Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
MODERNIZING THE E-RATE PROGRAM FOR SCHOOLS AND LIBRARIES	)	**WC Docket No. 13-184**
	)	
	)	

COMMENTS OF ITTA

Genevieve Morelli
Micah M. Caldwell
ITTA – The Voice of Mid-Size Telecommunications Carriers
1101 Vermont Ave., NW
Suite 501
Washington, D.C. 20005

April 7, 2014

TABLE OF CONTENTS

SUMMARY 2

DISCUSSION 4

I. THE COMMISSION SHOULD NOT REDUCE OR ELIMINATE E-RATE SUPPORT FOR VOICE SERVICES 4

II. THE COMMISSION SHOULD ADOPT MODIFICATIONS THAT WOULD STREAMLINE AND REDUCE ADMINISTRATIVE BURDENS ASSOCIATED WITH THE E-RATE PROGRAM 7

III. FOCUSED FUNDING FOR INTERNAL CONNECTIONS AND NETWORK SECURITY MEASURES MAY BE APPROPRIATE 10

IV. THE COMMISSION SHOULD NOT ENCOURAGE CONSORTIUM PURCHASING OR BULK BUYING 11

V. DEDICATING SUPPORT TO THE DEMONSTRATION PROJECTS PROPOSED BY THE COMMISSION WOULD NOT BE APPROPRIATE 12

CONCLUSION 16

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
MODERNIZING THE E-RATE PROGRAM FOR SCHOOLS AND LIBRARIES	)	**WC Docket No. 13-184**
	)	
	)	

COMMENTS OF ITTA

ITTA – The Voice of Mid-Size Telecommunications Carriers hereby submits its comments in response to the March 6, 2014 Public Notice issued by the Federal Communications Commission ("FCC" or "Commission") in the above-captioned proceeding.[1] In the Public Notice, the Commission seeks further input on certain issues raised in the *E-rate Modernization NPRM* as it moves forward on reforming and modernizing the E-rate program to meet the broadband connectivity needs of schools and libraries.[2] Among other things, input is sought on how best to focus E-rate funds on high-capacity broadband, including exploration of whether the Commission should begin to reduce or phase out support for traditional voice services in order to direct more funding toward broadband connectivity.[3] ITTA addresses these and other issues raised in the Public Notice below.

---

[1] "Wireline Competition Bureau Seeks Focused Comment on E-rate Modernization, WC Docket No. 13-184, Public Notice, DA 14-308 (rel. Mar. 6, 2014) ("Public Notice").

[2] *In the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Notice of Proposed Rulemaking, FCC 13-100 (rel. July 23, 2013) ("*NPRM*").

[3] Public Notice at ¶ 4.

SUMMARY

ITTA believes the Commission should continue to support traditional voice services as a priority one service through the E-rate program. Countless schools and libraries, particularly in rural areas, continue to rely on plain old telephone service ("POTS") to communicate with students and parents on a day-to-day basis.

Forcing schools and libraries to adopt VoIP service in order to continue receiving E-rate funding would require unnecessary additional expenditures that many schools and libraries cannot afford. School and library officials are in the best position to determine their communications and technology needs, and they may prefer to keep traditional voice in place even as they begin to integrate IP-based technologies into their networks. Moreover, it would be inappropriate for the Commission to advance its preference for a particular voice technology when traditional voice service is so clearly entitled to universal service support under the statute.

Should the Commission nonetheless determine to reduce or eliminate support for traditional voice services, it must provide an adequate transition period, such as five years, to phase it out. Given that educational institutions continue to value POTS as a means to communicate important information to students, parents, and members of the community, ITTA submits that treating traditional voice service as a priority two service would be a far more preferable outcome than defunding it entirely.

The Commission should move forward with proposals that would streamline administration of the E-rate program, such as allowing E-rate applicants to receive disbursements directly from USAC rather than going through their E-rate service provider. Other changes that would further maximize efficiency and transparency of the program include speeding up the review of applications and issuance of commitment decisions, increasing the transparency of the

application process, and moving to electronic filing of required forms and correspondence. ITTA urges the Commission to refrain from changes to the E-rate program that would make the application and disbursement process more time-consuming, burdensome, and complex, such as increasing E-rate certification, audit, document retention, and disclosure requirements.

To the extent the Commission is able to free up additional E-rate funding in the future, it may be appropriate to direct E-rate support to internal connections used to provide high-capacity broadband. However, such support should be limited to funding the equipment and software necessary with respect to carriers' provision of E-rate services so as not to undermine substantial private investment by such providers. It may also be appropriate for the Commission to provide E-rate support for security measures that would safeguard network elements that are considered critical for communications by educational institutions.

The Commission should not encourage or adopt a preference for consortium purchasing orbulk buying arrangements as part of its E-rate reform and modernization efforts. Doing so would undercut the competitive procurement process, which would reduce competition and lead to increased costs for E-rate services.

The Commission also should not fund the demonstration projects it proposes in the Public Notice. If such projects are intended to serve as proof of concept experiments in order to develop facts and data on maximizing cost-efficient use of E-rate funding, the Commission would be better served by conducting a survey of the many and varied arrangements that are currently in place in the education community. The results could provide a greater variety of information and far quicker findings at a lower cost than funding demonstration projects through the E-rate program.

DISCUSSION

I. THE COMMISSION SHOULD NOT REDUCE OR ELIMINATE E-RATE SUPPORT FOR VOICE SERVICES

As part of its efforts to refocus the E-rate program on supporting high-capacity broadband connectivity to and within schools and libraries, the Commission is considering whether to eliminate or reduce support for voice services.[4] The Commission suggests that one way to phase out support for voice services and redirect it towards broadband would be to gradually reduce the discount rate applicants receive for such services over a period of time, such as five years.[5] Another option would be for the Commission to phase out such support more quickly by eliminating all support for voice services starting in funding year 2015.[6] In the alternative, the Commission could retain support for voice service but assign it a lower priority for funding.[7] Another possibility would be for the Commission to use VoIP services as a benchmark for how much support the E-rate program will provide for voice services, and in so doing, encourage schools and libraries using the program to migrate from TDM-based services to IP technology.[8]

While it may make sense to discontinue support for legacy services that are clearly outdated and for which there is little demand, the Commission should not undermine the existing program on which schools and libraries have come to rely by discontinuing support for traditional voice services.[9] The record in this proceeding makes clear that schools and libraries

---

[4] *Id*. at ¶¶ 40-54.

[5] *Id*. at ¶ 41.

[6] *Id*. at ¶ 46.

[7] *Id*. at ¶ 47.

[8] *Id*. at ¶ 48.

[9] As ITTA previously pointed out, it makes sense for the Commission to discontinue support for services that are so outmoded they are no longer utilized for digital learning. ITTA Comments, WC Docket No. 13-184, at 20 (filed Sept. 16, 2013). As the Commission modernizes the

continue to rely on traditional voice services even as broadband and IP-based applications and services are increasingly utilized. Voice service is as important as broadband service for many educational institutions. For schools and libraries in rural and insular areas where broadband connectivity may be limited, POTS is even more critical. Without support for traditional voice services, many of these institutions would not receive any E-rate funding. In light of the fact that traditional voice service remains a vital component of the day-to-day operations and activities of schools and libraries, the Commission should continue funding POTS as a priority one service under the E-rate program.

The Commission appears to have concluded that reducing or phasing out support for POTS will free up a substantial amount of funding that can be redirected to high-capacity broadband. Traditional voice service is a low-cost item and eliminating support for it will generate minimal additional funding while creating an added economic burden on already strapped schools. It is very expensive – even cost prohibitive for some institutions – to acquire the equipment necessary to provide IP-enabled voice service.[10] Phasing out support for traditional voice services also raises serious safety and security concerns given the limitation of IP-enabled voice services during power outages and emergencies. A number of commenters have expressed concern about losing E-rate funding for POTS services dedicated to elevators,

---

program, support for products and services like paging, directory assistance, dial-up, 800 service, cellular data plans, and air cards could be phased out through gradual reductions in the applicable E-rate discount over a reasonable period of time. *See id*.

[10] *See, e.g.,* Miami Dade Comments at 6 (explaining that its existing PBX platforms would be costly to transition to VoIP); Comments of School District of Philadelphia, WC Docket No. 13-184, at 8 (filed Sept. 16, 2013) (explaining that to take advantage of newer VoIP technology, it would have to rewire entire schools and purchase a new voice communications system and end-user equipment); Comments of Clark County School District, WC Docket 13-184, at 6 (filed Sept. 16, 2013) (explaining that many schools and libraries incur additional voice equipment and licensing costs when transitioning to VoIP).

alarm systems, and for other safety-related purposes.[11]

School and library administrators are in the best position to determine their communications and technology needs. The Commission should not second guess what is appropriate for a specific educational institution in a specific area by foisting upon all schools and libraries a one-size-fits-all approach that does not take into account the applicant's particular service requirements, bandwidth, and financial resources. School and library officials know what services are critical for their students and communities and they purchase those services within the constraints of their individual budgets. Forcing them to transition to VoIP service in order to continue receiving E-rate funding could lead to an inefficient use of universal service dollars.

More importantly, the Commission lacks authority to adopt any proposal to discontinue E-rate support for traditional voice services in an effort to force applicants and service providers to migrate to IP-based platforms. Although the Communications Act directs the Commission to "[t]ake into account advances in the telecommunication and information technologies and services," it provides that universal service support extends to the services by "telecommunications carriers" that are "supported by Federal universal service support mechanisms."[12] Traditional voice service clearly falls within this category. As the FCC explained in the *USF/ICC Transformation Order*, it is voice service and not broadband

---

[11] *See, e.g.,* Reply Comments of the Chicago Public Schools, *et. al*., WC Docket No. 13-184, at 5 (filed Nov. 8, 2013) (noting that landlines are required for essential safety features such as elevator car communications in the event of a breakdown and connections of emergency services in the event of a disaster); Comments of Council of the Great City Schools, WC Docket No. 13-184, at 10 (filed Sept. 16, 2013) (stating that landline service is necessary for safety plans, emergency systems and telecommunications services for schools); WVDE Comments at 42 (stating that VoIP systems go down when criminal or weather-related events take out a network).

[12] 47 U.S.C. §§ 254(c)(1), (c)(3). *See also* 47 U.S.C. § 254(h)(1)(B).

connectivity that is supported by universal service funding.[13] Indeed, the FCC expressly required eligible telecommunications carriers to offer standalone voice service as a condition of receiving universal service support.[14]

Should the Commission nevertheless determine to reduce or eliminate support for voice services, it must ensure that the transition is gradual to allow schools and libraries ample time to make appropriate adjustments to their technology plans and budgets. Should the Commission decide to proceed with a flash-cut elimination of support for POTS, for instance, school and libraries would not have adequate time and resources to adapt. Indeed, treating traditional voice service as a priority two service entitled to a flat rate discount would be preferable to eliminating support altogether.

Should the Commission nonetheless determine to phase out E-rate support for POTS, it must ensure a reasonable time period, such as five years, for the transition. Under no circumstances, however, should the Commission eliminate priority one support for traditional voice services for those schools and libraries in remote rural areas, such as Tribal lands, where POTS is the primary means for communicating with students, parents, and members of the community due to lack of access to high-capacity broadband.

II. THE COMMISSION SHOULD ADOPT MODIFICATIONS THAT WOULD STREAMLINE AND REDUCE ADMINISTRATIVE BURDENS ASSOCIATED WITH THE E-RATE PROGRAM

The Commission seeks comment on how to best to minimize the administrative burdens and overhead associated with applying for and receiving E-rate support.[15] In particular, the Commission asks whether there are "simple changes" it can make that will ease the

---

[13] *USF/ICC Transformation Order* at ¶¶ 61-65.

[14] *Id*. at ¶ 80.

[15] Public Notice at ¶¶ 38-39.

administrative burdens on E-rate applicants and vendors, such as modifying its information collections and invoicing deadlines.[16]

One of the simplest ways the Commission can maximize the administrative efficiency of the E-rate program is by adopting a requirement that applicants receive E-rate disbursements directly from USAC. This change would streamline administration of the program by eliminating the service provider's role as the middleman in the reimbursement process. Remitting E-rate support payments to service providers under the current system requires coordination between the applicant and service provider in order for the applicant to receive payment. Rather than providing for administrative ease, this approach adds an extra step and unnecessary complexity and delay to the disbursement process. When an E-rate applicant pays the service provider in full for services, the applicant should be able to seek reimbursement directly from USAC.[17] To further reduce administrative burdens, the Commission should investigate whether funds due to be reimbursed could be sent electronically to applicants.

The Commission has proposed in this proceeding several other changes that would help streamline and maximize transparency and efficiency of the program, such as speeding up the review of applications and issuance of commitment decisions, increasing the transparency of the application process, and moving to electronic filing of required forms and correspondence. ITTA encourages the Commission to move forward with these modifications.[18] ITTA also suggests that the Commission establish deadlines for USAC to review applications and issue funding decisions to speed up the E-rate application process, and direct USAC to explore ways to

---

[16] *Id*.

[17] When the applicant pays only the discounted cost of the services to the service provider, however, the service provider needs to file the appropriate form with USAC to receive payment.

[18] *See* ITTA Comments at 3-7.

automate some of the steps associated with its review process and to make changes to its website so that it is more user friendly.[19]

In addition, USAC could shorten its review process by creating a database of major vendors that identifies which services provided by those vendors are eligible for support. Because many applications involve the same vendors and services, multiple reviewers at USAC are evaluating the eligibility of those vendors and services over and over for different schools and libraries. If USAC could refer to a central database of eligible vendors and services in evaluating applications, it would greatly shorten the review process.

The FCC also should consider modifying the Form 471 filing window to match the Form 470 filing window, which would give applicants the flexibility to submit required forms throughout the year and enable USAC to make funding decisions before the funding year begins so that schools and libraries can plan ahead for summer installation. It also would be helpful for the FCC to explore ways to simplify its forms, such as by conducting a study with new filers to get their input on ways to improve the forms and revising the forms accordingly.

At the same time, ITTA urges the Commission to avoid making changes to the program that would undermine its stated goals. The current application and disbursement processes are unnecessarily time-consuming, burdensome, and complex, and certain proposals the Commission may be considering, such as increasing E-rate certification, audit, document retention, and disclosure requirements would exacerbate these problems.[20] The Commission should refrain from moving forward with these proposals because they would create unnecessary administrative burdens for participants without helping to deter waste, fraud, and abuse in the E-rate program.

---

[19] *See id*. at 4-6.

[20] *See id*. at 7-13.

III. FOCUSED FUNDING FOR INTERNAL CONNECTIONS AND NETWORK SECURITY MEASURES MAY BE APPROPRIATE

The Public Notice indicates that the Commission can free up an additional $2 billion over the next two years to help support broadband in schools and libraries and poses several questions on ways to use this additional funding to prioritize and better distribute E-rate support.[21] Among other things, the Commission asks whether it should direct this additional funding to internal connections that are used to provide high-capacity broadband service or to technology that improves broadband network efficiency, such as firewall processing.[22]

ITTA is not opposed to the provision of E-rate support for internal connections that provide broadband services and generally supports the responsible use of unspent E-rate funding to expand broadband connectivity to schools and libraries. However, ITTA believes the Commission should only redirect E-rate funding to internal connections for broadband connectivity to the extent it is necessary with respect to the carrier's provision of E-rate services. To do otherwise could undermine substantial private investment by carriers and frustrate their ability to utilize schools and libraries as anchor tenants for extension of broadband service to surrounding communities.

As the Commission suggests, E-rate funding for internal connections used to provide high-capacity broadband should be available only for equipment and supporting software that is essential to getting such service from the building's front door to the classroom.[23] This equipment would include internal wiring, switches and routers, wireless access points, and the

---

[21] Public Notice at ¶¶ 6-23.

[22] *Id*. at ¶¶ 10, 12. Internal connections are the equipment and cabling used to deploy the interior pieces of broadband networks within schools and libraries. *Id*. at ¶ 6. Internal connections are funded as priority two services under the current E-rate program. *Id*. at ¶ 9.

[23] *Id*. at ¶ 11.

software supporting these components.[24]

As for other technologies that should be eligible for E-rate support, ITTA suggests that an allowance should be made for E-rate funding to be spent on "broadband network efficiency" as a priority one service if it entails elements of network security.[25] With the FCC's recognition of the growing importance of cybersecurity and the protection of critical infrastructure, it would be prudent to use E-rate funding for the necessary security measures that would safeguard network elements that are considered critical for communications by educational institutions. Firewall processing is one area where E-rate support could be utilized to further security of educational networks that provide vital services to students and communities.[26] To the extent that budget constraints are an obstacle to providing support for network security measures, the Commission could assign such services a lower priority for funding.

IV. THE COMMISSION SHOULD NOT ENCOURAGE CONSORTIUM PURCHASING OR BULK BUYING

The Public Notice also seeks comment on whether there are steps the Commission can take to help ensure efficient use of E-rate funds spent on broadband projects.[27] For instance, the Commission asks whether it should encourage the formation of consortia to encourage providers to offer affordable services to groups of schools and/or libraries.[28] ITTA believes the Commission should not encourage or adopt a preference for bulk buying arrangements or

---

[24] *Id*.

[25] *See id*. at ¶ 12.

[26] In addition, the Commission should consider funding cloud storage as a priority one service, particularly if it entails caching through content servers. Cloud storage is very cost effective for addressing rising costs associated with data storage. *See* Public Notice at ¶ 12 (indicating that "caching can allow schools to reduce their broadband demand by as much as half").

[27] *Id*. at ¶¶ 34-37.

[28] *Id*. at ¶ 35.

consortia because it would greatly reduce competition and ultimately increase costs for E-rate services.

A linchpin of the E-rate program is the competitive procurement process. Given the competitive state of the communications marketplace, service providers must consistently deliver reasonable prices, terms, and conditions in order to secure contracts to provide E-rate services. Preserving a fair and neutral competitive procurement process is the most effective means to promote affordability of E-rate services. Artificially promoting bulk buying arrangements or consortia, on the other hand, would only limit competitive options for schools and libraries and unfairly disadvantage smaller providers that may be able to provide high-capacity services more cost effectively.

Typically, only one or two large statewide providers would be selected to deliver services for a consortium, which prevents schools and libraries from tailoring such arrangements to their particular circumstances. Bulk buying arrangements or consortia are not suited to every applicant, so applicants must have flexibility to determine whether the terms of those arrangements are cost-effective and consistent with their individual needs and priorities. In fact, many states have shared contract options in which schools and libraries are routinely eligible to participate under the current program. Where consortia and bulk buying arrangements provide desired economic and administrative benefits, applicants will use them, just as many do today.

V. DEDICATING SUPPORT TO THE DEMONSTRATION PROJECTS PROPOSED BY THE COMMISSION WOULD NOT BE APPROPRIATE

The Commission seeks additional input on innovative approaches to encourage efficiency in the E-rate program through the provision of limited funding for well-defined, time-limited demonstration projects aimed at identifying and testing different approaches to meeting schools'

and libraries' connectivity needs.[29] Specifically, the Commission seeks comment on experimental initiatives relating to bulk purchasing and consortia,[30] a technical assistance program,[31] increased E-rate discounts for targeted libraries participating in public-private partnerships,[32] and a pilot program to link last-mile infrastructure to BTOP-funded networks.[33]

ITTA does not support the utilization of limited E-rate funding to conduct the demonstration projects suggested in the Public Notice. Encouraging bulk buying arrangements and consortia would not create efficiencies, but rather would lead to increased costs for E-rate applicants by limiting competitive options to obtain E-rate services that are tailored to their specific needs. As indicated above, many state and some county and municipal authorities have master contracts in place that schools and libraries can utilize as vehicles for bulk purchasing. The FCC and USAC should not attempt to create a bulk buying program of their own, particularly when it would conflict with a fair and neutral competitive procurement process.

ITTA also does not support a demonstration project that would use E-rate funding for technical or cost consultants. E-rate funds were not intended to be used for such purposes. As with bulk buying arrangements and consortia, a demonstration project to fund the cost of experts who assist in network design or technical planning would interfere with the competitive procurement process. E-rate applicants identify their technical needs and solicit project designs as part of the bid tender, and the Commission should not exert any influence on applicants' procurement decisions, even indirectly. Moreover, the use of technical and cost consultants is no

---

[29] *Id*. at ¶¶ 55-62.

[30] *Id*. at ¶¶ 57. 60.

[31] *Id*. at ¶ 58.

[32] *Id*. at ¶ 59.

[33] *Id*. at ¶ 60.

guarantee of increased cost efficiencies. The use of outside consultants can actually contribute to waste, fraud, and abuse in the E-rate program.

The same considerations argue against funding a demonstration project that would increase discounts for libraries to obtain technical assistance or based on their participation in public-private partnerships. Again, technical assistance from providers is sharply restricted by E-rate rules, and public-private partnerships can be inconsistent with competitive procurement laws.

ITTA also vehemently opposes using E-rate funding for a demonstration project that would link last-mile infrastructure to BTOP-funded networks. The E-rate program is not intended to dispense infrastructure grants; it is a program to provide service discounts for schools and libraries to obtain communications services. The Commission must not allow BTOP-funded network operators, particularly publicly-funded Research and Education networks that have received BTOP grants, to utilize E-rate funding to expand their networks.

ITTA member companies and other commercial providers have invested hundreds of billions of dollars to upgrade to network infrastructure that is capable of reaching virtually all schools and libraries in America. As indicated in ITTA's comments, its member companies currently offer speeds of 100 Mbps, and in some cases 1 Gbps, to hundreds of schools and libraries throughout the nation, many of which are located in rural areas where access to modern technology is needed most.[34] For the Commission to tap into the E-rate fund to subsidize overbuilding of commercial providers under the misguided conception that it will lead to lower costs would undermine this private investment.

If the Commission intends for these demonstration projects to serve as proof of concept

[34] ITTA Comments at 2.

experiments in order to develop facts and data on maximizing cost-efficient use of E-rate funding, ITTA submits that the Commission would be better served by conducting a survey of the many and varied arrangements that are currently in place in the education community. This study could provide a greater variety of information and far quicker findings at a lower cost than funding demonstration projects through the E-rate program.

CONCLUSION

In conclusion, the Commission should continue to provide E-rate support for traditional voice service as a priority one service. Should the Commission nonetheless decide to reduce or eliminate support for traditional voice service, it should phase such support out over a reasonable period of time. Based on the extent to which schools and libraries continue to depend on POTS, it would be preferable to reclassify traditional voice service as a priority two service rather than defunding it altogether.

The Commission also should move forward with proposals that would maximize efficiency and transparency of the E-rate program and consider using E-rate funds for internal connections and network security measures when appropriate. The Commission should not encourage or adopt a preference for consortium purchasing or bulk buying arrangements. It would also be inappropriate for the Commission to use E-rate funding to conduct the demonstration projects proposed in the Public Notice when it can achieve the same objectives far more quickly and cost effectively by conducting a survey of existing arrangements within the E-rate program.

Respectfully submitted,

By: /s/ Genevieve Morelli_____

Genevieve Morelli
Micah M. Caldwell
ITTA
1101 Vermont Ave., NW, Suite 501
Washington, D.C. 20005
(202) 898-1520
gmorelli@itta.us
mcaldwell@itta.us

April 7, 2014