

Before the Federal Communications Commission
Washington DC 20554

In the Matter of)
Modernizing the E-Rate Program for Schools) WC Docket No. 13-184
and Libraries)
Public Notice)

Comments of the Education & Libraries Networks Coalition (EdLiNC)

I. Introduction

The Education and Library Networks Coalition (EdLiNC), a group comprised of the leading public and private education associations and the American Library Association that was formed in 1995 to advocate for the interests of schools and libraries in the Telecommunications Act of 1996, is pleased to provide comments on this Commission rulemaking, which we hope will chart the path for the E-Rate’s future.¹ Since the enactment of the E-Rate as part of the Act, EdLiNC has pursued a mission of promoting and improving the E-Rate to fulfill its mission of accelerating the deployment of advanced telecommunications and information services in schools and libraries and has filed in every Commission rulemaking related to the program. As is reflected in our comments below, EdLiNC continues to focus on the promotion and advancement of the E-Rate.

II. EdLiNC Supports an Immediate and Permanent Increase to the E-Rate Program’s Annual Funding Level

EdLiNC is pleased that the Commission is directing its attention to the issue that we have long believed is central to the success of the E-Rate Program – permanently increasing its funding. For years, we have argued that the program, as successful as it has been in helping provide basic Internet connectivity to schools and libraries nationwide, requires additional funding to upgrade these basic connections to broadband. We noted previously in this rulemaking that without the

¹ See Appendix A for complete list of EdLiNC members.

ability to access greater bandwidth speeds in classrooms and libraries, our nation's students and community members would be hamstrung in their efforts to, among other activities, make use of digital textbooks, take online and distance learning courses, conduct online job searches, access community services, and take online assessments. In addition, we have consistently maintained that the E-Rate's annual funding cap, essentially unchanged from its inception, is grossly inadequate to fund the bandwidth increases so many schools and libraries require.

The Commission's first cut at modernizing the E-Rate, unveiled in the Report and Order and Further Notice of Proposed Rulemaking that it adopted on July 11, 2014² (hereinafter referred to as the July Order), elected to reengineer the existing fund to focus its resources on broadband, including setting bandwidth targets for schools and libraries. To devote more of E-Rate's existing dollars to broadband, the Commission opted to rename Priority 1 as Category 1(C1) and eliminate program support for non-broadband services, including voice services (POTS and VoIP), web hosting and e-mail. Additionally, the Commission restyled Priority 2 as Category 2 (C2), geared C2 towards the goal of ensuring that every classroom and library had adequate WiFi access to support mobile and wireless devices (tablets, laptops and smart phones), and sized the new C2 at \$1 billion per year. Finally, it instituted for at least the next 2 years per student and per square foot (for libraries) formulas to disseminate C2 dollars.

While EdLiNC supported the Commission's goals targeted at ensuring ample bandwidth for all schools and libraries, it was far less sanguine about the means used to achieve those ends. We contended originally that the Commission should provide more funding to the successful, robust but cash-strapped E-Rate program rather than eliminate support for older but still important non-broadband services as the Commission did. We supported in our comments reasonable modest changes to the program's existing funding distribution structure rather than the Commission's establishment in C2 of a formula for closing the WiFi gap. We sought enhanced support for rural areas, not the formula floor that the Commission is instituting for smaller schools and libraries which may not provide some of these schools and libraries with sufficient funds to meet their internal connections' needs. As we were initially ambivalent about some of these changes, we

² *Modernizing the E-rate Program for Schools and Libraries*, WC Docket 13-184, Report and Order and Further Notice of Proposed Rulemaking (2014) (*July Order*).

are pleased the Commission issued the current Further Notice, which finally squarely addresses the issue of the program's future funding needs.

EdLiNC stipulates that some of the Commission's changes are beneficial to the program. It is inarguable that providing some funds for C2 internal connections is far better than the \$0 available for Priority 2 last year. In the same vein, we believe that the Commission acted correctly to protect the priority for funding C1 Internet access services, allowing all schools and libraries to maintain their broadband connections even if funding transfers from C2 prove necessary.

However, EdLiNC contends that even with the eligible service cuts and C2 discount matrix adjustment implemented via the July Order, the E-Rate's current funding level is clearly and simply inadequate to meet the external (C1) and internal (C2) bandwidth goals that the Commission embraced and adopted in its July Order.

Through the July Order, the Commission aimed to ensure that nearly all classrooms and libraries had access to ample WiFi. A blog from Gigi Sohn in Chairman Wheeler's office and Patrick Halley from the Wireline Bureau, alludes to the Commission's intention to spend \$5 billion in the next 5 years to purchase, install and manage the appropriate WiFi technology in the classrooms and libraries that lacked WiFi currently or that would require WiFi upgrades to meet bandwidth goals.³ However, the Commission could find only \$2 billion of the anticipated \$5 billion cost for C2 WiFi, leaving the Commission \$3 billion short of what it thought would be needed to complete this initial task.

Further complicating E-Rate cost projections is the fact that demand for Internet access has grown substantially each year in the program's recent funding history. Between 2009 and 2013, committed Internet access dollars nearly doubled, rising from \$421 million in 2009 to \$829.65 million in 2013. A recently released Commission staff report notes "the likelihood that demand for category one services providing connectivity to school and library premises will continue to

³ Gigi Sohn and Patrick Halley, *Answers to Common Questions about the E-Rate Modernization Proposal to Get Wi-Fi in ALL Schools and Libraries*, OFFICIAL FCC BLOG (June 30, 2014), <http://www.fcc.gov/blog/answers-common-questions-about-e-rate-modernization-proposal-get-wi-fi-all-schools-and-librarie>.

grow.”⁴ Given the new impetus to reach Commission bandwidth goals and the increasing bandwidth consumption that will necessarily be associated with implementation of WiFi in all classrooms and libraries (e.g., CoSN’s 2013 Broadband survey estimates that presently only 57% of elementary schools and 64% of secondary schools have all classrooms fully equipped with wireless Internet connectivity),⁵ EdLiNC expects significantly greater demand than normal for C1 services in the next few years.

The recent Commission staff report estimates that the July Order’s changes will yield, between Program Year 2015 and Program Year 2019, total savings of \$3.618 billion. As the staff report concludes: “the savings from the phase out of non-broadband services should, on completion, be largely sufficient to cover the annual \$1 billion funding target for category two services.” If the staff report’s numbers bear out, this would suggest that no new money should be needed in the immediate future: at least \$1 billion would be available annually for C2 in perpetuity, with approximately \$1.5 billion still available to cover C1, which will soon be only Internet access.

But is this really enough in the long term (or possibly even the short term) for either the external or internal connections costs supported by the program? EdLiNC would say no for the following reasons:

- 1) If C1 committed dollars number actually double again by 2019 or increases at a greater exponential rate (e.g., if a demand spike from more WiFi occurs), Internet access costs will surpass the approximately \$1.5 billion available to it in very short order. Should that happen, the new rules mandate a shift of C2 dollars to C1 to cover the shortfall, leading to inadequate C2 funding.
- 2) Several studies suggest that \$1 billion annually (or \$5 billion over 5 years) is simply inadequate for WiFi build out and sustainability costs. Funds for Learning’s recent chart shows that if all eligible applicants take their funds, the \$2 billion allocated by the Commission for the C2 coffers would only reach 80% discount eligible applicants. Even after 5 years and \$5 billion, it is possible

⁴ Wireline Competition Bureau & Office of Strategic Planning and Policy, WC Docket 13-184, Staff Report (Aug. 12, 2014), at 18.

⁵ CoSN’s E-Rate and Broadband Survey 2013, In the Matter of Modernizing the E-Rate Program for Schools and Libraries, WC Docket 13-184 (Nov. 7, 2013), at 3.

that only applicants within the 50%-60% eligible discount range will have received their formula allocations.⁶ The CoSN/Education Superhighway study of C2 public school costs “suggests that once all schools and libraries have been upgraded, it will cost approximately \$2.2 billion per year (\$1.6 billion in E-rate subsidies) to maintain these networks and upgrade them periodically to list latest standards.”⁷ Add private schools and public libraries to the mix and you are actually looking at nearly \$1.8 billion in annual costs to E-Rate for WiFi, far north of the \$1 billion that the Commission devotes to C2.

- 3) Instead of just cutting costs, as it did in C1, the Commission actually elected to add new WiFi services to the eligible services list for C2, most notably caching and managed WiFi services. Even though the Commission justifies these additions as money savers, they also will cost the program upfront money and, in the case of managed WiFi, annualized money. It is not clear how, or if, the Commission is accounting for these new costs in its estimates.

Beyond the fact that the C1 and C2 numbers just don't seem to add up, the biggest problem for the program is that without additional money, many, many deserving schools and libraries will wait a long, long time to gain WiFi funding. According to the FFL chart, school districts with more than 20% of their students eligible for the National School Lunch Program may not see even a dime of C2 E-Rate money by 2020.⁸ That is troubling, particularly as it is a problem that could be remedied by a much needed permanent funding infusion for the program.

Based on the foregoing, we urge the Commission to plan now for the obviously expensive but important broadband future of our nation's schools and libraries. We think the Commission must act now to permanently increasing funding for the program. It should not wait several more years for the inevitable high demand for broadband services and resulting funding crunch that we all know is coming.

⁶ Ta'Chelle Jones, *Balancing the E-Rate Budget*, FUNDS FOR LEARNING (Sept. 9, 2014), <http://www.fundsforlearning.com/blog/2014/09/balancing-the-e-rate-budget> (*FFL Chart*).

⁷ CoSN and Education Superhighway, *Analysis of Costs to Upgrade and Maintain Robust Local Area Networks for all K-12 Public Schools, In the Matter of Modernizing the E-Rate Program for Schools and Libraries*, WC Docket 13-184 (May 2014), at 5.

⁸ *FFL Chart*.

III. EdLiNC Opposes Pilots or Projects that Drain Existing Program Funds and Supports the Preservation of the Principles of Technological Neutrality and Local Decision Making

We understand that the Commission may also be considering additional changes to the program, including pilot programs or projects. Without knowing what the Commission is considering specifically, EdLiNC restates its position in opposition to new pilots or projects that would remove existing funds from an already oversubscribed program..

Additionally, we must note our continuing support for the policy bedrocks of the program: technological neutrality and local decision making. As we stated at the beginning of the E-Rate modernization rulemaking last year: “We believe that allowing local schools, school districts and libraries to make their own service purchase decisions makes sense as local entities know their needs and budgets best and often are in the best position to uncover bargains and efficiencies. We believe further that the principle of technological neutrality, which the statute itself requires,⁹ remains vital as it not only frees applicants to make their own decisions on the technology that best suits their needs but allows innovative technology companies the opportunity to develop new, E-rate eligible products and services that meet school and library needs.”¹⁰ Any proposal in opposition to these principles, however meritorious or well intentioned, we must oppose.

⁹ 47 U.S.C. § 254(h)(2)(A); *Federal-State Joint Board on Universal Service*, CC Docket 96-45, Report and Order, 12 FCC Rcd 8776, 8801, paras. 46–48 (1997) (*Universal Service First Report and Order*).

¹⁰ Comments of EdLiNC, In the Matter of Modernizing the E-Rate Program for Schools and Libraries, WC Docket 13-184, September 16, 2013, pp. 8-9.

Appendix A

EdLiNC Member Organizations

AASA: The School Superintendents Association

Association of Educational Service Agencies (AESA)

American Federation of Teachers (AFT)

American Library Association (ALA)

Consortium for School Networking (CoSN)

International Society for Technology in Education (ISTE)

National Association of Elementary School Principals (NAESP)

National Association of Independent Schools (NAIS)

National Association of Secondary School Principals

National Catholic Educational Association (NCEA)

National Education Association (NEA)

National Rural Education Association (NREA)

National Rural Education Advocacy Coalition (NREAC)

National School Boards Association (NSBA)

United States Conference of Catholic Bishops (USCCB)