Wireline Competition Bureau Seeks Comment on Category Two Budgets

WC Docket No. 13-184

October 16, 2017

Are applicant budgets sufficient for Broadband service throughout a school?

Vector Resources, Inc. dba VectorUSA is an IT Services company providing both hardware, software and cabling to Districts throughout Southern California and Arizona. VectorUSA has been awarded more than $500,000,000 in E-Rate funding since 2000. We have vast experience in the program and understand the requirements for a robust LAN infrastructure. VectorUSA is pleased to respond to the request for comments.

The Commission asks for specific data to illustrate the need for additional funding for school districts. There are multiple problems with the Commission **data** requests which are:

1. Entities often only request eligible items for E-Rate on their “RFP” or Form 470’s out of fear of violating the 30% rule and therefore exclude those items that would be necessary for a complete LAN installation.
2. Entities and their Consultants remove any ineligible equipment/software prior to requesting funds for E-Rate because of the 30% rule, thus skewing the view that the Commission has allocated adequate funds rather than what is actually required.
3. Entities don’t update the equipment/software that is not eligible as they do not have the funding to do so.

### The 30% Rule

Under the 30% Rule, if 30 percent or more of the services included on a single funding request are ineligible, the funding request will be denied.

Each FCC Form 471 funding request is identified by a Funding Request Number (FRN) assigned by USAC's online system. Only eligible products and services should be included in an FRN. If services to be delivered include both eligible and ineligible components, applicants must subtract the ineligible costs from their FRNs.

For these reasons above it is virtually impossible to provide complete data showing that the Entities did have sufficient funds to provide robust LAN networks.

The best evidence are the Entities that have $0 remaining funds after 3 years of a 5 year funding cycle. One can only assume that the Entities with $0 remaining must have put some of their own funding into the LAN.

We do have an example of a District that requested more funding than their C2 Budgets (because the applications were cost allocated to fit into the District’s budget), thus illustrating how much funding they put into their LAN network above and beyond their match. The attached District was allocated $7,486,625. They requested $19,332,259. The school sites required an additional $11,845,634 in funding. See Example of District, although the names of the schools have been removed.

Additionally we offer Los Angeles County in two different spreadsheets which exclude Los Angeles Unified School District, as an example. The names of the Districts have been removed but the numbers in red illustrate the amount of funding Districts have had to contribute to create a viable LAN.

VectorUSA believes a more realistic funding per school site is $200 per student **WITH** the flexibility to move funding throughout the District. The reason this flexibility is so important is because all schools are not built of the same materials nor are they the same age. Older schools often have more brick and hard lid ceilings that require drilling and other means of adding conduit, fiber and cable.

If you look at the Example of Los Angeles County (excluding Los Angele Unified School District) with $200 per student the red is greatly diminished.

While we will leave others to discuss policy decisions, we do want to comment on the process. It is unwieldy and punishes not only the Districts, Schools and Libraries that seek to utilize the funding. The fact that the process itself often requires professional consultants to actually be successful should be evidence enough.

**Small Districts** – including those that qualify for the minimum funding – do not even bother to immerse themselves in the morass of paperwork and potential audit results if they make a mistake (often the audits cost more than these entities received). And when they do reach out to USAC’s Client Service Bureau (CSB) for assistance they receive little response and unclear direction. These small Districts cannot spend the thousands of dollars necessary for a consultant and often do not bother with the USAC funding opportunities. The floor should be higher for these Districts as they contain Special Needs Children that benefit from technology. See example of Small School District.

**Invoicing** – Invoicing is very difficult with Line Item Billing and FRN’s for every site. The logistics of this puts an additional burden on the entities and Service Providers. If USAC/SLD moves to one FRN per District/Library this would ease the burden tremendously.

We urge the Commission to move to increase the funding per student and to allow movement of the funding throughout all the eligible sites within a District or Library.

Sincerely,

Catherine Banker

Director Education Services

VectorUSA