State of New Mexico
Public School Capital Outlay Council

Chair:
Joe Guillen, NMSBA

Members:
Olivia Padilla-Jackson, DFA
David Abbey, LFC
David L. Robbins, PEC
Stephanie Kean, Governor's Office

Vice Chair:
Raúl Burciaga, LCS

Members:
Rachel Gudgel, LESC
Antonio Ortiz, PED
Marguerite Salazar, RLD

Public School Facilities Authority
Jonathan Chamblin, Director
1312 Basehart Road, SE, Suite 200, Albuquerque, NM 87106
(505) 843-6272 (Phone); (505) 843-9681 (Fax)
Website: www.nmpsfa.org

Before the
Federal Communications Commission
Washington, D.C.

In the Matter of	)	
	)	
Notice of Proposed Rulemaking	)	
Modernizing the E-Rate Program	)	CC Docket No. 02-6
for Schools and Libraries	)	WC Docket No. 13-184

INITIAL COMMENTS OF THE NEW MEXICO PUBLIC SCHOOL FACILITIES AUTHORITY

THE FEDERAL COMUNICATIONS COMMISSION'S PROPOSED RULEMAKING TO EXTEND CATEGORY TWO BUDGETS BEYOND FY 2019 (FCC 19-58)

Table of Contents

BACKGROUND OF THE NEW MEXICO PUBLIC FACILITIES AUTHORITY

The Public Schools Facilities Authority (PSFA) is the administrative staff to the Public School Capital Outlay Council (PSCOC). The PSCOC, pursuant to 22-24-6 NMSA 1978, manages the allocation of state funding to public school facilities in New Mexico's 89 school districts. The PSCOC consists of nine council members from the Governor's Office, the Department of Finance & Administration, the Public Education Commission, the Legislative Education Study Committee, the Public Education Department, the New Mexico School Boards Association, the Construction Industries Division, the Legislative Finance Committee, and the Legislative Council Service. The PSCOC reports to the Public Schools Capital Outlay Oversight Task Force, (PSCOOTF) which is made up of legislators, senior leaders from school districts and charters, and members of the public.

New Mexico's Senate Bill (SB) 159 was passed into law in March 2014 with an emergency clause due to the need for assistance with broadband in K-12 public schools located throughout the State of New Mexico, especially in rural areas. SB159 was sponsored by Senator Jacob Candelaria and co-sponsored by Representative Mimi Stewart. The bill allows the PSCOC to expend up to $10 million annually to correct deficiencies in broadband infrastructure affecting public schools statewide. SB 159 led to the creation of the Broadband Deficiencies Correction Program (BDPC). BDCP provides up to a 10% match for E-rate funded Category 1 special construction projects and formula based matching funds for the non-discounted portion of E-rate funded internal connections projects.

SUMMARY

PSFA supports extending Category 2 budgets beyond Funding Year 2019. In this NPRM, the FCC asks many important questions that must be considered as part of its policy making process. Data supports the fact that the Category 2 budget process has worked better than the previous Two-in-Five rule. The Category 2 budget implementation has not been perfect, yet still successful in bringing funding for Category 2 equipment and services to more applicants in New Mexico. PSFA believes some minor adjustments to the budget process and changes to the eligible services list will dramatically improve the effectiveness of the E-Rate Program for all applicants.

PSFA is responding to a variety of the questions asked in the NPRM and a summary of its positions are provided below with more detail in the body of our comments. PSFA believes:

- Category 2 budgets should be continued on a fixed five-year cycle
- Category 2 budgets for all entities should be reset in Funding Year 2020

- Category 2 budgets should be calculated on a district-wide basis, rather than per entity
- The Category 2 funding floor should be increased
- The $150 per student allocation is insufficient
- The FCC should implement a Category 2 budget based on square footage for all entity types to correct the fact that New Mexico schools get 35% of the funding of a similarly sized library entity
- Rural entities experience considerably higher costs and a multiplier should be implemented to equalize their purchasing power
- The E-Rate Productivity Center (EPC) disincentivizes charter schools from applying
- Funding for BMIC and MIBS should be continued
- The eligible services list (ESL) should be expanded to include cyber-security and network management
- The various cost allocations required for Category 2 services should be eliminated

DISCUSSION

A. NEW MEXICO CATEGORY 2 UTILIZATION

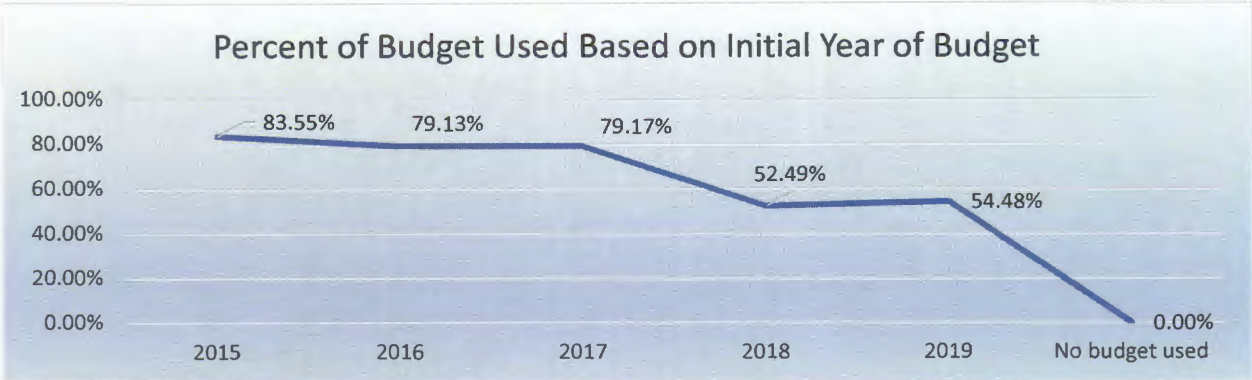
The analysis included below focuses on school districts and excludes data related to non-public schools, charter schools, and libraries.[1] These entities were excluded in order to ease the analysis and because there are specific programmatic factors that lead these entities to participate at a lower rate. The analysis is based on publicly available data from Form 471 applications.

New Mexico Schools districts have utilized over 76% of their allocated Category 2 budgets or approximately $38.0 million of $49.7 million. The data broken down by school district can be found in Table 1. All but five New Mexico school districts took advantage of its Category 2 budgets. There were unique circumstances for each district that did not participate. Not surprisingly, districts that first used their Category 2 budget in 2015 used a higher percentage of their allowable budget. Districts that began their Category 2 budget in FY 2015 used 83.55% of their budget compared to 52.49% and 54.48% for those

[1] PSFA is charged with supporting public schools including charter schools.

districts that began in FY 2018 and FY 2019. This data is aggregated at the district level and not by school in Figure 1.

Figure 1



The data from a school by school perspective tells a different story. While at the district level only six districts have used 100% of their budget (7%), at the school level, 214 schools (over 25%) have used their entire budget. Almost 56% of schools have used 85% or more of their budget. Figure 2 and Figure 3 below show this data from two different perspectives.

Figure 2 shows the percentage of budget used by schools without regard to the size of the individual school's budget. Figure 3 shows the percentage of schools that have a remaining budget within a specific dollar range. On the whole, we believe this data shows that New Mexico applicants are using their budgets and the question to be asked is why applicants aren't using all of their budget.

Figure 2

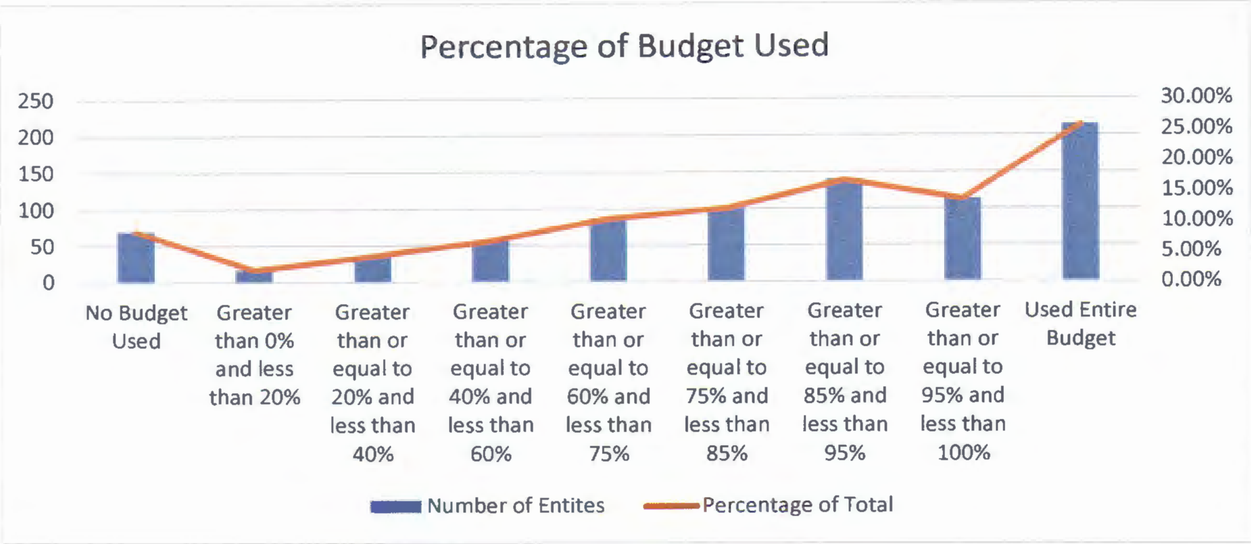


Figure 3

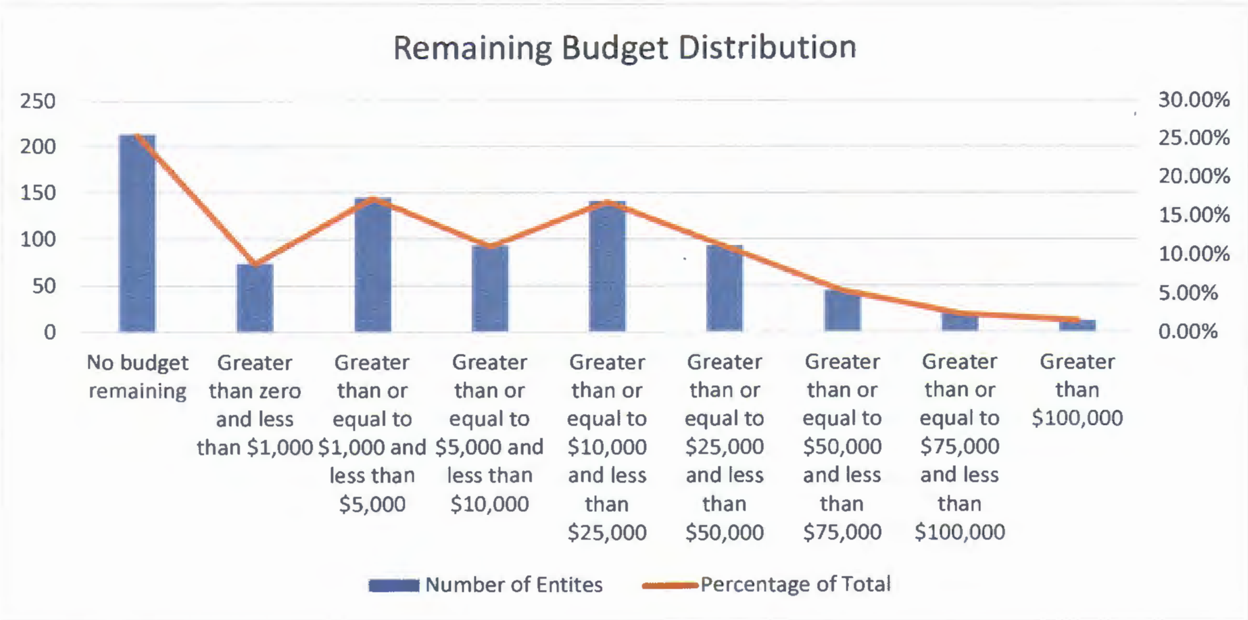
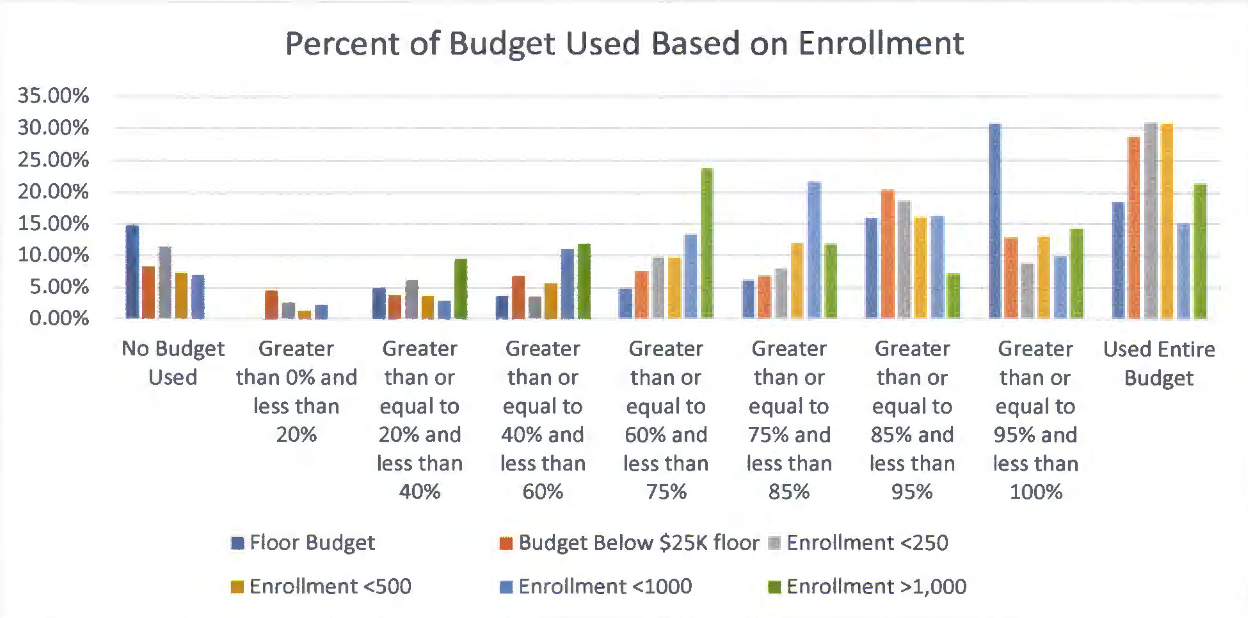


Figure 4 provides one final slice of the data showing the percentage of the budget used based on the Category 2 budget applied using the enrollment of the individual school. Not surprisingly applicants with the minimum floor budget are less likely to use any of their budget and schools with larger budgets are more likely to use their funding. Almost 15% of schools with the minimum budget did not take advantage of their budget, while only 45% of schools with a floor budget used 95% or more their budget.

Figure 4



As mentioned above, PSFA provides matching funds for the non-discount portion of internal connections projects at levels between 10% and 100%. PSFA and its partners have worked very hard to incentivize schools to take advantage of their budget by providing matching funds, project management support, technical support, E-rate support, and state contracts to ease the burden of applying.

Through our engagement efforts we have heard a myriad of reasons why schools are not taking full advantage of funding and those reasons include:

- Lack of local funds to pay the non-discounted portion
- Per school budget caps do not allow the district to allocate funds where needed
- Funding is only enough to do some of a project and sometimes none is better than some
- Lack of technical expertise to develop and manage a network to support 21st Century learning
- Lack of programmatic expertise to navigate the bureaucratic and complicated E-rate process
- Upgrades that were done through other initiatives including bond issuance or in preparation for online testing
- E-rate funding not available for products and/or services they need such as cyber-security, network management, and content filtering

In considering the changes to be made to the E-rate program, we urge the FCC to consider the barriers to participation and full utilization when making policy decisions. If the FCC were to look beyond the raw numbers and ask the question why, we believe the policy decisions will lead to more productive results.

B. CONTINUATION OF AND MODIFICATIONS TO THE BUDGET SYSTEM

PSFA supports continuing the Category 2 budget process, as it has provided a predictable funding source for applicants since Funding Year 2015. It is our belief that the Category 2 budgets for all entities should be reset for Funding Year 2020. From a training perspective, for USAC and the State, it is much simpler to provide one message... "Your budget begins in FY 2020 and resets FY 2025," as opposed to the current complicated rolling five-year model. After explaining the other complexities of the program, imagine explaining that their budget term begins the first year they were committed money unless they returned all of the funding via a Form 500. The E-rate program is complicated enough, and this one simple change can make the program easier to manage and understand.

The FCC raised concerns about funding spikes or the potential wasteful use of funding in the last year. We do not believe either of these concerns outweigh the added benefit, nor do we believe that either situation would occur. Districts are not in the business of spending money on things they do not need and funding sources are scarce. Has the FCC seen any evidence in FY 2019 that applicants are, generally, making frivolous purchases? As far as spikes in funding, does the data suggest that applicants that started their budget in FY 2015 had spikes in funding for FY 2019 and, if so, what was the magnitude of the increase? Regardless, the program currently has mechanisms in place to address over-subscription. If there was a spike that would take the program over the funding cap plus available roll-over funds, the FCC would simply begin funding at the 85% discount level and work its way down. While not ideal, this is an option already contemplated within FCC rules.

The FCC asked whether FY 2020 should be used as a bridge year to implement changes and PSFA encourages the FCC to NOT adopt this approach. Applicants need the changes implemented now and applicants that filed in FY 2015 need a full refresh of their budget in FY 2020 to meet their technology goals. Not refreshing budgets in FY 2020 would unfairly impact these entities. We understand this may create implementation challenges for USAC, but they must find a workable solution to facilitate these changes in FY 2020. If for some reason, the FCC decides to not implement all of the changes in FY 2020, which we do not support, we believe the FCC should consider several options for a partial implementation of the changes. A non-ideal partial solution is to provide entities that started their budget clock in FY 2015 the ability to rollover their unused funds to FY 2020 and a 20% refresh of their budget with a 100% reset in FY 2021. Additionally, under a partial roll-out all entities should be allowed to move to a district-wide approach in order to maximize the drawdown of their existing Category 2 funding. Finally, if the FCC decides to increase the floor budget, this should be implemented in FY 2020.

Budgets should be administered on a district-wide basis instead of a school by school basis. This is in line with how schools actually work. It is our belief that school by school budgets is one of the main reasons why Category 2 funding goes unused or underused. Albuquerque Public Schools (APS) is a perfect example of this phenomenon. In FY 2018, APS applied for the fourth phase of their five-year wireless upgrade project which included about 25% of their more than 150 schools. In total the project had a pre-discount cost $5.868 million for 38 schools, but these schools only had a budget of $3.599 million, so almost 39% ($2.2 million) of the project went unfunded. APS has a Category 2 budget of $13.145 million and used $10.948 million between Funding Years 2015 and 2020, so a surface review of the numbers indicates they only used 83% of their funding. This data is then being used to draw the conclusion that the Category 2 budgets are more than adequate because the money is not being used. In reality $2.2 million, more than their entire "unused" budget, went unfunded because of the school by school budget. This happened each funding year of APS' five-year wireless upgrade project. See Table 2 for a breakdown of the FY 2018 wireless upgrade project for APS.

In New Mexico, there are many examples where a district-wide budget would have allowed for a greater utilization of funding, including Santa Fe Public Schools, Las Cruces Public Schools, Rio Rancho Public Schools, Gallup-McKinley County Schools, among others. The districts mentioned above were the lucky ones that actually had local funds to cover the overages not met by the E-rate program. Other districts either had to forgo projects all-together because of lack of local funds or had to pare down projects to bare bones solutions that would fit into the existing local budgets. From a practical perspective, some is not always better than none. Many times, a district may decide not to do a project unless they can complete all the necessary work, due to the operation and maintenance costs associated with a mixed network. Mixed old and new equipment, from different vendor solutions in a single network, etc., outweighs the incremental benefits of having some new equipment.

Another benefit of district-wide budget is that it would eliminate, almost entirely, the need for the equipment transfer process because the district would have the flexibility to move equipment based on its business and instructional needs. If audited, the district would need to demonstrate that the equipment was being used at an eligible entity. This then must be documented via the asset register required by FCC rules and verified via visual inspection. The only instance where an equipment transfer would be required is when an individual school or district closed, and the equipment needed to be transferred to an entity with a different tax payer identification number.

Further, it would allow funding to be provided to non-instruction facilities. In smaller districts the administrative functions are, generally, housed in a school and are thus eligible to receive Category 2 funding because they are not a stand-alone non-instruction facility (NIF). Larger districts that have stand-alone NIFs are currently disadvantaged because their administrative offices cannot receive Category 2 services despite no prohibition for smaller entities with shared school and administrative facilities.

Finally, it would allow for vast simplifications to the application process. It would eliminate the need to allocate each SKU to a specific entity with an associated cost. This is an incredibly burdensome administrative process that makes filing for Category 2 funding very challenging for all entities. Also, it would simplify the process for filing for equipment that is shared by all entities (i.e. equipment in the district data center).

It is our belief the FCC does not have a full measure of the increased level of effort it now takes for an applicant to complete various forms and processes, such as the Form 471, Form 500, and service substitutions. Our estimate, based on feedback from various entities, is that the level of effort to complete these Forms and processes has increased by a factor of 3X to 4X. We believe this is a driving factor for smaller entities dropping out of the program and entities under-utilizing their Category 2 budgets. EPC has pushed down much of the administrative work, that used to be completed by USAC and its contractors, to the applicant. We suspect this decision was made to keep down administrative costs paid for by USF. While the FCC should be focused on administrative costs, we believe some increases in administrative costs are worthwhile if they drive more successful participation in the program.

The FCC is concerned that some districts may target Category 2 funding to specific schools within their district. It is our belief this risk is minimal. The district is statutorily obligated to educate all of its students and their governing entities, typically, come from a cross section of the district. It is highly unlikely that a district would divert funding to one school or another, but would instead focus the resources to the entities with the greatest needs. There may be legitimate reasons why one school needs more funding than other, such as the age of the school, age of the equipment, upgrades completed outside of E-rate, and other reasons.

The FCC was also concerned about mergers and splitting of districts. Neither potential challenge outweighs the benefits of moving towards a district wide budget. If a district merges there isn't a problem because their budgets would simply merge. If a district splits, which is pretty uncommon, there are various potential solutions. The FCC could split the budgets based on a per student basis or allow the two entities to develop a mutually agreeable allocation. Allowing this minor issue to stop moving to a district-wide budget would be a case of the tail wagging the dog.

The biggest challenge with a district-wide budget is how to handle district charter schools that are classified as part of the school district by the state, but where the district does not handle the E-rate filing for the charter. This issue, however, goes well beyond a Category 2 budget problem and is more of a systematic problem of USAC not providing adequate guidance on how these entities should file. Based on the changes in the E-Rate Modernization Orders, these entities should calculate their discount based on the discount of the district with the charter school included in the district calculation. Previously these entities would file their own applications and use their own discount.

USAC has provided informal guidance, to some stakeholder groups, that district charters should have their entity made into a child of the underlying district, which the charter school cannot do this without the district making the change. Not all districts are willing to take this action. Once they are made a child entity of the district, the charter needs to create a consortium entity number and list the district as the only member of the consortium. When they file their application, they only list their charter school as a recipient of service. How can small entities, already at risk of not participating or under-participating, be expected to follow a complicated and convoluted process that has not been properly and publicly explained as the appropriate method for filing?

A small subset of these entities actually follows this process, but many of these charters continue to file using their own entity number and calculate their discount using only their numbers. We believe that this convoluted and unenforced policy is not a function of proper application of FCC rules, but rather an instance of the inflexibility of the E-Rate Productivity Center (EPC) driving policy decisions. We urge the FCC to direct USAC to fix the problem and develop a solution to allow these entities to file independently of the underlying district. Perhaps these entities use the aggregate district information solely for purposes of using their own enrollment for determining their Category 2 budget. This is a complicated problem, but USAC and the FCC must provide a more thoughtful and defined process to facilitate filings from these entities. They must also enforce these filing requirements. This is a real problem in New Mexico as well as Louisiana, Colorado, and many others.

As previously stated, we believe that the floor budget is inadequate, and we believe the $150 per student amount is also insufficient. Also, we agree with the assessment that rural entities, above and beyond just remote entities, do experience higher costs than more urban entities. In 2015, PSFA contracted with an outside firm to investigate the costs associated with upgrading school networks to support a 21st Century learning environment and that effort estimated the cost to be over $160 million. These costs were an estimate of what it would take to eliminate the deficiencies but are also reflective of the costs required to continue to maintain the networks with a reasonable five-year refresh period. Please note the $160 million did consider existing infrastructure that did not need to be replaced, so the full cost to refresh the networks is much higher than the $160 million. The current Category budgets, shown in Table 1, are about 30% the amount required to support the networks.

A more accurate and equitable approach to address Category 2 budgets is to instead focus on the square footage of the schools. New Mexico and we suspect all states have data supporting the square footage of its schools that could be used as a basis for setting these budgets. This would facilitate a more static budget that would only change as the result of new school construction, additions being made to schools, and potential remodels. Smaller schools generally have a higher average square footage per student. A school with only 200 students still needs classrooms for every grade, a gym, a cafeteria, a computer lab, and other shared spaces; whereas a larger school has these same needs but does not have a proportional increase in common areas.

New Mexico serves more than 320,000 students and its schools have an estimated sixty million square feet of space. This equates to an average of 187.50 square feet per student. Using the current $150 dollar per student budget, the state has approximately $48 million in Category 2 funding, so this equates to a budget of $0.80 per square foot. It seems patently unfair that schools receive only 35% ($0.80 per square foot divided by $2.30 per square foot) of funding in comparison to libraries. If the FCC decides to not implement a per square foot budget, we urge the FCC to increase the per student cap to provide equitable funding between schools and libraries.

On average there are two to three devices connected per individual at a school and most schools have moved, or are moving, to a supermajority of online content. Additionally, schools are required to support online, high-stakes testing. While a library does have significant needs their number of patrons varies drastically day to day and only a subset of the users are connecting devices to the network; certainly not at a three device per patron ratio. We urge the FCC to correct this inequity and provide funding for schools at minimum in direct proportion to libraries.

By implementing a budget floor, the FCC has tacitly agreed that smaller entities need more money and we believe this is in acknowledgment that a small school needs more square footage than a large school. We believe the per square foot model will level the playing field. Moving towards a per square foot model would likely eliminate the need for a funding floor. However, if the FCC decides to not adopt a square footage model, PSFA supports increasing the budget floor to at least $25,000. The analysis below supports that a minimum budget is warranted but will not fully support the needs of a very small school.

A request to change the Budget Floor for Category 2 from the current (FY 2019) amount of $9,793.04 (rounded to $9,800 here for convenience) to $25,000 can be supported by using some established calculations, a couple of public-school facility assumptions, and a few cost averages for networking equipment and cabling installation. The average cost of the equipment used in these assumptions is based on 'middle of the road' capability and capacity, selecting neither the cheapest nor the most expensive equipment available. A school with 61 students requires approximately 11,000 square footage of space broken down into the following components[2]:

- Four classrooms
- One computer lab
- Three admin/ancillary office spaces
- One gym/cafeteria shared space

To support 11,000 square feet the following network equipment is required:

- One 48 port PoE (Power over Ethernet) switch
- Nine Wireless Access Points (WAP, one per usable space)
  - Enterprise level
  - Able to handle 300-600 Mbps throughput with over 20 connections each
- WAP controller
  - Per WAP yearly licenses or hardware licensed to handle all WAPs installed
- Firewall/Router
  - Basic routing and security features
  - Able to handle 1Gbps throughput

- Category 6 network cabling
  - Single MDF, no over-length cable runs
  - 48 drops to accommodate for WAPs, desktop machines in offices and computer lab
  - Patch panel and basic rack
  - Material and labor
  - Cost based on cabling standards using a $/sq.ft. calculation used in cost proposals

Item	Avg Cost
Switch	$3,600
WAPs	$5,850
WAP Controller	$4,000
Firewall/Router	$2,500
Cabling	$8,400[3]
Total	**$24,350**

[2] Interestingly, the $2.30 square foot model would provide $25,300 in funding for this type of entity.

[3] Cabling cost estimated at an average of $175/drop; more complex cabling environments can increase a similar project to $12,000.

As is evident through this estimate, the cost of cabling a very small school alone is nearly all of the five-year minimum budget for a school entity. These estimates and calculations do not factor in several critical items that can vary based on the specifics of each school environment, including but not limited to:

- Building construction
  - Difficult to cable
  - Poor wireless signal propagation (requiring additional WAPs, etc.)
  - Varying room configurations (number of classrooms, offices, etc.)
  - Multiple buildings
- Installation, configuration, and support for the networking equipment installed
  - Cabling installation costs are factored in but not based on location of the school, more remote locations tend to increase installation costs due to travel/lodging increases
- Remote location of a school, which can increase the installation/support costs
- Costs associated with cyber-security and network management

The FCC asked whether rural entities had higher costs than larger, urban entities and the answer is unequivocally yes. Rural entities are smaller and have less economies of scale and scope, so vendors are less likely to bid on these smaller, less lucrative projects. Larger vendors aren't incentivized to bid on a project with 10 WAPs when there are projects requesting hundreds or thousands of WAPs. This tends to limit the competition to smaller, local vendors that do have not the same purchasing power as a large global provider. Additionally, these rural and remote entities are often charged a per diem for on-site work. An urban entity likely has multiple large vendors with local presence to complete the work. These factors are further exacerbated when the job market is tight. PSFA supports a 25% multiplier for rural entities and a 40% multiplier for remote entities such as certain tribal entities. We believe the multipliers will help level the playing field and ensure rural entities have equivalent access to funds.

Further we believe this should be determined based on the rural/urban classification of a school as opposed to the rural/urban classification of a district. From a systems perspective, this should be easy to accomplish on the back-end without creating additional burden to the applicant. USAC already captures the rural/urban classification at the school level so the system can simply multiply the "normal" budget times the multiplier.

C. CHANGES TO ELIGIBLE SERVICES LIST TO MEET APPLICANT NEEDS

The FCC asked if basic maintenance of internal connections, management of internal broadband services, and caching servers should remain eligible. PSFA supports maintaining these services and further believes the FCC should make all products and services required to maintain and manage a network eligible. This includes products and/or services that support cyber-security, network management, and content filtering. In the Telecommunications Act of 1996, the FCC was tasked to establish competitively neutral rules "to enhance, to the extent technically feasible and economically reasonable, access to advance telecommunications and information services for . . . school classrooms."[4] While all of these components are important, we view cyber-security to be the most critical.

This definition is very broad and PSFA believes cyber-security, network management, and content filtering are required to enhance information services to school classrooms. If a district cannot manage, filter, or secure its network it cannot deliver information services to the classroom. Prior to the E-Rate Modernization Order, the program was oversubscribed almost every year, so allowing these services to be eligible was not economically reasonable. With the implementation of Category 2 budgets, making these services eligible would be economically feasible.

A district has access to a finite amount of Category 2 funding, and they should be given the flexibility to leverage the funding as they need to deliver information services to the classroom. With the rapid increase in cyber-attacks on public entities, including school districts, the inclusion of cyber-security hardware, software, and services is warranted and recommended for Category 2 funding. School districts represent a growing target for cyber assaults with three primary focuses: an attempt to disable and hold for ransom district services with the goal of obtaining money.; accessing personally identifiable information (PII) on staff and students with the goal of threatening release of PII unless a ransom is paid by the staff/students/parents; accessing, and using, PII on staff and students with the goal of identity theft, with students being a valuable target due to generally not having an existing credit history and credit/identity monitoring of minors being uncommon. While ransomware is a common cyber assault several other cyber-security assaults add to the risks faced by school districts, yet 95% of the breaches in 2018 could have been prevented.[5]

In the event of a cyber-attack using ransomware, in which system resources are encrypted and payment is demanded for the tool to decrypt the resources, many school districts are given advice from their legal and insurance agencies to pay the ransom to recover access to their systems. This is often due to the difficult nature of recovering from a ransomware attack without the correct technology expertise and decryption tools. It is estimated that in 2018 ransomware attacks were responsible for more than $8 billion in direct ransom payments, lost revenue, staff overtime pay, and general loss of productivity.[6]

While the financial impact on school districts is a serious concern, and sufficient reason to support cyber-security being added as an eligible item under Category 2 funding, the potential for a breach of confidentiality regarding student or staff records and other PII can have long-term negative effects for the

---

[4] See 47 U.S.C. § 254(h).
[5] https://www.internetsociety.org/resources/ota/2019/2018-cyber-incident-breach-trends-report/
[6] https://www.internetsociety.org/resources/ota/2019/2018-cyber-incident-breach-trends-report/

school district and those individual victims of a breach. To emphasize the importance of cyber-security for school districts it should be noted that the FBI issued a Public Service Announcement in September of 2018 to increase public awareness of threats to K-12 students.[7]

The current policy placing the burden of proper cost allocation by separating the eligible and ineligible costs of requested equipment and services simultaneously introduces additional work and risk to the applicant. It is not uncommon that an applicant would be unaware of the cost allocation to be applied to a vendor's solutions and will rely on the vendor, or service provider, to clearly identify the eligible and ineligible costs in order for the applicant to conduct the proper cost evaluation. A failure to have this understanding can result in a denial by USAC or a loss of funding based on a vendor not providing the appropriate information in their response to the applicant, through no real fault of the applicant.

In New Mexico, an applicant was denied because they included the cost of an ineligible SKU in their evaluation of the cost of E-rate eligible products/services. This was one of many SKUs that represented less than one percent of the total project cost.[8] Had the district excluded this item the vendor would have scored more highly in the cost component. The district's RFP included language requiring the vendor to identify the eligibility percentage for each product and the vendor provided such a cost allocation but was unaware this one SKU was not eligible. Manufacturers negotiate eligibility percentages and it can be hard for a value-added reseller to determine the exact eligibility. By removing the cost allocation requirement, the program would be simplified for everyone including USAC. USAC would no longer need to spend significant staff resources determining eligible percentages and the applicant and service provider communities would have this burden lifted.

D. CLOSING

In closing, we want to thank the Commission for the forward-thinking changes that have been made to the E-rate Program, changes that have facilitated increased competition and access in some of the country's most rural areas. We encourage the FCC to continue to seek ways to simplify the E-rate program and incentivize broadband investment. It is our belief that implementing some or all of the changes proposed in this filing will simplify the filing process and more equitably fund entities for the services they need – and save money in the long term. These changes will enable the FCC to continue meeting its statutory obligations and will facilitate a 21st Century learning environment for all entities.

---

[7] https://www.ic3.gov/media/2018/180913.aspx

[8] The SKU had a cost of $879.84 and the eligible costs are $141,450. See the attached link for details.

TABLE 1- CATEGORY 2 FUNDING BY SCHOOL DISTRICT

District Name	Total Budget	Total Spending	Percent of Budget Utilized	First Year of C2 Funding
Dexter School District	$ 148,492.22	$ 148,492.22	100%	2015
Pecos Independent School Dist	$ 88,137.31	$ 88,137.31	100%	2015
Penasco Independent Schools	$ 56,895.41	$ 56,895.41	100%	2016
Maxwell Municipal School Dist	$ 31,401.59	$ 31,401.59	100%	2015
Springer Municipal School Dist	$ 29,379.12	$ 29,379.12	100%	2015
Dulce School District	$ 93,725.73	$ 93,530.85	100%	2015
Des Moines Municipal Schools	$ 19,586.08	$ 19,465.52	99%	2015
Zuni Public School District	$ 204,748.95	$ 203,212.15	99%	2015
Moriarty-Edgewood Sd 81	$ 392,360.09	$ 388,477.14	99%	2015
Fort Sumner Municipal Sch Dist	$ 45,718.58	$ 45,082.24	99%	2016
Hobbs Municipal School Dist	$ 1,578,168.93	$ 1,549,220.66	98%	2015
Jemez Mountain School Dist 56	$ 39,172.16	$ 38,391.22	98%	2015
Tularosa Municipal School Dist	$ 132,844.66	$ 129,995.14	98%	2015
Wagon Mound Public Schools	$ 19,586.08	$ 19,164.46	98%	2018
Tatum Municipal School Dist	$ 56,097.07	$ 54,885.84	98%	2015
Dora Cons School District	$ 36,244.87	$ 35,425.84	98%	2016
Taos Municipal School District	$ 368,941.97	$ 359,357.40	97%	2015
House Municipal School Dist	$ 29,379.12	$ 28,282.53	96%	2016
Roy Municipal Schools	$ 19,586.08	$ 18,825.59	96%	2017
Santa Rosa Consolidated Schools	$ 112,779.58	$ 108,313.61	96%	2015
Mora Indep School District	$ 68,551.25	$ 65,434.83	95%	2017
San Jon Municipal School Dist	$ 31,720.93	$ 30,194.69	95%	2016
Carrizozo Municipal Schools	$ 29,379.12	$ 27,952.00	95%	2017
Estancia Municipal School Dist	$ 109,000.75	$ 103,227.38	95%	2016
Corona Municipal School Dist	$ 19,586.08	$ 18,385.70	94%	2016
Questa Independent School District	$ 60,887.14	$ 57,149.50	94%	2015
Grady Municipal School Dist	$ 32,519.27	$ 30,303.58	93%	2016
Alamogordo Public School Dist	$ 1,024,968.90	$ 953,358.95	93%	2015
Espanola Public School Dist	$ 556,659.55	$ 516,227.87	93%	2015
Cuba School District	$ 83,666.59	$ 77,266.19	92%	2015
Mesa Vista Cons School Dist	$ 49,550.62	$ 45,636.02	92%	2015
Belen Cons School District	$ 620,952.96	$ 570,252.03	92%	2015
Hondo Valley School District	$ 22,513.34	$ 20,450.15	91%	2017
Mescalero Apache School Dist.	$ 88,616.32	$ 80,419.76	91%	2016
Las Cruces Public Schools	$ 3,925,304.04	$ 3,526,703.60	90%	2015
Las Vegas West School District	$ 236,576.32	$ 211,789.58	90%	2016
Floyd Municipal School Dist	$ 35,286.86	$ 31,350.91	89%	2016
Raton Public Schools	$ 148,172.88	$ 131,542.40	89%	2015
Melrose Municipal School Dist	$ 43,962.22	$ 38,950.00	89%	2016
Animas Public School District 30	$ 34,222.41	$ 30,293.85	89%	2015
Bernalillo Public Schools	$ 501,839.84	$ 443,653.63	88%	2015

Logan Municipal School Dist	$ 43,270.31	$ 37,759.62	87%	2016
Lovington Mun School Dist 31	$ 540,479.75	$ 470,264.52	87%	2015
Silver Consolidated Sch Dist 1	$ 459,527.55	$ 399,792.87	87%	2015
Hatch Valley Public Schools	$ 206,132.74	$ 176,097.77	85%	2016
Lake Arthur Municipal Schools	$ 29,379.12	$ 24,572.81	84%	2015
Albuquerque School District	$ 13,145,393.63	$ 10,948,659.30	83%	2015
Las Vegas City School District	$ 241,419.61	$ 200,605.88	83%	2017
Cobre Consolidated School Dist	$ 202,141.01	$ 165,879.39	82%	2016
Los Lunas School District	$ 1,332,917.26	$ 1,092,921.81	82%	2015
Farmington Muncpl Sch Dist 5	$ 1,720,646.93	$ 1,401,145.48	81%	2015
Cimarron Mun School District	$ 62,430.61	$ 50,670.66	81%	2017
Socorro Consol School District	$ 263,294.26	$ 209,794.63	80%	2016
Capitan Municipal School Dist	$ 79,834.53	$ 63,042.43	79%	2017
Carlsbad Municipal School Dist	$ 1,161,911.72	$ 912,358.17	79%	2018
Portales Municipal Schools	$ 453,460.11	$ 354,539.76	78%	2016
Tucumcari Public School Dist	$ 149,290.57	$ 116,407.89	78%	2015
Gallup-Mckinley Co School Dist	$ 1,848,648.32	$ 1,439,272.87	78%	2016
Roswell Indep School District	$ 1,634,212.75	$ 1,260,672.66	77%	2015
Grants-Cibola County School District	$ 561,662.52	$ 428,647.20	76%	2015
Loving Municipal School Dist	$ 92,288.71	$ 70,103.53	76%	2015
Hagerman Municipal School Dist	$ 139,550.76	$ 104,462.21	75%	2015
Santa Fe School District	$ 2,018,163.62	$ 1,505,736.10	75%	2015
Elida Municipal School Dist	$ 25,068.05	$ 18,610.50	74%	2016
Shiprock Associated Schools Inc.	$ 77,599.16	$ 56,766.90	73%	2015
Vaughn Municipal Schools	$ 19,586.08	$ 14,048.91	72%	2015
Gadsden I.S.D.	$ 2,179,482.58	$ 1,560,054.92	72%	2015
Texico Municipal School Dist	$ 88,137.32	$ 62,173.93	71%	2016
Bloomfield School District	$ 463,519.26	$ 320,754.15	69%	2016
Cloudcroft Mun School Dist	$ 60,833.90	$ 41,849.54	69%	2015
Rio Rancho Public School Dist	$ 2,799,796.87	$ 1,896,923.76	68%	2015
Pojoaque Valley School District	$ 322,212.16	$ 204,584.51	63%	2017
Chama Valley Indep School Dist	$ 63,920.85	$ 39,179.54	61%	2018
Jal Public Schools	$ 78,716.85	$ 46,454.11	59%	2015
Central Cons School Dist 22	$ 997,133.24	$ 543,265.82	54%	2019
Magdalena Municipal Schools	$ 60,833.91	$ 32,140.32	53%	2015
Deming Public School District	$ 811,012.36	$ 357,649.65	44%	2016
Truth Or Consequences Municipal School District	$ 208,847.12	$ 78,164.69	37%	2016
Los Alamos Public Schools	$ 575,447.28	$ 208,139.75	36%	2016
Clovis Municipal Schools	$ 1,332,597.92	$ 473,707.89	36%	2018
Ruidoso Municipal School Dist	$ 362,927.76	$ 104,467.20	29%	2016
Clayton School District	$ 76,002.46	$ 21,510.00	28%	2017
Quemado School District	$ 33,583.73	$ 9,379.67	28%	2018
Lordsburg Municipal Schools	$ 81,431.22	$ 18,521.61	23%	2015
Mountainair Public Sch Dist	$ 43,163.87	$ 7,155.00	17%	2015
Reserve Independent Schools	$ 29,964.57	$ 4,144.00	14%	2018

Artesia Public School District	$ 629,468.64	$ -	0%	No budget used
Aztec Municipal School Dist	$ 503,649.42	$ -	0%	No budget used
Eunice Public School District	$ 134,441.34	$ -	0%	No budget used
Jemez Valley Public Schools	$ 45,505.67	$ -	0%	No budget used
Mosquero Municipal School Dist	$ 19,586.08	$ -	0%	No budget used
Total:	$ 49,737,709.05	$ 38,009,532.39	76%	

TABLE 2- ALBUQUERQUE PUBLIC SCHOOLS FY 2018 WIRELESS UPGRADE PROJECT

471	FRN	FRN Nickname	Pre-Discount Amount		
			Original	Committed	Over Budget Amount
181011633	1899018670	Alvarado	$75,555.25	$46,386.60	$29,168.65
181011633	1899018947	Bandilier	$100,781.95	$87,203.26	$13,578.69
181011633	1899018990	Barcelona	$109,219.58	$54,611.82	$54,607.76
181011633	1899019037	Cochiti ES	$75,786.67	$45,002.43	$30,784.24
181011633	1899019118	EG Ross	$105,507.19	$68,668.63	$36,838.56
181011633	1899019153	Emerson	$133,531.27	$76,831.94	$56,699.33
181011633	1899019164	Eugene Field	$81,131.84	$33,120.56	$48,011.28
181011633	1899019206	Lew Wallace	$53,543.06	$35,341.21	$18,201.85
181011633	1899019250	Los Ranchos	$79,192.46	$44,348.53	$34,843.93
181011633	1899019267	Matheson Park	$64,042.62	$40,121.18	$23,921.44
181011633	1899019307	Monte Vista	$62,964.43	$62,964.43	$0.00
181011633	1899019333	Painted Sky	$121,521.56	$121,521.56	$0.00
181011633	1899019348	Petroglyph	$104,261.06	$94,213.22	$10,047.84
181011633	1899019364	Valle Vista	$103,557.17	$62,217.75	$41,339.42
181012202	1899019611	Ernie Pyle	$164,500.89	$93,972.79	$70,528.10
181012202	1899019612	Garfield	$126,882.67	$60,080.04	$66,802.63
181012202	1899019613	Harrison	$190,111.30	$63,754.80	$126,356.50
181012202	1899019614	Jackson	$131,165.05	$79,930.43	$51,234.62
181012202	1899019615	Polk	$177,716.57	$47,898.26	$129,818.31
181012202	1899019616	RFK MS	$18,401.90	$9,518.19	$8,883.71
181012202	1899019617	Taylor	$136,469.44	$65,690.51	$70,778.93
181012202	1899019620	VanBuren	$156,489.23	$81,938.62	$74,550.61
181012202	1899019621	Vision Quest	$16,916.72	$9,528.69	$7,388.03
181013164	1899021312	Career Enrichment Center (CEC)	$125,390.23	$28,866.38	$96,523.85
181013164	1899021314	Cibola HS	$365,290.35	$292,308.74	$72,981.61
181013164	1899021316	Del Norte	$279,520.38	$168,464.60	$111,055.78
181013164	1899021318	E-Cademy	$66,510.65	$46,335.64	$20,175.01
181013164	1899021319	Freedom HS	$57,823.09	$23,899.53	$33,923.56

181013164	1899021322	Highland HS	$364,898.13	$191,957.11	$172,941.02
181013164	1899021325	Manzano	$327,778.52	$244,022.93	$83,755.59
181013164	1899021326	New Futures	$76,535.09	$22,665.79	$53,869.30
181013164	1899021328	NexGen	$48,819.85	$47,656.29	$1,163.56
181013164	1899021329	RFK Charter HS	$94,268.53	$49,054.31	$45,214.22
181013164	1899021331	Rio Grande	$479,510.92	$242,871.21	$236,639.71
181013164	1899021339	South Valley	$104,431.65	$92,487.49	$11,944.16
181013164	1899021340	Valley HS	$294,462.32	$169,698.61	$124,763.71
181013164	1899021341	Volcano Vista	$426,953.50	$337,123.66	$89,829.84
181013164	1899021342	West Mesa	$366,358.98	$256,832.58	$109,526.40
		Total:	$5,867,802.07	$3,599,110.32	$2,268,691.75

Sincerely,
Jonathan Chamblin, Director
Public School Facilities Authority

8-16-19
Date