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# FCC Reinvigorates Debate over Reform of the E-rate Program

## A Connected Nation Policy Brief

March 7, 2014

The Federal Communications Commission ([FCC](#)) Wireline Competition Bureau released yesterday a [Public Notice](#) (PN) requesting further comment regarding E-rate program modernization. This Public Notice advances the reform launched by the FCC in July 2013 (see [E-rate Modernization NPRM](#)). Last month, FCC Chairman Tom Wheeler outlined his [vision](#) for the reform of the E-rate program, and this Public Notice further advances details first noted by the Chairman. (For more information on the Chairman's vision, see [White House and FCC Advance Plans to Connect America's Schools and Libraries to High-Speed Broadband: A Connected Nation Policy Brief](#)).

In a related [blog post](#), the Wireline Competition Bureau Chief clarifies that “the Notice seeks to strengthen the record on four important issues.” Those four issues include: (1) how to place better focus on connectivity “inside the walls of classrooms and libraries”; (2) establishing a “one-time deployment initiative” that would target high-speed broadband connections to school and library buildings that do not have access to broadband capacity targets; (3) phasing out or reducing support for legacy voice services; and (4) potential “demonstration projects” that would explore innovative ways of cutting costs and improving broadband services to schools and libraries.

Public comments on the proposals are due April 7, 2014, with reply comments due April 21, 2014.

### **BROADBAND *WITHIN* SCHOOLS AND LIBRARIES**

The Public Notice outlines a new approach that would be used to allocate funding for on-campus connectivity to classrooms and student and patron devices across school and library premises. Under current E-rate rules, funding for these “internal connections” – the wires and wireless access points inside a building – is regarded as a “Priority 2” service. Priority 2 status implies that all other funding requests for telecommunications and Internet access services will be considered before attention is given to within-the-premise connectivity needs.

Beginning in 2013, there have been no funds available to support these Priority 2 services, and the Chairman and many public commenters have recognized the barrier this has placed on fully-enabling 1-to-1 student device educational initiatives. Recognizing the importance of robust wireless capacity *within* classrooms and libraries to support emerging technology-based education models, the Public Notice outlines a new approach that would eliminate Priority 2 status and replace it with a calculated support level (or sub-fund) for these LANs and Wi-Fi networks within schools and libraries.

There are several key questions related to this proposal, including the equipment that would qualify. In addition, the FCC proposes several rules that would help ensure equitable access to scarce funding by all eligible institutions including allowing access to this sub-fund by any given institution on a five-year upgrade cycle; limiting access until all eligible entities have had the opportunity to request funding from this sub-fund; or pre-determining an allotted annual amount per institution.

### **BROADBAND *TO* SCHOOLS AND LIBRARIES**

The Commission proposes to undertake a targeted, “limited initiative” to fund deployment of high-capacity, scalable last-mile connections to eligible schools and libraries lacking access to predetermined connectivity



targets. It appears from the Public Notice that the Commission might create a new, separate funding category (or yet another sub-fund) that would be reserved to support deployment of high-speed broadband networks to eligible schools and libraries lacking the service. Seemingly regarding this as a separate fund, the Public Notice even opens the possibility that a new service-discount matrix could apply to this program.

The Public Notice echoes President Obama's [ConnectED](#) initiative and other proponents calling for broadband capacity targets for schools and libraries with throughput speeds of at least 100 Mbps per 1,000 students and staff (users) in the immediate term, increasing to at least 1 Gbps Internet access per 1,000 users in the long-term. Schools and libraries lacking these connectivity goals "at reasonable prices" would be eligible to apply for funding from this targeted portion of the E-rate program.

The Public Notice seeks comment on a number of components of this approach, including mechanisms to prioritize applications by economic need, and requiring applicants to submit "impact and/or efficiency metrics" such as "the total number of students currently in buildings without infrastructure capable of meeting Commission-adopted speed goals." The Public Notice asks whether this initiative should encourage cost-efficiencies, consortia purchasing, and bulk-buying for deployment options. The Public Notice also asks whether the Commission should require schools and libraries to have in place technology plans that "demonstrate that they have a plan and the capacity to use [the high-capacity broadband] services within their buildings" before funds are made available for the high-capacity broadband deployment projects.

Importantly, the Public Notice seeks comment on how best to determine eligibility and proposes different options including having the applicant provide proof of eligibility and building more robust E-rate data collection processes and transparency practices. As a committed stakeholder working to gather granular, accurate, and comprehensive data of the broadband landscape across our nation, Connected Nation believes that there is a dire need for data to help inform the E-rate reform debate. Federal, state, and local stakeholders, including library and school patrons, need to better understand where and for what these public funds are being spent and, as a result, what levels of telecommunications services and connectivity exist across all eligible entities. For more information on Connected Nation's related proposals, see our [Comments](#) and [Reply Comments](#) on this docket.

### **REDUCED SUPPORT FOR VOICE SERVICES**

The Public Notice outlines several alternative methods of phasing out E-rate support for legacy voice services, which Chairman Wheeler discussed in his February speech. It is estimated that approximately \$600 million of the \$2.3 billion annual E-rate fund is used to support these legacy services, and it would appear that the Bureau is poised to reduce E-rate support for voice and other narrowband services and transition the fund to support school and library high-speed broadband needs.

The Public Notice lists several options to reduce support for legacy services, which range from eliminating voice support as early as 2015, progressively phasing out support for voice services starting in 2015 and through 2020, retaining eligibility for voice services but under a lower priority level of (not guaranteed) funding, funding voice at a different, lower discount rate (such as a flat 50% rate), and developing a benchmark support for voice services based on market-based costs of VoIP alternatives. The Public Notice also seeks comment on whether the FCC should exempt certain areas from these phase-out plans, such as Tribal lands or remote areas that do not have broadband services available today.



## E-RATE DEMONSTRATION PROJECTS

Finally, the Public Notice seeks comment on whether the FCC should fund a series of “demonstration projects” that would help “identify and test different approaches to meeting schools’ and libraries’ connectivity needs.” The Public Notice provides illustrative examples of such demonstration projects, such as bulk purchasing projects of E-rate eligible services and equipment, and technical assistance projects to support technical planning for schools and libraries in areas where service costs “fall outside a standard range for E-rate applicants.” The FCC also asks for specific comment on a project proposed by the American Library Association to create a pilot program that would temporarily increase the discount level for certain targeted libraries, prioritizing those that have engaged in public-private partnerships and are otherwise working to offer innovative library services.

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Public comments on these proposals are due April 7, 2014, with reply comments due April 21, 2014. The Public Notice is specifically requesting “focused comment” only on the issues raised in the document. As a result, other important issues, such as the overall size of the E-rate fund and whether to provide E-rate funding for off-campus connectivity to the 1-to-1 devices that are increasingly used by educators and students in blended models of teaching should relate to the July 2013 NPRM launching this docket.

The Public Notice will no doubt reinvigorate what is already a very active public debate regarding the future of the E-rate program. This is an important opportunity for local, state, and federal stakeholders to weigh in on how the E-rate program should be reformed to ensure the best use of scarce resources to support our schools and libraries of the twenty-first century. Connected Nation will continue to participate in this debate and welcomes feedback and questions from all stakeholders.

For more information, please contact us as [Policy@ConnectedNation.org](mailto:Policy@ConnectedNation.org).

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