

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

Notice of Proposed Rulemaking

Modernizing the E-rate Program for
Schools and Libraries

FCC 19-58

WC Docket No. 13-184

**REPLY COMMENTS OF THE STATE EDUCATIONAL TECHNOLOGY DIRECTORS
ASSOCIATION REGARDING E-RATE CATEGORY TWO**

For nearly twenty years, the State Educational Technology Directors Association (“SETDA”) has served as the non-profit membership association representing U.S. state and territorial educational technology leaders. SETDA works to build the capacity of decision makers to improve educational outcomes through improved technology policies and practices. As state leaders responsible for helping schools to ensure that all students have access to high capacity broadband for digital learning, we urge the Federal Communications Commission to: (1) make permanent the E-rate category two budget approach adopted in 2014; (2) increase the category two per-student formula to at least \$250 and raise the baseline budget for small rural applicants to at least \$25,000; (3) make cybersecurity an eligible E-rate use; (4) adopt district-wide budgeting; and (5) establish a fixed five-year budget cycle.¹

**CONTINUING THE CURRENT E-RATE CATEGORY TWO BUDGET APPROACH
WILL HELP APPLICANTS REACH THE PROGRAM’S CONNECTIVITY GOALS**

¹ Federal Communications Commission, *Modernizing the E-rate Program for School Libraries*, Federal Register, Vol. 84, No. 137, (July 17, 2019), FCC 19-58, WC Docket No. 13-184.

The Commission's current category two budget approach provides an effective and efficient system for providing funding to help E-rate beneficiaries establish the internal connections required to deliver high capacity broadband throughout their learning spaces. The current budget model expanded applicant access to category two funding. It also provides greater operational certainty, which in turn helps to facilitate the long-term technical and financial planning required to implement significant education infrastructure projects, such as broadband improvements. With this recommendation, we support the findings of the Wireline Competition Bureau's *E-rate Category 2 Report*, and we endorse the related Joint Comments filed in this proceeding by the State E-rate Coordinators Alliance and the Schools, Health & Libraries Broadband Coalition.

INCREASE THE CATEGORY TWO PER-STUDENT FORMULA AND INCREASE THE FUNDING FLOOR FOR SMALL POPULATION SCHOOLS

The Commission should increase the per-pupil formula allocation to at least \$250. The current category two budget model has succeeded in expanding access to the E-rate program's internal connections funding and helped many districts make a major leap forward in connecting their learning spaces to broadband. E-rate modernization dramatically increased the number of school districts receiving Wi-Fi funding; 83 percent of school districts have received funding since 2015, compared to 14% of districts prior to when the Commission adopted the new category two approach.² However, data indicates that the per-pupil funding is not enough to help some of the very smallest schools overcome the costs of establishing or improving high capacity internal connections.

² Education Superhighway, *2018 State of the States Report*, Available online at <https://stateofthestates.educationsuperhighway.org/#national>.

The E-rate's category two per-pupil allocation, currently \$159 with inflation adjustments, is insufficient to provide the assistance that many applicants require to install the Wi-Fi networks their students need. For example, the West Virginia Department of Education's Comments in this proceeding show per-pupil costs sometimes approach \$400, which is consistent with other internal connections data submitted to the Commission by Funds for Learning. Our members and partners indicate that internal connections costs, especially labor rates, can vary across the United States and even within regions. Based on conversations with our members and education partners, we believe insufficient per-pupil allocation accounts for at least part of the lower than expected E-rate demand during recent program funding years.

The Commission should also increase the category two formula floor for small rural E-rate beneficiaries from \$9,793 to at least \$25,000. Entities with low student populations may typically have lower funding needs, but the current inflation adjusted budget floor is often not sufficient to support the costs associated with the internal connections required to deliver broadband to students served by small schools. This shortfall most often disproportionately disadvantages rural students, who, not coincidentally, are also more likely than their urban and suburban peers to lack broadband access at home. The Commission made a good faith effort to estimate the broadband costs small schools faced in 2014 when it established the initial \$9,200 floor, but applicants' experiences since that time demonstrate that even smaller facilities require significant investments in materials and labor rates. This need is demonstrated well by the West Virginia Department of Education's Comments in this proceeding, which shows actual baseline costs ranging up to \$90,000 in one unique small population school and in other West Virginia schools the costs exceeded \$50,000.

MAKE CYBERSECURITY AN ELIGIBLE E-RATE USE TO HELP APPLICANTS DELIVER SECURE HIGH CAPACITY BROADBAND TO STUDENTS

Ensuring the cybersecurity of school networks is a high priority for State and school district technology leaders. Cyberattacks on schools are increasing, putting student and school district employee data at greater risk for serious data breaches.³ The broadband connections enabled by E-rate will not achieve their desired purpose if school networks are compromised by third party attacks. Yet implementing these protections can cost tens of thousands of dollars, as demonstrated by the Consortium for School Networking's new cybersecurity survey and the insights of our members.⁴ With this recommendation, we echo the Comments filed in this proceeding by the Nebraska Department of Education, Kentucky Department of Education, the New Mexico Public School Facilities Authority, and a number of other public and private experts. Expanding E-rate's eligible services list to include cybersecurity is logical and needed program extension.

TRANSITION TO SCHOOL DISTRICT-WIDE BUDGETS TO SIMPLIFY THE PROGRAM'S APPLICATION PROCESS AND ADMINISTRATION

The Commission should transition to district-wide budgets to simplify and improve the E-rate application process and overall program administration. Requiring applicants to subdivide the funding amounts received by individual school is administratively complex – sometimes leading to unnecessary application errors - and does not enhance the integrity of the program's operations. Furthermore, implementing this important program policy change would also make

³ *Schools Brace for Cyberattacks, As hacks wreak more damage, state governments move to help school districts recover from attacks and prevent new ones.* Wall Street Journal, August 2019.

⁴ *CoSN Cybersecurity Costing Survey* (2019), Available online at CoSN.com

the Universal Service Administrative Company's oversight and operation of the program more efficient and would help to minimize troublesome funding decision delays.

ADOPT A FIRM FIVE-YEAR FUNDING CYCLE TO PROVIDE CLARITY TO E-APPLICANTS AND IMPROVE THE APPLICATION PROCESS

The Commission should adopt a fixed five-year cycle from funding year 2020 through funding year 2024, with a new fixed five-year budget starting for all applicants every five years. The rolling budget cycle adopted by the Commission has been confusing for applicants and vendors and made required population counts and inflationary adjustments burdensome. The E-rate application process is too complex. The Commission could address this complexity by addressing this issue and by providing beneficiaries greater certainty about funding windows and the calculations associated with them.

Thank you for carefully considering SETDA's Reply Comments. Our members are committed to the E-rate's success and hope the program will help States and school districts meet the broadband needs of many future generations of students. We welcome this opportunity to submit input about the E-rate's operations and would be pleased to respond to any questions that you have about the program's positive long-term impact on teaching and learning.

Respectfully submitted,

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