BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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

COMMENTS OF THE UNITED STATES TELECOM ASSOCIATION

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SUMMARY

USTelecom supports E-Rate and the development of an efficient and effective program that supports broadband connectivity for schools and libraries. Broadband has fueled the expansion of learning opportunities for Americans, and the broadband networks deployed by USTelecom member companies are integral to this evolution of education throughout the country. In recent years, broadband-related services supported by E-Rate have been characterized by declining costs, greater capabilities, higher speeds and increased deployment. Given these facts, the Commission's E-rate modernization goals are readily attainable.

High-speed broadband networks are extensively deployed throughout the country, and broadband providers are extending their reach even further through significant capital expenditures. As it examines the implementation of its E-rate modernization initiative, the Commission should further harness these networks that are already forming the foundation for high-speed broadband connections to schools and libraries.

The Commission should identify and target support to the narrow range of schools and libraries that are unable to obtain adequate (or any) high-speed broadband connections. The Commission could encourage schools and libraries that believe that they are unable to obtain adequate (or any) broadband facilities under the existing priority one system to self-identify. Following review and confirmation of such identification by the Commission, an assessment process should be established and administered to identify the schools with the most acute needs for broadband upgrades. Alternatively, the Commission could pursue other methods of identifying such schools and libraries, including through greater utilization of existing national and state broadband maps.

Regardless of the approach utilized to identify the schools and libraries with the greatest need of broadband support, the Commission should then institute a process for addressing their needs. Existing providers will likely be best situated to provision last-mile broadband services to schools or libraries that are not currently connected to a broadband network. In many such instances, it is likely that service can be provided to the school or library through minimal construction efforts. In the rare instances where no provider can provision service on an economic basis, the Commission should utilize the Connect America Fund (CAF) high-cost funds in order to build-out initially to the general geographic area. The Commission would then be able to utilize E-Rate funds to complete the fiber connections to any schools or libraries in the affected area.

USTelecom encourages the Commission to provide technical and other assistance to schools and libraries to help them most effectively use E-rate funds. An example of such assistance involves offering schools and libraries access to "digital template" software that could help them readily determine the parameters of the broadband network that will meet their particular requirements. There is no need, however, for the Commission to incent consortia purchasing. In many instances, consortia purchasing is already an established and accepted practice amongst various educational institutions at the municipality, county and even state level.

The Commission should minimize administrative burdens within the E-Rate program. In trying to make administration of the E-rate program administratively simpler for applicants, the Commission should take care to not inadvertently make it more complicated for service providers. This could rebound to the detriment of applicants.

USTelecom agrees that in order to achieve E-rate modernization goals and move to a broadband-focused program, there must be a transition away from voice services and a concentration of funding on services that provide broadband. USTelecom believes the Commission should set a specific timeframe over which funding for voice services will be eliminated, but any transition by the Commission to move away from support for voice services should be conducted in a measured manner. Schools and libraries will increasingly transition to voice over Internet protocol (VoIP) services, whether provided by an over-the-top provider, the local cable company, or their local exchange carrier. During the transition, schools and libraries should have the flexibility to choose the voice services option that best serves their needs. As the Commission monitors this transition, it should maintain technology neutrality for any voice service subscribed to by a school or library.

Given the significant demands on E-Rate funding, the Commission's proposed demonstration projects are not the best use of limited funds. Nevertheless, if the Commission moves forward with such projects they should have clearly defined and attainable goals, should be of a short-term, limited duration, and should not be funded through other funds, such as the Connect America Fund.

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The United States Telecom Association (USTelecom)[1] submits these comments in response to the Public Notice (Notice)[2] issued by the Wireline Competition Bureau (Bureau) of the Federal Communications Commission (Commission). The Bureau's Notice complements the Commission's earlier Notice of Proposed Rulemaking (Rulemaking)[3] that initiated a comprehensive and thorough review and update of the schools and libraries universal service support program (the "E-Rate Program").

The Bureau seeks focused comment on three issues raised in the Rulemaking that it feels merit further inquiry: 1) how best to focus E-rate funds on high-capacity broadband; 2) whether and how the Commission should begin to phase down or phase out support for traditional voice

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[1] USTelecom is the premier trade association representing service providers and suppliers for the telecommunications industry. USTelecom members provide a full array of services, including broadband, voice, data and video over wireline and wireless networks.

[2] *See*, Public Notice, *Wireline Competition Bureau Seeks Focused Comment on E-Rate Modernization*, DA 14-308 (March 6, 2014) (*Notice*).

[3] Notice of Proposed Rulemaking, *Modernizing the E-rate Program for Schools and Libraries*, 78 Fed Reg. 51597 (July 23, 2013) (*Rulemaking*).

services in order to focus more funding on broadband; and 3) whether there are demonstration projects or experiments that the Commission should authorize as part of the E-rate program. There are reasonable ways for the Commission to best focus E-Rate funds on high-capacity broadband; it should take a measured approach to any reduced support for voice services; and demonstration projects are not the best use of limited E-Rate funds.

I. INTRODUCTION

USTelecom supports E-Rate and the development of an efficient and effective program that supports broadband connectivity, and agrees with Commission Clyburn's statement that, "E-rate is one of the [Commission]'s biggest success stories."[4] Broadband has fueled the expansion of learning opportunities for Americans. Educational materials and course instruction which previously could only be delivered in a classroom environment can now be obtained online. Students are no longer constrained from securing an education by geographic or temporal barriers, since teachers, classrooms and course materials can be accessed anytime and anywhere.

The broadband networks deployed by USTelecom member companies are integral to this evolution of education throughout the country. These companies are expanding school boundaries by enabling distance learning applications, providing all students – from those residing in rural communities to those living in inner cities – access to high-quality courses and expert instruction, no matter the size of the school they attend or their geographic distance from their teacher.

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[4] *See*, *Rulemaking*, Statement of Acting Chairwoman Mignon L. Clyburn.

In recent years, broadband-related services supported by E-Rate have been characterized by declining costs, greater capabilities, higher speeds and increased deployment. For example, carrier Ethernet technology – which can be an integral component in any school or library network – is an efficient technology that provides much faster speeds at a much lower cost with greater flexibility than other technologies.[5] Given these facts, the Commission's E-rate modernization goals are readily attainable.

II. THE COMMISSION SHOULD FOCUS ITS SUPPORT FOR HIGH-CAPACITY BROADBAND ON THE LIMITED NUMBER OF SCHOOLS AND LIBRARIES LACKING ACCESS

An extensive broadband network is already in place today connecting most schools and libraries, and broadband providers are continuing to deploy additional broadband facilities, particularly fiber. According to USTelecom's most recent analysis of company capital expenditures data, U.S. broadband providers invested $68 billion in 2012.[6] USTelecom's member companies are leading the charge in extending non-wireless broadband infrastructure. The wireline portion of broadband provider capital expenditures from 1996 through 2012 was 53 percent.[7] The wireline segment continued to contribute a significant portion of industry capital investment in 2012: 36 percent, compared to 45 percent for wireless and 19 percent for cable.

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[5] Telecommunications Industry Association Report, *TIA's 2013 – 2016 ICT Market Review and Forecast*, p. 4-37 (2013).

[6] Patrick Brogan, USTelecom Research Brief, *Updated Capital Spending Data Show Rising Broadband Investment in Nation's Information Infrastructure*, November 4, 2013 (available at: http://www.ustelecom.org/sites/default/files/documents/103113-capex-research-brief-v2.pdf) (visited March 31, 2014) (*USTelecom Research Brief*).

[7] *USTelecom Research Brief*.

High-speed broadband networks are extensively deployed throughout the country, and broadband providers are extending their reach even further through significant capital expenditures. As it examines the implementation of its E-rate modernization initiative, the Commission should further harness these networks that are already forming the foundation for high-speed broadband connections to schools and libraries. The Commission should take into account the increasing rollout of these networks, as it focuses on achieving President Obama's goal of connecting 99 percent of all students to high-speed broadband capacity in five years.[8]

A. The Commission Should Quantify the Limited Number of Schools and Libraries Lacking Access to High-Speed Broadband

The Commission's investment over the next two years of $2 billion to provide additional E-Rate support to the nations' schools and libraries is a laudable and important step in securing increased access to broadband.[9] Given the widespread access to fiber by the nation's schools, it is unclear whether any additional support through the kind of "deployment fund" described in the Notice is necessary. At most, USTelecom believes that the Commission would only need to commit a limited amount of E-rate funds to a narrow range of schools that do not have any or have inadequate high-speed broadband connections under E-rate program's existing system.

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[8] Prepared Remarks of Tom Wheeler, Chairman, Federal Communications Commission, National Digital Learning Day, The Library of Congress, p. 1, February 5, 2014 (available at: http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db0205/DOC-325447A1.pdf) (visited April 2, 2014) (*Chairman Wheeler Speech*).

[9] FCC Press Release, *FCC to Invest Additional $2 Billion in High-Speed Internet in Schools and Libraries*, February 3, 2014 (available at: http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db0203/DOC-325403A1.pdf) (visited March 31, 2014).

The Commission should therefore quantify the limited number of schools and libraries falling into this category and target support to them. There are various ways for the Commission to complete this process. The Commission could encourage schools and libraries that believe that they are do not have adequate (or any) broadband facilities under the existing system to self-identify. Following review and confirmation of such identification by the Commission, an assessment process should be established and administered to identify the schools and libraries with the most acute needs for broadband upgrades.

The Commission could also pursue other methods of identifying such schools and libraries, including through greater utilization of existing national and state broadband maps. Much of the identification process has already been accomplished via the national mapping efforts at NTIA and the individual efforts at the state level. The Commission could leverage these existing data to more accurately assess broadband availability and adoption by schools and libraries.

Several state maps contain readily accessible information at a granular level regarding broadband subscription and availability for schools and libraries.[10] The ten states utilizing the "My Connect View" software platform contain census block data where users can download data that identifies: 1) whether a specific school or library has access to broadband; 2) whether a specific school or library has subscribed to broadband; 3) the specific broadband speed tiers that are available and/or subscribed to by a specific school or library; 4) the types of networks within

[10] USTelecom has identified at least ten states and territories utilizing the "My Connect View" software which allows granular analysis of broadband data for schools and libraries: Alaska, Iowa, Michigan, Minnesota, Nevada, Ohio, South Carolina, Tennessee, Texas and the unincorporated territory of Puerto Rico.

each census block (*e.g.*, fiber, cable, DSL, etc.); and 5) the specific broadband providers within each census block.

Utilization of this data by the Commission would enable it to better target support to the limited number of schools and libraries lacking sufficient broadband access. Even where state mapping authorities are not utilizing the more robust "My Connect View" software platform, they are nevertheless capturing the same data categories. While the data is not currently available to public users of the maps, the Commission could explore accessing the underlying data in order to identify the schools and libraries lacking sufficient broadband access.

B. After Completion of the Identification Process, the Commission Should Begin Addressing the Broadband Needs of the Targeted Schools and Libraries

Regardless of the approach utilized to identify the schools and libraries with the greatest need of broadband support, the Commission should then begin addressing the needs of the targeted entities. As a first step, it could identify any commonalities within the various schools and libraries, such as geographic, demographic or financial similarities. The Commission could then utilize these commonalities to determine whether there is an ideal approach for addressing their needs.

Existing providers will likely be best situated to provision last-mile broadband services to schools or libraries that are not currently connected to a broadband network. In many such instances it is likely that service can be provided to the school or library through minimal construction efforts. For example, where build-out can be accomplished without substantial construction, any associated nominal costs can be rolled into the cost of service or applied as a separate charge.

Of course, there may be rare occasions where no provider in the area can provision a fiber connection on an economic basis to the school or library in need of broadband service. In those instances, USTelecom recommends that the Commission utilize the Connect America Fund (CAF) high-cost funds in order to build-out initially to the general geographic area. Given that CAF high-cost support is intended to facilitate service to areas that are not otherwise economically viable, their utilization in such an instance is entirely warranted. The Commission would then be able to utilize E-Rate funds to complete the fiber connections to any schools or libraries in the affected area. By using this staggered approach, the Commission will be leveraging CAF high-cost funds in order to maximize the effect of its E-Rate funds.

C. The FCC Should Provide Technical and Other Assistance to Schools and Libraries

USTelecom encourages the Commission to provide technical and other assistance to schools and libraries to help them most effectively use E-rate funds. As Chairman Wheeler recently acknowledged in a speech on National Digital Learning Day, the current E-Rate program is "burdensome, slow, and not always focused on the right goals,"[11] and the Commission "must improve the speed and effectiveness with which E-Rate is run." USTelecom supports targeted Commission initiatives to helps schools and libraries focus E-Rate spending to ensure that limited funding is used most effectively to accomplish the Fund's goals.

The Commission should consider developing and making available tools to assist schools and libraries in their technology planning, especially those that may lack the necessary resources to conduct such planning on their own. Access to such technical resources by schools and

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[11] *Chairman Wheeler Speech*, p. 4.

libraries may assist them in formulating efficient and technologically feasible network plans. One such recommendation involves offering schools and libraries access to "digital template" software that could help them readily determine the parameters of the broadband network that will meet their particular requirements.[12] Approaches such as these may go a long way towards enabling schools and libraries to develop technological solutions best suited for their specific needs.

Finally, USTelecom does not believe that the Commission necessarily needs to provide incentives for consortia purchasing.[13] In many instances, consortia purchasing is already an established and accepted practice amongst various educational institutions at the municipality, county and even state level. Consortia purchasing is best left to develop in those instances where it makes the most sense.

D. The FCC Should Streamline the E-Rate Program to Reduce Administrative Burdens for Schools, Libraries and Providers

USTelecom generally supports efforts by the Commission to minimize administrative burdens within the E-Rate program. Such streamlining will ultimately lead to a more efficient and cost effective program. In trying to make administration of the E-rate program administratively simpler for applicants, the Commission should take care to not inadvertently make it more complicated for service providers. In addition to adding burdens for service providers, this could rebound to the detriment of applicants. For example, because the current process requires funds to always flow through service providers, the applicants may actually

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[12] See, Comments of Comcast Corporation, WC Docket No. 13-184, p. 30 (September 16, 2013).
[13] *Notice*, ¶ 35.

have to perform more complicated tasks after the application process if service providers need additional information from the applicants in order to make sure the E-Rate program funds are applied correctly.

USTelecom reiterates its support of the Commission's proposal to modify its process to permit schools and libraries to receive disbursements directly from USAC.[14] Combined with its proposal to adopt specific invoice deadlines,[15] this administrative measure will speed the disbursement of E-Rate Program funds to schools and libraries.

USTelecom agrees with the Commission's assessment that removing the service provider as the "pass-through for the reimbursement of funds," would simplify the E-Rate Program disbursement process for applicants and service providers by removing an unnecessary and time-consuming step in the process.[16] This proposal for USAC to reimburse schools and libraries directly should be expanded to include the Service Provider Invoice (SPI) process in addition to the Billed Entity Applicant Reimbursement (BEAR) process.

E. The Commission Should Not Adopt Rules Requiring the Publication of Actual Purchase Prices

Individual projects funded through the E-Rate Program are subject to numerous variables that are often unique to the particular applicant. In addition to the number and type of providers available in any given area, such variables can include such factors are unique geographic circumstances, population density, existing network capacity, and available infrastructure, such

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[14] *See*, *Notice*, ¶¶ 38 – 39; *see also*, *Rulemaking*, ¶¶ 259 – 262.
[15] *See e.g.*, *Rulemaking*, ¶ 233.
[16] *See*, *Rulemaking*, ¶ 261.

as reasonable access to poles and conduits. In addition, individual schools and libraries often have different needs for their respective services.

The Commission should refrain from adopting rules that would make available the prices applicants are paying for E-rate supported services.[17] Providers may face issues with publishing such information due to the Commission's rules relating to customer proprietary network information (CPNI). CPNI is defined as "(A) information that relates to the quantity, technical configuration, type, destination, location, and amount of use of a telecommunications service subscribed to by any customer of a telecommunications carrier, and that is made available to the carrier by the customer solely by virtue of the carrier-customer relationship; and (B) information contained in the bills pertaining to telephone exchange service or telephone toll service received by a customer of a carrier."[18] As the Commission has previously noted, CPNI includes information such as the services purchased by the consumer and billing information. As such, providers may not be in a position to publicly release information relating to services they are offering to schools and libraries.

Moreover, much of the information that the Commission proposes to publish is often made publicly available elsewhere through various mechanisms. For example, many public schools and libraries publish contracts utilizing E-Rate Program funds.[19] To the extent such

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[17] *See*, *Notice*, ¶ 37; *see also*, *Rulemaking*, ¶ 196.

[18] 47 U.S.C. § 222(h)(1).

[19] *See e.g.*, State of Washington, Office of Superintendent of Public Instruction website, *E-Rate Program* (http://www.k12.wa.us/EdTech/E-rate/default.aspx#contracts) (visited April 2, 2014); Wisconsin Department of Public Instruction website, *Wisconsin E-Rate Information* (http://pld.dpi.wi.gov/pld_erate) (visited April 2, 2014); Virginia Information Technologies

information is not available, it can be acquired through the Freedom of Information Act process. Ultimately, any requirement to publish bid data – which is already available through various forums – would result in additional administrative burdens within the E-Rate program, thereby undercutting the Commission's goal of streamlining its administrative processes.

III. THE FCC SHOULD TAKE A MEASURED APPROACH TO ANY REDUCED SUPPORT FOR TRADITIONAL VOICE SERVICES THROUGH THE E-RATE MODERNIZATIONPROGRAM

USTelecom agrees that in order to achieve E-rate modernization goals and move to a broadband-focused program it must transition away from voice services. USTelecom believes the Commission should set a specific timeframe over which funding for voice services will be eliminated, but any transition by the Commission to move away from support for voice services should be conducted in a measured manner.[20] In general, USTelecom agrees with the Bureau's assessment that schools and libraries will increasingly transition from traditional voice services to voice over Internet protocol (VoIP) services, whether provided by an over the top provider, the local cable company, or their local exchange carrier.

In fact, the market is already moving towards wide acceptance of VoIP services, such that voice services will increasingly become an application utilized with, and often bundled with, broadband services. This transition has long been underway, and has been emphasized by

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(footnote cont'd.)

Agency website, E-*Rate Funding Year 2013* (http://www.vita.virginia.gov/services/default.aspx?id=5052) (visited April 2, 2014).

[20] *Notice*, ¶¶ 40 – 49.

various stakeholders, including USTelecom.[21] During the transition, schools and libraries should have the flexibility to choose the voice services option that best serves their needs.

As the Commission monitors this transition, it should maintain technology neutrality for any voice service subscribed to by a school or library. In other words, if a school or library wants to pay for traditional voice versus VoIP, the Commission should not interfere with that market decision.

IV. PROPOSED DEMONSTRATION PROJECTS OR EXPERIMENTS ARE NOT THE BEST USE OF LIMITED E- RATE FUNDS

Given the significant demands on E-Rate funding, the Commission's proposed demonstration projects are not the best use of limited resources. As the Commission acknowledged in its Rulemaking, during this funding year schools and libraries sought E-rate funding in excess of $4.9 billion, more than twice the annual cap of $2.25 billion.[22] In addition, since the E-rate funding cap was established by the Commission in 1997, demand for funds has exceeded the cap every year since the inception of the program.[23] In light of the overwhelming demand for E-Rate funding by schools and libraries, it makes little sense for the Commission to allocate scarce resources for demonstration projects that are not germane to the program, and may be of limited value. It is far better for the Commission to utilize its limited E-Rate funds to ensure greater broadband connectivity to schools and libraries.

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[21] *See e.g.*, USTelecom Petition of for Declaratory Ruling, *Incumbent Local Exchange Carriers Are Non-Dominant in the Provision of Switched Access Services*, WC Docket No. 13-3, pp. 26 – 29, 35 – 40 (filed December 19, 2012).

[22] *Rulemaking*, ¶ 9.

[23] *Id.*

Nevertheless, to the extent the Commission decides to move forward with demonstration projects, such projects should have clearly defined and attainable goals. In order to ensure efficiency in the use of limited E-Rate funds, the only projects that should be funded by the Commission are those which are of a short-term, limited duration. Under no circumstances should the Commission use funding to pay for consultants. Finally, the Commission should under no circumstances take funding for any such demonstration projects from other funds, such as the Connect America Fund.

V. CONCLUSION

USTelecom supports E-Rate and the development of an efficient and effective program that supports broadband connectivity. As it examines the implementation of its E-rate modernization initiative, the Commission should harness the existing broadband networks that are already forming the foundation for high-speed broadband connections to schools and libraries. Through various approaches, the Commission should identify and target support to the limited number of schools and libraries that are unable to afford adequate (or any) high-speed broadband connections.

Existing providers will likely be best situated to provision last-mile broadband services to schools or libraries that are not currently E-rate connected to a broadband network. In many such instances, it is likely that service can be provided to the school or library through minimal construction efforts, but where no provider can provision service on an economic basis, the Commission should initially utilize the CAF high-cost funds to build-out initially to the general geographic area, and use E-Rate funds to complete the fiber connections to any schools or libraries in the affected area.

While the Commission can facilitate efficient use of E-rate funds through measures such as "digital template" software, there is no need to further incent consortia purchasing, since it is already an established and accepted practice amongst various educational institutions. The Commission can achieve further cost savings through the minimization of administrative burdens, such as modifying the USAC disbursement process and adopting invoice deadlines. There is no need for the Commission to make available the prices applicants are paying for E-rate supported services, since such prices are impacted by numerous variables, and are often made publicly available through various mechanisms.

Any transition by the Commission to move away from support for voice services should be conducted in a measured manner. As the Commission monitors this transition, it should maintain technology neutrality for any voice service subscribed to by a school or library. Finally, given the significant demands on E-Rate, the Commission's proposed demonstration projects are not the best use of limited funds. If, however, such projects are conducted they should have clearly defined and attainable goals, should be of a short-term, limited duration, and should not be funded through other funds, such as the Connect America Fund.

Respectfully submitted,

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