

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

Federal Communications Commission FCC 13-100

**In the Matter of
Modernizing the E-rate
Program for Schools and Libraries
WC Docket No. 13-184
CC Docket No. 02-6**

Comment From:

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This NPRM requests a huge amount of information, some of which seems to be separate and disjointed, but some of which could be combined into a more efficient funding system. Here are some points for discussion and some suggestions for consideration.

1) The FCC wants to simplify the application process, wants to streamline by having school districts apply as a single-discounted entity rather than a listing of many entities, and further wants more granular information on bandwidth usage by each billed entity number. This request would require an entire new section in the newly proposed FCC Form 471. This request was not part of the NPRM for “E-rate 2” but part of a separate and earlier NPRM, a disjointed and seeming separate effort. Here are some thoughts:

Requiring multiple-building school districts to apply as a single combined entity will, of course, simplify matters for PIA and other USAC reviewers, but will not simplify the application process very much. Consider that a school district with 10 buildings is in a telecom or internet service provider area which requires more than one provider to cover the entire physical territory. If the district can only apply for internet as a district, then without identifying particular buildings for each of the required telecom or internet service providers, how can the FCC ensure that the proper services are being properly funded at the proper billed entity locations. Granularity is required in this often-occurring situation lest there be an appearance of the possibility of waste, fraud and abuse, as two providers might seem to be providing the same services to the same district.

Next, consider a large school district with classroom buildings scattered throughout its diverse economic area. District schools which have more economic need, say at the 90% reimbursement level, have traditionally had the opportunity to utilize Priority 2 funds while others, of higher economic wealth, say at the 60% reimbursement level, have had to utilize district funds for their infrastructure needs. Requiring districts to only file as a district with total aggregated NSLP figures and lacking building(entity) by building figures, will put an even greater financial burden on all districts which encompass some economically needy schools. If the plan is to eliminate Priority 2 funding and only have one tier of funding, then the argument is moot. However, if some type of economically need-separated Priority 2 funding remains, then the FCC will simply put a greater burden on economically needy schools within each district. Further, removing all discount levels between the 90%-80%, 80%-60%, 60%-40%, 50%-25% etc. levels, will further disadvantage all school districts that have a mix of economically needy buildings within their districts as few large districts exist which are purely 90%. That means that most city-based districts which once qualified for 89% through 81% reimbursements will all revert down to the 80% level. This equates to a mathematical “rounding down” formula for all levels of reimbursement whether they be rounded down from, for example, 89% to 80% or 79% to 60% or 59% to 40%, or 49% to 25% etc. This is a very expensive “simplification” being proposed to the districts by the FCC.

I propose that school districts continue to be allowed to file on a building by building basis for eligible services, as well as by the district aggregate itself if it chooses.

2) Schools districts already provide USAC with granular information related to building by building bandwidth usage. An entirely new section does not need to be created on the FCC Form 471 or any other submittals especially in light of the FCC wanting the application process to be simplified and proposing that school districts only file as a combined district, rather than on an entity by entity basis.

Block 2 on the FCC Form 471 has been requesting bandwidth “survey” information for over a decade. Further, PIA reviewers almost always require more granular information related to bandwidth usage by building and confirm this information, also provided on the Item 21 attachments, and requested network diagrams. Seeing that the FCC does not seemingly have this information says that years of work and effort by school districts in providing this information to USAC have been not properly collected and analyzed by either USAC or the FCC. Why ask for the same information in yet another set of lines to be filled out when the information has been available all along? However, if granular bandwidth information is required on a building by building basis, then why not just add a column of bandwidth information to Block 4, where each building is already listed.

3) Regardless of the many hundreds, if not thousands of ideas from respondents, such as this author, and despite redirecting money from less utilized eligible services, such as pager services, to more necessary services in today’s world, such as 100Mb or 1Gb lines to each building, there is still going to be a huge monetary gap between today’s \$2.3 billion and the over \$5.0 billion requested each of the last several years and an estimated \$9.0 billion required annually to meet the goals stated in the National Broadband Plan(NBP) or the President’s ConnectED plan. The problem has far less to do with simplification of USAC forms for application or choosing more applicable services and letting go of older eligible service items than it does with the amount and availability of USAC funds. The influences of local and national programs, such at the NBP and recently required statewide on-line testing of students (NCLB as another needs driver) end up causing the equivalent of an unfunded bandwidth mandate on schools and libraries unless adequate and useful funding is to be made available.

Let a dynamic and need-driven marketplace prevail. Less used eligible services will be applied for less and less as their usefulness declines within the marketplace. Newer services, such as higher speed bandwidth lines, SIP trunks, and VOIP will continue to increase in demand as additional educational uses are made of the bandwidth like even more video conferencing and online streaming of classes and course material. The marketplace’s needs will determine the product mix if left alone, monitored, added timely to the Eligible Services List and funded. However, USAC and the FCC have had to limit Priority 2 funding over the years because of the funding cap and there doesn’t seem to be much ongoing FCC understanding of newer services being made available as market needs evolve. An advisory panel of 5-7 members from the educational technology and consulting segments might be a viable, effective tool to be created by the FCC and put into place almost immediately.

Market forces will continue to force applicants to shift to Priority 1 funding for as much as the Eligible Services List allows possible. Despite the fact that some Priority 2 services are more efficient in providing high-speed wireless internet for students, the lack of funding and paucity of 90% schools will keep driving toward the increased use of Priority 1 funds for wireless internet

access (few schools qualify for Priority 2 and even those which do qualify for Priority 2 cannot be funded because of a lack of available USAC funding). The E-rate program has failed to react to dynamic and accelerating changes in market demand and this time for review and potential change is welcomed.

If within USAC, funding were to shift an additional \$2.7 billion to Schools and Libraries from, let's say, the High Cost Area, would that even be enough to pay for one time installation and wiring costs, and sustain these demands on a recurring basis? Likely not but it would be a welcome start allowing for much more to be done than has been in recent years.

One-time costs have been estimated by some to potentially run around \$9-10 billion per year for several years in order to bring up the nationally diverse infrastructure required by schools and libraries. Costs might be more contained but there are no constraints on what providers can charge and the whole concept of Lowest Corresponding Price has never been enforced by either USAC or the FCC nor do schools or libraries have any way to know what the lowest corresponding price is or should be. Schools have been left to the mercy of their chosen service providers in a government driven, robust and not so competitive marketplace (many geographic areas have only one or two market participants on the service provider side).

Further, informational direction from the Federal and several State governments is recommending bandwidth requirements such as 100 Mb per each school by 2015 and 1 Gb per school by 2020. For many high schools today 1 Gb/s is not enough bandwidth and for many elementary schools that would be much more than required. And are nuances like bandwidth requirements per "1,000 students" meaningful? What about the thousands of schools which have fewer than 500 or even less than 100 students? Are they to only receive fractional amounts of these bandwidths? Perhaps these smaller schools need proportionately more bandwidth per student because many of their courses and some of their key instructors are only available via video conferencing.

4) Will local and long distance telephone services be available if carried over broadband lines? Is inexpensive basic texting service to be replaced by e-mails or texts via broadband? Are emergency 911 POTS lines to go by the wayside so that when there is a disaster schools might be less prepared because internet-based phone lines require external power compared with POTS lines which carry their own power source?

Will new "E-rate2" plan ideas based on per-capita or per-entity formulas favor one form of education over another, again taking the power of the marketplace in mind? Will traditional brick-and-mortar institutions fall way behind in funding needs-satisfaction if, for example, a per capita amount of \$50 is made available to all E-rate applicants? Brick-and-mortar school districts with high physical infrastructure and personnel costs provide personal instruction and social interactivity for their students while providing a combination of wired and wireless technologies within their premises. On the other hand, "virtual" schools, with a different model utilizing far less bricks and mortar and providing mainly on-line instruction, have far less brick and mortar costs in their model and are able to really ramp up their bandwidths, that is their classrooms, quite easily. Will a shift to a per capita funding basis create unintended consequences for the way

our schools provide personal instruction? Will schools with reduced teacher connection to their students become more “competitive” for some families than “traditional” schools. Will a per-capita reimbursement cover all of the costs for bringing sufficient broadband into the classrooms and libraries? Note that traditional schools pay for a terminated internet connection to their students, libraries pay for connections for their patrons sitting at the library. USAC rules currently prohibit schools from paying for any broadband connectivity off-premises. How will this thinking evolve as we move forward and try to provide adequate bandwidth for all? What happened with the “internet used pervasively” trial program? Are there per-capita or per school building costs from this program? Have we learned from the 20 or so districts which participated?

5) There is some confusion in some minds about how E-rate, despite its real successes, reached a point, seemingly unnoticed by those managing the program, where funding has run out for Priority 2 and will no longer be available to all Priority 1 applicants. This funding position has been apparent for years. Did we have to wait until Priority 1 funding for all was in jeopardy to issue this current set of NPRMs or did we see this coming some years ago and not be in a position to bring this information forward to decision makers? The real question is how can the fund be stocked with enough monetary and human resources to help move our schools and libraries to a more globally competitive position. Would a technology advisory panel overseeing the Eligible Services List and with the power to make funding recommendations to the FCC Board be of help for the immediate and longer term future to provide policy and lawmakers with a head’s up long before an inevitable system failure?

And, before we face another unintended crisis, if new E-rate policies are to allow obtaining bandwidth from any provider, will there be any requirements for these providers to become contributors (that is their school and library customers be contributors) to the Universal Service Funds? If more and more bandwidth is obtained from non-USF contributors then the fund itself will not have enough money to continue on the course we wish for full student and patron benefit. Even if more and more State and other governmental agencies become providers of this bandwidth, their Form 499 filer exemption status can have a real negative impact on the revenues generated into the fund. Please consider this in your deliberations and think about how to keep funding to adequate levels.

6) USAC and the FCC must carefully consider the impact of their “revitalized” program in terms of how market forces affect the decisions which schools make on behalf of their students. Biasing the program one way or another will have profound effects on the future success of our students within the global marketplace. Just as the lack of Priority 2 funding has led to substantially increased use of costly wireless downloading from service providers rather than from internal networks, per capita or per entity formulas may have similar impacts. The E-rate program has achieved stellar success with a very limited amount of funds disbursed to tens of thousands of applicants.

Why go for such a potentially huge program “overhaul” when mostly the only things “broken” are a lack of funding, some inefficiencies and inadequacies in managing the program---mainly

training and staffing issues, and, as discussed earlier, a need for additional granular information which is readily and easily obtained? The program has worked very well. As someone has already said, “it is not broken, it is broke.” In overly simple terms, increase the funding to a higher level, provide all schools and libraries a one-time special fund for the extra funding to bring their networks up to the standards suggested in the National Broadband Plan, enforce LCP, and let the marketplace, that is the sum of thousands of schools and libraries, determine the most cost-effective way to bring bandwidths and other needs up to their required levels.

The E-rate program has done a very good job of carefully controlling waste, fraud, and abuse and has fulfilled the initial mission of its purpose of bringing equal access to the outside world of information to all schools and libraries. Now it is time for E-rate to provide the next level of services which schools and libraries require to allow their constituencies to maintain and achieve global competitiveness and personal success.

Thank you very much for your consideration and attention.

Sincerely,

Steven Kaplan