

**Before the
Federal Communications Commission
Washington, DC 20054**

In the Matter of:

Wireline Competition Bureau Seeking) WC Docket No. 13-184
Comments on E-rate Category Two)

Comments of the American Library Association

The American Library Association (ALA) is the world's oldest and largest library association, representing the nation's 120,000 libraries. We appreciate this opportunity to comment on the E-rate program's category two (C2) budgets.

High-speed internet connections and robust Wi-Fi are essential for all libraries and underpin services on which communities across the country depend. We commend the Commission's work to modernize the E-rate program and ensure it keeps pace with the growing demands of technology. Put simply: the E-rate Modernization works for America's libraries. In particular, the E-rate Modernization has meant more libraries than ever before have applied for and received C2 funds, which translates into tangible benefits for their communities, including better Wi-Fi and more people accessing and experiencing the benefits of the internet. With this early review of C2 funds, we ask the Commission to consider how critical these funds have been for communities like Louisville, Kentucky. The Louisville Free Public Library (LFPL) ranks first in the state for population served, but 103rd out of 119 districts for per capita income. The last time the LFPL received a Priority 2 funding commitment prior to the Modernization was in 1998 for a total of \$308,990.82. As technology changed, LFPL made requests for Priority 2 in 2000, 2002, 2008, and 2011, but none of those requests were funded. Since the Modernization Orders went into effect in 2015, the library has applied for and received just over \$400,000 in C2 funding commitments—funds which will make a difference for a library that serves a large low-income population.

We look forward to working with the Commission to ensure a strong, efficient E-rate program, but we must note for the record that reducing the current funding level is not going to help make sure every community has the access required to innovate and educate in the 21st Century.

Our comments are divided into three sections:

1. An overview of ALA's position on category two
2. Statistical information on library use of category two funds
3. Recommendations for changes to category two

1. An overview of ALA's position on category two

ALA strongly supports the changes made in the internal connection category (i.e., category two budgets) as part of the 2014 E-rate Modernization Orders. These changes—made in parallel with the critical fund increase to \$3.9 billion annually—have meant that for the first time in over fifteen years our libraries are assured of receiving C2 funding. The result is that all libraries, whether in rural remote areas or urban centers, have access to much needed funding for their in-building network requirements. While we make several recommendations below for changes in C2 procedures, ALA recommends extension of the current C2 funding regulation for five years beyond its current expiration date of 2019. Given that we are only midstream in the new C2 funding system, it is premature to make any sweeping changes as the available USAC data and data from the field provide as yet a very incomplete picture of how libraries are using and planning their C2 budgets. The elegance of the current budget system is that libraries can self-determine how to prioritize planning to tap into the funds they are allocated and can make long-term plans over the course of the full five years of their budget.

In its Public Notice the Commission asks for feedback on why some applicants have not requested C2 funding. In response to comments we received from the library applicant community, we make several recommendations below in Section 3 to improve the budget

allocation process and reduce the burden on applicants. If these recommendations are accepted, we fully anticipate more libraries will apply for C2 funding.

In addition to addressing application challenges, there are logistical issues that impact library applications for C2. We know, for example, that library procurements in many instances require a long lead time and libraries would not necessarily have been prepared to apply for C2 immediately under the new system in funding year 2015 unless a library had already planned to apply for internal connections that year. This was unlikely because there was no funding for then-Priority 2 and in prior years funding was only available for applicants at the 90% discount rate. Libraries have an average 70% discount rate and many stopped applying for Priority 2 years ago. Moreover, with the dramatic changes to the filing process and the implementation of the E-rate Productivity Center (EPC), certainly some applicants elected to wait until the second (or later) year, post Modernization, to initiate their requests for C2 funding.

We also take this opportunity to remind the Commission that in the past libraries have not applied for C2 funds because doing so requires compliance with the filtering requirements in the Children's Internet Protection Act (CIPA), which some local library Boards or communities do not support. Because applying for C2 may take a change in local library policy, it requires both education as to the funding opportunity and education about the compliance process. Therefore, since the Modernization Orders, ALA has undertaken efforts to educate the library community on the availability of C2 funding and has encouraged libraries to review their policy on filters in light of sufficient funding being available for all E-rate eligible services.¹

The current allocation of C2 funds is based on the square footage of the library and we do not currently propose any changes to this metric, though as explained below we request the addition of another IMLS locale code for larger libraries.

¹ Many libraries that do not filter made this decision with the initial passage of CIPA in 2000 and they have not reviewed this decision since then. While the ALA does not endorse the use of filters it also recognizes that this is a local library decision and with many libraries still confronting tight budgets, some will decide to filter so they can receive E-rate funds for category two and Internet access.

2. Statistical information on library use of category two funds

We think it is premature to review library requests for C2 funding, but since Modernization the increase in requests for E-rate funds on a state-by-state basis has often been dramatic. In Alaska, for example, no libraries applied for C2 in 2014. They saw an infinite percentage increase in 2016, with \$49,696.61 requested funds across the state. For example, the Fairbanks North Star Borough Public Library applied for \$18,925.80 for the first time in 2016. Kansas had a 353% increase in requested funds since Modernization. In 2016, only two public libraries applied to the program for amounts less than \$10,000. In 2016, 33 libraries applied (which is 10% of all systems across the state), including those like Pratt Public Library in Lawrence, KS, which applied for \$14,216.86. Mississippi had a 662% increase in requested funds. In 2014, only five libraries in the state out of 237 applied, whereas in 2016, 15 applied across Mississippi.

3. Recommendations for changes to category two

Working with ALA's E-rate Task Force and state library E-rate coordinators, we submit the following proposals to change the category two application and follow-up processes for applicants. These proposals will also streamline the administration of C2 applications and thus enable our libraries to receive needed funding sooner.

- *Accept IMLS library square footage data.* Each year libraries report their physical size (i.e., square footage) as part of the many statistics they submit to the Institute of Museum and Library Services (IMLS). Unfortunately, during the Form 471 application review process the Program Integrity Assurance (PIA) unit of USAC often demands the library submit more documentation to verify the figure reported to IMLS. For example, libraries may be required to submit blueprints of their building, but for many older library buildings blueprints simply do not exist. In another example, a library paid an architect to measure the library's square footage in order to satisfy PIA requirements. In the interests of streamlining and

simplification, we ask the Commission to direct USAC to use the library square footage figure that IMLS finds to be acceptable.

- *Allow C2 funds to be spent over a two-year period.* With Modernization the Commission created a five-year budget cycle for C2 funds. Yet, in general applicants must spend the C2 funds received in any given year by the end of that program year (i.e., June 30). We ask the Commission to allow applicants two years to spend any C2 funds received in any program year. Such an extension will give applicants important spending flexibility to help, for instance,² with new building projects because these projects often take well over a year to complete and thus do not always align with a single C2 funding year.
- *Allow the library system to allocate C2 funding.* Currently, each branch of a library system has its own C2 fund allocation, and this allocation must be spent in each specific branch. We propose to keep the branch fund allocation process but allow the library system to move funds from one branch to another. In other words, C2 funds from all the branches are pooled together. The system then has the flexibility to spend funds in the branch(es) where they are needed most.
- *Review and fund applicant C1 and C2 applications at the same time.* Many libraries who upgrade internet access and internal connections equipment need to know that both pieces of the project are funded before the project can begin. For example, an increase in bandwidth via a C1 application is dependent on a new router funded via a C2 application. Having either application funded many months before or after the other often means a longer waiting period to begin the upgrade and delays in coordinating both facets of the project. Many C1 and C2 service contracts also contain the stipulation that the project will only move forward with a positive E-Rate funding commitment of *both* applications because the applicant cannot afford the project without E-Rate support. The funding of both C1 and C2 applications at

² This comment related to the C2 spending timeframe was sent to ALA by the South Central (WI) Library System: “The need to spend E-rate funds in one year means that meeting this E-rate timeline has started to drive how we move forward with network services projects. It should be the other way around.”

approximately the same time will be convenient for both the applicant and the service provider.

- *Add the IMLS code #22 to the category two definition for urban funding.* As part of the Modernization Order, the Commission determined that libraries in IMLS locale codes #11, #12 and #21 qualify for the \$5.00 per square foot for C2 funding.³ Locale code #22 was not included in the Order, but it is defined as “Suburb, Mid-size: Territory outside a principal city and inside an urbanized area with a *population less than 250,000 and greater than or equal to 100,000.*”⁴ In the range of population covered, the definition of code #22 is the same as the eligible code #12 which reads: “City, Mid-size: Territory inside an urbanized area and inside a principal city with a *population less than 250,000 and greater than or equal to 100,000.*” Another way to view this is shown below:

\$5 eligible code #11 is: City, Large

\$5 eligible code #12 is: City, Mid-size

\$5 eligible code #21 is: Suburb, Large

\$5 *ineligible* code #22: Suburb, Mid-size

As one can see, in codes #11 and #21 there is parallel language in that these are both “Large” urban areas. The parallel language for code #12 is that this is a “Mid-size” urban area. But the current rule omits the parallel for “Mid-size” in code #22. We think the omission of code #22 in the Modernization Order may have been inadvertent, but regardless of the reason we ask the Commission to include locale code #22 as eligible for the \$5.00 per square foot for C2 funding.

In conclusion, we strongly support the continuation of category two but do hope the Commission will incorporate our proposed changes as referenced above. In addition, we think it is important to note that since Modernization there has been sufficient funding within the \$3.9 billion cap to

³ See footnote 212 in the December 2015 Modernization Order for a definition of these codes or see pages 15-16 in the IMLS document Data File Documentation Public Libraries Survey Fiscal Year 2012.

⁴ Data File Documentation Public Libraries Survey Fiscal Year 2015, page M-150. Released September 2017. This documentation shows there are 528 libraries classified as locale code #22

(https://www.ims.gov/sites/default/files/fy2015_pls_data_file_documentation.pdf)

fund all E-rate applications. We think it is essential that the cap remain at its current level to ensure that all E-rate applications in future years will also be fully funded.

Respectfully submitted,

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