



**TABLE OF CONTENTS**

SUMMARY ..... ii

I. INTRODUCTION. .... 1

II. THE PROPOSAL TO ELIMINATE E-RATE SUPPORT FOR VOICE COMMUNICATIONS IS STRONGLY OPPOSED IN THE RECORD..... 3

    A. Numerous Parties Have Presented Compelling Reasons To Continue E-Rate Funding for Cellular Service and Other Voice Communications..... 3

    B. Parties Favoring the Elimination of E-Rate Support for Voice Communications Fail To Make a Convincing Case. .... 8

    C. Other Commenters Endorse U.S. Cellular’s Argument That State and Local Authorities Should Retain the Flexibility to Select Services That Best Meet Their Educational Mission and Needs..... 9

    D. The Record Provides Several Alternatives for Pursuing the Commission’s E-Rate Goals Without Eliminating Support for Cellular Service and Other Voice Communications. .... 10

III. NUMEROUS COMMENTERS OPPOSE LIMITING E-RATE SUPPORT TO ONLY THOSE SERVICES THAT ARE DIRECTLY AVAILABLE TO STUDENTS AND LIBRARY PATRONS..... 14

IV. CONCLUSION..... 16

Appendix – List of Commenters Cited by U.S. Cellular in Its Reply Comments

## SUMMARY

While there is considerable support in the record for the Commission's proposed goal of ensuring that schools and libraries have affordable access to advanced broadband that supports digital learning, many commenters agree with U.S. Cellular that this goal should not be pursued at the expense of schools and libraries that continue to rely extensively on cellular service and other voice communications services to carry out their educational missions.

These commenters have joined U.S. Cellular in presenting convincing evidence and arguments demonstrating that the Commission should not adopt proposals to eliminate E-rate support for voice communications, and should not limit E-rate support to only those services that are directly accessible to students and library patrons. In fact, the State E-Rate Coordinators Alliance, whose June 2013 White Paper advocating the termination of funding for voice communications was the basis for the Commission's seeking comment on this issue, has now changed course, citing numerous reasons why this support should not be eliminated.

Commenters explain that schools use basic communications services on a daily basis to enhance their students' educational experiences, and that withdrawing E-rate support for cellular service and other voice services would impose significant hardships on schools and libraries, particularly smaller institutions located in poor communities across the country.

The record confirms U.S. Cellular's view that voice services are important to the safety of students in the Nation's schools. Moreover, commenters explain that reliance on Voice over Internet Protocol services would not be a viable or affordable alternative for many schools and libraries, and that requiring schools and libraries to pay all their voice communications costs would make it more difficult for them to afford Internet access services, even with E-rate support.

Commenters agree with U.S. Cellular's assertion that, instead of discontinuing E-rate support for voice communications, the Commission should preserve its principle of ensuring that state and local authorities have the flexibility necessary to determine the best mix of services for meeting their educational needs. There also is considerable support in the record for U.S. Cellular's suggestion that the Commission should avoid any elimination of support for cellular service and other voice services by seeking alternative means of ensuring sufficient E-rate funding for both voice services and advanced broadband.

Finally, parties agree with U.S. Cellular that the Commission should continue to provide E-rate support to services that are not directly available to students and library patrons, because these services are used by teachers and school and library administrators to advance important educational objectives, and because attempting to limit support to only those services that are directly available to students and library patrons would be difficult to implement and monitor.

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

In the Matter of	)	
	)	
Modernizing the E-Rate Program	)	WC Docket No. 13-184
for Schools and Libraries	)	

**REPLY COMMENTS  
of  
UNITED STATES CELLULAR CORPORATION**

United States Cellular Corporation (“U.S. Cellular”), by counsel, hereby submits these Reply Comments in response to the Notice of Proposed Rulemaking adopted by the Commission in the above-captioned proceeding.<sup>1</sup>

**I. INTRODUCTION.**

The *E-Rate NPRM* sought comment on a proposal advanced in a State E-Rate Coordinators Alliance (“SECA”) White Paper to eliminate E-rate support for cellular service and other voice communications services.<sup>2</sup> This proposal has been roundly criticized by commenters, with SECA itself reversing field and advocating that telecommunications services used exclusively for voice communications should continue to be eligible for E-rate funding. In addition to SECA,

---

<sup>1</sup> *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Notice of Proposed Rulemaking, 28 FCC Rcd 11304 (2013) (“*E-Rate NPRM*”). Reply comments are due November 8, 2013. *See Revised Filing Deadlines Following Resumption of Normal Commission Operations*, Public Notice, DA 13-2025 (rel. Oct. 17, 2013).

<sup>2</sup> *E-Rate NPRM*, 28 FCC Rcd at 11335-36 (paras. 105-110). *See* Letter from Gary Rawson, Chair, State E-Rate Coordinators’ Alliance, to Marlene H. Dortch, Secretary, FCC, CC Docket No. 02-6, at 6 (filed

numerous schools, libraries, and other commenters have explained the important role that voice services play in the administration of schools and libraries and the advancement of their educational missions. The record also documents the hardships that schools and libraries would face if E-rate funding for cellular service and other voice communications services were to be eliminated by the Commission.

In addition, commenters have exposed the weakness of an underlying assumption of SECA's former proposal, namely, that eliminating support for voice communications is necessary in order to ensure sufficient funding to enable affordable access to broadband services. Numerous parties agree with U.S. Cellular's argument that the Commission has several options—such as increasing overall E-rate funding and reforming the universal service contribution mechanism—that would enable the Commission to maintain E-rate funding for cellular service while also effectively pursuing the Commission's broadband initiatives.

The Commission should not view the E-rate program as a zero-sum game in which many schools and libraries must endure hardships that would be imposed by cutting support for cellular service and other voice services so that the Commission can promote the availability of affordable broadband connections. The record shows that voice communications services are too important for schools and libraries to warrant making these services ineligible for E-rate support, and that the Commission should retain its longstanding policy that state and local school authorities should have the flexibility to utilize E-rate support to select those services that best meet their educational goals and purposes.

---

June 24, 2013) (attaching SECA's "Recommendations for E-Rate Reform 2.0") ("SECA June 2013 White Paper " or "White Paper"), at 6-7.

## **II. THE PROPOSAL TO ELIMINATE E-RATE SUPPORT FOR VOICE COMMUNICATIONS IS STRONGLY OPPOSED IN THE RECORD.**

U.S. Cellular opposed in its Comments the SECA proposal to phase out E-rate support for telecommunications services that are used only for voice communications,<sup>3</sup> arguing that such a step was not necessary to pursue the Commission's goals for the availability of affordable broadband services, and would impose undue hardships on schools and libraries. Numerous other commenters responding to the *E-Rate NPRM* have joined U.S. Cellular in opposing the proposal.

### **A. Numerous Parties Have Presented Compelling Reasons To Continue E-Rate Funding for Cellular Service and Other Voice Communications.**

The record has provided the Commission with a clear and convincing answer to the question of whether it should eliminate E-rate support for cellular service and other voice communications services: It should not.

Notwithstanding its White Paper proposal, SECA has now converted to this view, and it is joined by other commenters who stress the importance of cellular service and other voice communications services for schools and libraries, document the hardships that would be imposed if funding is eliminated, describe the importance of voice communications for the safety of students and library patrons, argue that cutting support for voice communications would actually make it more difficult for schools and libraries to pay their discounted portion of Internet connectivity costs, and demonstrate that Voice over Internet Protocol (“VoIP”) service is not an affordable alternative to voice communications services.

*SECA Now Supports Preserving Voice Communications Funding.*—Significantly, SECA advocates in its comments that telecommunications services used exclusively for voice commu-

---

<sup>3</sup> See *E-Rate NPRM*, 28 FCC Rcd at 11335 (para. 107).

nications should continue to be eligible for E-rate funding.<sup>4</sup> Although it argued in its White Paper that eliminating E-rate support for voice communications would allow more E-rate funding to be available for high-speed Internet and data circuits,<sup>5</sup> SECA now concludes that eligibility for voice communications should be preserved, because voice telecommunications service is “vital to schools and libraries[,]”<sup>6</sup> and eliminating support would create a significant financial hardship for many schools and libraries that “will need to find additional resources to pay the full costs of these services.”<sup>7</sup>

SECA’s abandonment of the proposal it made in its White Paper should carry great weight with the Commission as it considers the issue of phasing out E-rate support for cellular services and other voice services. The Commission should also take into account the fact that, as U.S. Cellular discusses in the following sections, SECA’s new position has substantial support in the record.

*Schools Depend on Voice Communications.*—U.S. Cellular explained in its Comments that teachers and school administrators rely on cellular service in connection with carrying out their duties and responsibilities.<sup>8</sup> Numerous commenters agree that voice communications continue to have vital importance for schools and libraries. The West Virginia Department of Education, for example, indicates that voice communications “are critical basic services that school

---

<sup>4</sup> SECA Comments at 22 (arguing that “telecommunications services used exclusively for voice communications should not be eliminated altogether and [these services should] continue to be eligible for E-rate funding . . .”). SECA does, however, suggest reassigning voice communications services from priority one to priority two. See *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, *et al.*, Report and Order, 27 FCC Rcd 11348, 11356 (2012) (App. B, Eligible Services List for Funding Year 2013). This issue is discussed in Section II.D., *infra*.

<sup>5</sup> SECA June 2013 White Paper at 7.

<sup>6</sup> SECA Comments at 22.

<sup>7</sup> *Id.* at 23.

districts use on a daily basis[.]”<sup>9</sup> and Windstream points out that voice communications services “facilitate communications between educators, parents, and students that enhances students’ overall educational experiences.”<sup>10</sup> The critical role played by voice communications services in school and library operations is a strong reason for continuing E-rate support for these services.

*Eliminating Funding Would Impose Hardships.*—The record documents that eliminating E-rate support for cellular service and other voice services would impose a heavy burden on schools and libraries, especially those serving rural and poor communities. As Funds for Learning explains:

The problem with eliminating support for telephone service . . . is that it would disproportionately impact the smallest schools and libraries in our nation’s poorest communities. Indeed, telephone service is where many small schools and libraries spend most of their E-rate funding every year, and since they are already operating on shoestring budgets, cutting off E-rate support to them for telephone service would hurt them the most.<sup>11</sup>

South Dakota indicates that “[t]he loss of this [E-rate] funding would deal a substantial financial blow to applicants and they would have to find other sources of this vital funding.”<sup>12</sup> The record thus lends strong support for U.S. Cellular’s view that “local school budgets are under a frontal

---

<sup>8</sup> U.S. Cellular Comments at 3.

<sup>9</sup> WVDE Comments at 42. Abbreviations used for commenters cited in these Reply Comments are listed in the Appendix.

<sup>10</sup> Windstream Comments at 6. *See* ITTA Comments at iv, 20; Kansas DE Comments at 4; Kentucky DLA Comments at 6; KSC Comments at 6; NTCA & WTA Comments at 24; Wisconsin DPI Comments at 7.

<sup>11</sup> Funds for Learning Comments at 30.

<sup>12</sup> South Dakota Comments at 10. *See* AERS Comments at 2-3; ALA Comments at 14-15; CGCS Comments at 10-11; Cox Comments at 10; Kentucky DLA Comments at 6; M-DCPS Comments at 6; Richmond CSS Comments at 2-3; WVDE Comments at 59 (explaining that “[r]emoving from eligibility the basic means by which individuals still communicate in order to educate students and administer a school system would be financially catastrophic to many districts. If you remove funding that schools have come to count on, schools will have to make hard choices in regards to what will be unplugged, reduced or disconnected to make up the costs.”).

assault at the state and local government level because of the fiscal and budgetary pressures faced by these governments[,]”<sup>13</sup> and that “E-rate support is going to some of the hardest hit school districts in the country, and removing this support for critical communications functions in and of itself would have serious consequences.”<sup>14</sup>

For example, a survey conducted by the Consortium for School Networking (“CoSN”) in August and September of this year found that 28 percent of school districts receiving E-rate support use at least 50 percent of their E-rate funding on discounts for basic telephone service,<sup>15</sup> leading CoSN to conclude that “[t]he fiscal harm to [school] districts could be great if basic telephone service were deemed a non-allowable expense under E-rate.”<sup>16</sup>

*Voice Communications and Public Safety.*—U.S. Cellular explained in its comments that “access to cellular voice service can assume critical importance in emergency situations[,]”<sup>17</sup> and several commenters agree that the elimination of E-rate support for voice communications would raise public safety concerns. WVDE, for example, states that “[v]oice services are important to the safety of students in our schools[,]”<sup>18</sup> and explains that it is not sufficient to rely on Internet-based systems in emergencies.<sup>19</sup>

---

<sup>13</sup> U.S. Cellular Comments at 4.

<sup>14</sup> *Id.*

<sup>15</sup> COSN’S E-RATE & BROADBAND SURVEY FINAL REPORT 2013 (Oct. 2013) at 17, available at <http://www.cosn.org/eratesurvey>.

<sup>16</sup> *Id.* The survey was included in reply comments filed by CoSN in this proceeding on November 6, 2013. CoSN favors a “transitional funding period” for basic telephone service. *Id.*

<sup>17</sup> U.S. Cellular Comments at 3.

<sup>18</sup> WVDE Comments at 50.

<sup>19</sup> *Id.* (indicating that, “[i]f a criminal or weather-related event takes out the data network, the phones all go down when on a VoIP system”). See Cox Comments at 10; M-DCPS Comments at 6; South Dakota Comments at 11. As a general matter, there is evidence that school administrations follow the practice of providing school officials with cellular phones for use in emergency situations. See Washington County (Hagerstown, Md.) Public Schools, “School Safety & Security,” (Jan. 23, 2012), accessed at <http://www>.

Cutting Support Would Hinder Schools' Adoption of Broadband.—Several parties explain that eliminating E-rate support for cellular service and other voice communications would likely have the unintended consequence of “reduc[ing] [the] ability [of schools and libraries] to pay for their own discounted portion of Internet connectivity.”<sup>20</sup> If schools and libraries are required to pay all their voice service costs, then limited state and local educational budgets would cut into their ability to obtain Internet access services, even with E-rate support. Thus, “[t]he elimination of voice eligibility effectively lowers the likelihood that broadband is adopted.”<sup>21</sup>

Transitioning to VoIP Is Not an Affordable Option.—The Commission asks in the *E-Rate NPRM* whether VoIP service could provide a viable alternative to basic telephone service.<sup>22</sup> U.S. Cellular agrees with those commenters who explain that it could not. WVDE indicates, for example, that VoIP “systems are very expensive to purchase and maintain[,]”<sup>23</sup> and urges the Commission to consider the expense for phone system cutovers that budget-strapped school districts would have to bear.<sup>24</sup> Further, as discussed in the previous section, cutting off E-rate funding for voice communications service would make it even more difficult for these districts to afford VoIP, even with E-rate support.

---

wcps.k12.md.us/our\_schools/school\_safety\_security/ (indicating that “[a]ll principals and key administrators have cell phones in order to assist in emergency communications”); Hopedale (Mass.) Public Schools, “Medical Emergency Response Plan,” (undated), accessed at <http://www.hopedale.k12.ma.us/cms/lib01/MA01000858/Centricity/Domain/1/EMS%20Report.pdf> (indicating that “[k]ey [school] personnel, including those involved in after-school and extracurricular activities, have access to cell phones that can directly access 911”).

<sup>20</sup> Alaska Comments at 10.

<sup>21</sup> ENA Comments at 34. *See* South Dakota Comments at 10; Verizon Comments at 16; WVDE Comments at 42.

<sup>22</sup> *E-Rate NPRM*, 28 FCC Rcd at 11336 (para. 109).

<sup>23</sup> WVDE Comments at 42.

<sup>24</sup> *Id.* at 49. *See* Cox Comments at 10; CRW Comments at 2; KSC Comments at 6; Richmond CSS Comments at 2-3.

Other Issues.—At a minimum, the Commission should delay any determination of whether to eliminate E-rate support for voice communication. U.S. Cellular agrees with NEA’s suggestion that “the Commission should not act precipitously” in eliminating E-rate support for voice communications or other eligible services, so that it is able to make data-driven determinations that take into account the impact of funding cuts on schools and libraries.<sup>25</sup> Further study would also provide the Commission with an opportunity to examine assertions that it lacks any statutory authority to eliminate funding for voice communications.<sup>26</sup>

**B. Parties Favoring the Elimination of E-Rate Support for Voice Communications Fail To Make a Convincing Case.**

Some parties have endorsed SECA’s former proposal to eliminate E-rate support for cellular service and other voice communications, but they fail to advance any persuasive arguments. AT&T contends that funding for all circuit-switched and Time Division Multiplexing (“TDM”)-based services (including local phone service, long distance telephone service, and “plain old telephone service,”<sup>27</sup> should be limited and eventually eliminated because these technologies are “fast becoming obsolete,”<sup>28</sup> the E-rate budget is not sufficient to support old programs and new goals, and E-rate funding should only support “products and services that provide or facilitate the use of high-speed broadband.”<sup>29</sup>

---

<sup>25</sup> NEA Comments at 8.

<sup>26</sup> ITTA Comments at 21. *But see* Comcast Comments at 24 n.55.

<sup>27</sup> AT&T Comments, Attachment 1.

<sup>28</sup> AT&T Comments at 9. *See* Broadcore Comments at 3.

<sup>29</sup> AT&T Comments at 10. Other parties also argue that the focus of E-rate funding should be on broadband connectivity. *See* ACA Comments at 12; CWA Comments at 4; E-Rate SPS Comments at 8; HP Comments at 15 (arguing that support should be phased out for services that do not directly support digital learning). Other parties favor eliminating E-rate support for fixed and mobile voice services, but do not present any reasons for doing so. *See* BIA Comments at 5-6; GCI Comments at 14.

AT&T does not claim—nor could it demonstrate—that cellular service is becoming obsolete, and U.S. Cellular disagrees with the assertion that an eventual transition from circuit-switched and TDM-based services to IP-based services is grounds for acting now to eliminate E-rate support for basic telephone services. The record in this proceeding provides ample evidence that schools and libraries rely extensively on both cellular and landline voice communications services to further their educational missions, that removal of funding for these services would impose hardships on these institutions, and that VoIP services currently are not a viable or affordable alternative to basic telephone service for many schools and libraries.

Although U.S. Cellular supports the Commission’s proposed goals for modernizing the E-rate program to meet broadband deployment objectives,<sup>30</sup> there is no policy basis for doing this at the expense of funding voice communications, especially since, as discussed in the preceding section, eliminating E-rate support for voice communications would make it more difficult for the recipients of that support to obtain and maintain Internet connectivity in their schools and libraries. Finally, the budget issues raised by AT&T can be addressed by Commission actions that would avoid any need to eliminate support for voice communications.<sup>31</sup>

**C. Other Commenters Endorse U.S. Cellular’s Argument That State and Local Authorities Should Retain the Flexibility to Select Services That Best Meet Their Educational Mission and Needs.**

U.S. Cellular argued in its Comments that the Commission, instead of eliminating E-rate support for cellular service and other voice communications, should adhere to its principle of promoting and preserving state and local flexibility.<sup>32</sup> Several parties agree that this flexibility

---

<sup>30</sup> U.S. Cellular Comments at 1-2.

<sup>31</sup> See Section II.D., *infra*.

<sup>32</sup> U.S. Cellular Comments at 6-10.

should be maintained. SECA, for example, in arguing that it is fairer to schools and libraries for the Commission to continue support for voice communications, points out that this will enable schools and libraries to “continue to retain their freedom to select the services and equipment that best meet their individual needs.”<sup>33</sup>

**D. The Record Provides Several Alternatives for Pursuing the Commission’s E-Rate Goals Without Eliminating Support for Cellular Service and Other Voice Communications.**

The record demonstrates that the Commission, in asking whether the savings resulting from the phase out of funding for basic voice service would be better spent on high-capacity broadband,<sup>34</sup> is posing a false choice. The Commission can pursue budgetary and other alternatives that would enable it to maintain E-rate support for cellular service and other voice communications services while also providing support for affordable Internet connectivity.

*Overall E-Rate Funding Should Be Increased.*—There is widespread agreement in the record that “the E-rate program is severely underfunded . . . .”<sup>35</sup> U.S. Cellular agrees with KSC’s

---

<sup>33</sup> SECA Comments at 23. *See* Alabama DE Comments at 9; Funds for Learning Comments at 34-35; NTCA & WTA Comments at 24; SIIA Comments at 6. Moreover, Jon Bernstein, a Co-Chair of EdLiNC, has explained that one of the best features of the E-rate program is that it is locally driven. “So it’s up to schools and libraries to figure out what’s best [for] them, what makes the most sense. And that may be a new technology not even on the horizon or a technology that currently exists that works perfectly well for them . . . . We advocate that it should remain a local decision.” Karyn M. Peterson, “EdLiNC Calls on FCC to Double E-Rate Funding,” *SCHOOL LIBRARY JOURNAL* (Sept. 25, 2013), accessed at [http://www.slj.com/2013/09/budgets-funding/edlinc-calls-on-fcc-to-double-e-rate-funding/#\\_](http://www.slj.com/2013/09/budgets-funding/edlinc-calls-on-fcc-to-double-e-rate-funding/#_) (quoting Jon Bernstein, Co-Chair of EdLiNC).

<sup>34</sup> *E-Rate NPRM*, 28 FCC Rcd at 11335 (para. 107).

<sup>35</sup> ALA Comments at 23. *See* eDimension Comments at 2; EdLiNC Comments at 10, 14; Education Coalition Comments at 17-18; iNACOL Comments at 3; NAACP Comments at 2; SECA Comments at 6 (noting that “[t]he E-rate program has the dubious distinction of being the only universal service mechanism that has been underfunded since its inception”); SIIA Comments at 4; Steven Carr Comments at 1 (explaining that the E-rate funding base “does not cover the current and future needs of connecting schools”). The Universal Service Administrative Company (“USAC”) has recently indicated that the level of applicant demand in Funding Year 2013 “exceeds the annual funding cap.” USAC, *FEDERAL UNIVERSAL SERVICE SUPPORT MECHANISMS FUND SIZE PROJECTIONS FOR FIRST QUARTER 2014* (Nov. 1, 2013) at 59.

conclusion that the E-rate program “is not ‘broken’ it is just ‘broke’ . . . .”<sup>36</sup> Given “the fact that there is not nearly enough funding in the program to accomplish the goals the FCC has embraced[,]”<sup>37</sup> any elimination of core services, “absent significant additional funding[,] [amounts to] rearranging the deck chairs on the Titanic.”<sup>38</sup> U.S. Cellular therefore supports those commenters who argue that the Commission should significantly increase the overall E-rate budget.<sup>39</sup> Doing so will prevent the hardships and funding inequities that would result from eliminating support for cellular service and other voice communications services.

*The E-Rate Program Should Be More Efficient.*—U.S. Cellular has explained that, if the Commission is successful in maximizing the cost-effectiveness of E-rate funds, this will enable the advancement of the availability of affordable 21st Century broadband for schools and libraries while also maintaining support for voice communications.<sup>40</sup> Numerous commenters argue that a focus by the Commission on increased operational efficiencies would heighten the impact that can be achieved through E-rate funding. Verizon, for example, argues that streamlining E-

---

<sup>36</sup> KSC Comments at 3. *See* Vigo CSC Comments at 1 (arguing that “[t]he E-Rate program is a program succeeding in its mission. [The] FCC [should] remain focused on the fact that E-Rate is a program that works and that any changes to the E-Rate program should be focused on expanding a successful program that has yet to reach its full potential. . . . The single most effective step the FCC can take to bolster [E-rate’s] current and future success is to provide \$5 billion in funding, an amount commensurate with current demand.”).

<sup>37</sup> E-Rate SPS Comments at 3.

<sup>38</sup> *Id.* at 4 (internal quotation marks omitted).

<sup>39</sup> *See* ALA Comments at 23; CGCS Comments at 3; Eastex & RTC Comments at 6; EdLiNC Comments at 15; E-Rate SPS Comments at 4 (arguing that the issue of “raising the funding cap . . . dwarfs all others in importance, and will make or break the success of the other changes”); GNI Comments at 1-2; Houston ISD Comments at 1-2; KSC Comments at 3; Kentucky DLA Comments at 3; MSET Comments at 1; NAACP Comments at 2 (emphasis in original) (urging the Commission “to increase funding for E-rate . . . without diverting funds from other universal service programs”); NASSP Comments at 5-6; NCLD Comments at 2; NEA Comments at 3-5; NIEA Comments at 4; SECA Comments at 3; SHLB Coalition Comments at 3; SIIA Comments at 5 Sitka SD Comments at 1; SLK Comments at 3; Tanana CSD Comments at 2.

<sup>40</sup> U.S. Cellular Comments at 11.

rate processes can help “to maximize program dollars . . . .”<sup>41</sup> Realizing targets and goals for increased program efficiency would lessen pressures for the elimination of support for voice communications.<sup>42</sup>

Reforming the USF Contribution Mechanism.—Several commenters support U.S. Cellular’s suggestion that the Commission should complete its efforts to reform its Universal Service Fund (“USF”) contribution mechanisms, because these reforms could enhance the E-rate budget.<sup>43</sup> ITTA, for example, argues that “address[ing] long overdue reform of the universal service contribution mechanism” could result in a greater amount of funding for E-rate and other pro-

---

<sup>41</sup> Verizon Comments at 19. Verizon also explains that “E-rate program administration today is time-consuming and burdensome in some respects, requiring both applicants and providers to jump through regulatory hoops that only add cost and discourage program participation.” *Id.* See Massachusetts DTC Comments at 4-7; NIEA Comments at 3; NYCDE Comments at 5-6; SLK Comments at 3 (arguing that the speed of the application review process should be improved, and noting that “[o]ne of the most frustrating aspects of the E-rate program is that many applicants are not notified by the Universal Service Administrative Company . . . that they have been funded (or not) by the July 1 start of the funding year”); TIA Comments at 5; WISPA Comments at 6. Press reports indicate that the Commission is aware of the need for greater program efficiency. See Bryce Baschuk, “Democrats Call for E-Rate Reforms To Expand Broadband Internet Access,” BLOOMBERG BNA (Nov. 6, 2013), accessed at <http://www.bna.com/democrats-call-erate-n17179879942/> (noting that “FCC Commissioner Mignon Clyburn said she has heard from E-Rate beneficiaries that the application process is too cumbersome. ‘We are listening to that,’ Clyburn said. ‘We will do our part to ensure this engagement is more robust, more efficient and serves the needs of the American public.’”).

<sup>42</sup> Recent developments suggest that USAC’s audit program could inadvertently interfere with goals for increasing E-rate program efficiencies. Specifically, it was recently reported that the “estimated [E-rate] 2014 programmatic budget would be \$53 million which is approximately a \$6 million increase from 2013. The main driver of the increase is due to hiring contractors to perform further audits tied to the Beneficiary and Contributor Audit Program . . . .” Peter Kaplan, “Estimated Time Per BCAP Audit,” Funds for Learning (Nov. 1, 2013), accessed at <http://www.fundsforlearning.com/blog/2013/11/estimated-time-per-bcap-audit>. For example, 14 audits are anticipated for 2014 for E-rate disbursement amounts greater than \$3 million, with each audit taking approximately 700 hours to perform. *Id.* Although audits serve an important function in helping to curb waste, fraud, and abuse, “it is hard to imagine a school administrator having [the amount] of dedicated time [necessary] to respond to these audits.” *Id.* See USAC, “Solicitation/Contract/Order for Commercial Items,” Solicitation No. USAC-IA-2013-10-005 (Oct. 25, 2013) at 11, Table 3, accessed at <http://www.fundsforlearning.com/docs/2013/11/RFP-Beneficiary-and-Contributor-Audit-Program.pdf>.

<sup>43</sup> U.S. Cellular Comments at 11-12.

grams.<sup>44</sup> A successful pursuit of contribution reform could eliminate any need for the Commission to consider whether to block school and libraries from any further receipt of E-rate support for voice communications.

*Shifting Priorities for E-Rate Support.*—The Commission has asked for comment on whether it should eliminate the distinction between priority one and priority two services.<sup>45</sup> Some commenters support this approach,<sup>46</sup> while others advocate retaining the current distinction but reassigning voice communications to priority two.<sup>47</sup>

U.S. Cellular, however, agrees with those commenters who argue that the Commission should not combine priority one and priority two into a “whole networks” approach, and that voice communications should remain a priority one service. Combining priority one and priority two would introduce unwarranted complexity and complications,<sup>48</sup> while shifting voice services

---

<sup>44</sup> ITTA Comments at 14. See AERS Comments at 3; NASUCA Comments at 2-4.

<sup>45</sup> *E-Rate NPRM*, 28 FCC Rcd at 11345 (paras. 146-147). The Commission’s current rules provide that requests for telecommunications services and Internet connections (priority one services) receive first priority for funding, with remaining funds allocated to requests for support for internal connections and basic maintenance of internal connections (priority two services). *Id.* at 11322-23 (para. 61).

<sup>46</sup> See Comcast Comments at 22-23; EdLiNC Comments at 14; iNACOL Comments at 12; TIA Comments at 7-8.

<sup>47</sup> See California DE Comments at 6-7; SECA Comments at 22-24. SECA also suggests that telecommunications services used exclusively for voice communications should be funded at a reduced flat discount percentage, because such reduced funding would “reflect[ ] the lower importance of these services from an E-rate perspective[,]” and would “help stretch available funding and make it available to *all* applicants.” SECA Comments at 24 (emphasis in original). U.S. Cellular and other commenters have explained, however, that many schools and libraries (especially smaller and rural institutions) continue to rely on cellular service and other voice communications to further their educational missions, that state and local authorities should retain the flexibility to determine the relative importance of voice communications services and other services in connection with their use of E-rate support, and that the Commission has options for expanding the amount of available funding so that all applicants have access to E-rate funding for both voice and broadband services.

<sup>48</sup> NEA Comments at 7-8.

to priority two would risk unwarranted reductions in support that schools and libraries receive for cellular service and other voice communications services.<sup>49</sup>

### **III. NUMEROUS COMMENTERS OPPOSE LIMITING E-RATE SUPPORT TO ONLY THOSE SERVICES THAT ARE DIRECTLY AVAILABLE TO STUDENTS AND LIBRARY PATRONS.**

U.S. Cellular in its Comments opposed restricting E-rate support to only those services that are directly available to students and library patrons, urging the Commission to “be mindful of potential hardships that schools and libraries would face if the Commission were to start whittling down the list of eligible services and activities.”<sup>50</sup> There is substantial support for U.S. Cellular’s position in the record.<sup>51</sup>

Several commenters point out that services that are currently supported by E-rate funds, but that are not directly available to students, serve important educational purposes. ENA explains, for example, that:

We need teachers and administrators to have access to cell phones and other tools to make sure all avenues of communication are open with students and parents to facilitate the new on-line and digital communication world. Removing a component of the cell/text/email/Internet option seems like a bad move if we are attempting to allow advanced communications.<sup>52</sup>

The State of Hawaii explains that the Commission “should take a broad understanding”<sup>53</sup> of the educational purposes served by E-rate support. The “use [of services] by teachers for essential

---

<sup>49</sup> WVDE Comments at 41 (arguing that “[s]chools have come to view Priority 1 funding as a promise that each year they can count on”).

<sup>50</sup> U.S. Cellular Comments at 17.

<sup>51</sup> See, e.g., Carnegie Comments at 5; Eastex & RTC Comments at 5-6; Kansas DE Comments at 4; Kentucky DLA Comments at 7.

<sup>52</sup> ENA Comments at 31.

<sup>53</sup> Hawaii Comments at 10.

activities such as lesson planning, grading, and collaboration is inherently part of the educational process.”<sup>54</sup>

Commenters also explain that any attempt to restrict E-rate support to only those services that are directly available to students and library patrons would be extremely difficult to implement and monitor. The Wisconsin DPI argues, for example, that placing limits on funding for services that are not directly available to students or library patrons would be difficult to monitor or audit and would raise cost allocation complexities. The Wisconsin DPI concludes that the Commission’s use of a narrow definition of “educational purposes” in the past produced “messy and time consuming” results.<sup>55</sup>

Finally, several commenters explain that narrowing the definition of “educational purposes,” and limiting E-rate support to only those services that are directly available to students and library patrons, would not produce substantial reductions in E-rate costs. SECA observes that “a rescission of eligibility for administrative services likely [would not] yield significant cost

---

<sup>54</sup> *Id.* See Alaska Comments at 9; Richmond CSS Comments at 3; SECA Comments at 25 (arguing that the proposed rule limiting E-rate support to services directly available to students and library patrons “does not have any logical basis. School and library staff, administrators and policy makers that work at schools and libraries need to have access to broadband and other supported services in order to do their jobs. Their responsibilities fulfill the core mission of educating students and providing services to library patrons. Without these personnel, there would be no learning or library services available to students and communities.”); SIIA Comments at 8; South Dakota Comments at 12.

<sup>55</sup> Wisconsin DPI Comments at 7. See ALA Comments At 15; Arkansas Comments at 16-17; BIA Comments at 4; Iowa Comments at 7; NEA Comments at 11-12; SECA Comments at 26-27 (explaining that “[i]mplementation of such a definition would unduly and unnecessarily complicate preparation of and processing of applications and violate the proposed goal of program simplification. An additional layer of review would need to be added to ensure that an otherwise eligible service was being used for an eligible educational purpose. Making a distinction between services delivered to students and to library patrons invites an exercise in line drawing that will be impossible to define clearly and to enforce.”); South Dakota Comments at 12; WVDE Comments at 45.

savings[,]”<sup>56</sup> and Iowa argues that imposing a narrower definition of “educational purposes” would not be worth “the few dollars that might be recouped . . . .”<sup>57</sup>

#### **IV. CONCLUSION.**

The record now before the Commission in this proceeding has validated and buttressed U.S. Cellular’s arguments in its Comments that there is no public policy justification for proposals to eliminate E-rate support for cellular service and other voice communications services, or to restrict E-rate support to only those services that are directly available to students and library pa-

*[Remainder of page intentionally left blank]*

//

//

//

//

//

//

//

//

//

//

//

//

---

<sup>56</sup> SECA Comments at 26.

<sup>57</sup> Iowa Comments at 7. *See* CRW Comments at 2; ENA Comments at 31.

trons. U.S. Cellular therefore respectfully renews its request that the Commission should refrain from adopting either of these proposals.

Respectfully submitted,

UNITED STATES CELLULAR CORPORATION



By: \_\_\_\_\_

David A. LaFuria  
John Cimko

LUKAS, NACE, GUTIERREZ & SACHS, LLP  
8300 Greensboro Drive, Suite 1200  
McLean, Virginia 22102  
(703) 584-8666

Grant B. Spellmeyer  
Vice President – Federal Affairs &  
Public Policy

UNITED STATES CELLULAR CORPORATION  
8410 West Bryn Mawr  
Chicago, Illinois 60631  
(202) 290-0233

November 8, 2013

**APPENDIX**

**FCC Notice of Proposed Rulemaking**

**Modernizing the E-Rate  
Program for Schools and Libraries**

**WC Docket No. 13-184**

**List of Commenters Cited by U.S. Cellular  
in Its Reply Comments**

<b>Commenter</b>	<b>Cited As</b>
Alabama State Department of Education	Alabama DE
American Cable Association	ACA
American E-Rate Solutions	AERS
American Library Association	ALA
AT&T Inc.	AT&T
Broadcore, Inc.	Broadcore
Bureau of Indian Affairs	BIA
California Department of Education	California DE
Carnegie Library of Pittsburgh	Carnegie
Comcast Corporation	Comcast
Communications Workers of America	CWA
Council of Chief State School Officers, Foundation for Excellence in Education, Alliance for Excellent Education, Chiefs for Change, International Association for K-12 Online Learning, Knowledge Alliance, National Alliance for Public Charter Schools, and Clayton Christensen Institute for Disruptive Innovation	Education Coalition
Council of the Great City Schools	CGCS
Cox Communications	Cox
CRW Consulting	CRW
Eastex Telephone Cooperative, inc., and Riviera Telephone Company, Inc.	Eastex & RTC
eDimension LLC	eDimension
Education and Libraries Networks Coalition	EdLiNC
Education Network of America	ENA
E-Rate Service Provider Services, LLC	E-Rate SPS
Funds For Learning, LLC	Funds for Learning
Gaggle.Net, Inc.	GNI
General Communication Inc.	GCI
Hewlett-Packard Company	HP

<b>Commenter</b>	<b>Cited As</b>
Houston Independent School District	Houston ISD
International Association for K-12 Online Learning	iNACOL
Iowa Department of Education	Iowa
Independent Telephone and Telecommunications Alliance	ITTA
Kansas Department of Education	Kansas DE
Kellogg and Sovereign <sup>®</sup> Consulting	KSC
Kentucky Department for Libraries and Archives	Kentucky DLA
Maryland Society for Educational Technology	MSET
Massachusetts Department of Telecommunications and Cable	Massachusetts DTC
Miami-Dade County Public Schools	M-DCPS
National Association for the Advancement of Colored People	NAACP
National Association of State Utility Consumer Advocates	NASUCA
National Association of Secondary School Principals	NASSP
National Center for Learning Disabilities	NCLD
National Education Association	NEA
National Indian Education Association	NIEA
New York City Department of Education	NYCDE
NTCA–The Rural Broadband Association and Western Telecommunications Alliance	NTCA & WTA
Richmond County School System, Augusta, Georgia	Richmond CSS
Schools, Health & Libraries Broadband Coalition	SHLB Coalition
Sitka, Alaska, School District	Sitka SD
Software and Information Industry Association	SIIA
South Dakota Department of Education and South Dakota Bureau of Information and Telecommunications	South Dakota
State E-Rate Coordinators Alliance	SECA
State Library of Kansas	SLK
State of Alaska Department of Education and Early Development and Alaska State Library	Alaska
State of Arkansas	Arkansas
State of Hawaii	Hawaii
Tanana, Alaska, City School District	Tanana CSD
Telecommunications Industry Association	TIA
Verizon Communications Inc. and Verizon Wireless	Verizon
Vigo, Indiana, County School Corporation	Vigo CSC
West Virginia Department of Education	WVDE
Windstream Corporation	Windstream
Wisconsin Department of Public Instruction	Wisconsin DPI
Wireless Internet Service Providers Association	WISPA