MARTHA ROBY
2ND DISTRICT, ALABAMA

CANNON HOUSE OFFICE BUILDING
ROOM 442
WASHINGTON, DC
PHONE: (202) 225-2901

303

COMMITTEE:
APPROPRIATIONS

Congress of the United States
House of Representatives
Washington, DC 20515–0102

April 18, 2016

Chairman Tom Wheeler
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Chairman Wheeler,

As you know, Congress provided the Federal Communications Commission (FCC) with the authority to support communications services to rural schools and libraries in Section 254 of the Telecommunications Act of 1996 (P.L. 104-104). The Commission has used Sec. 254 to open universal service funding to schools and libraries through what is commonly referred to as the E-rate Program. The E-rate Program funds are managed and administered by the Universal Service Administrative Company (USAC). The FCC adopted Order 15-1012 to modernize the E-rate Program on September 11, 2015. In this Order, the Commission provides the eligible services list (ESL) for funding year 2016 under the E-rate Program, and discusses modifications to the *ESL Public Notice* in response to public comment.

My office was contacted by small and independent cable telecommunications providers in my district with concerns regarding the *Second E-rate Modernization Order* and ESL parameters established in Order 15-1012. I would ask for answers to the following questions:

1) How will the Commission ensure that small and local telecommunications providers remain an integral part of the Commission's deployment of universal service funds through USAC, and specifically the E-rate Program; and,

2) How will the Commission ensure federal funds spent through the E-rate program are used solely to promote the deployment of broadband to schools and libraries?

Thank you in advance for your reply, your consideration of these priorities, and for the Commission's work to support broadband access across rural America.

Sincerely,

Martha Roby

Martha Roby
Member of Congress

CC: Mike Dabbs, Director of Legislative Affairs

PRINTED ON RECYCLED PAPER

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 22, 2016

The Honorable Martha Roby
U.S. House of Representatives
442 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Roby:

Thank you for your letter about concerns raised by small and independent cable providers in your district regarding the FCC's Second E-rate Modernization Order. As you know, the E-rate program, more formally known as the schools and libraries universal service support program, is dedicated to ensuring all of America's schools and libraries can purchase affordable high-speed broadband services.

In 2014, the Commission released two E-rate Modernization Orders. The First E-rate Modernization Order adopted three goals for the program: ensuring affordable access to high-speed broadband sufficient to support digital learning in schools and robust connectivity for all libraries; maximizing the cost-effectiveness of spending for E-rate supported purchases; and making the E-rate application process and other E-rate processes fast, simple and efficient. At the same time, the Commission took steps to ensure progress towards those goals.

The Second E-rate Modernization Order made further progress toward meeting these goals and aimed to close the connectivity gap by making more funding available for libraries and schools to purchase broadband connectivity capable of delivering gigabit service over the next five years. To address the rural connectivity gap, the Order also provided schools and libraries additional flexibility and options for purchasing broadband services to enable them to meet their Internet capacity needs in the most cost-effective way possible.

In your letter, you asked how the Commission will ensure that small and local telecommunications providers remain an integral part of the Commission's deployment of universal service funds through the Universal Service Administrative Company (USAC), and specifically the E-rate Program. Small and local telecommunications companies have a proud history of helping to ensure connectivity to the schools and libraries in their communities as part of the E-rate program. All telecommunications companies, including small and local cable companies, have an equal opportunity to bid on services for E-rate applicants. As you know, local companies are often best situated to provide cost-effective broadband services to the schools and libraries in their communities. The E-rate program's competitive bidding requirements create a level playing field that ensures fair and open competitive bidding for all E-rate eligible services.

In order to apply for E-rate funding, eligible schools, libraries, and consortia must conduct a fair and open competitive bidding process for all E-rate eligible services and equipment. Applicants must publicly post an FCC Form 470 on the USAC website describing the services and equipment sought, must evaluate all submitted bids, and must select the most cost effective response that meets their needs, using price of eligible services as the primary factor. This competitive bidding process is designed to ensure that the E-rate program, and by extension ratepayers that contribute to the universal service fund, get the most value out of every dollar spent and that all interested providers have the opportunity to compete to provide E-rate supported services.

You also asked how the Commission will ensure that federal funds spent through the E-rate program will be used solely to promote the deployment of broadband to schools and libraries. As an initial matter, it is worth mentioning that the E-rate program still supports legacy voice services, although such support is being phased out. In addition to broadband services to schools and libraries, the E-rate program supports broadband services within schools and libraries (WiFi). A list of the services that are eligible for E-rate support is publicly available, and E-rate funding is only available to eligible applicants for the purchase of E-rate eligible services. USAC has thorough application review and Program Integrity Assurance (PIA) processes to ensure that funds are committed only for eligible services in accordance with program rules.

I appreciate your concern for delivering high-speed broadband connectivity to all of America's schools and libraries and am dedicated to advancing that interest. Please let me know if I can be of further assistance.

Sincerely,

Tom Wheeler