

E-Rate Update: Year Five (02) and Meritorious Appeal Commitments

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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As of May 15, about \$390 million in funding commitment letters have been sent to districts for priority one services. Districts and vendors are reminded by the SLD that the initiation of services for “Year 5” (which has been renamed “02”) cannot begin until July 1, 2002, even though the commitment letters are being received by applicants now. Because of the increased demand in Year Five for priority one Internet and telecommunication eligible services, a decision has already been made that priority two internal connection applications from applicants at the 79 percent discount level or lower, are automatically being rejected and it is not clear what portion of their requests that applicants at the 90 percent discount level will receive. Prorating will likely be required for 90 percent discount applicants. The SLD anticipates that the vast majority, if not all, of commitment waves, will be made before June 30; during a recent service provider conference call, the SLD indicated that \$580 million in Year Three funding had yet to be spent. While some of these funds will undoubtedly be used to reimburse applicants whose appeals were found to be meritorious, the FCC has yet to determine whether it will carry over the remaining portion for this year or whether those funds will not be allocated.

For Q3, the Schools Libraries Support Mechanism at USAC listed commitments for 1999, 2000, and 2001. Most of the commitments (which are on the attached list which we derived from SLD postings), were for Year Two and Year Three meritorious appeals and applicants who “applied outside the window.” The 2001 commitments during Year Three are for Year Four that went out in waves during Q3.

As indicated in the May 22 service provider conference call, the SLD will be reviewing the remaining appeals as follows: for Year One during the first week of each month; for Year Two during the second week each month; for Year Three during the third week; and for Year Four during the fourth week. These notifications of commitment letters will not be posted in the current waves for Year Five. It would appear that the only way to obtain information on these commitments will be to wait until the Q4 commitments are posted, likely in August.