

April 9, 2020

**VIA ELECTRONIC FILING**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th St. SW  
Washington, DC 20554

Re: **Ex Parte Submission**

***Modernizing the E-rate Program for Schools and Libraries -- WC Docket No. 13-184  
Schools and Libraries Universal Service Support Mechanism -- CC Docket No. 02-6***

Dear Ms. Dortch:

On April 8, 2020, Cathy Cruzan and John Harrington met via telephone conference with Nirali Patel, Wireline Advisor to Chairman Pai. We shared the attached presentation, titled "Keeping K-12 Students Online and Learning".

We shared our estimate that 7,148,974 family households in the United States lacked and could not afford Internet access in their homes in 2019. Those households now find themselves isolated from the world during the COVID-19 pandemic. Millions of K-12 students are separated from school, unable to attend the online classrooms that most students are attending during this challenging season.

We explained that swift action by Congress and the FCC could close this educational divide and get disconnected students into online classrooms quickly. Congress could provide \$5.25 billion in E-rate funding to support connectivity to online classrooms. This financial support would be available for off-campus Internet access, connected learning devices, and cybersecurity for school and library networks. In conjunction with this, the FCC could (A) update the E-rate funding year 2020 eligible services list and Category 2 budget factors; (B) waive its standard 28-day Form 470 bidding requirements; (C) open a special Form 471 filing window; and (D) direct USAC to issue funding commitment decisions based solely

on minimum processing standards and applicant self-certifications. By waiving the typical pre-commitment application review process, the support could begin flowing not long after the applications were submitted.

#### What Regulatory Changes Would Be Necessary?

We offered our view that there is only one primary regulatory change necessary to enable the E-rate program to connect students to online classrooms: the presumption that Educational Purposes is limited to a school or library campus. The E-rate supports educational purposes, defined as “activities that are integral, immediate, and proximate to the education of students, or in the case of libraries, integral, immediate and proximate to the provision of library services to library patrons.” (§54.500) The regulation specifically presumes that these activities will only occur on-campus. This is an outdated assumption and it is no longer applicable, a fact that has become particularly clear in the last few weeks. The FCC should keep the definition of educational purposes the same but eliminate the default requirement that it occur on-campus.

We went on to explain that Section 254 of the telecom regulations makes clear that E-rate funds can be used to connect classrooms. Many classrooms today exist online, and the E-rate program should not discriminate against them. Millions of American students are sheltering in place *while attending class online*. This could not be much clearer than it is. Students who are at home, online, in class, are in class. They are doing activities that are integral, immediate, and proximate to their education. Therefore, we do not believe that Section 254 requires any changes. The E-rate should continue supporting students in classrooms, wherever that classroom may be.

#### Why Use the E-rate Rather than Create a New System?

We described how the existing E-rate program was the best suited alternative for this difficult situation. Because it is currently up and running, the E-rate program is available to begin receiving requests almost immediately. Applicants are familiar already with the forms and systems necessary to complete E-rate paperwork and there are designated staff in place to prepare the necessary filings. This will produce faster results and fewer mistakes than if an entirely new system of rules and procedures were rushed into production.

We also offered our opinion that schools and libraries who serve the most economically disadvantaged communities should receive priority access to support. The E-rate program has a mechanism in place to allocate more funding to disadvantaged applicants. Having an existing system that works well avoids the need for the FCC to recreate the wheel with some new method of ensuring an equitable distribution of funds.

Furthermore, we described how schools are required to offer equitable access to educational resources. They have a mandate to provide consistent opportunities for their students. If federal funds were to be provided directly to individual families, rather than community anchor institutions, it is likely that many students still would not receive the access that they need; and, ultimately, the community anchors would still be called upon to step in and provide access to online classrooms.

We explained that the E-rate is ready to provide appropriate accountability and oversight. Delivering billions of dollars of additional support, in a timely and effective manner, will require robust systems and documentation. The E-rate system is well-established, with existing users and established procedures. For example, participating entities have bank account information on-file. This has the dual benefit of allowing committed funds to be distributed quickly and efficiently, while also guarding against potential waste, fraud and abuse by unauthorized individuals.

Respectfully submitted,

*/s/ John D. Harrington*

John D. Harrington

Chief Executive Officer  
Funds For Learning, LLC  
2575 Kelley Pointe Parkway, Suite 200  
Edmond, OK 73013

cc: Nirali Patel, Wireline Advisor to Chairman Pai

# Keeping K-12 Students Online and Learning

Allowing the Category 2 E-rate program to support students at home

# We Can Get Millions of Students Online ASAP

Swift support via E-rate for individuals that need it most

- Congress provide \$5.25 billion of Category 2 E-rate to support:
  - Off-campus Internet access
  - Connected learning devices
  - Cybersecurity for networks
- FCC leverage existing E-rate rules and resources:
  - Waive on-campus requirement for Internet access
  - Defer to local emergency bidding regs
  - Amend Category 2 eligible services list
  - Direct USAC to accept additional Form 471 applications
  - Increase FY2020 Category 2 budgets by 80%

# Securing Internet Connections to K-12 Students

Providing secure, connected devices for 7,148,974 households who lack and cannot afford Internet

Connection	Total Expense	E-rate Portion	School & Library
Household Connection (50 Mbps - 12 months)	\$4,289,384,400	\$2,983,148,445	\$1,306,235,955
Connected Learning Device (Category 2)	\$1,787,243,500	\$1,242,978,519	\$544,264,981
Network cybersecurity (Category 2)	\$1,461,904,602	\$1,021,561,547	\$440,343,056
<b>Total</b>	<b>\$7,538,532,502</b>	<b>\$5,247,688,511</b>	<b>\$2,290,843,992</b>

Congress provides  
\$5.25 billion  
for E-rate portion

Applicants pay  
balance  
many by leveraging  
stimulus funds  
from U.S.  
Department of Ed

## Revised C2 Budget Factors (FY2020)

Entity	Current	Revised
School	\$195.63 per student	\$325.91 per student
Urban Library	\$6.52 per sq. ft	\$10.86 per sq. ft
Rural Library	\$3.00 per sq. ft	\$5.00 per sq. ft
Funding Floor	\$11,998.43 per site	\$19,988.56 per site

# Students Need Support. E-rate Can Help Now.

- **Speed.** Application available in days or weeks. Not a new program.
- **Simple.** Less burden for schools and libraries who already know rules.
- **Equitable.** Higher support for economically challenged communities.
- **Empowerment.** Local leaders can select best tech for their situation.
- **Accountable.** Strong oversight guards against waste, fraud and abuse.

# E-rate is Best Available Choice

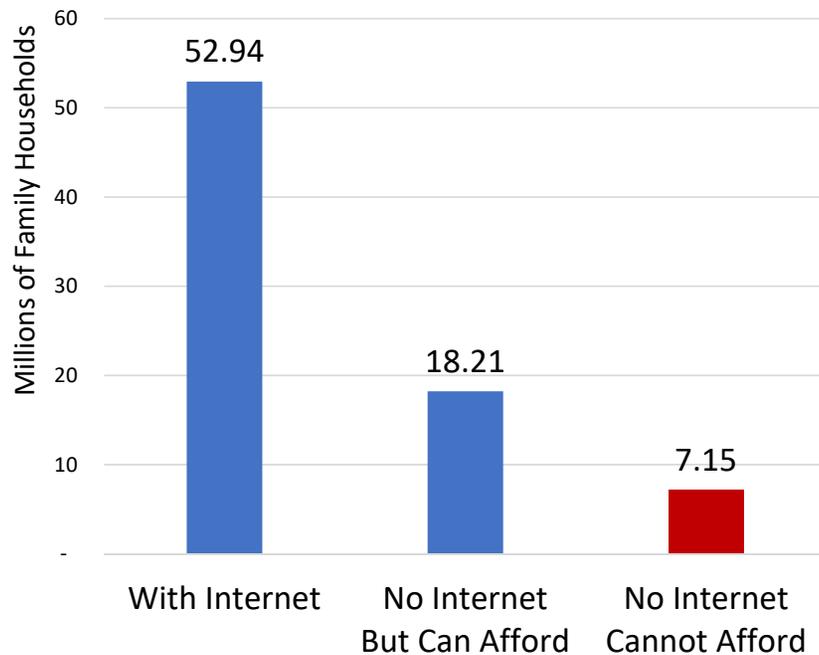
- Time-tested with \$86 billion in applications already processed.
- Aligned with schools' mandate to offer equitable access to education.
- Offers higher support to communities that need it the most.
- Completed applicant setup ready with bank routing information.
- Allows schools and libraries to standardize on specific technology.
- Requires only waiver of existing rules rather than new rules.
- Existing Category 2 mechanism prioritizes and curtails demand.
- Does not rely on individual family applications or technology choices.

# A Closer Look at the Divide

Data reported in 2019 highlight K-12 students lacking Internet at home

# 7.15M households cutoff during COVID-19

78.3 Million Family Households in America



- 9% of families cannot afford Internet\*
- Pandemic brings digital isolation
- Millions of students + teachers offline
- Cut off from school and colleagues
- Forced to visit parking lots for Wi-Fi
- Receiving hard copies of assignments

**\*Derived from GAO Report to FCC and NCES statistics**

# GAO: FCC Make Off-Campus Access Eligible

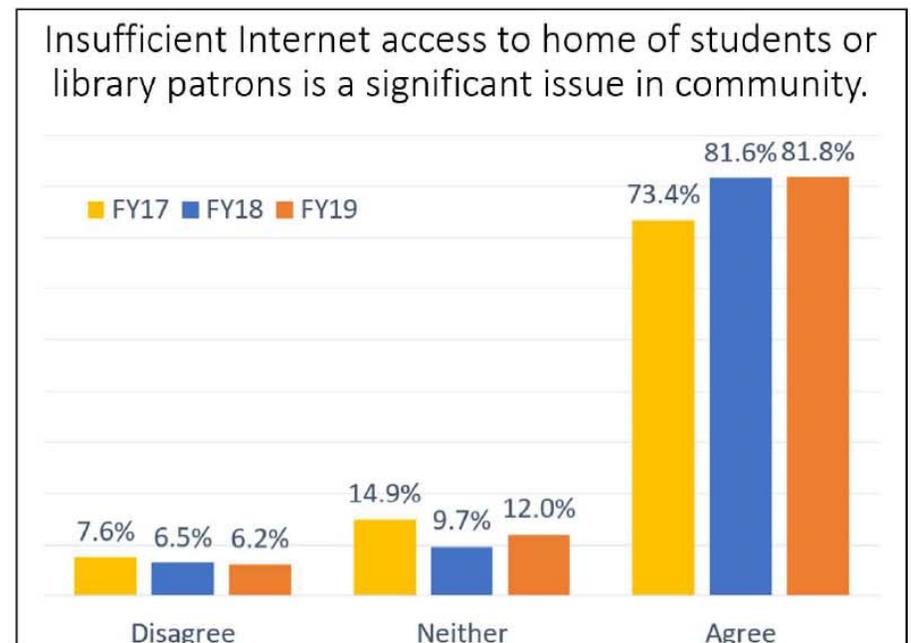
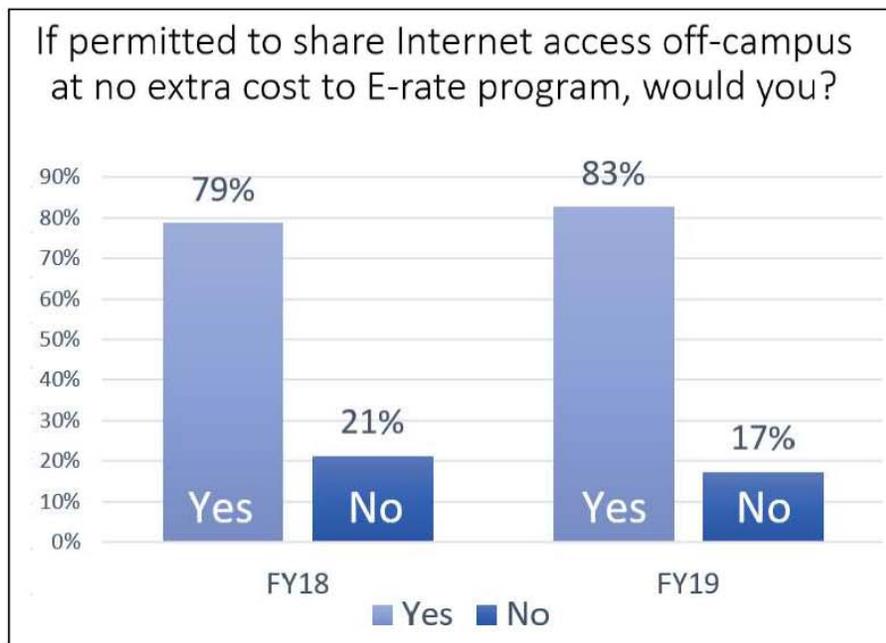
Pre-pandemic report urged FCC to consider changes

- *[E-rate program rules] may limit schools' ability to provide wireless access off-premises.*
- *... students who lack [Internet] access are at risk of missing opportunities to advance their education. Internet access is crucial not only inside the classroom— where it enables teachers to provide a richer learning experience—but also outside the classroom, because access is frequently necessary for doing homework.*
- *“Underconnected” students—those with limited or no access at home—may have difficulty doing homework, putting them at risk of falling behind better-connected peers, a condition known as the “homework gap.”*

<https://www.gao.gov/assets/710/700629.pdf>

# Homework Gap Impacts 82% of Applicants

2019 survey indicates need was there prior to COVID-19



# Estimating the Investment

Calculating the support necessary to connect K-12 students at home

# Number of Family Households w/out Internet

Household Income	Family Households <sup>1</sup>	Households without Internet		Households without Internet + <i>cannot afford it</i>	
		% <sup>2</sup>	Count	% <sup>3</sup>	Count
Less than \$25,000	11,031,520	48%	5,295,130	48%	2,541,662
\$25,000 to \$49,999	15,978,579	39%	6,231,646	34%	2,118,760
\$50,000 to \$74,999	14,362,139	32%	4,595,884	20%	919,177
\$75,000 or more	36,926,465	25%	9,231,616	17%	1,569,375
<b>Total</b>	<b>78,298,703</b>		<b>25,354,276</b>		<b>7,148,974</b>

<sup>1</sup> Counts from <https://nces.ed.gov/programs/edge/Economic/NeighborhoodPoverty>

<sup>2</sup> <https://www.gao.gov/assets/710/700629.pdf> (Figure 1, page 5)

<sup>3</sup> <https://www.gao.gov/assets/710/700629.pdf> (Figure 2, page 6)

# Recurring Annual Cost to Connect Households

Count of households	7,148,974
Monthly cost per household	\$50
Annual Cost per household	\$600

- Assumes \$50 per household for highspeed Internet access
- Cost calculated for an entire 12 month period
- E-rate discount calculated using Category 2 method

<b>Annual cost for all households</b>	<b>\$4,289,384,400</b>
E-rate portion (avg C2 discount = 70%)	\$2,983,148,445
Applicant portion (avg payment = 30%)	\$1,306,235,955

# One-time Cost for Connected Learning Device

Count of households	7,148,974
Total Cost per household	\$250

- Assumes \$250 per household
- E-rate discount calculated using Category 2 method

<b>Annual cost for all households</b>	<b>\$1,787,243,500</b>
E-rate portion (avg discount = 70%)	\$1,242,978,519
Applicant portion (avg payment = 30%)	\$544,264,981

# 58,688,283 Reasons to Support Cybersecurity

School District Size (by count of sites)	Count of Districts	Count of Indiv. Sites	Average Site Count	Average Headcount			Nationwide Total Headcount		
				Students	Staff	Total	Students	Staff	Total
A: Single	8,321	8,321	1	334	22	356	2,783,144	182,173	2,965,317
B: 2 - 4	7,099	19,789	3	919	62	981	6,524,249	433,667	6,957,916
C: 5 - 9	3,282	20,407	6	2,898	185	3,083	9,510,822	593,161	10,103,983
D: 10 - 24	1,579	22,426	15	7,499	467	7,966	11,840,975	722,980	12,563,955
E: 25 - 49	403	13,368	34	20,290	1,262	21,552	8,176,864	489,612	8,666,476
F: 50+	228	24,746	112	66,454	4,137	70,590	15,151,464	908,446	16,059,910
<b>Total/Overall</b>	<b>20,912</b>	<b>109,057</b>	<b>5</b>	<b>2,582</b>	<b>165</b>	<b>2,746</b>	<b>53,987,518</b>	<b>3,330,039</b>	<b>57,317,557</b>

School district, school sites, and enrollment data based on E-rate Manager® data  
 Staff counts estimated based on student-teacher ratios provided by <https://nces.ed.gov/surveys/ntps/StuTeachRatio.asp>

System Size	Library Systems	Site Count	Est. Staff Count <sup>2</sup>	Est. Daily Visitors <sup>2</sup>	Total Est. Daily Users
Single Branch	1,956	1,956	31,296	166,260	197,556
2 to 9 sites	1,066	4,330	69,280	369,369	438,649
10 to 19 sites	166	2,208	35,328	188,272	223,600
20 or more sites	120	5,046	80,736	430,185	510,921
<b>Total</b>	<b>3,308</b>	<b>13,540</b>	<b>216,640</b>	<b>1,154,086</b>	<b>1,370,726</b>

<sup>1</sup> Library systems and branch counts based on E-rate Manager® data

<sup>2</sup> Based on 2017 IMLS Survey <https://www.imls.gov/research-evaluation/data-collection/public-libraries-survey>

- Estimated daily users
  - 57.3 million K-12 students and staff
  - 1.4 million library visitors and staff
- High volume of remote users increases risk

# One-time Cost for Network Cybersecurity

## Cost per Applicant

<u>Number of Users</u>	<u>Fixed</u>	<u>Per User</u>
1 to 299	\$5,000.00	\$15.00
300 to 599	\$15,000.00	\$7.50
600 to 1,999	\$35,000.00	\$5.00
2,000 to 5,999	\$150,000.00	\$3.75
6,000 to 9,999	\$200,000.00	\$2.25
10,000 or more	\$275,000.00	\$1.75

- Assumes expenses are based on a per applicant model
- Costs calculated based on number of users, using both a fixed price and variable price
- Prices estimated based roughly on industry pricing data and models

# \$1.46 billion to help secure nation's networks

Estimated K-12 Cybersecurity Costs

School District Size	Applicants	Total Expense	E-rate Portion	School Portion
Single site	8,321	\$133,464,279	\$88,935,725	\$44,528,554
2 to 4 sites	7,099	\$294,590,212	\$203,175,831	\$91,414,381
5 to 9 sites	3,282	\$432,949,544	\$294,305,045	\$138,644,498
10 to 24 sites	1,579	\$331,605,630	\$234,979,659	\$96,625,972
25 to 49 sites	403	\$118,133,011	\$84,451,064	\$33,681,947
50 or more sites	228	\$89,430,433	\$67,934,422	\$21,496,011
<b>Total/Overall</b>	<b>20,912</b>	<b>\$1,400,173,109</b>	<b>\$973,781,747</b>	<b>\$426,391,362</b>

Estimated Public Library Cybersecurity Costs

System Size	Library Systems	Site Count	Total Expense	E-rate Portion	Library Portion
Single Branch	1,956	1,956	\$12,743,340	\$9,849,898	\$2,893,442
2 to 9 sites	1,066	4,330	\$21,191,685	\$16,243,043	\$4,948,642
10 to 19 sites	166	2,208	\$6,928,000	\$5,326,311	\$1,601,689
20 or more sites	120	5,046	\$20,868,468	\$16,360,548	\$4,507,920
<b>Total</b>	<b>3,308</b>	<b>13,540</b>	<b>\$61,731,493</b>	<b>\$47,779,800</b>	<b>\$13,951,693</b>

# Minimal Changes to E-rate

Minor adjustments required to existing regulations and procedures

# Expanding Educational Purposes

- Current focus is on activities that occur on library or school property
  - *Educational purposes.* For purposes of this subpart, activities that are integral, immediate, and proximate to the education of students, or in the case of libraries, integral, immediate and proximate to the provision of library services to library patrons, qualify as “educational purposes.” Activities that occur on library or school property are presumed to be integral, immediate, and proximate to the education of students or the provision of library services to library patrons. - **§54.500 Terms and definitions.**
- Limiting educational purposes to on-campus is no longer applicable

# Expanding Category Two

- Currently internal connections, basic maintenance, & managed Wi-Fi
- Proposed additions:
  - Off-campus Internet access goods and services
  - Connected learning devices
  - Cybersecurity goods and services

# Emergency Considerations

- Waive 28-day waiting period for Forms 470
- Waive typical PIA procedures for COVID-19 Form 471 filing window
- Issues FCDL's based solely on self-certifications on Form 471
- Increase FY2020 C2 budgets proportionate to Congressional funding