AMERICAN E-RATE SOLUTIONS

BEFORE THE

FEDERAL COMMUNICATION COMMISSION

WASHINGTON, D.C. 20554

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

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When E-Rate first began, schools and libraries were just starting to join the digital world we're so used to living in today. In the last fifteen [15] years, schools and libraries have outgrown their buildings and have been presented with the task of educating our nation's children with less money, less time, fewer staff and lack of strong community support in some cases. I applaud the FCC's NPRM and its goal of improving the E-Rate program and assisting in bringing our nation's schools into the 21st century.

(FCC, 2013)The need for E-rate reform is also clear given the extraordinary demand for existing E-rate support. For this funding year,22 schools and libraries sought E-rate funding in excess of $4.9 billion, more than twice the annual cap of $2.25 billion.23

The E-rate funding cap was set by the Commission when it created the E-rate program in 1997 and demand for funds has exceeded the cap every year since the inception of the program.24 Moreover, technology is constantly evolving, so to be most effective, the E-rate program must evolve to meet the current and future needs of schools and libraries. Therefore, in this NPRM, we seek to modernize E-rate to ensure that it can most efficiently and effectively help schools and libraries meet their connectivity needs over the course of the rest of this decade and the next.

This revision is a first in what will need to be many steps in making the E-Rate Process more accessible as well as improve upon the overall structure of the program and its goals.

It should first be noted that the $2.25 billion dollar funding cap simply isn't enough money to fund Broadband with higher bandwidth between the schools and the districts demark location or to their NOC. In the State of Washington, there are many schools who have never received Priority Two [2] funding due to the Discount Matrix and their NSLP data. Those schools that fall short of the high 90% discount levels are perceived as being affluent, but in the cases of some, it is due to being in smaller towns.

These smaller school districts typically utilize the E-Rate fund for their Local Telephone services, Long Distance services, Cellular Phone Services, Centrex Services, Frame Relay Services and Cellular Phone Services as well as utilizing the K-20 Network consortium. Within the past year, two of our clients have been able to utilize E-Rate dollars to retire their old PBX systems and purchase Hosted VoIP solutions. This was necessary as there has never been any funding available to replace on-site equipment and the maintenance dollars required has steadily increased over the life of the equipment. This pool of money these smaller districts receive each year is money that can be used to purchase much needed infrastructure items within the school district. For some school districts, these funds are a large part of their technology budgets. With the State and Federal budgets shrinking, these school districts will have a difficult time keeping their infrastructures afloat, tied together and working the best that they

can. To avoid this issue, the Funding Cap of the E-Rate program should be permanently raised to give all applicants a share of the pool of money. In addition to this, the E-Rate Program would be better served if other industries that reap the benefits of this funding were also expected to contribute to the fund itself. Currently, only the Telecommunications companies are contributing to the fund that is utilized by companies such as Internet Service Providers and Priority 2 equipment vendors to what could be considered extreme degrees.

In regards to creating a measure of compliance with the Lowest Corresponding price for vendors, it is our company's position that this should fall solely on the service provider and not the applicant. The burden of the applicant is already exhaustive and to correspond with the original goal of making the E-Rate Application process easier for the applicant, more responsibility should be placed in the hands of the service providers. (FCC, 2013)

In regards to the comment made on page 16 of the NPRM; "Moreover, the application and disbursement processes are complicated, so that many schools and libraries now feel compelled to spend money on Erate consultants just to navigate the E-rate processes. Thus, it is essential that we continue to improve the E-rate program procedures and continue to simplify and streamline the program's application review and disbursement processes. " (FCC, 2013)

American e-Rate Solutions agrees with the post on the Funds for Learning statement posted on their website. (Learning)

"Schools and libraries are entitled to professional support and expertise. This support can include legal support, accounting support, technical support, professional development and yes even E-rate consultation. Schools today are faced with the challenge of improving our education system for all children in our nation with inadequate budgets and increased testing requirements. Their focus is and should remain educating students. Schools are faced with the challenge of seeking every available financial resource while doing so with fewer resources. "The FCC just launched its reform of the E-rate program proposing to refocus the program on connectivity and speed, collect more data and to simplify the process. These reforms include proposed changes to the FCC Form 470 and Form 471 along with the estimated number of hours it will take to complete the forms. When comparing the estimated time to prepare the old forms to the new forms, the new forms do not result in less time spent on a simpler form. The proposed changes do not simplify the process and alleviate the need for help.

Consultants can and do add value to the program. A good consultant helps to maintain the integrity of the program by assisting schools and libraries with compliance and an understanding of the program regulations. Consultants help applicants avoid

mistakes, manage deadlines and follow program rules. Consultants explain complicated instructions and focus on deadlines that the average school employee simply cannot dedicate that amount of resources to. "

The complexity of navigating the E-Rate application process or the time that it takes to create the data to fill out the forms are not the sole reasons a school district or a library hire a consultant. It is more accurately described as an issue of one person wearing many hats within a school district and not having enough time allotted for the E-Rate process itself. If not a consultant, the applicant would then need one of their school district employees, who have other duties to perform and E-Rate is not their main focus, to add this to their duties. Keeping the network up and running, fixing a computer or doing payroll takes priority over filling out an E-Rate application form. Having an eye on the calendar to ensure that a deadline isn't missed is a key ingredient to processing E-Rate requests, and employees that are in charge of this process in addition to their main duties do not have the time to focus on E-Rate on a daily basis. This is what the application requires; absolute and undivided attention in order to ensure the request is processed correctly according to all rules and regulations so they do not lose out on their funding. There is a place in this system for consultants whose job it is to ensure that our nation's children are receiving the funding the need to provide them a better classroom technology experience. It should be an applicant's choice, based on their current resources and staffing, as to whether or not a consultant is hired and should not be a factor in the changes being considered in the E-Rate process.

In paragraph 42 – Propose Measurements – "
Should we measure an applicant's costs per-student and costs of products and services in comparison with other costs for products and services available in the marketplace? Are there additional data we would need to require from applicants to track relevant measures, " (FCC, 2013)

If one of the goals of this NPRM is to make the E-Rate system more streamlined and easier for the applicant to navigate, is asking them to produce such information in their best interest considering the time it would take for each school and/or school district to gather and disseminate this information to the FCC or USAC? Is it worth it?

In paragraph 45 - In some cases applicants request more in funding commitments than they actually use, and there is no requirement or incentive for applicants to notify USAC in a timely fashion that they have received funding commitments that they will not use. (FCC, 2013)

Having been involved with the E-Rate process since 2003, it's clear that the Form 500 is a forgotten form. It's rarely filed and is fairly complicated to read and understand how to properly fill out without damaging your Funding Request. This form needs to be revised if applicants are to be asked to file it during the Funding Year if applicable. This form has multiple uses unlike the other forms and has to be filed manually versus on-line. The confusion lies in the difficulty in discerning which boxes will identify which action the applicant is trying to accomplish and could result in a severe mistake like canceling your entire Funding Request. The most progressive change to the E-Rate filing system has been having the on-line forms. This exemplifies precisely what E-Rate Funding is all about. Moving forward, progressing and developing a technological edge.

However, making any changes to the current online system during the filing window presents a huge obstacle to all applicants trying to file any forms. For example, during the Form 471 and Item 21 Attachment window for FY2013/2014, the USAC system crashed and caused multiple errors and data recovery issues. As there are deadlines involved, this should be addressed in order to avoid updating the online system during peak season.

Our company agrees with the comments submitted by the SECA on the proposed changes to Forms 470 and 471; "Both the existing and revised versions of the Forms 470 and 471 include a checkbox indicating "Check here if the Item [7 or 6g, respectively] is the Authorized Person." Essentially, this permits a consultant to self-certify his or her own authorization to sign these forms. In light of the NPRM's proposal to "require all E-rate forms submitted by E-rate applicants to be signed by someone with authority equivalent to that of a corporate officer," SECA believes that either:

1. This checkbox should be removed and the form instructions should be changed to require an applicant signature; or

2. At a minimum, the checkbox should be used to trigger an additional certification by the signing consultant that the consultant has obtained specific authorization by the applicant to make all of the form certifications and is the applicant's authorized person. " (SECA)."

I also agree that until such time as the NPRM has been fully processed and decisions made, that no changes should occur on these forms. If one of the goals is to make the E-Rate filing process easier, simpler and less complicated, then requiring the Administrative Authority for a school, school district, library or consortium would not be time efficient, nor would it assist in streamlining the application process. A typical school district employee processing E-Rate would the need to contact the Administrative Authority and instruct them on how to 1) access SLD, 2) Find the correct form 3) certify the form in a timely fashion. This is likely to lead to a missed deadline. It is our position that the employee or consultant, designated by the applicant, can be given the authority to act on their behalf and certify all FCC E-Rate Forms.

Paragraph 48 of the NPRM: "
The State E-rate Coordinators Alliance (SECA) previously suggested establishing deadlines for making priority one funding commitments and the payment of invoices. 74 As noted above, the Commission currently requires USAC to report data measures for commitments, disbursements and appeals. Should specific targets be established for each of those categories? If so, how should we establish those targets? Should we require USAC to improve on those targets each year or to maintain a certain level of performance? ". The simple answer is yes. USAC and the FCC hold the applicant to very strict timelines; however the same cannot be said of USAC and their funding commitments or denials. As the FCC is well aware of, there have been many times when an applicant waits nearly a full year or longer until a funding commitment is issued by USAC. The impact that this has to the applicant is huge in terms of initiating a new technology or service for their students and staff.

Paragraph 51 of the NPRM: "Should applicants be required to disclose on an FCC form the amount of time and cost spent preparing an application? Should we instead consider a survey or sample of participants to obtain this and other information relevant to determine the financial impact including, for example, the cost of hiring an E-rate consultant? " (FCC, 2013)

To obtain this information, a sample of participants should be polled and other information, including the overhead costs of utilizing the E-Rate Funding they are seeking, should be considered. To require the applicant to disclose the amount of time and cost would only add to their burden while filling out the form. Most applicants would only take in to consideration the salary cost involved and not consider the following: Computer, phone, network costs, employee benefits, the fact that an employee takes time out of their main job description, impact on co-workers needing to assist in other duties, and electrical usage. The cost would not be accurate and would be misleading.

Paragraph 90 of NPRM:
First, we propose to phase out support for a number of specific services, including outdated services currently on the ESL, for components of voice service, and seek comment on phasing out support for services that are not used primarily for educational purposes. Second, we seek comment on more fundamentally shifting the way we direct E-rate support to focus exclusively on high-capacity broadband connectivity to and within schools. In so doing, we seek comment on whether there are additional services for which we should phase out or reduce support, including traditional telephone services. Finally, we seek comment on a number of issues that will need to be addressed whichever approach we take.

Paragraph 92 of NPRM:
92. *Outdated services.* We first propose to phase out funding for those services that are outdated. For example, paging services are eligible for support because in 1998, the first year of E-rate funding, the adoption of mobile phones was not yet widespread and pagers filled the role of common personal and mobile communications. Paging services have grown increasingly obsolete with the advent and explosive growth of mobile technology and services, many of which are also supported by the E-rate program. Yet, paging services continue to be eligible for E-rate support, and in funding year 2011, USAC committed approximately $934,000 for paging services for more than 500 E-rate requests.129

Likewise, directory assistance services are eligible for support because, in 1997, directory assistance was considered a core service.130 Now, however, Internet search has largely replaced directory services.131 We, therefore, seek comment on our proposal to phase out E-rate support for paging services and directory assistance.

Paragraphs 94 -95 . Do either paging services or directory assistance service serve any important educational purposes? Is it in the public interest to continue to provide support for either paging services or directory assistance? Are there any other services that are similarly outdated and should no longer be eligible for E-rate support?132 For example, is there any reason to continue to provide support for dial-up services? In funding year 2011, there were more than 100 requests for approximately $95,000 in

funding commitments for dial-up services.133 Is that still necessary today? Are there any schools or libraries that have no other option for accessing the Internet besides dial up services?

95. *Components of voice service and supplemental services.* We also propose to phase out funding for services that are simply components of voice service as well as those services, other than voice, that ride over or are supplemental to high-capacity broadband connections but are not necessary to make a broadband service functional.134 More specifically, we first propose to eliminate support for custom calling features, inside wiring maintenance plans, call blocking, 800 number services, and text messaging as components of voice services that may not serve educational purposes and do not further our proposed goals.135 USAC has estimated that it committed more than $85,000 for 800 number service in funding year 2011 and more than $75,000 for unbundled text messaging in funding year 2011.136 We seek comment on this proposal and we ask whether there are other such services for which we should no longer provide E-rate support? (FCC, 2013)

American e-Rate Solutions agrees with the need to streamline the ESL listings offered by E-Rate. We believe that the following services should be removed from the ESL listing:

Priority One

- **Paging Services**
- **Directory Assistance** (although this would be time consuming for an applicant doing the cost allocations each month).
- **Email Services** – with the onset of Hosted Email Services such as Google and Office 365 that offer schools free services, this would seem to be outdated.
- **Inside wire maintenance**
- **Web Hosting –**although this is a vital piece of the communication link between staff, students, parents and the community, it is not in keeping with the overall intent of the E-Rate Funding model.

Priority Two

- **Telephone Components –** Hosted VoIP solutions available in the Priority One service category is more cost effective. It seems redundant to have these available as a P2 purchase and it is very expensive to purchase and maintain.

Basic Maintenance of Internal Connections should be completely eliminated from E-Rate funding.

Paragraph 146 of the NPRM:
Eliminating the distinction between priority one and priority two. Other commenters appear to support replacing the current prioritization system with a "whole networks" approach, under which connectivity to schools and internal connections are funded together and all eligible services are given equal priority.218 Commenters argue that this approach would give schools the flexibility to focus E-rate funding on those portions of their network where upgrades are most needed -- whether connection to the schools or internal connections. It could also eliminate incentives for vendors to re-characterize priority two services as

priority one, or for schools to purchase more expensive priority one services – like cellular data connections– in lieu of cheaper priority two services, like internal wireless connections.

Our company believes that eliminating the distinction between priority one and priority two services is a good idea. This will help deter vendors from fashioning bundles to boost their sales and trying to get applicants to purchase services that they do not need. This will also allow the applicants to make better funding decisions and help them to upgrade their infrastructure to the fullest.

Paragraph 149 of the NPRM:
149. In this section, we seek comment on a more fundamental approach to changing the distribution of E-rate funding. Under this approach, we would eliminate the discount matrix and the priority system;220 instead, each eligible applicant would receive a fixed budget at the beginning of the funding year to spend on any eligible services of their choosing. In contrast to the existing system, whether or not a school or library receives funding would be determined at the beginning of the funding year; thus applicants could know the amount of funding available before committing to any particular project. We seek comment on this approach. We seek comment on the costs and benefits of this approach, how this approach would impact other proposals we have discussed herein, and whether it would further our proposed goals.

American e-Rate Solutions believes that for school districts this method would be more welcoming and helpful in planning their technologies needs and infrastructure upgrades. It would seem that the Funds for Learning presentation and comments make the most sense for the majority of the applicants.

A key feature of this plan would provide applicants an anticipated annual funding budget based on a per-student budget basis at the District level. This is a simple and logical solution to a very serious problem and one we fully support, as discussed with Commissioner Rosenworcel. Operating within a budget is something every organization understands. It allows for school districts to plan and use the E-Rate funds more effectively.

Additionally, districts would be permitted to use these federal funds to purchase eligible services/equipment as needed at the local level, thus restoring to all applicants the flexibility to allocate their program discounts in a manner that best suits their local needs and eliminating the need to retain the 2/5 Rule in the books.

In summary, the FFL plan would enable the Commission to allow applicants to set their own E-Rate budget priorities, thus providing the flexibility and predictability they need to make intelligent planning and purchasing decisions, as outlined in their Technology Plans. M-DCPS strongly believes that implementation of these simple adjustments to the E-Rate program would ensure that local needs be the only driving force behind E-Rate procurements. This practice led to the E-Rate Program's early success and is even more integral to its sustainability today.

(Learning, Funds for Learning)

The wait time from submitting the Form 471 and the applicant receiving the Funding Commitment Decision Letter can be as long as one year, sometimes longer. This makes budgeting for any P2 project difficult. This also makes any P1 change harder to manage. Should a school district opt to retire their old PBX system and go with Hosted VoIP solution, it could be months before they have a decision from USAC regarding whether or not there will funding for such a change. The setting up of the Hosted VoIP solution will take time. The cut-over needs to happen without jeopardizing the school system and the ability to make and receive calls. Changes like this are generally on the books during summer break, however, the fact that the applicant does not have their FCDL in hand, they have to take a large leap of faith that the project will be funded. This requires them to move ahead with their plans in order to minimize the impact it will have on staff, students and the community without a guarantee of funding.

We applaud the FCC and their decision to tackle so many of the issues plaguing the E-Rate Funding process, but we believe that the changes need to be made over the course of a time period of 2-3 years and no major changes to the forms or USAC's on-line presence should be done during peak form filing times, such as Form 471 & Item 21 Attachments window or the Form 472 [BEAR] filing time period of August – October of any given year. We encourage the FCC to find a way to increase permanently the Funding Cap and to find a fair and equable funding method so as to reduce the "Have" and "Have Not" funding method we are currently living with. We also believe that just as the applicants and service providers are held to a certain standard as in meeting deadline or facing the consequences, so to USAC in their PIA Review, Funding model and Appeal process.

Sincerely

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American e-Rate Solutions