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

In the Matter of	)	
	)	
Request for Expedited Waiver by North Carolina Department of Public Instruction Raleigh, NC	)))	File Nos. SLD-221031958, et al.
	)	
Schools and Libraries Universal Service Support Mechanism	))	CC Docket No. 02-6
	))	

ORDER

Adopted: September 11, 2026 **Released: September 11, 2026**

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, we grant a request for waiver[1] filed by the North Carolina Department of Public Instruction (NCDPI) with respect to its funding year 2022, 2023, 2024, and 2025 applications under the E-Rate program.[2] Based on our review of the record, we find a waiver of the Commission's rules is appropriate. Accordingly, we direct the Universal Service Administrative Company (USAC) to discontinue its recovery actions related to the applications for funding years 2022 and 2023 and review the applications for funding years 2024 and 2025 consistent with this Order.

II. BACKGROUND

A. E-Rate Program Rules and Requirements

2. Pursuant to E-Rate program rules, eligible schools, libraries, and consortia that include eligible schools and libraries (collectively, eligible applicants), may apply for discounts for eligible equipment and services (collectively, eligible services).[3] To obtain E-Rate support, schools, libraries, and consortia are required to seek competitive bids for all services eligible for E-Rate support.[4] Eligible entities begin the competitive bidding process by posting an FCC Form 470 on USAC's website requesting bids for E-Rate eligible services.[5] In the FCC Form 470, or its associated request for proposal,

[1] Request for Expedited Waiver of North Carolina Department of Public Instruction, CC Docket No. 02-6 (filed Dec. 23, 2025), https://www.fcc.gov/ecfs/search/search-filings/filing/122305967084 (Request for Waiver) (pertaining to FCC Form 471 Application Nos. 221031958, 221031978, 221031990, 221032014, 221036519, 231025271, 231025739, 231027355, 231027481, 231027509, 241017514, 241017651, 241017759, 241017851, 241034046, 251027588, 251027715, 251027799, 251027906, and 251028146).

[2] The E-Rate program is formally known as the schools and libraries universal service support mechanism.

[3] *See* 47 CFR §§ 54.501, 54.502.

[4] 47 CFR § 54.503. *See also Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9029, para. 480 (1997) (*First Universal Service Report and Order*) (stating that "[c]ompetitive bidding is the most efficient means for ensuring that eligible schools and libraries are informed about all of the choices available to them").

[5] 47 CFR § 54.503. The FCC Form 470 may include a request for proposals (RFP). In general, an RFP as a "formal

the entity seeking bids must describe the requested services with sufficient specificity to enable potential service providers to submit bids for those services.[6]

3. Applicants are required to wait at least 28 days 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.[7] 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.[8] Other relevant factors, such as prior experience and personnel qualifications, may also be considered, but price must be the primary factor considered.[9] 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.[10] 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.[11]

4. Applicants may also purchase eligible services from "master contracts" negotiated by a third-party such as a governmental entity.[12] An applicant is not required to satisfy the program's competitive bidding requirements (e.g., filing an FCC Form 470 and waiting 28 days for bids under section 54.503) if it selects services from a master contract that has been competitively bid under the E-Rate program rules.[13] If, however, a third-party has negotiated a master contract without complying with

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bidding document that describes the project and requested services in sufficient detail so that potential bidders understand the scope, location, and any other requirements [but in the E-Rate program, it] generically means any bidding document that describes the applicant's project and request equipment and services in more detail than in the fields provided on the FCC Form 470." *See* USAC, Competitive Bidding, https://www.usac.org/e-rate/applicant-process/competitive-bidding/ (last visited June 8, 2026).

[6] *Id.*

[7] 47 CFR § 54.503(c)(4).

[8] 47 CFR § 54.511(a).

[9] 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); *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, et al.; Federal-State Joint Board on Universal Service; Changes to the Board of the National Exchange Carrier Association*, Order, 18 FCC Rcd 26407, 26429, para. 50 (2003) (*Ysleta Order*) (requiring that when evaluating bids, the "cost category" must be given more weight than any other single factor).

[10] 47 CFR § 54.503(a).

[11] *Id.* (providing an illustrative list of activities or behaviors that would compromise the fair and open competitive bidding process). *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, Sixth Report and Order, 25 FCC Rcd 18762, 18799, para. 86 (2010) (*Sixth Report and Order*) (providing a non-exhaustive summary of both types of conduct that are either necessary to satisfy a fair and open competitive bidding requirements or violate the competitive bidding process).

[12] *See* 47 CFR § 54.500 (defining "master contract" as a contract negotiated with a service provider by a third-party, the terms and conditions of which are then made available to an eligible school, library, rural health care provider, or consortium that purchases directly from the service provider). *See Federal-State Joint Board on Universal Service, Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge*, CC Docket Nos. 96-45, 96-262, 94-1, 91-213, and 95-72, Report and Order and Fourth Order on Reconsideration, 13 FCC Rcd 5318, 5452-53, paras. 232-33 (1997) (*Fourth Reconsideration Order*).

[13] *See* USAC, State Master Contracts, https://www.usac.org/e-rate/applicant-process/selecting-service-providers/state-master-contracts/ (last visited June 8, 2026). If the state master contract is a multiple award schedule, the applicant may be required to conduct a mini-bid process, using price as the primary factor in selecting the most cost-effective service offering.

E-Rate's competitive bidding requirements, then the applicant must cure the defects before it may receive discounts or reduced rates for services purchased from that master contract.[14] Specifically, the applicant must file a new FCC Form 470, consider the pricing negotiated in the state master contract as one of the bids submitted, and then select the most cost-effective service offering using price as the primary factor. Compliance with state and local procurement requirements does not relieve an entity from its obligation to follow E-Rate procurement procedures.[15] Once an eligible entity has complied with the Commission's competitive bidding requirements and entered into agreements for eligible services, it must file an FCC Form 471 application seeking E-Rate support for the eligible services that have been ordered from the selected service provider(s).[16]

5. Commission rules allow state telecommunications networks[17] to either secure discounts on eligible telecommunications services and pass through the discount to eligible schools, libraries or consortia, or provide Internet access and installation and maintenance of internal connections as service provider to eligible schools, libraries, and consortia.[18] State telecommunications networks securing E-Rate discounts as either an applicant or service provider must do so in compliance with the Commission's rules, including the competitive bidding requirements.[19] Applicants and service providers in the E-Rate program must retain documentation that demonstrates compliance with program requirements for a period of at least 10 years.[20] If USAC makes a determination that an applicant is not in compliance with E-Rate's competitive bidding rules or other program requirements, the applicant must first seek review from the Administrator, prior to filing an appeal with the Commission.[21]

B. Factual Background

6. NCDPI is the state agency responsible for implementing North Carolina's public school laws, at the direction of the State Board of Education and the Superintendent of Public Instruction.[22] It serves as the consortium lead that files requests for E-Rate funding on behalf of more than 2,700 public

[14] *Fourth Reconsideration Order*, 13 FCC Rcd at 5452-53, para. 233.

[15] *See Ysleta Order,* 18 FCC Rcd at 26424-26, paras. 41-44.

[16] 47 CFR § 54.504(a).

[17] 47 CFR § 54.500 (defining state telecommunications network as "a state government entity that procures, among other things, telecommunications offerings from multiple service providers and bundles such offerings into packages available to schools, libraries, or rural health care providers that are eligible for universal service support, or a state government entity that provides, using its own facilities, such telecommunications offerings to such schools, libraries, and rural health care providers").

[18] 47 CFR § 54.519. The Commission found that state telecommunications networks are not common carriers and cannot directly receive universal support for telecommunications services but could receive direct universal service support for Internet access and for internal connections. *Fourth Order on Reconsideration*, 13 FCC Rcd at 5428-29, para. 190 ("[A]lthough we conclude that state telecommunications networks do not constitute telecommunications carriers that are eligible for reimbursement for making available telecommunications services . . . we do find that the networks that make Internet access and internal connections available to schools and libraries are eligible . . . as non-telecommunications carriers for direct reimbursement from the support mechanisms for providing these services.").

[19] 47 CFR § 54.519(a)(6), (b) (requiring that state telecommunications networks comply with the competitive bidding requirements set forth in § 54.503).

[20] 47 CFR § 54.516(a)-(b).

[21] 47 CFR § 54.519. (An aggrieved party must first seek review from the Administrator prior to seeking review from the Federal Communications Commission, but parties seeking waivers of the Commission's rules shall seek relief directly from the Commission).

[22] Request for Waiver at 5. *See generally*, Elementary and Secondary Education (N.C. Gen. Stat § 115C).

and charter schools in the state.[23] In funding years 2022 through 2025, NCDPI sought E-Rate support for statewide Internet access services, requesting approximately $44 million in E-Rate funds.[24]

7. In 2022, NCDPI conducted a competitive bidding process by posting an FCC Form 470 and an Invitation for Bids (IFB)[25] seeking bids for Internet service for approximately 115 public school districts comprised of over 2,700 public, charter, and other regional schools in North Carolina.[26] In response, NCDPI received nine bids from service providers.[27] Eight bids were disqualified by NCDPI for failure to sign or provide documentation, failure to provide pricing, or failure to meet basic technical requirements.[28] After these disqualifications, MCNC was the only responsive bidder.[29] After the competitive bidding window closed and it had selected MCNC as the winning service provider, NCDPI contacted the North Carolina Department of Information Technology (DIT), a state agency authorized to procure and manage telecommunication and information technology service contracts for participating state agencies, to compare pricing for the requested services.[30] NCDPI characterizes DIT's role as the "manager of the state telecommunications network."[31] NCDPI states that DIT is a state agency which has the centralized authority to procure all information technology goods and services for participating agencies or agencies who have transferred IT functions to the State Chief Information Officer, and to review, approve, and potentially suspend IT procurements conducted by non-participating agencies.[32] On March 17, 2022, NCDPI obtained pricing through DIT's existing statewide contract for Internet service, which was lower than the pricing offered in the MCNC bid.[33] Under a new agreement, NCDPI proceeded to contract and obtain its requested Internet services through the statewide DIT contract.[34] DIT's contract with NCDPI states that DIT is the intermediary and MCNC is the primary service provider responsible for providing the "bulk [of the] Internet and fiber transport where it is the most cost-effective solution."[35] NCDPI subsequently filed its E-Rate applications, listing DIT as the service provider instead of MCNC, the winning bidder from its vendor selection process.[36]

8. In funding years 2022 and 2023, NCDPI received commitments and disbursements of funding from USAC for the internet services obtained through its contract with DIT.[37] During review of NCDPI's FY 2024 applications, USAC requested additional documentation supporting NCDPI's vender

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[23] *Id.*

[24] Request for Waiver at 7.

[25] Request for Waiver, Exhibit 3.

[26] Request for Waiver at 5.

[27] *Id.*; Exhibit 4.

[28] Request for Waiver at 5-6; Exhibit 4. (One bid of the nine was received late and therefore disqualified.)

[29] *Id.*; Exhibit 4.

[30] Request for Waiver at 6.

[31] Request for Waiver at 13.

[32] *See generally,* Executive Organization Act of 1973 (N.C. Gen. Stat §§ 143B-1320, 143B-1321, 143B-1350).

[33] Request for Waiver at 6-7; Email from Mark Cooke, Director of Network and Telephone Engineering, Department of Information Technology, to Michael Ramsey, Department of Public Instruction, (March 22, 2022, 14:43 EDT) (Pricing from DPI and Comparison between MCNC and DIT contracts); Exhibit 7.

[34] *Id.*

[35] *See* Memorandum of Understanding between the North Carolina State Board of Education and North Carolina Department of Information Technology; Internet Access Services.

[36] *See, e.g.*, North Carolina Department of Public Instruction, FCC Form 471 Application No. 221031958 (filed Mar. 22, 2022).

[37] Request for Waiver at 7.

selection and competitive bid evaluation for FY 2022.[38] Based on NCDPI's responses, USAC denied funding for funding years 2024 and 2025, and is currently seeking recovery of disbursed funds for funding years 2022 and 2023.[39] USAC's rationale for the denials and recovery of disbursed funds cited the absence of a bid evaluation matrix or equivalent documentation, deviations from NCDPI's evaluation criteria by allowing DIT to submit a late bid, the inclusion of DIT-related terms and conditions in the IFB, and failure to comply with state and local procurement rules.[40]

9. On December 23, 2025, NCDPI timely sought an expedited waiver of sections 54.503 and 54.516 of the Commission's rules, which set forth the E-Rate program's document retention requirements and competitive bidding rules.[41] In its waiver request, NCDPI provides a detailed explanation of its procurement process and attempted compliance with possibly conflicting state and federal law.[42] While acknowledging the absence of a competitive bid matrix, NCDPI states it carefully evaluated multiple bids received in response to its FCC Form 470 and selected MCNC as the winning bid.[43] NCDPI then explains, in compliance with North Carolina state law, it contacted DIT to compare its state-negotiated prices against the winning vendor, MCNC.[44] NCDPI states the pricing available through the DIT state-negotiated contract was lower than the pricing offered by the most cost-effective vendor, MCNC, and therefore, NCDPI selected DIT as its service provider.[45] North Carolina state law prohibits state agencies from competing with private enterprise over state contracts,[46] therefore, NCDPI states that because DIT did not submit its pricing during the competitive bidding process, DIT's pricing should not be considered a bid nor a violation of state law.[47] NCDPI further notes that although DIT is listed as a service provider on its FCC Form 471, "DIT is not a traditional service provider[, but instead] is acting in its role as the manager of the state telecommunications network."[48] NCDPI argues that under the *Fourth Order on Reconsideration*, NCDIP was permitted to "purchase or take services from state networks after seeking competitive bids" and, therefore, the post-competitive bidding selection of DIT was not a violation of the competitive bidding rules.[49] NCDPI requests, that to the extent that the Bureau finds a document retention or competitive bidding violation, the Bureau grant a waiver of sections 54.503 and 54.516 of the Commission's rules because NCDPI selected the least expensive service, and the services provided through the DIT contract are provided primarily by MCNC, the winning vendor.[50] NCDPI alleges there was no harm to the competitive bidding process and NCDPI received the lowest pricing for

[38] *Id*.

[39] Request for Waiver at Exhibit 6 (commitment adjustments with recovery for funding year 2022 and 2023); Exhibit 5 (funding commitment decision letters denying funding year 2024 and 2025 applications).

[40] *Id.*

[41] Request for Waiver at 1-3 (seeking waiver of 47 CFR §§ 54.516 or, in the alternative, 54.516 and 54.503(a)); 47 CFR §§ 54.503 (competitive bidding requirements), 54.516 (recordkeeping requirements).

[42] Request for Waiver at 5-6 (citing to N.C. Gen. Stat. §§ 143B-1325, 143B-1370, and 143B-1350), 12-15.

[43] Request for Waiver at 9-10.

[44] *Id.*

[45] *Id*.

[46] Request for Waiver at 14 (citing to N.C. Gen. Stat. § 66-58(a)).

[47] *Id*.

[48] Request for Waiver at 12-13.

[49] *Id*.

[50] Request for Waiver at 14.

the Internet access services.[51] Finally, NCDPI notes the hardship a denial would have on the state of North Carolina's public schools when there is no evidence of waste, fraud, or abuse.[52]

III. DISCUSSION

10. Consistent with existing precedent, the unique facts, and special circumstances presented herein, we partially grant the request for waiver filed by NCDPI of sections 54.503(a) and 54.516(a)-(b) of the Commission's rules, to the extent described herein.[53]

11. As an initial matter, we note that NCDPI appears to seek review of USAC's decision to deny under section 54.722 of the Commission's rules.[54] Parties seeking review of a USAC decision are required to seek review first with USAC, prior to seeking review by the Commission, consistent with section 54.719 of the Commission rules.[55] NCDPI did not seek review with USAC and, thus, did not comply with section 54.719, which requires parties to seek review of USAC actions to USAC before seeking review to the Commission. We dismiss the request for waiver to the extent that it seeks review under section 54.722(a) and we assume that NCDPI violated the competitive bidding rules, given its failure to comply with section 54.719 of the Commission rules. However, we find that waiver of 54.503 and 54.516 of the Commission's rules is appropriate. Although NCDPI's competitive bidding process did not comply with E-Rate program rules, which require consortia of eligible schools to carefully consider all bids submitted using price as the primary factor, and select the most cost-effective service offering,[56] NCDPI considered the bids received in response to its FCC Form 470, selected the most cost-effective service offering, and *then* considered additional pricing for the services from DIT, and selected DIT as its service provider on its FCC Form 471 applications.

12. We disagree with NCDPI that the Commission in the *Fourth Order on Reconsideration* stated that it was permissible to consider services from state telecommunications networks after seeking competitive bids.[57] The *Fourth Order on Reconsideration* does not permit applicants to conclude their E-Rate competitive bidding process and then subsequently compare the most cost-effective bid against pricing from the state telecommunications network. Instead, the program requirements have always meant that all responsive bids—including pricing available from the state telecommunications network[58]—are carefully considered contemporaneously, with price as the primary factor.[59]

13. In addition, we find that waiver is appropriate, even though NCDPI failed to retain documentation to demonstrate compliance with E-Rate rules.[60] The simplest way to demonstrate

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[51] Request for Waiver at 2, 12 (explaining no harm to the competitive bidding process), and at 15 (explaining NCDPI receive the lowest pricing).

[52] *Id.*

[53] 47 CFR §§ 54.503(a), 54.516(a)-(b); *see also, e.g., Requests for Review of Decisions of the Universal Service Administrator by Allendale County School District et al.; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 26 FCC Rcd 6109, 6115-17, paras. 10-12 (WCB 2011) (*Allendale County School District*) (waiving the requirement that an applicant be able to demonstrate that it used price as the primary factor in vendor selection when the applicant selected the lowest priced option and there was no evidence of waste, fraud or abuse).

[54] Request for Waiver at 12 (seeking reversal of USAC's decision to deny); *see also* 47 CFR § 54.722(a).

[55] 47 CFR § 54.719.

[56] 47 CFR §§ 54.503(c)(2)(ii)(B); 54.511(a).

[57] Request for Waiver at 13.

[58] 47 CFR § 54.500 (defining state telecommunications network).

[59] 47 CFR § 54.511(a).

[60] 47 CFR § 54.516(a); *see also Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Fifth Report and Order, 19 FCC Rcd 15808, 15824-25, para. 48 (2004) (*Fifth Report and Order*) (requiring "all documents used in the competitive bidding process must be retained. Beneficiaries must retain documents such as: Request for Proposal (RFP(s)); including evidence of publication date; documents describing the bid evaluation

compliance is via a bid evaluation matrix or equivalent that identifies all evaluation criteria, assigns relative weights, and reflects a complete comparison of all responsive bids. Documentation must clearly show that the selected bid is the most cost-effective, and that price of the eligible services was the primary factor considered. For this competitive bidding process, NCDPI cannot provide such a bid evaluation matrix. Instead, it provided USAC with detailed bid evaluation notes that demonstrate consideration of the bids that NCDPI received in response to its FCC Form 470.[61] However, NCDPI did not provide documentation that showed contemporaneous consideration of the one responsive bid from MCNC and the pricing provided by DIT.

14. NCDPI argues that the pricing provided by DIT is not a bid and that, under North Carolina state law, DIT, as a state agency, is prohibited from competing with other vendors to provide services.[62] However, state telecommunications networks are required to comply with the competitive bidding requirements set forth in section 54.503 of the rules[63] and must be selected by an applicant that carefully considered all bids submitted with price as the primary factor. An applicant seeking to select a state telecommunications network as its service provider must also comply with the E-Rate competitive bidding rules.[64]

15. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.[65] In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.[66] Consistent with existing precedent,[67] and in combination with the unique facts and special circumstances presented, we find good cause to waive sections 54.503(a) and 54.516(a)-(b) of our rules for funding years 2022 through 2025.[68] Under the particular facts presented, we find strict compliance with the Commission's competitive bidding requirements unattainable in conjunction with North Carolina state law, and the enforcement of sections 54.503 and 54.516 inconsistent with public interest. This waiver is strictly limited to the unique aforementioned facts and to the particular combination of circumstances presented by NCDPI, in its effort to procure internet services in compliance with both state and federal law for funding years 2022 through 2025. Specifically, this grant of waiver is based upon the concurrent existence of: (1) the pricing offered by DIT was the lowest available price; (2) the identified conflict between state procurement laws and federal competitive bidding rules; (3) the inability to satisfy state law requirements through strict compliance with the federal competitive bidding rules or vice versa; (4) NCDPI's completion of the competitive bidding process prior to the consideration

criteria and weighting, as well as the bid evaluation worksheets; all written correspondence between the beneficiary and prospective bidders regarding the products and service sought; all bids submitted, winning and losing; and documents related to the selection of service provider(s)").

[61] Request for Waiver at 7.

[62] Request for Waiver at 14 (citing N.C. Gen Stat. § 66-58(a) (2025) ("[I]t is unlawful for any . . . agency of the State government . . . to purchase for or sell to any person, firm, or corporation any article of merchandise in competition with private enterprise.").

[63] 47 CFR § 54.519(a)(6), (b) (requiring state telecommunication networks to comply with 47 CFR § 54.503).

[64] *See Fourth Order on Reconsideration*, 13 FCC Rcd at 2429-30, para. 192 ("Finally, we emphasize that, consistent with this Order, eligible schools and libraries will be required to seek competitive bids for all services for section 254(h) discounts, including those services that state telecommunications networks provide using their own facilities.").

[65] *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

[66] *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular*, 897 F.2d at 1166.

[67] *See, e.g., Allendale County School District* paras. 10-12 (waiving the requirement that an applicant be able to demonstrate that it used price as the primary factor in vendor selection when the applicant selected the lowest priced option and there was no evidence of waste, fraud or abuse).

[68] The Commission's rules may be waived for good cause shown. 47 CFR § 1.3.

of the DIT contract; and (5) DIT contract's primary provider, MCNC, being the same vendor ultimately selected through the competitive bidding process.

16. While NCDPI is unable to provide documentation showing that it carefully considered the MCNC and DIT pricing contemporaneously in compliance with the Commission's rules, we find that NCDPI did make significant efforts to follow both the E-Rate program and state competitive bidding requirements. In particular, NCDPI evaluated multiple bids and ultimately selected the service offering with the lowest available cost for the services requested. Here, although DIT is listed as the state telecommunications network service provider because it bundled the Internet service offerings for the public schools across the state,[69] MCNC is still the entity primarily providing the bulk Internet service.[70] This indicates that NCDPI's and DIT's focus was on finding the lowest cost and that NCDPI's consideration of DIT's pricing after its bid evaluation did not materially affect actual competition.

17. Moreover, we find granting NCDPI's waiver request will serve the public interest.[71] NCDPI requested E-Rate support involves providing Internet connectivity to all of North Carolina's public and charter schools. Denying NCDPI's funding years 2022 through 2025 applications would create undue hardship for North Carolina's public and charter schools. We also note that there is no evidence in the record of waste, fraud, abuse, or misuse of funds.

18. This waiver is limited to the specific facts presented herein and does not excuse future noncompliance with Commission rules. Any future request for waiver of the competitive bidding rules by NCDPI will be analyzed on an individualized basis. However, the grant of this waiver to the extent described herein will provide NCDPI the opportunity to ensure that going forward all of its processes comply with state and federal law. To ensure that the underlying applications are resolved expeditiously, we direct USAC to stop its recovery actions for funding years 2022 and 2023 and remand the funding years 2024 and 2025 applications for further review, in accordance with this Order.

19. Although we find it is in the public interest to waive these competitive bidding violations, we do not anticipate granting waivers for future funding years and advise NCDPI to change its competitive bidding processes to ensure compliance with the E-Rate program rules.[72] Alternatively, as a state telecommunications network, DIT can also procure the services and pass through the discounts to the eligible schools and libraries.[73] We note that the Commission rules require E-Rate applicants to

[69] 47 CFR § 54.500 (defining state telecommunications network).

[70] Request for Waiver at 14. We note that if the service provider primarily providing the services was ultimately different than the one with the most cost-effective service offering in response to the FCC Form 470, or was providing services at a higher price, a waiver would be inappropriate.

[71] The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990). In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis. *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular*, 897 F.2d at 1166.

[72] We note that NCDPI requested funding in funding year 2026 with MCNC listed as its service provider, instead of DIT. *See, e.g.*, NCDPI, FCC Form 471 Application No. 261041799 (filed Apr. 12, 2026).

[73] 47 CFR § 54.519(a) (explaining that the state telecommunications network may secure the discounts and pass through the discounts to the eligible schools and libraries); *see also Fourth Order on Reconsideration*, 13 FCC Rcd at 5424-25, 5428-29, paras. 183-184, 190 (describing the process of how a state telecommunications network may serve as a consortium lead, procure the services under section 254(h) on behalf of eligible schools and libraries, and pass through the discounts). If NCDPI continues to run the procurement process by filing the FCC Form 470, it must have access to the DIT's pricing at the time of the bid evaluation in order to carefully consider the pricing together before selecting DIT. We note that this option may only be available if the state determined that contemporaneous pricing evaluation is permitted under North Carolina state law, such as through a state waiver or exception to N.C. Gen Stat. § 66-58(a).

comply with *both* state and federal requirements, and compliance with only state or local rules is not sufficient.[74]

IV. ORDERING CLAUSES

20. ACCORDINGLY, IT IS ORDERED, pursuant to sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 USC §§ 151-154 and 254, and sections 0.91, 0.291 and 1.3 of the Commission's rules, 47 CFR §§ 0.91, 0.291, and 1.3, that the Request for Expedited Waiver of Decisions of the Universal Service Administrator filed by North Carolina Department of Public Instruction on December 23, 2025, IS GRANTED to the extent provided herein.

21. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and section 1.3 of the Commission's rules, 47 CFR § 1.3, sections 54.503, and 54.516 of the Commission's rules, 47 CFR §§ 54.503, and 54.516 ARE WAIVED for funding years 2022 through 2025, to the extent described herein.

22. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and pursuant to authority delegated under sections 0.91 and 0.291 of the Commission's rules, 47 CFR §§ 0.91, 0.291, that USAC SHALL DISCONTINUE its recovery actions against North Carolina Department of Public Instruction related to funding requests that were rescinded for funding years 2022 and 2023, to the extent described herein.

23. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and pursuant to authority delegated under sections 0.91 and 0.291 of the Commission's rules, 47 CFR §§ 0.91, 0.291, that the applications for funding years 2024 and 2025 ARE REMANDED to USAC, in accordance as described herein.

24. IT IS FURTHER ORDERED that, pursuant to section 1.102(b)(1) of the Commission's rules, 47 CFR § 1.102(b)(1), this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Joseph S. Calascione
Chief
Wireline Competition Bureau

[74] 47 CFR § 54.503(b) (providing that these competitive bid requirements apply in addition to state and local competitive bid requirements); *see also Ysleta Order* ("Although compliance with any applicable state and local procurement laws is one of the minimum requirements for selecting services under the E-Rate program, there are also specific FCC requirements which all E-Rate applicants must comply, regardless of state and local law.").