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Before the
Federal Communications Commission
Washington, DC 20054

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In the Matter of:

Modernizing the E-Rate Program for	)
Schools and Libraries	) **WC Docket No. 13-184**

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Comments of the American Library Association

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The American Library Association (ALA) is the foremost national organization providing resources to inspire library and information professionals to transform their communities through essential programs and services. For more than 140 years, ALA has been the trusted voice for academic, public, school, government and special libraries, advocating for the profession and the library's role in enhancing learning and ensuring access to information for all. ALA represents the nation's 120,000 libraries, which includes 16,557 public libraries. We appreciate the opportunity to comment on the above referenced proceeding.

High-speed internet connections and robust wi-fi are essential for all libraries and underpin services on which communities across the country depend. Changes made as part of the 2014 E-rate Modernization Orders were overdue and now ensures the program keeps pace with the growing demands of technology. In particular, the E-rate Modernization has meant more libraries than ever before have applied for and received Category 2 (C2) funds, which translates into tangible benefits for their communities, including improved wi-fi capacity allowing more people to access and experience the benefits of the internet. Here are just several of the many success stories from libraries that have received C2 funds.

- Wisconsin's South Central Library System has received over $117,000 in C2 funding since the 2014 Modernization. According to Vicki Teal Lovely, the system's Technology Services Coordinator, "The C2 funding has been critical to upgrading routers, switches, and wi-fi hot

spots in many locations, which allows our branches to better meet the constant demands of patrons for ever-faster internet access."

- Valerie Oliver, the Alaska state E-rate coordinator, reports that many of their small, rural libraries have utilized C2 funding to purchase Managed Internal Broadband Service (MIBS). This allows their internet service provider to manage and monitor their in-building broadband connections. Ms. Oliver states, "Most of our small, rural libraries lack a technology staff person. The Category 2 MIBS funding has become essential to support our libraries' local networks and by extension their internet access."

- The last time the Louisville Free Public Library (LFPL) received Priority 2 funding prior to the Modernization Order was in 1998. The library made Priority 2 requests in 2000, 2002, 2008, and 2011, but none were funded. Since 2015 the library has received just over $400,000 in C2 funding commitments—funds that make a significant difference for a library that serves a large low-income population.

ALA agrees with the Commission that the C2 changes have greatly improved the E-rate program and its benefits for our libraries and the communities we serve. As we articulate below, we look forward to the C2 changes becoming permanent.

A. Permanent Extension of Category Two Budget Approach

ALA strongly supports the changes made in C2 as part of the 2014 E-rate Modernization process.[1] As we stated in comments the association filed with the Commission in October 2017:

> These [C2] 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.[2]

The ALA comments filed almost two years ago remain just as relevant today. Thus, we very much agree with the Commission that with expiration of the five-year C2 test period (2015 – 2019), it is time to make the C2 changes permanent. The success of these changes is clearly

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[1] *Modernizing the E-Rate Program for Schools and Libraries*, Report and Order and Further Notice of Proposed Rulemaking. (*2014 First E-Rate Order*); *Modernizing the E-Rate Program for Schools and Libraries*, Second Report and Order and Order on Reconsideration. (*2014 Second Erate Order*).
[2] Comments of the American Library Association. October 23, 2017. (*ALA C2 Comments October, 2017*). *Wireline Competition Bureau Seeking Comments on E-rate Category Two*. WC Docket No. 13-184.

documented in the Commission's own report issued in February 2019.[3] For example, the report states that since Modernization, "The average [library] participation rate per year has increased to approximately 23%, as much as a ten-fold increase from FY2008 to FY2012."[4]

While supporting the Modernization changes for C2, we do have comments and suggestions on several of the specific questions and proposals expressed in this proceeding. These are noted in the following sections that follow the topical outline in the NPRM.

B. Potential Improvements to the Category Two Budget Approach

Budget Levels (NPRM, ¶ 19-21): We are concerned that libraries in rural communities do not apply for C2 funding to the same degree as libraries in urban communities. This concern was also documented in the Commission's 2019 report.[5] For example, the table in paragraph 32 of the report states that 84% of libraries in "Highly Concentrated Urban" communities applied for C2 funding between FY 2015 and FY2018. But in this same time frame only 37% of rural libraries at the $9,200 funding floor applied. The report acknowledges that "The category two budget approach may not be sufficient, however, for schools and libraries at the funding floor, as well as libraries outside of highly-concentrated urban areas."[6] We agree. For example, with a 60% discount, a library at the $9,793 floor is eligible for just $5,876. In relation to this relatively small amount of funding, Maria Bernier, the Connecticut state E-rate coordinator stated, "Many of our small libraries, even in urban areas, have very limited staff and with the minimal Category 2 funding and the burden of the E-rate application process, most don't bother to apply." This is a common message state E-rate coordinators report.

In another case, current C2 funding levels are inadequate to support the high-poverty community: Bell County (KY) Public Library District returned to the E-rate program in Funding Year 2019 after a 17-year absence to obtain funding for critical network upgrades. Bell County, Kentucky, is one of the poorest counties in the United States with a poverty rate (36.7%) more

[3] *Modernizing the E-Rate Program for Schools and Libraries, Report*, WC Docket No. 13-184. *Category Two Budget Report*. Released February 11, 2019. (*Category Two Budget Report*).
[4] *Id*. Para. 18.
[5] .*Id*. Para. 32.
[6] *Id*. Para. 44.

than double the national average. The main library in Middlesboro (8,848 square feet) and the branch library in Pineville (8,800 square feet) both have daily connectivity problems on DSL connections and aging internal networking infrastructure. Both branches will upgrade to 100 Mbps dedicated fiber internet during Funding Year 2019 with 90% E-rate discounts, and each branch must replace switches, access points, firewalls, and other internal networking equipment to support bandwidth upgrades this year and in the future. The contracts for the winning network equipment vendor selected through E-rate competitive bidding include just under $28,000 in equipment and licenses for each branch, and the E-rate eligible portion of the costs ($22,815.67 for Middlesboro and $22,699.61 for Pineville) exceed each branch's C2 budget by about $1150. The installation costs from the library's IT contractor will be paid entirely out-of-pocket because of insufficient C2 funding to support these costs. These additional costs require sacrifices in other areas of the library's limited operating budget.

To address this issue we support the recommendation in the February 2019 report that "the Commission consider some targeted changes to the budgets moving forward such as an increase in the funding floor."[7] We suggest the funding floor be increased from $9,793 to $15,000.

On the per-square-foot funding allocation, we note that 64% of library respondents to the recent Funds for Learning survey and subsequent report[8] indicate that the current amounts of $2.45 non-urban/$5.32 urban are not adequate to meet their needs. Furthermore, additional data also recently released by this organization shows that a square footage allocation of $2.99 non-urban/$5.97 urban is justified to meet current demand.[9] Considering these figures, ALA proposes that the Commission set the square footage allocation at $3.00 and $6.00, respectively.[10]

District-Wide or Library System-Wide Budget Calculations (NPRM ¶ 22-27): ALA strongly supports moving from a per-library branch (i.e., outlet) budget to a per-library system budget for

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[7] *Id*. Para. 46.

[8] *2019 E-rate Trends Report*. Funds For Learning. Released July 2019. Page 22. (https://fundsforlearning.app.box.com/v/2019ErateTrends).

[9] *C2 Data Provides Clues for New Budgets*. Funds For Learning. August 10, 2019. (https://www.fundsforlearning.com/blog/2019/08/c2-data-provides-clues-for-new-budgets).

[10] The $6.00 is for libraries in the IMLS locale codes of: 11-City, Large; 12-City, Midsize; and 21-Suburb.

C 2. As we made clear in our comments filed in October 2017,[11] 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 branches are pooled together, and the library system then decides what branch or branches need internal connection upgrades the most and targets its C2 funds accordingly. For example, The Shively Library of the Louisville Free Public Library has 3,210 square feet and qualifies for the higher budget multiplier for urban libraries. This branch exceeded its C2 budget in Funding Years 2016 through 2019 and had to remove or reduce the cost of eligible line items to stay within budget. If C2 budgets were shared across the library system, the Shively Library would have received the full discount for eligible C2 requests because other branches had excess funds in their budgets.

We note that almost all library technology plans are written at the system level, and library budgets also are set at the administrative system level. It therefore makes sense to give the system the authority to spend its C2 funds as needed. Moving to system-wide budgets also makes the application and follow-on processes easier to manage for both libraries and USAC. As the Commission states, moving to system-wide budgets removes the "administrative difficulties associated with managing these per-entity budgets."[12] In paragraph 26 of the Notice the Commission asks if there is a need for all library outlets (i.e., branches) in a system to share the same locale code. We do not think so. Each system's budget is still based on the total of each branch's C2 allocation but this does not require each branch to have the same locale code.

Another simplification factor of moving to a system-wide budget is that there is no need to track the transfer of equipment within any branch of the system.[13] Since the system will make decisions on what hardware to purchase for any particular branch, it should then have the ability to move that equipment to another branch if needed. This would reduce the burden on the library, as well as the Commission and USAC relative to reporting and tracking.[14]

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[11] *ALA C2 Comments October, 2017*. Page 5.
[12] *Notice*. Para. 22.
[13] *Id*. Para. 27.
[14] For auditing purposes the system will need to keep track of what hardware goes to what branch. But there is no need to report this to USAC.

Budget Calculations (NPRM ¶ 29): With inflation at very low levels we think it is appropriate to adjust the C2 fund allocation for inflation every five years rather than every year as is done in the current test period. This is another simplification measure and will make budgeting easier and more predictable. As an example, the inflation factor allowed an increase from $2.30/sq ft in 2015 to $2.45/sq ft in 2019.[15] For a 5,000-square-foot library this is an added $750 (pre-discount) over a five-year period. We do not think most libraries will go through the whole application process for this somewhat modest amount of extra funding.

Application and Administration (NPRM ¶ 30): In general, applicants must spend the C2 funds received in a 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.[16] Giving applicants two years provides them with added flexibility to implement hardware upgrades, which is particularly helpful with new building projects that often take more than a year to complete. Amber Gregory, Arkansas state library E-rate coordinator, stated: "A building schedule is often lengthy, fluid and doesn't always sync with the more rigid E-rate application deadlines. When this happens, C2 funds are left on the table. Having two years to spend C2 funding awarded in a single application year would be very beneficial."

C. Transition to Permanent Extension of Category Two Budget Approach

(NPRM ¶ 31-36): The Commission asks about implementing "rolling" C2 budgets. While we appreciate the flexibility this provides to applicants, we are concerned about its complexity—which is still an issue limiting library participation. We think the clearest and cleanest approach is for the Commission to adopt the alternative it posits in paragraph 33 of the Notice. That is, *all* libraries and schools start a new C2 five-year funding cycle on July 1, 2020, with no carryover of any existing C2 funds not expended in previous funding years. Furthermore—and again with simplicity in mind—we do not support the rollover of funds not used in a given five-year C2 funding cycle into the next five-year cycle. We acknowledge that there may be an increase in

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[15] See the USAC website: "How are the C2 budgets adjusted by inflation each funding year?" (https://www.usac.org/sl/applicants/step03/category-two-budget.aspx).
[16] This was an ALA request in comments filed in October, 2017. (*ALA C2 Comments October, 2017)*.

requested funding in year five of the cycle, but we think the benefits toward program simplification with this fixed timeframe and fixed funding amount outweigh this concern.[17]

We are not supportive of the 2020 funding year being a "bridging" year as proposed in paragraph 36. The obvious exception here is if the changes resulting from the Commission's C2 Order cannot be implemented by USAC in a timely fashion for FY2020. If this occurs, then there is likely no alternative but to make FY2020 a transition year with FY2021 being the year in which all changes directed by the Order are in place. If a transition year is needed we suggest that only applicants who still have C2 funds remaining be eligible to apply. Applicants who expended all their C2 funds in the FY2015 – FY2019 timeframe will need to wait until the 2021 funding year to again be eligible for C2 funding.

As the Commission proceeds to permanently extend the C2 changes resulting from the 2014 Modernization Orders, we ask it to always keep in mind the third goal of Modernization to make "the E-rate application process and other E-rate processes fast, simple, and efficient."[18] This is reflected throughout this NPRM where the word "simple" or variations thereof appear eighteen times.[19] And many of our comments are intended to emphasize the third goal. Related to simplicity, the Commission's February 2019 report recognized that many rural libraries and smaller libraries at the funding floor may be deterred from applying for C2 funds "because the *administrative costs* of participating outweigh the benefits of doing so."[20] (Emphasis added.) Many small libraries with limited staff simply find the whole E-rate application and follow-up processes daunting and, unfortunately, as a result they often do not apply. Below is an all too familiar saga of applicant frustration that was shared by a state library E-rate coordinator with ALA's E-rate Task Force. (Personally identifying information removed.)

> For one of our regional libraries USAC's delay in providing a FCDL (funding commitment decision letter) caused them to miss the deadline on state matching funds. And without those funds the director was unable to implement his library's C2 upgrades. The director was finally

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[17] There needs to be a mechanism in place to accommodate libraries with building projects that add space. Under such circumstances the library should have the option to file for additional C2 funds based on the square footage added by the building project.

[18] *2014 First E-Rate Order.* Para 5.

[19] *Notice.* For example, see Appendix B, para. 3. "We seek comment in the *NPRM* on streamlining and simplifying the administration of the E-Rate program for applicants, service providers, and the Universal Service Administrative Company."

[20] *Category Two Budget Report.* Para. 44.

issued a FCDL but it came too late so he returned the funds using the Form 500. USAC then took many more months to credit his C2 fund allocation with the returned funds he didn't use. He then applied the second year but as a result of this credit delay he once again was not able to use his C2 funds. In the third funding year he applied once more and was finally funded in a timely manner. The director is a very determined person (obviously!) but we cannot expect every library director to put in the same amount of time and effort that he did. When his experience and other similar ones are shared with other librarians, they become very wary of filing for E-rate even with help from the state E-rate coordinator and the availability of state matching funds.

ALA C2 Comments filed October 2017

We referenced on page two of these comments and in several other areas that ALA filed previous comments with the FCC in October, 2017.[21] We take this opportunity to refresh the record in relation to the five recommendations made on pages 4-6 in our 2017 filing. To avoid needless duplication, we do not include all the background information on these five recommendations, but we ask Commission staff to review the 2017 filing for more details.

1) *Accept IMLS library square footage data*. In the interests of program simplification, the Commission should direct USAC to use the library square footage data that the Institute of Museum and Library Services (IMLS) collects annually with no need to further burden the applicant with needless follow-up questions by USAC's Program Integrity Assurance (PIA) unit.

2) *Allow C2 funds to be spent over a two-year period*. This is referenced in our comments above in this proceeding.

3) *Fund Category 2 requests at the library system level*. This is referenced in our comments above in this proceeding.

4) *Review and fund applicant C1 and C2 applications at the same time*. Many libraries that upgrade their internet access and internal connections equipment need to know that both facets of the project are funded before the upgrades can begin.

5) *Add IMLS code #22 to the urban funding at $5.00 per square foot*. 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 (urban) funding level.

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[21] See footnote #2, *ALA C2 Comments October, 2017*.

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In conclusion, ALA supports making permanent the changes made in C2 as part of the 2014 E-rate Modernization. In addition, we ask the Commission to review the various changes we recommend above for incorporation into the final C2 rules and procedures. ALA thanks the Commission for its continuing efforts to strengthen the E-rate program.

Respectfully submitted,

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