



Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Modernizing the E-rate) WC Docket No. 13-184
Program for Schools and Libraries)

Initial Comments of the State of Alaska
Department of Education & Early Development
Regarding
FCC Public Notice DA 17-921
Seeking Comment on Category 2 Budgets

Background

The Alaska Department of Education & Early Development (DEED) and its Division of Library, Archives & Museums is grateful for the opportunity to provide comment on category two budgets under the Universal Service Fund E-rate Support Mechanism. The comments in this filing represent the applicant community within Alaska¹. In response to the FCC's NPRM *Seeking Comment on Category Two Budgets*² Alaska DEED shared with its applicant community the questions put forth by the Commission and received responses which will be incorporated

¹ Alaska's applicant community represents 54 independent school districts, one state school, eight consortia representing schools and their associated combined school/public libraries, four private schools, four public library systems, 39 independent public libraries and two education service agencies. The Alaska applicant community is assisted by a state E-rate coordinator who provides training, outreach, guidance and individual assistance throughout the year. Input from this community was requested and integrated into these comments as representative input.

² NPRM FCC 19-59.

into these initial comments. We believe that the FCC took a tremendous step forward in 2014-2015 during E-rate Modernization with the establishment of a 5-year budget cycle that benefits all E-rate applicants that funds internal connections³. We are encouraged by the questions put forth by the Commission in this NPRM and appreciate the opportunity to voice our support for both the change in program rules that would make permanent the 5-year category two budget test and to suggest modifications to the category two 5-year cycle approach that would allow for program simplification.

Comments

A. Permanent Extension of Category Two Budget Approach

In Alaska the 5-year budget process has allowed for a significant increase in the number of applicants that are able to access category two funding specifically for the upkeep and management of their broadband networks. From 2011 to 2014, or the four years *preceding* implementation of the 5-year category two budget, Alaska had an average of 4% of applicants annually that received category two committed funds. In the four complete years (funding is still being awarded for FY19) *after* the implementation of the 5-year category two budget Alaska had an average of 29% of applicants per year accessing this funding. This Alaska data leads us to concur with the Commission's 5-year budget study⁴ adopted in February of this year that concluded the category two budget process has reached more applicants and been implemented in an equitable and predictable manner than the previous *two-in-five* approach. Alaska's applicant community, DEED and the Alaska State Library (ASL) encourage the Commission to make permanent their trial 5-year category two budget. We share the following on methodology and implementation going forward.

B. Potential Improvements to the Category Two Budget Approach

Currently E-rate has two categories of service, one of them being category two which is addressed in this NPRM. Within category two funding there are three subsets of eligible components and services within the Eligible Services List⁵. Currently an applicant must apply for category two services *in the correct subcategory* in order to be awarded funding. Often the lines between these subsets is confusing to applicants. Ensuring compliance with the correct subset

³ 2014 Second E-rate Order, FCC14-189, para. 82.

⁴ FCC Report DA 19-71, para 42.

⁵ FY19 Eligible Services List, DA 18-1173, appendix B.

creates an additional level of burden on both the applicant community and the Program Integrity Assurance (PIA) application review process. We recommend the Commission consider the elimination of these subsets (Internal Connections, Basic Maintenance of Internal Connections, & Managed Internal Broadband Service) within category two for E-rate application purposes. We realize that this additional designation is of value to service providers but believe that the burden to applicants and PIA review exceeds the benefit to service providers. It creates an additional “point of failure” for the applicant that could be removed during this proceeding. One district technology director shared that *“PIA continues to request moving our advanced firewall services and components from Internal Connections to Managed Internal Broadband Services, despite the ESL clearly placing this advanced service under Internal Connections. If I were less experienced with the program this effort would end up in a funding denial of what is clearly eligible services simply because the sub-category is in question.”*⁶

We also believe that applicant burden could be lessened by having a district-wide category two budget that is a simple calculation. One Alaska district Technology Director stated in applicant reports that *“A district approach allows resources to be allocated to best meet the needs of each school and the district as a whole. This is ideal in situations where technology infrastructure is managed centrally.”*⁷ The Assistant Superintendent of a rural remote district adds that *“We feel strongly that C2 budgets would be much more beneficial district wide as opposed to school based. This would give us the flexibility to best utilize the available funds and provide better overall services to our students.”*⁸ This transition would be similar to the transition made to district-wide discount averages, which has been proven to reduce administrative burden for the applicant and PIA process. We suggest that the enrollment or square footage data could be pulled from the applicant profiles and a district-wide/system-wide budget established. This budget should be available for the district or library system to spend at any eligible entity location, including NIF data centers. Additionally, we believe that the transfer rule on equipment should be removed with a school district or library system wide budget so that applicants can best place their equipment within their organization. Finally, the move to a district-wide/system-wide budget would aid the Commission in achieving the third goal of set

⁶ Les Parks, Director of Information Systems, Southwest Region Schools. lparks@swrsd.org

⁷ Justin Michaud, Senior Program Manager, Instructional Technology. Matanuska-Susitna Borough School District. justin.michaud@matsuk12.us

⁸ Luke Meinert. Assistant Superintendent, Yukon-Koyukuk School District. lmeinert@yksd.com

forth in the E-rate Modernization Order⁹ which is *making the E-rate application process and other E-rate Processes fast, simple and efficient.*

In response to the Commission's request for comment on additional services that should be made eligible for category two funding Alaska applicants overwhelmingly agreed that basic filtering should be added to the eligible services list, whether in category one or category two. One applicant shared that *"filtering should be an eligible service under category two given that it is a program requirement and can greatly enhance the organization's network"*.¹⁰

The current category two budget calculation seems sufficient with the exception of the budget floor. Alaska's school applicants have shared that category two budgets for small rural schools are not large enough to tackle most major projects, though with a district-wide budget mentioned above would provide some relief. Alaska supports an increase to a single school budget and would encourage the Commission to consider a budget floor reflective of a minimum of 150 students or \$22,500.

C. Transition to Permanent Extension of the Category Two Budget

We recognize and appreciate that applicants may not have begun their 5-year budget cycle in 2015. We weigh the knowledge that there may be years left in a budget with the concern over the E-rate Productivity Center's capabilities. During the 5-year budget trial period the system was not able to fully merge the legacy and EPC databases as we had hoped. This inability to integrate budgets and expenditures across FY15-19 led to applicant confusion and funding denials. We support resetting all applicant 5-year budget cycles to FY2020 so that all changes would be applied across the program and applicants would again have the opportunity to establish a new and permanent year one in their budget cycle. We recognize that the 5-year budget project implemented in 2014 does not allow for a 6th year of access to the pilot budget, and for this reason we are encouraging the Commission to make every attempt to reset a new category two budget cycle with FY2020 as the base year. Having the certainty of a category two budget will allow for improved planning and implementation of the infrastructure and necessary to support broadband connectivity.

In conclusion, we appreciate the opportunity to share our comments with the Commission on this important issue. Making permanent the category two budget for all schools and libraries

⁹ E-rate Modernization Order, FCC 14-99. July 23, 2014.

¹⁰ Luke Meinert, Assistant Superintendent, Yukon-Koyukuk School District. lmeinert@yksd.com

will mean that in these uncertain financial times applicants will have a predictable budget. Bandwidth costs in Alaska are extreme, often costing more than \$5,000 per single megabit. The ability to maximize our broadband purchase with up to date infrastructure is crucial. Our ability to offer robust connectivity to our students and our communities is a continuous challenge. We request that your category two Order be adopted swiftly and with program simplification, and adequate budget floor, and predictability in mind.

We would like to close our comments with a letter from the fishing community of Pelican, Alaska. Pelican School District has one school (eight students) and the library serves 88 permanent residents. In summer months the community swells with fishermen from surrounding areas. Collectively, this entire E-rate community is allocated \$19,586.04 (the budget floor x 2) to keep the network of an entire community operational. The local school and public library are truly the hub of this community where few residents can afford high speed broadband connectivity. The crucial impact that E-rate support makes cannot be understated. Located 100 miles west of Juneau, Pelican overlooks Lisianski Inlet within “*a fjord that would make Norway jealous*”.¹¹ Their city clerk writes that “*The City of Pelican has internet at its public library because of the funding we receive from erate. To our community this means being able to order food and supplies on the internet, fishermen being able to check weather reports and fishing announcements, as well as the usual checking e-mail and staying connected with family and friends. We have no grocery store and limited supplies available in town for residents and transients. There is no cell service here so having an internet connection available and free enables us to offer a much needed connection to patrons within the community, visitors, and fishermen trying to make a living in Lisianski Inlet and the surrounding area. In addition to no cell service, all of our public pay phones were removed from town about six years ago. The internet at the public library is the only source of free connectivity, of any kind, for visitors and fishermen in our area*”.¹²

We often refer to E-rate as the “program”, and Alaska’s applicant community wanted to remind you of who will be impacted by the Order you release, as these changes will have a lasting significance to the health of our communities. Alaska is dotted with cities like Pelican. Access to a predictable and adequate category two budgets for these applicants is crucial. Broadband infrastructure plays an important role in connecting these students and individuals to

¹¹ Cityhall@pelicancity.org. <https://www.pelican.net>. 2019.

¹² Kelly L. Chapman, former City Clerk, City of Pelican. cityhall@pelicancity.org.

the broader world around them in very meaningful ways. We look forward to the final Order and moving one step closer to the Commission's modernization goal of ensuring affordable access by addressing insufficient capacity and coverage.¹³

Respectfully Submitted,

A handwritten signature in cursive script that reads "Valerie S. Oliver".

Valerie Oliver
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¹³ FCC E-rate Modernization Order 14-99(Goal 1: Affordable access ¶¶ 26-49). July 23, 2014.