

E-rate 2.0: NPRM Summary

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The following is a high-level summary of the NPRM, including some of the hundreds of questions on which the FCC seeks comment. Beginning paragraph references are included to make it easier to find the cited sections in the NPRM. If you are interested in submitting comments to the FCC on a particular topic, please read the full text of the issue which you can easily find using the referenced ¶ number.

NPRM: http://transition.fcc.gov/Daily_Releases/Daily_Business/2013/db0723/FCC-13-100A1.pdf.

Connectivity Goals

The State Education Technology Directors Association (SETDA) has set an Internet connectivity goal of 100 Mb per 1000 users by 2014 (increasing to 1 Gb per 1000 users by 2017) and WAN connectivity goal of 10 Gb per 1000 users by 2017. Should the FCC adopt these goals? Are these targets appropriate for all schools? How are schools' bandwidth needs changing, particularly in those schools that have one-to-one initiatives? What should the goals be for schools that have very few students? How should the FCC measure and monitor progress to such goals? (¶ 22)

Broadband-Based Priorities**

The FCC proposes to update the E-rate priorities as they currently stand so that high-capacity broadband and the associated equipment needed to disseminate that broadband to and within those buildings becomes Priority 1. The other services would become Priority 2 or phased out altogether (see eligible services below). (¶ 65) As part of this proposal, they ask many questions related to fiber deployment costs, barriers to fiber deployment, whether E-rate should support the purchase of WANs if it's more cost effective than leasing (¶ 80) Should the one-time installation costs receive a higher discount? What different or additional services should be considered eligible such as filtering, caching and network security services, etc.

Eligible Services**

The FCC proposes to treat lit and dark fiber more consistently by making modulating electronics (e.g. GBICs) special construction charges eligible as part of dark fiber (as it now does for lit fiber). (¶ 71)

The FCC proposes to phase out support for a number of specific services including paging, wireless text messaging, directory assistance, custom calling features, inside wiring maintenance plans, call blocking, 800 number services. (¶ 90) The FCC also seeks comment on whether they should phase out, de-prioritize or eliminate support for the following services:

- All basic telephone service, local and long distance, possibly including basic VoIP. (¶ 105)
- Internet access provided via cellular data plans, including aircards. (¶ 102)
- Web hosting and hosted e-mail services. (¶ 97)
- Basic maintenance of internal connections. (¶ 101)

CIPA**

The FCC seeks comment on several CIPA related questions, including: Are laptops, netbooks with Internet access, smartphones, and Internet enabled e-readers considered computers that must comply with CIPA? Are personally owned devices that are not owned by schools and libraries required to be CIPA compliant when used on-campus? Are school-owned devices used off campus and used with outside networks required to be CIPA compliant? (¶271)

Streamlining**

The FCC proposes several options for streamlining the administration of the E-rate program, including:

- Requiring all forms and USAC correspondence to be submitted/sent electronically (¶ 227);
- Providing better funding statuses throughout the application process (¶ 232);
- Speeding review of applications and issuance of commitment decisions (they seek specific comments on problems they have had during the PIA review process) (¶ 233);
- Removing the distinction between telecommunications services and Internet access (¶ 258);
- Considering lesser recovery actions for rule violations (¶ 252);
- More effectively identifying and capturing unused funds (why do funds go unused and how can USAC identify and de-obligate those funds more quickly?) (¶ 254); and
- Streamlining the E-rate appeals review process (¶ 266).

Equitable Funds Distribution **

The FCC seeks comment on 6 major options for revising the structure for distributing E-rate funds as follows:

- 1) Revising the discount matrix** to increase certain applicants' matching requirements through a phase-in process. What should the maximum E-rate discount be? Should all of the discount bands be adjusted downward by a certain percentage? Should the discount matrix be abandoned in lieu of a discount calculated as NSLP percentage plus 20% (urban) or 25% (rural)? (¶ 117);
- 2) Changing the E-rate discount calculations** to be based on a simple average of the District's NSLP enrollment (as opposed to the current weighted average approach that uses each school building's discount as part of the calculation) whereby a district would receive a straight matrix discount. [JTS: This would decrease PIA review time and hopefully eliminate the closed-school scrutiny that so many districts currently receive.] (¶ 126);
- 3) Changing the definition of rural** to ensure greater funding to truly rural areas by using NCES codes. Should the definition be based on 'rural' or 'remote-rural' areas? (¶ 130) Should the rural schools and libraries receive a greater discount than they currently receive and should the rural factor also be incorporated into the highest discount bands? (¶ 133);
- 4) Incorporating a per-student or per-building cap on funding** into the discount matrix. What would those caps be? Should they apply to both Priority 1 and Priority 2 funding? Should installation fees be

excluded from the calculation? Should there be a *di minimus* amount funding available? How would consortia apply using a per-student cap (¶ 135);

5) Providing more equitable access to Priority 2 funding (¶ 133). How can the FCC ensure more applicants have access to P2 funding? Should the 2/5 rule be replaced with another rule, such as a 1/5 rule? Should P2 be funded on a rolling-funding cycle? Should there be different priorities established, such as a broadband/Internet P1 category and other service (such as voice) become Priority 2 (or some other priority)? (¶ 146); and

6) Allocating funds through a fixed dollar amount before the funding year begins. How would this amount be calculated for libraries? How would it be calculated for schools? How would this work with consortia? (¶ 149)

Increase to E-rate Funding Cap**

The FCC seeks comments on whether to increase the \$2.25 billion E-rate cap (temporarily or permanently) to ensure high-capacity broadband connectivity to and within schools and libraries. (¶ 173) [JTS: If commenting on this section, it would be most helpful for the FCC to understand the total amount of funding you think YOUR school or library would need every year to maintain the 21st Century technologies discussed in the NPRM and as part of President Obama's ConnectED initiative. Be sure to consider the total cost of broadband connectivity to the classroom; internet access, LANs including wiring, wireless, switches, etc.]

Competitive Bidding Reform**

The FCC seeks comments on how to reduce the number of E-rate recipients that do not receive multiple bids and whether the Lowest Corresponding Price rule helps ensure that applicants receive cost-effective prices. What are the characteristics of applicants or reasons that applicants do not receive multiple bids? Would a different competitive bidding process better suit applicants' needs? Should applicants be exempted from the Form 470 bidding process if they have complied with state procurement rules or if their total E-rate funding is below a certain amount? (¶ 202) Should applicants be required to submit all competitive bidding documentation with their Form 471s or should they be required to submit a bid evaluation sheet? (¶ 298)

Consortia

The FCC seeks comment on whether they should adopt incentives that encourage the use of consortia purchasing. What could those incentives be? What steps should they take to streamline the consortia review process? (¶ 179)

Disbursement Process

The FCC proposes to permit schools and libraries to receive BEAR reimbursement checks directly from USAC and not have to pass through the respective service providers (¶ 259). Should invoicing deadlines be more rigid? (¶ 265)

Single-Form 471 for Multi-Year Contracts

The FCC proposes, absent a change in the contract, service provider or recipients of service, to allow applicants with multi-year contracts that are no more than three years in length (including any voluntary extensions) to file a single FCC Form 471 application for the funding year in which the contract commences and go

through the full review process just one time for each such multi-year contract. Should the FCC also consider multi-year funding commitments? Should applicants only be permitted to sign contracts up to 3-years in length? (¶ 241)

Increased Transparency

The FCC proposes to increase the transparency of E-rate spending and the prices E-rate applicants pay for service. More specifically, it plans to provide options for informing schools and libraries about the prices at which service providers are willing to offer for E-rate supported services. (¶ 191)

Document Retention**

The FCC proposes to extend the E-rate program document retention requirements from five to at least ten years and seeks comments on the benefits and burdens of doing so. Should applicants and vendors be required to keep records of all communications relating to bids for and purchases of E-rate services/equipment? Should the additional retention period only be required on an “as-notified” basis? (¶ 295)

Community Wireless Hot Spots**

Should E-rate support be available for off-site Internet access for students and the general public through “community wireless hot spots?” (¶ 319)

National Emergency Procedures

The FCC proposes to adopt rules requiring USAC to follow specific procedures in the aftermath of a natural disaster or other emergency in order to ensure that USAC can efficiently assist affected schools and libraries in obtaining immediate relief. (¶ 324)

Other Proposals

The FCC proposes to require E-rate applications be required to be signed by a person with authority equivalent to that of a corporate officer (presumably this is to eliminate E-rate consultants from signing forms). (¶ 306)

The FCC proposes to require a corporate officer of the service provider sign certain forms submitted to USAC. (¶ 300)