



Illinois State Board of Education

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Ronald J. Gidwitz
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Glenn W. McGee
State Superintendent of Education

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

In the Matter of)
)
Federal-State Joint Board on Universal)
Service)
)
RE: COMMENT ON FURTHER RULE)
MAKING AND ORDER)

CC Docket No. 96-45

FCC 01-143

June 11, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

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Dear Ms. Salas:

On behalf of Illinois K-12 schools and districts, the Illinois State Board of Education (ISBE) would like to heartily applaud the efforts of the Federal Communications Commission (FCC), and the Schools and Libraries Division (SLD) of the Universal Service Administration Corporation (USAC) for their tireless work in implementing the Universal Service for Schools and Libraries (or "E-Rate") program. The E-Rate has been a major boost for schools all across Illinois. As a result, the State's schools are implementing focused technology plans aimed at improving teaching and learning.

With this letter, the ISBE offers its comments on the FCC's Further Notice of Proposed Rule Making and Order, wherein the FCC seeks comments from parties on two important issues in the implementation of the E-Rate program. The issues are proposed changes to the Funding Priority for Internal Connections and Modification of Implementation Schedule for Non-Recurring Services. The ISBE summarizes its comments as follows:

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Funding Priority for Internal Connections:

The ISBE applauds the FCC's intent to spread out internal connections resources to as many schools as possible. However, we believe that the Program must be fair in how it accomplishes this important task. The ISBE submits that changing the allocation rules for applicants after the Year 4 application "window" closed in mid-January is not fair to the applicants. Many schools (including large and small districts) will be penalized for undertaking partial-school, or partial-district projects – as many economically challenged districts must do. Unless the SLD can discern previous activities within a district application, or allow the District (or consortia) applicant to amend a Form 471, the school or district will have the entire application denied under this scenario.

We do not believe the current application processing system allows the SLD to appropriately track internal connections funding to the building level. For example, a school district applicant can be denied because the district applicant purchased an eligible server for use by the entire district, even though many of their connecting buildings are still without any internal wiring and equipment. In sum, the current application process does not allow these important distinctions to be made accurately – and until they are – we cannot agree with the proposed Rule change.

Accordingly, we also believe that applicants should know the Rules and processes before they apply, not well after their ability to work within the Rules. If applicants know the Rules, they can adjust their own internal connections projects and budgets – and applications – accordingly.

For this funding year (Year 4), we recommend that the FCC implement the pro-ration option for the highest discount levels. We say this knowing full well that many schools will receive only 60-80% of their proposed internal connections approved requests. Unfortunately, we submit that many of the poorest schools are already accustomed to receiving partial grant allocations, and can prioritize their own expenditures with this partial grant allocation scenario. We also recommend that the SLD allow applicants the maximum flexibility within the rules to increase the value of the amended allocation amounts. Therefore, existing Rules on contracts, acceptance timeframes, and substitution of services should be streamlined to allow applicants to best use their funds.

In an effort to address the more critical issues that engendered this NOPR, we ask that the FCC immediately initiate an expedited Notice of Proposed Rulemaking (or other similar proceeding). This proceeding would more appropriately address some key, core issues that define the issues before us here. The proceeding would be completed in time for the Year 5 (July 1, 2002 – June 30, 2003) application and funding cycle.

Among the important issues this follow-up proceeding should address are:

- Uncommitted or "Roll-Over" Funds – How can these funds be re-allocated – in accord with the legislative intent of the program – to increase the resources for internal connections in Year 5 and in subsequent years?

- **Discount Matrix and Priorities:** Are there changes to the discount level matrix and priorities within these to increase the dispersion of monies across applicants? The changes would include setting up priority discount levels within the current discount bands to assure that “technology-poor” schools receive monies. For example, within each of the discount bands there may lie anywhere from one to 25 actual discount levels (e.g. 90% discount = free and reduced discount eligibility from 75% to 100%). Why can’t there be priorities within bands that would prioritize the poorest schools based on their actual free and reduced lunch eligible numbers, not on the numbers defined by the discount bands?
- **Priority Internal Connections Goods and Services:** Are there changes to the internal connections (IC) eligible services list to include a priority of services within the IC category? This revised internal connections priority product and services list would assure that the poorest schools without Internet connectivity – including schools within Districts and Consortia applications – are afforded the first opportunity for the most basic internal connections resources to connect their schools and classrooms.

Modification of Implementation Schedule for Non-Recurring Services

The ISBE applauds the FCC’s efforts here and asks that the revised schedule and rule changes be implemented as soon as allowed. As the Petitioner on an earlier proposal to extend the funding year for internal connections, the ISBE applauds this change as it affords applicants additional time to better use the internal connections resources.

We welcome the FCC’s proposal to grant a limited extension of the Commission’s competitive bidding rules to allow schools to take advantage of the extended funding year. We also welcome the Commission’s proposed decision to extend the deadline for four categories of applicants, including those whose funding commitment notices are issued on or after March 1 of the funding year, applicants whose commitments and disbursements are subject to delays due to long compliance reviews, and applicants whose service providers were unable to complete the agreed upon installation of internal connections products and services.

These changes to the program Rules will go a long way towards realizing several of the important classroom connectivity goals of the E-Rate program.

Discussion

Funding internal connections has been one of the thorniest issues for the E-Rate program. As a major policy goal of the program, it has opened the door for many schools and libraries to connect to the Internet and other educational content heretofore denied to them. As expected, however, the growing number of classrooms with Internet and/or

LAN/WAN connectivity has spurred a growth of demand on the Program for high-speed, dedicated telecommunications services.

As a result, the Priority One services (telecommunications and Internet Access) have sharply increased and are now estimated at taking between 85% and 90% of the entire program fund. As more districts and classrooms are connected, the telecommunications and Internet Access demands on the program will only increase.

Accordingly, we welcome the opportunity to comment on this critical issue. We agree with the intent of determining how to best distribute the limited internal connections monies to the poorest schools so we can be assured that they are connected to the Internet. However, we believe the proposed solution is simply not fair to the applicants.

As stated in our earlier example, any Year 3 multiple building (or entity) application that was awarded internal connection funds for multiple sites on an aggregate discount rate basis, rather than on a site-specific basis, may not have applied for full funding at all the sites. Many of these sites may still need internal connections to access the Internet, yet will be excluded because an aggregate piece of equipment was purchased for the entire District. To date, the SLD and FCC have not assured us that they could do the necessary research to reveal these scenarios, or give the affected applicants a chance to file an amended Form 471. In short, we do not feel confident that there are remedies to address this important issue, thereby excluding many worthy applicants from the process.

Another important group of applicants that would be affected includes Year 3 applicants that have appealed Year 3 internal connections decisions. Are these applicants now excluded, included, or placed on hold for Year 4?

Conclusions

As a state education agency that must administer and implement legislative intent and budgets, we understand the issues addressed within the NOPR. We understand the need to gather comments and recommendations on how to best utilize the internal connections resources, and appreciate the opportunity to comment herein.

We heartily agree with the proposed extension of non-recurring (internal connections) funding commitments to include a 15-month year, which would extend from July 1 to September 30 of the following year. As witnessed in a similar petition we filed for Year 3, this will allow applicants to better use their commitments while minimizing classroom disruptions.

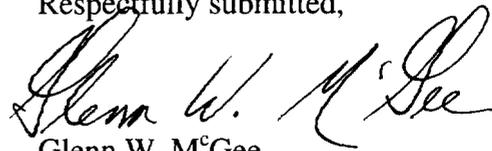
However, we do not recommend that the FCC implement the proposed rule change on Year 4 internal connections applications that would exclude entities that received monies in Year 3. For the reasons cited above, including fairness to the applicants, the inability to accurately track the types of internal connections received in Year 3, and the lack of

provisions to allow applicants to file amended Form 471's, we believe that the pro-ration option is the best interim solution for Year 4 applicants.

Most importantly, we ask that the FCC immediately begin a follow-up NOPR proceeding to address some of the foundation issues and concerns that underlie this NOPR. This follow-up NOPR should be developed in time to allow Year 5 applicants to know up-front what are the Rules and processes that will determine their eligibility for these important products and services.

We welcome the opportunity to assist in these important efforts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glenn W. McGee". The signature is fluid and cursive, with a large initial "G" and "M".

Glenn W. McGee
State Superintendent
of Education