 10182 (WCB 2006) (*Alaska Gateway Order*) (describing the procedures surrounding the FCC Form 486 filing, along with the potential penalties for violation).

²¹⁴ See Schools and Libraries Universal Service, Schools and Libraries Universal Service Description of Services Requested and Certification Forms, OMB 3060-0806 (FCC Form 471).

transfer.²¹⁵ We do not expect applicants to have significant challenges with making this annual certification of compliance earlier in the calendar year.²¹⁶

56. In order to move the CIPA certification, beginning in funding year 2028, consortia applicants will need to collect the annual FCC Form 479, the Certification by Administrative Authority to Billed Entity of Compliance with the Children’s Internet Protection Act (CIPA) Form, prior to the Billed Entity certifying a consortium’s CIPA compliance on the FCC Form 471 application.²¹⁷ This aligns the timing of the FCC Form 479 with both the FCC Form 471 application filing window and the existing timeline for applicant entities to demonstrate that a consortium billed entity applicant has authorization to file on behalf of its member entities.²¹⁸ Relatedly, we decline to adopt a proposal by SECA to allow school or library applicants that are part of a consortium to fill out an FCC Form 479 that certifies to CIPA compliance for multiple funding years, while the consortium lead is required to certify annually. We find this proposal inconsistent with the language of section 254(h) of the Communications Act requiring schools and libraries to annually certify compliance regarding the CIPA requirements.²¹⁹ Although the statute does not prescribe consortium requirements,²²⁰ we do not agree that an annual certification by the consortium lead alone is sufficient to meet the plain language requirement that a school and library annually certify its compliance with the CIPA requirements to the Commission.

57. To align program rules with the elimination of FCC Form 486 for future funding years, we also amend section 54.514(a) of the Commission’s rules, which codifies the invoice filing deadline, to remove the reference to the FCC Form 486 and replace it with a deadline based on the date of the funding commitment decision letter.²²¹ This change permits applicants and service providers time to invoice in the limited instances when a funding commitment decision letter is not issued until after the last day to receive service. In those instances, we direct USAC to remind applicants in the funding commitment decision letter of the last day to receive service and to check that services were delivered during the appropriate funding period before disbursing funds in response to requests for reimbursement. We also make further changes to section 54.520 of the Commission’s rules to revise references to FCC Form 486.²²²

58. Lastly, we direct the Bureau to take all necessary steps to remove the FCC Form 486 requirement for future funding years, transfer the annual CIPA compliance certifications to the FCC Form

²¹⁵ See, e.g., CSM Reply at 13-14; NCTA Comments at 8-9; SECA FNPRM Comments at 41; SHLB Reply, CC Docket No. 02-6 et al., at 12-13 (rec. Oct. 24, 2023) (SHLB FNPRM Reply).

²¹⁶ In both the Emergency Connectivity Fund (ECF) and the Schools and Libraries Cybersecurity Pilot programs, applicants and participants provide their CIPA certification on the FCC Form 471 application for each program. This change aligns the E-Rate program with the more streamlined approach to confirm compliance with the CIPA requirements.

²¹⁷ See Schools and Libraries Universal Service, Certification by Administrative Authority to Billed Entity of Compliance with the Children’s Internet Protection Act (CIPA) Form, OMB 3060-0853 (FCC Form 479).

²¹⁸ See USAC, Letter of Agency (LOA), <https://www.usac.org/e-rate/applicant-process/competitive-bidding/letter-of-agency-loa/> (last visited Apr. 8, 2026) (explaining that letters of agency should be signed and dated by the certification date of the FCC Form 471).

²¹⁹ See SECA FNPRM Comments at 44 (proposing that the FCC Form 479 be modified to cover multiple funding years). See also 47 U.S.C. § 254(h)(5)(E)(ii)(I) and (6)(E)(ii)(I) (requiring CIPA certification by a school or a library “during each annual program application cycle”).

²²⁰ See SECA FNPRM Comments at 44 (arguing that the FCC Form 479 could be used by each school and library to certify multiple years of compliance to the consortium lead, while only the lead certifies annually).

1. ²²¹ See Appendix A (amended rules, modifying section 54.514(a)(2) to replace the reference to the FCC Form 486 with “Funding Commitment Decision Letter”).

²²² See Appendix A (amended rules, revising section 54.520).

471, and update the FCC Forms 472 and 474 (i.e., the invoicing certifications and forms). In accordance with this section, we also direct the Bureau to work with USAC to update the EPC, all program notifications (e.g., the funding commitment decision letter), and all outreach materials regarding references to the FCC Form 486 or next steps in the funding commitment process. Because applicants are required to annually certify compliance with CIPA, the FCC Form 486 must continue be filed until the CIPA certifications can be made on the FCC Form 471 and the EPC is updated to account for the new application and invoicing certifications, as well as to account for any changes to the invoicing filing system. Applicants with open commitments or approved appeals from prior funding years will continue to use the FCC Form 486 to certify CIPA compliance for the appropriate funding year at issue.

7. Amending E-Rate Invoicing Rules

59. Next, we amend E-Rate program invoicing rules to ease certain restrictions around the invoice filing deadline. In 2014, the Commission codified the invoice filing deadline²²³ and adopted an “extraordinary circumstances” standard for waiving the rule and granting extensions to ensure the efficient operation of the program, provide certainty for program participants, and allow USAC and the Commission to identify unused E-Rate funds that may be carried forward to future funding years.²²⁴ The rule met those objectives, but some commenters suggest that additional leeway is needed for a small number of applicants and service providers that failed to file their requests for reimbursement or request an extension by the invoice filing deadline despite navigating most of the E-Rate funding processes.²²⁵ In the *2023 FNPRM*, the Commission sought comment on a proposal to modify the invoice filing deadline extension rule to allow applicants and service providers to seek an extension of the original invoice filing deadline from USAC if the request is made within 15 days of the original invoice filing deadline.²²⁶ The Commission also directed the Bureau to hold any waiver requests that were filed within 15 days of the original invoice filing deadline and sought further comment on other potential ways to simplify or streamline the invoicing and disbursement process, including providing a grace period for applicants and service providers to re-submit timely filed but rejected requests for reimbursement.²²⁷

60. We now amend our rules and adopt the proposal to permit applicants and service providers under section 54.514(b) of the Commission’s rules to request the single 120-day extension of the original invoice filing deadline from USAC if the request is made within 15 days of the original invoice filing deadline.²²⁸ This change will reduce the number of waiver requests by providing a small window for applicants and service providers who missed the invoice filing deadline to request additional time, while maintaining the codified invoice filing deadline rule. Commenters are broadly supportive of

²²³ See *First 2014 E-Rate Order*, 29 FCC Rcd at 8965-66, paras. 238-40. The Commission’s E-Rate rules now require applicants and service providers to submit invoicing forms for reimbursement to USAC no later than 120 days after the last day to receive service or 120 days after the date of the FCC Form 486 Notification Letter, whichever is later. 47 CFR § 54.514(a).

²²⁴ See *First 2014 E-Rate Order*, 29 FCC Rcd at 8965-66, paras. 238-40.

²²⁵ See State E-rate Coordinators’ Alliance (SECA), Schools, Health & Libraries Broadband Coalition (SHLB), Consortium for School Networking (CoSN), and State Educational Technology Directors Association (SETDA) Comments, CC Docket No. 02-6 et al, at 39-40, (filed Apr. 24, 2023) (Joint Commenters).

²²⁶ *2023 FNPRM*, 38 FCC Rcd at 6876-77, para. 72.

²²⁷ *Id.*

²²⁸ The extension is from the original invoice filing deadline. For example, the invoice filing deadline for recurring services in funding year 2023 is Monday, October 28, 2024. If an applicant or service provider failed to file its request for reimbursement or request an extension by that time, it could seek an extension until Tuesday, November 12, 2024, that would extend the deadline to Tuesday, February 25, 2025, or 120 days after the original invoice filing deadline of October 28, 2024.

this proposed rule change,²²⁹ with the Illinois Office of Broadband pointing out that such a rule change would “avert the dire consequences” of failing to request an extension before the invoice filing deadline.²³⁰ While one commenter suggests providing a longer period,²³¹ we conclude that 15 days provides an adequate window of time for those who missed the initial deadline to submit an invoice filing extension request. Fifteen days is also consistent with the 15-day period provided after the USAC reminder to file the FCC Form 486.²³² Consistent with this new approach, we direct the Bureau to grant all of the held waiver requests that are pending and were filed within 15 days of the missed invoice filing deadline, or that demonstrate an attempt to file a reimbursement request with USAC within 15 days of the missed invoice filing deadline.²³³

61. At the same time, we decline to permit applicants and service providers to submit requests for more than one 120-day extension of the invoice filing deadline to USAC because such extensions would be contrary to our efforts to ensure timely invoicing.²³⁴ To the extent applicants and service providers can demonstrate good cause for an additional extension, they may consider seeking an additional extension through a waiver from the Commission.²³⁵ We also decline to direct USAC to accept requests for *reimbursement* from applicants and service providers that are filed within 15 days of the invoice filing deadline date if USAC has not granted a request for extension filed by the applicant.²³⁶ We are concerned that this could lead to confusion or ambiguity over the invoice filing deadline itself. At the same time, we direct USAC to develop a mechanism to remind applicants and service providers that have not filed a request for reimbursement or a request for extension as of the invoice filing deadline to seek an

²²⁹ See, e.g., Council of the Great City Schools FNPRM Comments at 3; E-MPA Comments at 7; Funds For Learning Reply at 12; Illinois Office of Broadband FNPRM Comments at 7; INCOMPAS FNPRM Reply at 5; NCTA Comments at 6; SECA FNPRM Comments at 46; SHLB FNPRM Comments at 18.

²³⁰ Illinois Office of Broadband FNPRM Comments at 7.

²³¹ See CSM Consulting Reply at 20 (proposing that requests for extensions filed within 60 days of the invoice filing deadline be granted if the participant explains the “need or unique circumstances”).

²³² See, e.g., E-MPA Comments at 7 (noting that the invoice filing deadline should align with other program areas, such as the extra 15 days provided to file the FCC Form 486).

²³³ The Bureau may grant waivers for applicants or service providers that can demonstrate that they attempted to file for an extension within 15 days of the original invoice filing deadline, particularly until the system is adjusted to make this change. In future funding years, applicants or service providers that misfile a request for extension at the Commission may be granted a waiver, but will only be provided with an extension that is 120 days after the date of the original invoice filing deadline. See Appendix A (amended rules, revising section 54.514(b)).

²³⁴ See, e.g., CSM Consulting Reply at 19 (recommending the Commission permit multiple invoice filing deadline extensions).

²³⁵ A Commission rule may be waived for “good cause shown.” 47 CFR § 1.3. Good cause for a waiver may be found if special circumstances warrant a deviation from the general rule and such deviation will serve the public interest. *Northeast Cellular Tel. Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990). In the E-Rate program, good cause for an invoicing waiver requires extraordinary circumstances.

²³⁶ See, e.g., SHLB FNPRM Comments at 22 (asking that the 15-day grace period apply to filing invoices, as well as requests for extension, and suggesting applicants that miss the invoice filing deadline may not realize they can request an extension during this time); SECA FNPRM Comments at 45-46 (stating that USAC should issue urgent reminder letters, providing applicants with 15 additional days to submit invoices after the invoice filing deadline).

extension within 15 days of the deadline.²³⁷ We also direct USAC to include instructions in the reminder on how to request an extension of the invoice filing deadline consistent with this Order.²³⁸

62. We retain the extraordinary circumstances standard for those seeking a waiver of the invoice filing deadline rule from the Commission,²³⁹ and we disagree with those parties suggesting that we eliminate it.²⁴⁰ The invoice filing deadline provides certainty to applicants and service providers, as well as to the Commission and USAC, which relies on the invoicing filing deadline to de-obligate committed funds efficiently.²⁴¹ The extraordinary circumstances standard incentivizes parties to meet the invoice filing deadline and reduces uncertainty regarding extensions. The Bureau has waived the invoice filing deadline rules when warranted, such as when a service provider acquisition made invoicing a technical impossibility,²⁴² when the owner of a service provider and person responsible for invoicing passed away,²⁴³ and when weather and other similar disasters impeded applicants' ability to file requests for reimbursement by the invoice filing deadline.²⁴⁴ Taken together, we find that the extraordinary circumstances standard, the new invoice filing reminder mechanism, and the 15-day period after the invoice filing deadline to request a one-time, 120-day extension from USAC strike the right balance between flexibility for E-Rate participants and certainty to ensure the efficient administration of the E-Rate program.

²³⁷ See SECA FNPRM Comments at 45. This reminder after the deadline is in addition to the reminder three weeks prior to the deadline. *2023 E-Rate Report and Order*, 38 FCC Rcd at 6861, para. 39.

²³⁸ These reminders will be a courtesy, but applicants and service providers are responsible for knowing the invoice filing deadline requirements and updating contact information. The absence of a reminder notice will not be justification for an invoice filing deadline waiver.

²³⁹ *First 2014 E-Rate Order*, 29 FCC Rcd at 8966, para. 239.

²⁴⁰ See NCTA Comments at 6-7 (claiming that the extraordinary circumstances standard is unnecessarily strict and that the public interest standard should be used instead); SHLB FNPRM Comments at 20 (arguing that there are several reasons why an applicant may miss the invoice filing deadline, including personnel changes, forgetting one of many invoices, or the busy nature of October).

²⁴¹ See *First 2014 E-Rate Order*, 29 FCC Rcd at 8966, para. 238.

²⁴² See, e.g., *Petition for Reconsideration of a Decision of the Wireline Competition Bureau by Sunesys, LLC; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order on Reconsideration, 34 FCC Rcd 7766 (WCB 2009).

²⁴³ See, e.g., *Request for Waiver of a Decision of the Universal Service Administrator by Byte Networking, LLC; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order on Reconsideration, 34 FCC Rcd 7770 (WCB 2009).

²⁴⁴ See, e.g., *Affordable Connectivity Program; Lifeline and Link Up Reform and Modernization; Schools and Libraries Universal Service Support Mechanism; Establishing the Emergency Connectivity Fund to Close the Homework Gap; Rural Health Care Universal Support Mechanism; Connect America Fund; Universal Service Contribution Methodology*, WC Docket Nos. 21-93, 02-60, 20-89, 06-122, 11-42, 21-450, and 10-90, CC Docket No. 02-6, Order, 38 FCC Rcd 7587 (WCB 2023) (*Hawaii Wildfire Order*); *Affordable Connectivity Program; Lifeline and Link Up Reform and Modernization; Schools and Libraries Universal Service Support Mechanism; Establishing the Emergency Connectivity Fund to Close the Homework Gap; Rural Health Care Universal Support Mechanism; Connect America Fund; Universal Service Contribution Methodology*, WC Docket Nos. 21-93, 02-60, 20-89, 06-122, 11-42, 21-450, and 10-90, CC Docket No. 02-6, Order, 38 FCC Rcd 7922 (WCB 2023) (*Hurricane Idalia Order*); *Lifeline and Link Up Reform and Modernization, Schools and Libraries Universal Service Support Mechanism, Establishing the Connectivity Fund to Close the Homework Gap, Rural Healthcare Universal Service Support Mechanism*, WC Docket Nos., 11-42, 10-90, 21-93, CC Docket Nos. 02-6, 02-60, Order, 39 FCC Rcd 10903 (WCB 2024) (*Hurricane Helene Order*); *Lifeline and Link Up Reform and Modernization, Schools and Libraries Universal Service Support Mechanism, Establishing the Connectivity Fund to Close the Homework Gap, Rural Healthcare Universal Service Support Mechanism*, WC Docket Nos., 11-42, 10-90, 21-93, CC Docket Nos. 02-6, 02-60, Order, 39 FCC Rcd 11313 (WCB 2024) (*Hurricane Milton Order*).

63. Next, we adopt a rule providing for a one-time, 60-day grace period for applicants and service providers to resubmit corrected versions of requests for reimbursement that were timely filed before the invoice filing deadline but rejected by USAC. Requests for reimbursement may be rejected for a variety of reasons and, while applicants and service providers have the option to appeal a rejected request for reimbursement to USAC that was timely filed, submitting an appeal is more burdensome than refileing a corrected request for reimbursement, especially for smaller schools and libraries that, as NCTA identifies in their comments, are more “well-versed” in refileing corrected requests for reimbursement than in drafting and submitting an appeal.²⁴⁵ Commenters are broadly supportive of this change, claiming that it would increase program efficiency by removing the appeal review process for those applicants and service providers who timely filed a request for reimbursement that was rejected.²⁴⁶ While the Commission initially sought comment on a 30-day grace period,²⁴⁷ some commenters suggest a 60-day grace period is more consistent with the 60-day appeal period.²⁴⁸ We agree that aligning these two time periods is the most streamlined option and will reduce confusion. This will allow applicants and service providers that can correct the rejected request for reimbursement to refile, rather than filing an appeal, waiting for a decision, and then being given an additional period of time to resubmit the request for reimbursement. We decline USTelecom’s request to allow for invoice filing deadline extensions for funding requests that have pending invoices for the total amount, finding it unneeded based on the other changes adopted in this Order that permit refileing after an invoice is rejected.²⁴⁹

64. As indicated above, applicants and service providers also have the option to appeal a rejected request for reimbursement to USAC, if for some reason they are unable to correct the discrepancy or deficiency that is causing the rejection. We also clarify that the applicants and service providers that choose to refile the invoice but receive another rejection can appeal that subsequent rejection to USAC within 60 days.²⁵⁰ If the appeal is granted, our rules provide that the applicant or service provider will have 120 days from the date of the RFCDL to refile the request for reimbursement.²⁵¹ If the appeal is denied, the applicant may file a request for review and/or waiver from the Commission.²⁵²

65. Finally, we provide guidance to applicants, service providers, and USAC, and modify the rule language regarding post-commitment requests to extend the invoice filing deadline under section 54.514(a)(3).²⁵³ In 2020, the Commission addressed an issue in the program rules that left applicants with some pending post-commitment requests or appeals unable to invoice by the invoice filing deadline.²⁵⁴ To fix the issue, the Commission amended the invoicing deadline rules to provide 120 days from the date of a Revised Funding Commitment Decision Letter approving a post-commitment request or a successful

²⁴⁵ NCTA Comments at 7.

²⁴⁶ See E-MPA Comments at 7; CSM Consulting Reply at 20; Illinois Office of Broadband FNPRM Comments at 7-8; NCTA Comments at 7; SECA FNPRM Comments at 46; SHLB FNPRM Comments at 23; USTelecom FNPRM Comments at 4-5; USTelecom Reply at 3-4.

²⁴⁷ *2023 FNPRM*, 38 FCC Rcd at 6877, para. 73.

²⁴⁸ See SHLB FNPRM Comments at 23; CSM Consulting Reply at 20.

²⁴⁹ See USTelecom FNPRM Comments at 4-5.

²⁵⁰ 47 CFR § 54.719(a).

²⁵¹ 47 CFR § 54.514(a)(3).

²⁵² 47 CFR § 54.719(b)-(c).

²⁵³ 47 CFR § 54.514(a)(3).

²⁵⁴ *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 35 FCC Rcd 14426 (2020).

appeal.²⁵⁵ Such relief is limited to approvals of timely filed post-commitment requests that affect invoicing, like service substitutions filed prior to the service delivery deadline or service provider changes. Reduction or cancellation of a portion of a funding request would not, for example, result in additional time to invoice.²⁵⁶ We amend the rule now to provide applicants and service providers with clarity without notice and comment in accordance with the exception to the Administrative Procedure Act (APA) for procedural rules.²⁵⁷

8. Updating E-Rate Program Definitions and Rules

66. We next update certain E-Rate program's definitions to better reflect current technology and to eliminate confusion. We also amend section 54.503(b) of the Commission's to clean up an incorrect cross-reference and section 54.513(d) to align the document retention period for equipment transfers with the overall document retention rule.

67. *Wiring Between Buildings.* We first adopt language that should make it easier for multiple schools that share a campus to use category two support for cabling. In funding year 2017, the Bureau modified the eligible services list to provide guidance on the classifications of connections between buildings of a single school.²⁵⁸ In that guidance, the Bureau noted that “[c]onnections between different schools with campuses located at the same property (e.g., an elementary school and middle school located on the same property) are considered to be category one digital transmission services,” which have separate competitive bidding requirements.²⁵⁹ In funding year 2018, the Bureau further clarified that connections between two schools in a single building may be classified as a category two service, but rejected requests to allow the term “single school campus” in the definition of “internal connections” as allowing for a single campus containing multiple schools.²⁶⁰

68. In order to make this cabling eligible under category two, the Commission sought comment on a proposal to modify the definitions of “internal connections” and “wide area network” to allow applicants to seek funding for wiring between different schools (e.g., a high school and a middle school) in the same contiguous area as an internal connection.²⁶¹ Commenters agree with the need for a

²⁵⁵ 47 CFR § 54.514(a)(3) (as amended).

²⁵⁶ See *Requests for Review and/or Waiver of Decisions of the Universal Service Administrator by Corporation for Education Network Initiatives in California, et al*, CC Docket No. 02-6, Order, 2026 WL 487740, *2, para. 3, n. 10 (WCB rel. Feb. 17, 2026) (“Only certain post-commitment changes result in invoice deadline extensions. For instance, an applicant receiving a revised funding commitment decision letter (RFCDL) after requesting a reduction in funding through an FCC Form 500 will not receive additional time to invoice, even if the RFCDL arrives on or after the current invoice deadline.”).

²⁵⁷ 5 U.S.C. § 553(b)(3)(A). This rule change is not subject to notice and comment under the APA because it is a procedural rule establishing a deadline for filing requests for reimbursement.

²⁵⁸ See *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 31 FCC Rcd 9767, 9780 (WCB 2016) (*FY 2017 Eligible Services List*) (describing the classifications of connections between buildings).

²⁵⁹ *Id.*; see also SECA FNPRM Comments at 22.

²⁶⁰ See *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 32 FCC Rcd 7414, 7416, paras. 6-7 (WCB 2017) (*FY 2018 Eligible Services List Order*).

²⁶¹ 2023 FNPRM, 38 FCC Rcd at 6878-79, para. 78. 47 CFR § 54.500 (defining services to be eligible as “internal connections” “if such service is necessary to transport or distribute broadband within one or more instructional buildings of a *single* school campus or within one or more non-administrative buildings that comprise a single library branch” and defining “wide area network” as “a voice or data network that provides connections from one or more computers within an eligible school or library to one or more computers or networks that are external to such eligible school or library. Excluded from this definition is a voice or data network that provides connections between or among instructional buildings of a *single* school campus or between or among non-administrative buildings of a single library branch,”(emphasis added).

change, and we adopt language to implement it and permit multiple schools located on the same property to share a single school campus. We decline to replace “single school” with the phrase “E-Rate eligible site(s)” because the rule language already includes references to libraries.²⁶² In addition, we remove references to “voice” in the definition of “wide area network” because voice services are no longer eligible for E-Rate support.²⁶³ We received no comments opposing this change.²⁶⁴

69. *Definition of Consortium.* We also adopt our proposal to amend the definition of “consortium” to align it with the definition of “consortium” used in the Emergency Connectivity Fund (ECF) program.²⁶⁵ Our E-Rate rules allowed ineligible private sector entities to join consortia only if the pre-discount prices for interstate services are at tariffed rates.²⁶⁶ Given that many services have been de-tariffed, we find the definition adopted for the ECF program is more appropriate and do not allow private sector entities to participate in E-Rate consortia. While the American Library Association suggests that we should continue to allow private entities to participate in a consortium,²⁶⁷ we lack sufficient information to ensure universal service funds are safeguarded with this practice. We also find the ECF definition to more clearly ensure that E-Rate eligible entities are in control of the competitive bidding process and compliance with program rules. Commenters also support this change.²⁶⁸

70. Finally, we amend section 54.503(b) of the Commission’s rules to correct a cross reference to the competitive bidding exemptions in section 54.503(e).²⁶⁹ We also amend section 54.513(d) of the Commission’s rules to remove the reference to five years in order to eliminate confusion and align the document retention period with section 54.516(a), which requires retention of documents relating to compliance with the equipment transfer rules for ten years.²⁷⁰

IV. ORDER ON RECONSIDERATION

71. Finally, we address SECA’s petition for reconsideration and/or clarification regarding the Commission’s discussion in the *2023 E-Rate Report and Order* of whether the shared use of a category two piece of equipment by a non-instructional facility must be cost allocated from the request for E-Rate funding for that piece of equipment.²⁷¹ The Commission provided that if the applicant is choosing the most cost-effective offering for the shared equipment without regard for the non-instructional facility’s use, the applicant is not required to cost allocate the non-instructional facility’s use of the shared

²⁶² See SECA FNPRM Comments at 22; 47 CFR § 54.500 (stating “connections between or among instructional buildings of a single school campus *or between or among non-administrative buildings of a single library branch*”) (emphasis added).

²⁶³ 47 CFR § 54.500. *First 2014 E-Rate Order*, 29 FCC Rcd at 8922-23, para. 135.

²⁶⁴ *2023 FNPRM*, 38 FCC Rcd at 6879, para. 79.

²⁶⁵ *Id.* at 6879-80, para. 80; 47 CFR § 54.1700(d) (defining “consortium” as any local, statewide, regional, or interstate cooperative association of schools and/or libraries eligible for Emergency Connectivity Fund support that seeks funding for eligible services on behalf of some or all of its members. A consortium may also include health care providers eligible under subpart G of this part, and public sector (governmental) entities, including, but not limited to, state colleges and state universities, state educational broadcasters, counties, and municipalities, although such entities are not eligible for support.”).

²⁶⁶ 47 CFR § 54.500.

²⁶⁷ See ALA FNPRM Comments at 9-10.

²⁶⁸ See, e.g., SECA FNPRM Comments at 48, CSM Consulting Reply at 20.

²⁶⁹ 47 CFR § 54.503(b) (as amended).

²⁷⁰ 47 CFR § 54.513(d) (as amended).

²⁷¹ SECA 2023 Petition for Reconsideration.

equipment.²⁷² SECA asserts that the *2023 E-Rate Report and Order* and associated regulation, section 54.502(d)(6), are ambiguous and could be construed to limit relief only to those non-instructional facilities where the equipment is physically located, and not to other non-instructional facilities that use the equipment.²⁷³ We now clarify that the use of shared equipment by other non-instructional facilities also does not require cost allocation “[a]s long as the applicant is choosing the most cost-effective offering for the shared equipment (e.g., a district switch) without regard for the [non-instructional facility’s] use.”²⁷⁴ In a district-wide budget, we find this cost allocation is unnecessarily burdensome given the need for shared equipment within school or library networks to serve their students and library patrons. Accordingly, we grant SECA’s petition and amend section 54.502(d)(6) of the Commission’s rules to make clear that shared equipment does not require cost allocation of a non-instructional facilities’ use.²⁷⁵

V. PROCEDURAL MATTERS

72. *Regulatory Flexibility Act.* The Regulatory Flexibility Act of 1980, as amended (RFA),²⁷⁶ requires that an agency prepare a regulatory flexibility analysis for notice and comment rulemakings, unless the agency certifies that “the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.”²⁷⁷ Accordingly, the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) concerning the possible impact of the rule changes contained in this *Report and Order* on small entities. The FRFA is set forth in Appendix C.

73. *Paperwork Reduction Act.* This Report and Order contains new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. It will be submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the PRA. OMB, the general public, and other Federal agencies are invited to comment on the revised information collection requirements contained in this proceeding. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198,²⁷⁸ the Commission previously sought specific comment on how it might further reduce the information collection burden on small business concerns with fewer than 25 employees.

74. *Congressional Review Act.* The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, concurs, that this rule is non-major under the Congressional Review Act, 5 U.S.C. § 804(2). The Commission will send a copy of this Report and Order and Order on Reconsideration to Congress and the Government Accountability Office pursuant to 5 U.S.C. § 801(a)(1)(A).

VI. ORDERING CLAUSES

75. ACCORDINGLY, IT IS ORDERED, that pursuant to the authority contained in sections 1 through 4, 201-202, 254, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-202, 254, 303(r), and 403, this *Report and Order and Order on Reconsideration* IS ADOPTED effective thirty (30) days after the publication of this Report and Order in the Federal

²⁷² *2023 E-Rate Report and Order*, 38 FCC Rcd at 6856-57, para. 29.

²⁷³ SECA 2023 Petition for Reconsideration at 2-3.

²⁷⁴ *2023 E-Rate Report and Order*, 38 FCC Rcd at 6856-57, para. 29.

²⁷⁵ See Appendix A (amended rules, modifying 47 CFR § 54.502(d)(6)); SECA 2023 Petition for Reconsideration.

²⁷⁶ 5 U.S.C. §§ 601 *et seq.*, as amended by the Small Business Regulatory Enforcement and Fairness Act (SBREFA), Pub. L. No. 104-121, 110 Stat. 847 (1996).

²⁷⁷ *Id.* § 605(b).

²⁷⁸ See 44 U.S.C. § 3506(c)(4).

Register.²⁷⁹

76. IT IS FURTHER ORDERED, that pursuant to the authority contained in sections 1 through 4, 201 through 202, 254, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-202, 254, 303(r), and 403, Part 54 of the Commission's rules, 47 CFR Part 54, is AMENDED as set forth in Appendix A, and such rule amendments shall be effective (30) days after the publication of this *Report and Order and Order on Reconsideration*, in the Federal Register, except for sections 54.503(c)(4)-(6) and 54.504(d)(1)(iv), which contains information collection requirements that are not effective until approved by the Office of Management and Budget. The FCC will publish a document in the Federal Register announcing the effective date for this section.

77. IT IS FURTHER ORDERED, pursuant to the authority contained in section 405 of the Communications Act of 1934, as amended, 47 U.S.C. § 405, and section 1.429 of the Commission's rules, 47 CFR § 1.429, that the Petition for Reconsideration and/or Clarification of the State E-rate Coordinators' Alliance on September 6, 2023, IS GRANTED.

78. IT IS FURTHER ORDERED that the Office of the Secretary, SHALL SEND a copy of the *Report and Order and Order on Reconsideration*, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy.

79. IT IS FURTHER ORDERED that the Office of the Managing Director, Performance Program Management, SHALL SEND a copy of this *Report and Order and Order on Reconsideration* in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, 5 U.S.C. § 801(a)(1)(A).

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

²⁷⁹ Pursuant to Executive Order 14215, 90 Fed. Reg. 10447 (Feb. 20, 2025), this regulatory action has been determined to be not significant under Executive Order 12866, 58 Fed. Reg. 68708 (Dec. 28, 1993).

APPENDIX A

Final Rules

For the reasons set forth above, the Federal Communications Commission amends part 54 of title 47 of the Code of Federal Regulations as follows:

PART 54 – UNIVERSAL SERVICE

1. citation for part 54 continues to read as follows:

AUTHORITY: 47 U.S.C. 151, 154(i), 155, 201, 205, 214, 219, 220, 229, 254, 303(r), 403, 1004, 1302, 1601-1609, and 1752, unless otherwise noted.

2. Amend § 54.500 by revising the definitions of consortium, internal connections, and wide area network to read as follows:

§ 54.500 Terms and definitions.

Consortium. A “consortium” is any local, statewide, regional, or interstate cooperative association of schools and/or libraries eligible for support under this Subpart that seeks competitive bids for eligible services or funding for eligible services on behalf of some or all of its members. A consortium may also include health care providers eligible under subpart G of this part, and public sector (governmental) entities, including, but not limited to, state colleges and state universities, state educational broadcasters, counties, and municipalities, although such entities are not eligible for support.

Internal Connections. A service is eligible for support as a component of an institution’s “internal connections” if such service is necessary to transport or distribute broadband within one or more instructional buildings of a single school campus or within one or more non-administrative buildings that comprise a single library branch. Multiple schools with the same billed entity may share a single school campus.

Wide Area Network. For purposes of this subpart, a “wide area network” is a data network that provides connections from one or more computers within an eligible school or library to one or more computers or networks that are external to such eligible school or library. Excluded from this definition is a data network that provides connections between or among instructional buildings of a single school campus or between or among non-administrative buildings of a single library branch.

3. Amend § 54.502(d)(6) to read as follows:

§ 54.502 Eligible services.

(d) ***

(6) Non-instructional buildings. Support is not available for category two services provided to or within non-instructional school buildings or separate library administrative buildings unless those category two services are essential for the effective transport of information to or within one or more instructional buildings of a school or non-administrative library buildings, or the Commission has found that the use of those services meets the definition of educational purpose, as defined in § 54.500. When applying for category two support for eligible services shared with or within a non-instructional school building or library administrative building, the applicant shall not be required to deduct the cost of a non-instructional building’s use of the category two services or equipment.

4. Amend § 54.503(b) and (c)(4) and add (c)(5)-(6) as follows:

§ 54.503 Competitive Bid Requirements.

(b) Competitive bid requirements. Except as provided in paragraph (e), an eligible school, library, or consortium that includes an eligible school or library shall seek competitive bids, pursuant to the requirements established in this subpart, for all services eligible for support under § 54.502. These competitive bid requirements apply in addition to state and local competitive bid requirements and are not intended to preempt such state or local requirements.

(c) ***

(4) After posting on the Administrator's Web site an eligible school, library, or consortium FCC Form 470, the Administrator shall send confirmation of the posting to the entity requesting service. Providers of services shall not respond to a request for services directly to the requesting entity and shall not reveal responses to other parties, including other providers of services, but shall submit responses through a secured Web site portal ("bidding portal" or "bid portal") managed by the Administrator. The eligible school, library, or consortium shall then wait at least four weeks from the date on which its description of services is posted on the Administrator's Web site before making commitments with the selected providers of services. The confirmation from the Administrator shall include the date after which the requestor may sign a contract with its chosen provider(s). The entity must consider all bid responses received prior to their bid evaluation, unless it has set a specific bid deadline within the controlling FCC Form 470 or any associated Requests for Proposal.

(5) Service providers shall respond to requests for services through a secured Web site portal ("bidding portal" or "bid portal") managed by the Administrator, by submitting bids into the portal. Service providers will not have access to the bids of other service providers. Service providers may anonymously submit questions or other inquiries to applicants through the bidding portal, to which applicants must publicly respond during the competitive bidding process. Applicants may hold public meetings or conferences with interested bidders, so long as notice is afforded in the bidding portal and applicants submit a summary of the meeting, including a list of those in attendance, no later than two business days after the meeting. Otherwise, no communication between service providers and applicants or any representative thereof related to the competitive bid or the competitive bidding process is permitted outside of the bidding portal during the competitive bidding process. All potential program bidders and service providers must have access to the same information and must be treated in the same manner throughout the entire procurement process.

(6) After making commitments with the selected providers of services, eligible schools, libraries, or consortia shall upload the following before submitting an FCC Form 471 for the services:

(i) Competitive bidding documents. Applicants must submit documentation to support their certifications that they have carefully considered and selected the most cost-effective bid with price being the primary factor considered, including the bid evaluation criteria, and the following documents (as applicable, and to the extent not already captured and stored as part of competitive bidding process): Completed bid evaluation worksheets or matrices; explanation for any disqualified bids; a list of people who evaluated the bids (along with their title/role/relationship to the applicant), memos, board minutes, or similar documents related to the service provider selection/award; copies of notices to winners; and any correspondence with the service providers prior to and during the competitive bidding, evaluation, and award phase of the process that occurred outside of the bidding portal.

(ii) Contracts or other documentation. All applicants must submit a contract or other documentation, as applicable, that clearly identifies the service provider(s) selected; costs for which support is being requested; and the term of the service agreement(s) if applicable (i.e., if services are not being provided on a month-to-month basis). For services provided under contract, the applicant must submit a copy of the contract signed and dated after the Allowable Contract Date established pursuant to paragraph (c)(4) in this section by the applicant. If the services are provided by another legally binding agreement or on a month-to-month basis, the applicant must submit a bill, service offer, letter, or similar document from the service provider that provides the required information.

5. Revise § 54.504(d)(1)(iv) and add (g) as follows:

§ 54.504 Requests for Services.

(d) ***

(1) ***

(i) ***

(ii) ***

(iii) ***

(iv) The applicant certifies that the requested change is either within the scope of the controlling FCC Form 470, including any associated Requests for Proposal, for the original services, or is the result of an unanticipated need for additional bandwidth and the applicant will seek competitive bids prior to the next funding year if the applicant plans to continue to receive the additional bandwidth.

(g) Transition of services during a funding year.

(1) The Administrator shall grant a request by an applicant to modify the service start and end dates, including in the event that a service start and end date modification results in an upward change in the pre-discount price for the supported service provided during the funding year for the transitioning recurring services identified on its FCC Form 471, where:

(i) The applicant filed partial funding year requests for the supported service from both providers (or service offerings, in the case of a transition to a different service from the same provider) during the application filing window using the best estimates of the transition dates, provided there is no overlap in dates,

(ii) The applicant indicated on the FCC Form 471 that the requests were for a transition of service, and

(iii) There are available funds below the schools and libraries universal service support program funding cap.

6. Revise § 54.513(d) to read as follows:

§ 54.513 Resale and transfer of equipment.

(d) Eligible services and equipment components of eligible services purchased at a discount under this subpart shall not be transferred, with or without consideration of money or any other thing of value, for a

period of three years after purchase, except that eligible services and equipment components of eligible services may be transferred to another eligible school or library in the event that the particular location where the service originally was received is permanently or temporarily closed, or is part of the same eligible school district or library system as the location receiving the eligible services or equipment components of eligible services. If an eligible service or equipment component of a service is transferred pursuant to this paragraph, both the transferor and recipient must maintain detailed records documenting the transfer and the reason for the transfer.

7. Revise § 54.514(a) and (b) to read as follows:

§ 54.514 Payment for discounted services.

(a) Invoice filing deadline. Invoices must be submitted to the Administrator by the latest of:

- (1) 120 days after the last day to receive service;
- (2) 120 days after the date of the Funding Commitment Decision Letter;
- (3) 120 days after the date of the Revised Funding Commitment Decision Letter approving a post-commitment request made by the applicant or service provider or a successful appeal of a previously denied or reduced funding request that is impacting requests for reimbursement, whichever is latest; or
- (4) 60 days after the date of the first notification of a denial or reduction of a timely filed request for reimbursement.

(b) Invoice filing deadline extension. Service providers or billed entities may request a one-time extension of the invoicing filing deadline if such request is filed before, or within 15 days after, the deadline calculated pursuant to paragraph (a) of this section. The Administrator shall grant a 120-day extension of the invoice filing deadline calculated in paragraph (a) if it is timely requested. The Commission may find good cause for a waiver of the invoice filing deadline extension rule and a one-time extension of 120 days from the original invoicing deadline for requests for waiver where the Petitioner can demonstrate that they attempted to file for an extension within 15 days of the original invoice filing deadline.

8. Revise § 54.520(c)(1), (c)(1)(iii), (c)(2), (c)(2)(iii), (c)(3)(ii)-(iii), and (g) to read as follows:

§ 54.520 Children's Internet Protection Act certifications required from recipients of discounts under the federal universal service support mechanism for schools and libraries.

(c) Certifications required under 47 U.S.C. 254(h) and (l) —

(1) Schools. The billed entity for a school that receives discounts for Internet access or internal connections must certify on FCC Form 471 that an Internet safety policy is being enforced. If the school is an eligible member of a consortium but is not the billed entity for the consortium, the school must certify instead on FCC Form 479 (“Certification to Consortium Leader of Compliance with the Children's Internet Protection Act”) that an Internet safety policy is being enforced.

(iii) A school must satisfy its obligations to make certifications by making one of the following certifications required by paragraph (c)(1) of this section on FCC Form 471:

(A) The recipient(s) of service represented in the Funding Request Number(s) on this Form 471 has (have) complied with the requirements of the Children's Internet Protection Act, as codified at 47 U.S.C. 254(h) and (l).

(B) Pursuant to the Children's Internet Protection Act, as codified at 47 U.S.C.

254(h) and (l), the recipient(s) of service represented in the Funding Request Number(s) on this Form 471, for whom this is the first funding year in the federal universal service support mechanism for schools and libraries, is (are) undertaking such actions, including any necessary procurement procedures, to comply with the requirements of CIPA for the next funding year, but has (have) not completed all requirements of CIPA for this funding year.

(C) The Children's Internet Protection Act, as codified at 47 U.S.C. 254(h) and (l), does not apply because the recipient(s) of service represented in the Funding Request Number(s) on this Form 471 is (are) receiving discount services only for telecommunications services.

(2) Libraries. The billed entity for a library that receives discounts for Internet access and internal connections must certify, on FCC Form 471, that an Internet safety policy is being enforced. If the library is an eligible member of a consortium but is not the billed entity for the consortium, the library must instead certify on FCC Form 479 ("Certification to Consortium Leader of Compliance with the Children's Internet Protection Act") that an Internet safety policy is being enforced.

(iii) A library must satisfy its obligations to make certifications by making one of the following certifications required by paragraph (c)(2) of this section on FCC Form 471:

(A) The recipient(s) of service represented in the Funding Request Number(s) on this Form 471 has (have) complied with the requirements of the Children's Internet Protection Act, as codified at 47 U.S.C. 254(h) and (l).

(B) Pursuant to the Children's Internet Protection Act, as codified at 47 U.S.C. 254(h) and (l), the recipient(s) of service represented in the Funding Request Number(s) on this Form 471, for whom this is the first funding year in the federal universal service support mechanism for schools and libraries, is (are) undertaking such actions, including any necessary procurement procedures, to comply with the requirements of CIPA for the next funding year, but has (have) not completed all requirements of CIPA for this funding year.

(C) The Children's Internet Protection Act, as codified at 47 U.S.C. 254(h) and (l), does not apply because the recipient(s) of service represented in the Funding Request Number(s) on this Form 471 is (are) receiving discount services only for telecommunications services.

(3) ***

(ii) The billed entity for a consortium, as defined in paragraph (a)(3) of this section, must make one of the following two certifications on FCC Form 471: "I certify as the Billed Entity for the consortium that I have collected duly completed and signed Forms 479 from all eligible members of the consortium."; or I certify "as the Billed Entity for the consortium that the only services that I have been approved for discounts under the universal service support on behalf of eligible members of the consortium are telecommunications services, and therefore the requirements of the Children's Internet Protection Act, as codified at 47 U.S.C. 254(h) and (l), do not apply."; and

(iii) The billed entity for a consortium, as defined in paragraph (a)(3) of this section, who filed an FCC Form 471 as a "consortium application" and who is also a recipient of services as a member of that consortium must select one of the certifications under paragraph (c)(3)(i) of this section on FCC Form 471.

(g) Funding year certification deadlines. For Funding Year 2003 through Funding Year 2027, billed entities shall provide one of the certifications required under paragraph (c)(1), (c)(2) or (c)(3) of this section on an FCC Form 486 in accordance with the prior existing program guidelines established by the Administrator. For Funding Year 2028 and for subsequent funding years, billed entities shall provide one of the certifications required under paragraph (c)(1), (c)(2), or (c)(3) of this section on an FCC Form 471.

APPENDIX B

List of Commenters and Reply Commenters

Promoting Competitive Bidding NPRM (WC Docket No. 21-455):

Commenter	Abbreviation
AdvanEdge / Intelafunds	AdvanEdge
American Library Association	ALA
ApplianSys	ApplianSys
Arkansas State Library	Arkansas State Library
Barry County Telephone Company, et al.	Rural Companies
Brent Haage	Brent Haage
California K12 High Speed Network	K12HSN
City of Boston, Massachusetts	Boston
Coby Culbertson	Coby Culbertson
Consortium for School Networking (CoSN) and State Educational Technology Directors Association (SETDA)	COSN and SETDA
The Corporation for Education Network Initiatives in California	CENIC
Council of the Great City Schools	Council of the Great City Schools
Cristo Rey Jesuit High School	Cristo Rey
David W Fringer	David Fringer
Derek Gillard	Derek Gillard
Dianna Casper	Dianna Casper
Education Service Unit #9	ESU #9
ENA Services, LLC	ENA
Funds for Learning	FFL
Gary Warner	Gary Warner
HWC Consultants	HWC
Illinois Office of Broadband	Illinois Office of Broadband
Iowa Department of Education	Iowa DOE
INCOMPAS	INCOMPAS
Infinity Communications & Consultants, Inc.	Infinity
Jacob Cohen	Jacob Cohen
John Pritchard	John Pritchard
Juniper Networks	Juniper Networks
KB & Associates LLC	KB & Assoc
Kentucky Department of Education	Kentucky Department of Education
Los Angeles Unified School District	LAUSD
Matthew Schilling	Matthew Schilling
National Association of Telecommunications Officers and Advisors	NATOA
National School Boards Association	NSBA
National Catholic Educational Association	NCEA
Noel Erskine	Noel Erskine
Brandy L. Wreath, Administrator, Oklahoma USF	OUSF
PEPPM Cooperative Purchasing	PEPPM
Randolph County Schools	Randolph County
School District of Lancaster	Lancaster
Schools, Health & Libraries Broadband (SHLB) Coalition	SHLB
Scott Fosseen	Scott Fosseen

Scott Swartz
 South Dakota Department of Education
 State E-rate Coordinators' Alliance
 State of Nebraska Dept of Administrative
 Services, Office of the CIO (filed late)
 Suzanne Reymer
 USTelecom—The Broadband Association
 Utah Education and Telehealth Network
 Verizon
 Wisconsin Department of Public Instruction
 WTA – Advocates for Rural Broadband

Scott Swartz
 South Dakota Department of Education
 SECA
 State of Nebraska Dept of Administrative
 Services, Office of the CIO
 Suzanne Reymer
 USTelecom
 UETN
 Verizon
 WIDPI
 WTA

2023 FNPRM (CC Docket No. 02-6):

American Library Association
 AT&T Services Inc.
 Corporation for Education Network Initiatives in
 California
 Council of the Great City Schools
 CSM Consulting, Inc.
 E-Rate Central
 E-Rate Management Professional Association
 E-Rate Provider Services
 Funding for Learning
 GCI Communications Corp.
 Illinois Office of Broadband
 INCOMPAS
 NCTA – The Internet & Television Association
 Ohio Information Technology Centers
 State E-rate Coordinators' Alliance
 Schools, Health & Libraries Broadband Coalition
 Uniti Fiber
 USTelecom – The Broadband Association
 Wisconsin Department of Public Instruction

ALA
 AT&T
 CENIC
 Council of the Great City Schools
 CSM
 E-Rate Central
 E-MPA
 E-Rate Provider Services
 FFL
 GCI
 Illinois Office of Broadband
 INCOMPAS
 NCTA
 OITC
 SECA
 SHLB
 Uniti Fiber
 USTelecom
 WIDPI

APPENDIX C

Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),¹ the Federal Communications Commission (Commission) incorporated Initial Regulatory Flexibility Analyses (IRFAs) in the *Promoting Fair and Open Competitive Bidding in the E-Rate Program NPRM (Promoting Competitive Bidding NPRM)*, released December 2021² and in the *Schools and Libraries Universal Service Support Mechanism, et al., Report and Order and Further Notice of Proposed Rulemaking (2023 FNPRM)*, released in July 2023.³ The Commission sought written public comment on the IRFAs. No comments were filed addressing the IRFAs. This Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA and it (or summaries thereof) will be published in the Federal Register.⁴

A. Need for, and Objectives of, the Rules

2. The Commission is required by section 254 of the Communications Act of 1934, as amended, to promulgate rules to implement the universal service provisions of section 254.⁵ On May 8, 1997, the Commission adopted rules to reform its system of universal service support mechanisms so that universal service is preserved and advanced as markets move toward competition.⁶ Specifically, under the schools and libraries universal service support mechanism, also known as the E-Rate program, eligible schools, libraries, and consortia that include eligible schools and libraries may receive discounts for eligible telecommunications services, Internet access, and internal connections.⁷ The E-Rate program thus plays an important role in expanding digital equity and closing the digital divide. Taking steps to close the digital divide is a top priority for the Commission. The Commission's E-Rate program provides vital support to schools and libraries allowing them to obtain affordable, high-speed broadband services and internal connections, which enables them to connect students and library patrons to critical next-generation learning opportunities and services.

3. In the Report and Order, we enhance the E-Rate program's competitive bidding rules by establishing the bidding portal. Starting in funding year 2028 (FY 2028), service providers will be required to respond to applicants' FCC Form 470 by uploading their bids into the Universal Service Administrative Company (USAC)-managed portal and applicants will use the portal to finalize their competitive bidding process. We also create a competitive bidding documentation repository to store applicants' competitive bidding and contract documentation, along with the submitted bids. After applicants complete their bid evaluation process, the evaluation and contract award documentation must be uploaded into the bidding portal. If there is a delay in implementing the portal by FY 2028, applicants are required to upload all competitive bidding documentation (i.e., bids, correspondence with bidders, evaluation documentation, contracts) when they submit the FY 2028 FCC Form 471 applications. This will ensure the competitive bidding documentation is collected with the FCC Form 471 beginning in FY 2028 and stored in the repository should any delays with implementation occur.

¹ 5 U.S.C. §§ 601 *et seq.*, as amended by the Small Business Regulatory Enforcement and Fairness Act (SBREFA), Pub. L. No. 104-121, 110 Stat. 847 (1996).

² *Promoting Fair and Open Competitive Bidding in the E-Rate Program*, Notice of Proposed Rulemaking, 36 FCC Rcd 17892, Appx. B (2021) (*Promoting Competitive Bidding NPRM*).

³ *Schools and Libraries Universal Service Support Mechanism, et al.*, Report and Order and Further Notice of Proposed Rulemaking, 38 FCC Rcd 6842 (2023) (*2023 E-Rate Report and Order and FNPRM*).

⁴ 5 U.S.C. § 604.

⁵ See generally 47 U.S.C. § 254.

⁶ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (*Universal Service First Report and Order*).

⁷ 47 CFR § 54.502.

4. For multi-year contracts, the applicant needs to upload the contract during the first year of the contract, and then reference the existing contract record for the multi-year contract for the subsequent funding years relying on that contract. For state master contracts, applicants are required to upload a copy of the state master contract and the related bid documentation to show how they selected the winning bidder. When applicants are required to perform a “mini-bid” evaluation, based on a multi-award state master contract, the documents that the applicant prepared, considered, executed or relied on in connection with the mini-bid process, including those reflecting how the applicant selected the winning bidder among the available vendors in the multi-award state master contract, must also be provided to USAC. For consortium applicants, the consortium lead needs to provide to USAC the competitive bidding and contract documentation related to the consortium’s FCC Form 471 application on behalf of its members.

5. The *Report and Order* establishes (after seeking comment, if necessary) a bid response template that can optionally be used by service providers when submitting their bids to an applicant’s FCC Form 470. This template will allow applicants to more quickly review and evaluate bids from service providers and allow applicants to conduct an apples to apples bid evaluation. This template could also help service providers formulate bids in a more uniform manner and help USAC better utilize data analytics as part of its investigative function. In addition, the bid template can be incorporated into the applicant’s FCC Form 471 application to further streamline the time for completing this form.

6. In addition, the *Report and Order* adopts proposals from the 2023 *FNPRM* for streamlining the E-Rate program.⁸ The *Report and Order* refines the process for applicants requesting funding when they are transitioning from one service provider to another during the funding year and provide further guidance on cost allocation rules and procedures in response to stakeholder requests. In the *Report and Order*, we also make changes and clarifications to the E-Rate competitive bidding requirements, including guidance on mid-year bandwidth increases; when competitive bidding must be restarted; clarifications around spam bids and bids received after the 28 day waiting period. We amend our E-Rate invoicing rules to provide greater flexibility to applicants and service providers that failed to file requests for reimbursements or extensions by the invoice filing deadline and provide a streamlined way to refile requests for reimbursement that were filed timely, but rejected after the invoice filing deadline. We also adopt the proposal to remove the requirement that applicants file the FCC Form 486 (Receipt of Service Confirmation and Children’s Internet Protection Act (CIPA) Certification Form) for future funding years, beginning in FY 2028.⁹ We find the notification that services have started to be duplicative and we transfer the remaining CIPA compliance certifications to the FCC Form 471 funding application. Lastly, we update several E-Rate program definitions.

7. These actions allow the Commission and USAC to improve efficiencies in the E-Rate competitive bidding process, thus better ensuring that limited E-Rate funds are more effectively used by schools and libraries to connect students and library patrons to critical next-generation learning opportunities and services. The requirements in the *Report and Order* will allow the Commission and USAC to better identify and remediate instances of waste, fraud, and abuse associated with the E-Rate competitive bidding, improve transparency and competition associated with E-Rate bidding processes, and ensure that limited E-Rate funds are spent efficiently, including by reducing the number of denials, rescissions, and recoveries of funding, and audit findings based on an applicant’s failure to retain or otherwise produce competitive bidding documentation after receiving E-Rate program funding commitment(s). The requirements will also promote greater accountability and enhance program integrity as USAC will have timely access to the competitive bidding and contract documentation associated with each FCC Form 471 application.

⁸ 2023 *FNPRM*, 38 FCC Rcd at 6842.

⁹ 2023 *FNPRM*, 38 FCC Rcd at 6873, paras. 65-66. See Schools and Libraries Universal Service, Receipt of Service Confirmation and Children’s Internet Protection Act Certification Form, OMB 3060-0853 (FCC Form 486).

8. These actions are expected to lessen the burden on applicants in responding to requests from USAC and auditors for applicants' contract related documentation, as this documentation will be uploaded into the bidding portal at the time the applicants have completed their competitive bid process and signed contracts with their service providers. As part of the *Report and Order*, we also direct USAC to prepare training and outreach materials that will enable applicants and service providers to successfully participate in the E-Rate program and avoid common errors that lead to audit findings and improper payments. This action is also expected to lessen burdens on E-Rate applicants by ensuring that they have the information and tools they need comply with program rules and requirements.

B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

9. Comments expressed concerns that a bidding portal may increase burden, costs and discourage small schools, libraries, and vendors from participating.¹⁰ The proposals adopted in this *Report and Order*, require applicants to upload documents that they already are required to retain and produce under our rules and provides a centralized place for service providers to submit bids and communicate with applicants about any questions they may have. Currently, to initiate the competitive bidding process, applicants are required to complete and upload their FCC Form 470 applications and documentation into EPC. As such, E-Rate program participants already possess the requisite skills they need to comply with these new requirements and other than adjusting how this documentation is shared with the Commission and USAC, the proposals adopted are not intended to change the way applicants or service providers conduct their competitive bidding processes. Therefore, we disagree that the competitive bidding portal will discourage applicants or service providers from participating in the E-Rate program and that the burden of the adopted changes will be substantial. To the extent that the portal does alter the process, we expect that it leans towards a more fair, open, and transparent process, resulting in the cost effectiveness of the proposed services and reduction of waste. The use of the document repository will aid smaller entities with compliance with recordkeeping requirements because all the required documents would be uploaded and available in the portal.

C. Response to Comments by the Chief Counsel for the Small Business Administration Office of Advocacy

10. Pursuant to the Small Business Jobs Act of 2010, which amended the RFA,¹¹ the Commission is required to respond to any comments filed by the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy, and also provide a detailed statement of any change made to the proposed rules as a result of those comments.¹² The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

D. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply

11. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the adopted rules.¹³ The RFA generally defines the

¹⁰ See, e.g., ALA Portal Comments at 3 (stating that “[w]e are very concerned that a significant number of current E-Rate participants, especially smaller libraries, may abandon the program entirely due to this additional documentation burden”); Council of the Great City Schools Portal Comments at 1-2 (asserting that the bidding portal “could also have the unintended effect of deterring service providers from submitting bids and weakening the competition that results in cost savings”); SHLB Portal Comments at 5 (stating that “[s]maller providers and applicants will be the least able to adopt to and absorb the cost of these new requirements, making it more likely that they will refrain from participating in the program, thereby decreasing competition and diversity in the E-rate program”).

¹¹ Small Business Jobs Act of 2010, Pub. L. No. 111-240, 124 Stat. 2504 (2010).

¹² 5 U.S.C. § 604(a)(3).

¹³ *Id.* § 604.

term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”¹⁴ In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act.¹⁵ A “small business concern” is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.¹⁶ The SBA establishes small business size standards that agencies are required to use when promulgating regulations relating to small businesses; agencies may establish alternative size standards for use in such programs, but must consult and obtain approval from SBA before doing so.¹⁷

12. Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe three broad groups of small entities that could be directly affected by our actions.¹⁸ In general, a small business is an independent business having fewer than 500 employees.¹⁹ These types of small businesses represent 99.9% of all businesses in the United States, which translates to 34.75 million businesses.²⁰ Next, “small organizations” are not-for-profit enterprises that are independently owned and operated and are not dominant in their field.²¹ While we do not have data regarding the number of non-profits that meet that criteria, over 99 percent of nonprofits have fewer than 500 employees.²² Finally, “small governmental jurisdictions” are defined as cities, counties, towns, townships, villages, school districts, or special districts with populations of less than fifty thousand.²³ Based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 out of 90,835 local government jurisdictions have a population of less than 50,000.²⁴

13. The rules adopted in the *Report and Order* will apply to small entities in the industries identified in the chart below by their six-digit North American Industry Classification System (NAICS)²⁵ codes and corresponding SBA size standard.²⁶ Based on currently available U.S. Census data regarding

¹⁴ *Id.* § 601(6).

¹⁵ *Id.* § 601(3) (incorporating by reference the definition of “small business concern” in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”

¹⁶ Small Business Act, 15 U.S.C. § 632.

¹⁷ 13 § CFR 121.903.

¹⁸ 5 U.S.C. § 601(3)-(6).

¹⁹ See SBA, Office of Advocacy, *Frequently Asked Questions About Small Business*, (July 23, 2024), https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About-Small-Business_2024-508.pdf.

²⁰ *Id.*

²¹ 5 U.S.C. § 601(4).

²² See SBA, Office of Advocacy, *Small Business Facts, Spotlight on Nonprofits* (July 2019), <https://advocacy.sba.gov/2019/07/25/small-business-facts-spotlight-on-nonprofits/>.

²³ 5 U.S.C. § 601(5)

²⁴ See U.S. Census Bureau, 2022 Census of Governments –Organization, <https://www.census.gov/data/tables/2022/econ/gus/2022-governments.html>, tables 1-11.

²⁵ The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. See www.census.gov/NAICS for further details regarding the NAICS codes identified in this chart.

²⁶ The size standards in this chart are set forth in 13 § CFR 121.201, by six digit NAICS code.

the estimated number of small firms in each identified industry, we conclude that the adopted rules will impact a substantial number of small entities. Where available, we also provide additional information regarding the number of potentially affected entities in the identified industries below.

Table 1. 2022 U.S. Census Bureau Data by NAICS Code

Regulated Industry (Footnotes specify potentially affected entities within a regulated industry where applicable)	NAICS Code	SBA Size Standard	Total Firms²⁷	Total Small Firms²⁸	% Small Firms
Telephone Apparatus Manufacturing	334210	1,250 employees	155	136	87.74%
Radio and Television Broadcasting and Wireless Communications Equip Manufacturing ²⁹	334220	1,250 employees	155	136	87.74%
Wired Telecommunications Carriers ³⁰	517111	1,500 employees	3,403	3,027	88.95%
Wireless Telecommunications Carriers (except Satellite) ³¹	517112	1,500 employees	1,184	1,081	91.30%
All Other Telecommunications ³²	517810	\$40 million	1,673	1,007	60.19%
Libraries and Archives	519210	\$21 million	2,030	1,891	93.15%
Schools	611110	\$20 million	14,088 ³³	14,087	99.99%

²⁷ U.S. Census Bureau, “Selected Sectors: Employment Size of Firms for the U.S.: 2022.” Economic Census, ECN Core Statistics Economic Census: Establishment and Firm Size Statistics for the U.S., Table EC2200SIZEEMPfirm, 2025, and “Selected Sectors: Sales, Value of Shipments, or Revenue Size of Firms for the U.S.: 2022.” Economic Census, ECN Core Statistics Economic Census: Establishment and Firm Size Statistics for the U.S., Table EC2200SIZEREVfirm, 2025.

²⁸ *Id.*

²⁹ Affected Entities in this industry include Vendors of Infrastructure Development Network Buildout.

³⁰ Affected Entities in this industry include Wired Broadband Internet Access Service Providers.

³¹ Affected Entities in this industry include Wireless Broadband Internet Access Service Providers and Wireless Telephony.

³² Affected Entities in this industry include Internet Service Providers (Non-Broadband).

³³ U.S. Census Bureau, Annual Survey of School System Finances Tables, 2023 Public Elementary-Secondary Education Finance Data, <https://www.census.gov/data/tables/2023/econ/school-finance/secondary-education-finance.html>, 2023 Tables, “Individual Unit Tables” (Excel Spreadsheet).

Table 2. Telecommunications Service Provider Data

2024 Universal Service Monitoring Report Telecommunications Service Provider Data ³⁴ (Data as of December 2023)	SBA Size Standard (1500 Employees)		
	Total # FCC Form 499A Filers	Small Firms	% Small Entities
Affected Entity			
Wired Telecommunications Carriers ³⁵	4,682	4,276	91.33
Wireless Telecommunications Carriers (except Satellite) ³⁶	585	498	85.13
Wireless Telephony ³⁷	326	247	75.77

Table 3. E-Rate Funding Data

Affected Entity ³⁸	# Receiving E-Rate Funding Commitments ³⁹
Schools	101,522
Libraries	11,671

E. Description of Economic Impact and Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

14. The RFA directs agencies to describe the economic impact of adopted rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.⁴⁰

15. The purpose of the *Report and Order* is to strengthen the competitive bidding rules for the E-Rate program by requiring applicants to submit their competitive bidding and contract related documentation into the competitive bidding portal, and also to streamline the E-Rate administrative process, as detailed in section A. Small entity applicants are already required to retain this documentation under section 54.516(a) of the Commission's rules. Therefore, we expect that the burden of uploading the

³⁴ Federal-State Joint Board on Universal Service, Universal Service Monitoring Report at 26, Table 1.12 (2024), <https://docs.fcc.gov/public/attachments/DOC-408848A1.pdf>.

³⁵ Local Resellers fall into another U.S. Census Bureau industry (Telecommunications Resellers) and therefore data for these providers is not included in this industry.

³⁶ Affected Entities in this industry include all reporting wireless carriers and service providers.

³⁷ Affected Entities in this industry include Cellular/PCS/SMR - Specialized Mobile Radio Licensees and SMR (Dispatch).

³⁸ The Commission's data for schools and libraries applies to eligible entities defined in 47 CFR § 54.501 that participate in the E-Rate program which provides support to eligible schools and libraries to enable access to high-speed internet access and telecommunications services at affordable rates, consistent with the objectives of universal service.

³⁹ In light of the eligibility requirements the Commission estimates the majority of the entities receiving E-Rate funding are small entities under the applicable SBA size standards for schools and libraries.

⁴⁰ 5 U.S.C. § 604(a)(5).

documentation will not be substantial. Moreover, the new process reduces the likelihood that small entity applicants will receive, and respond to, outreach communications from USAC and its auditors, related to their compliance with E-Rate program's rules.

16. Further, the creation of a standardized bid template will reduce the burden on small applicants to compare bids as compared to existing E-Rate processes. We also direct USAC to enhance its E-Rate training and outreach materials for use by applicants that will help applicants avoid common errors that lead to audit findings and improper payments. Also, the improvements made in the *Report and Order* to streamline the E-Rate administrative process may result in new or reduced reporting, recordkeeping, and compliance obligations for small entities. The Commission's rule modifications will simplify the E-Rate application and reimbursement process for small entities. For example, if a small entity wishes to transition service during a funding year, the applicant may request a funding commitment for a partial year of both services and then file a request for a post commitment change once the applicant knows the cutover dates. We also amend our rules to allow small applicants and service providers to request a single 120-day extension of the original invoice filing deadline if the request is made within 15 days of the original invoice filing deadline. We also reduce the number of forms required to be filed by E-Rate applicants throughout the funding year by adopting the proposal to remove the requirement that applicants file the FCC Form 486 for future funding years, beginning in FY 2028. The Commission anticipates these modifications will not require small entities to hire professionals to comply with the new rules, will have modest cost implications and should reduce compliance requirements for small entities that may have smaller staff and fewer resources. As such, we expect that the Commission's rule modifications will reduce the economic impact of current compliance obligations on small entities.

F. Discussion of Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered

17. The RFA requires an agency to provide, "a description of the steps the agency has taken to minimize the significant economic impact on small entities...including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected."⁴¹

18. In the *Report and Order*, we take steps to minimize the economic impact on small entities through the rule changes that we have adopted. In considering whether to establish a competitive bidding and repository portal, we disagree with commenters that believe the portal will be unnecessary or substantially burdensome. Though the portal will require new or additional document submissions, we find that these obligations are outweighed by the Commission's goals of strengthening the E-Rate program by reducing the potential for waste, fraud, and abuse. As an initial matter, we expect that any burden on applicants to upload documentation as specified by the new rules will be offset, in part or in full, by the lessened burden on applicants to consider and prepare responses to outreach communications from USAC, and its auditors, related to their compliance with the E-Rate program's rules. Moreover, we take a number of additional steps in the *Report and Order* to provide small entity E-Rate applicants with maximum flexibility in reducing their potential costs of compliance with the document upload requirements. For multi-year contracts, our rules require to applicants to provide the required competitive bidding and contract documentation only once, thus avoiding additional burdens on applicants for uploading duplicative competitive bidding and contract documentation for the remainder of the contract's term. This approach minimizes burdens on these applicants as compared to an alternative potential requirement that they upload this documentation with each year's funding cycle. Similarly, for consortium applicants, we only require that the consortium leader upload the competitive bidding and contract documentation related to the consortium's FCC Form 471 application on behalf of its members,

⁴¹ 5 U.S.C. § 604(a)(6).

thus avoiding an additional burden on each member to perform a similar upload. Removing the requirement that applicants file the FCC Form 486 will also lessen the burden on applicants.

19. In the *Report and Order*, we also consider a number of alternatives designed to streamline the E-Rate administrative process, many of which result in rule changes that will minimize the economic impact for small applicants to the E-Rate program. For example, the Commission aims to alleviate burdensome cost allocation by not requiring an applicant to cost allocate the non-instructional facility's use of shared equipment. This provision should eliminate unnecessary burden for small entities, given the need for shared equipment within school or library networks to serve their students and library patrons. We clarify our cost allocation rules to limit the burden on all applicants, including small entities, clarifying that if at least 90% of an applicant's requested category one data or Internet service is being used for eligible purposes, the remaining ineligible portion is presumed to be ancillary and, therefore, cost allocation is not required. We also update our invoicing rules to provide a 15-day period after the original invoice filing deadline for applicants and service providers to request a single 120-day extension of the original invoice filing deadline, instead of allowing multiple extensions because many requests are filed in a timely manner, and providers with special circumstances may request a waiver from the Commission. Such a change will provide small entities that miss the deadline by a short period of time with the opportunity to still receive E-Rate funding if they fail to file their requests for reimbursement by the deadline.

20. Moreover, in the *Report and Order*, we direct USAC, with oversight from the Wireline Competition Bureau (WCB) and the Office of the Managing Director (OMD), to create a bid response template (after seeking comment, if necessary) for service providers to use when responding to applicants' FCC Forms 470. The optional use of this bid response template by service providers will standardize bid responses that applicants receive and make it easier for applicants to compare bids, thus reducing their burdens for conducting competitive bidding as required by E-Rate rules. We also direct USAC to enhance its training and outreach materials to better assist E-Rate participants with complying with the Commission's competitive bidding rules. These enhanced training and outreach materials will reduce applicant confusion thus reducing burdens on applicants for complying with E-Rate rules.

21. Finally, to the extent that today's rules introduce new compliance burdens on applicants in some respects, those burdens are outweighed by the benefits to applicants. Today's rules will better ensure that applicants receive and retain funding from the E-Rate program by reducing the number of denials, rescissions, and recoveries of funding, as well as by reducing audit findings based on an applicant's failure to retain or otherwise produce competitive bidding documentation after receiving E-Rate program funding commitment(s).

G. Report to Congress

22. The Commission will send a copy of the *Report and Order*, including this Final Regulatory Flexibility Analysis, in a report to Congress pursuant to the Congressional Review Act.⁴² In addition, the Commission will send a copy of the *Report and Order*, including this Final Regulatory Flexibility Analysis, to the Chief Counsel for the SBA Office of Advocacy and will publish a copy of the *Report and Order*, and this Final Regulatory Flexibility Analysis (or summaries thereof) in the Federal Register.⁴³

⁴² *Id.* § 801(a)(1)(A).

⁴³ *Id.* § 604(b).