

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

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

**INITIAL COMMENTS OF THE STATE CONSORTIA GROUP IN RESPONSE TO DA-308
WIRELINE COMPETITION BUREAU PUBLIC NOTICE OF MARCH 6, 2014
SEEKING FOCUSED COMMENT ON E-RATE MODERNIZATION**

**State Consortium Group (SCG) Reply Comments to Docket 13-184, DA 14-308
DUE: Monday, April 21, 2014**

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I. Broadband Deployment Within Schools and Libraries: Scope of Services to Be Funded (P.N. paragraph 11, p. 5)

“Under this approach, only equipment and supporting software that is essential to getting high-capacity broadband from the building’s front door to the computer, tablet, or other learning devices in schools and libraries would be eligible for internal connection support. We seek comment on what equipment is essential for such purposes. Some commenters have suggested that such equipment includes internal wiring, switches and routers, wireless access points, and the software supporting these components. We seek comment on whether these are the right categories of equipment and software to fund for this purpose.”

- A. It is incredibly important for the Commission to clearly delineate the types and numbers of eligible equipment to control the amount of funding demand originating from Priority 2 requests so that schools and libraries can reach a minimum equitable standard of supported connectivity. Even with these restrictions within eligible services, the initial outlay required to bring schools up to speed will most likely necessitate the infusion of the \$2 billion into the fund, short term. Both broadband and classroom wireless are equally important. Without a reliable connection to the student/teacher, the 21st century classroom will not be ready to deliver either educational resources or adaptive testing. Within the libraries, a reliable connection could mean the difference between a patron being able to apply for a job, students having secure after-hours access, or guided assistance researching available online resources.

On the matter of deciding the appropriate equipment and software to bring broadband from the building’s front door (Priority 2 Funding), the State Consortia Group recommends limiting the eligible equipment to:

1. Edge device between the school and library network and the circuit taking them to the aggregation (e.g. routers, switches, or firewall appliances), up to one per district demarcation.
2. Wireless Access Points should be limited to the quantity required to ensure adequate coverage and capacity.
3. Internal Cabling to interconnect classrooms for Wireless Access purposes; only cabling that supports internal Wi-Fi infrastructure including Intermediate Distribution Frames (IDF) and Main Distribution Frames or demarc (MDF)s that have a fiber optic backbone.
4. The software to efficiently manage the edge devices and wireless access points.

II. Consortium purchasing and bulk-buying (P.N. paragraph 35, p. 11-12)

“Likewise, if the Commission focuses some additional funding on high-capacity broadband deployment to schools and libraries currently unserved by broadband services, should the Commission encourage the formation of consortia to encourage providers to offer affordable services to groups of schools and/or libraries? If so, what steps can the Commission take to encourage the formation of consortia that have the tools to engage in cost-effective purchasing? Are there steps the Commission can take to encourage currently successful consortia to add members, particularly eligible entities that currently lack the kind of purchasing power enjoyed by consortia? How can the Commission help ensure that the formation of such consortia does not unfairly disadvantage smaller providers that may be efficient local providers of high-capacity services?”

A. Regional and statewide consortia, such as those networks represented by the State Consortia Group, have a long history in assisting schools and/or libraries in achieving faster telecommunications services and/or lower costs. In fact, several of these state consortia maintain data on broadband growth and decreased costs.

1. Network Nebraska-Education has used aggregated demand and state master contracts to lower the unit cost of Internet for its members by 99% over the past 7 years, from \$87.00/Mbps/month down to \$1.20/Mbps/month.
2. Utah Education Network (UEN) has successfully negotiated aggregate Internet access costs to under \$1/Mbps/month in addition to cost savings negotiated on our members’ behalf for all manner of statewide educational resources and capabilities. UEN is in most cases the single largest customer of broadband and Internet providers (anchor tenant) and the single largest applicant for E-rate discount funding in the state. Nearly a third of all USF funding disbursed to the state in 2012 derived from UEN E-rate supported activities.
3. Mississippi State Master Contract for Internet Access rates dropped during the period of 2006-2013 from \$50 a meg to \$5 a meg, a 90% decrease.

State network consortia may participate in the E-rate program as consortium lead filers on behalf of their participants for such services as Internet, backbone transport, or middle-mile transport. Other statewide networks may act as competitive providers, where the consortia of school district and/or library customers act as the E-rate filer(s).

B. While network consortia may have the capacity to serve more schools and/or libraries, often consortium participation within the various states is voluntary and schools and libraries may not join due to a lack of awareness, or a preference for local control, or other factors. And, it is well known within the E-rate program that

participation in a large-scale consortium almost guarantees a later PIA review and delayed approval of funding, which can act as a disincentive. Certainly, an increased discount incentive of 5% (not to exceed 90%) added to certain consortia applications, as described below, could incentivize schools and/or libraries to join large-scale consortia and thereby participate in the cost-saving benefits.

C. In order to carry out this purpose, the State Consortium Group recommends that the Commission create a new applicant filing status called “Network Consortium” to delineate those groups of schools, school districts, and/or libraries that would qualify as receiving the special +5% discount incentive. The incentive should be set by the FCC to ensure this funding is appropriate and is in line with the cost savings generated by the consortium. It should be noted that the formation of a multi-entity consortium does not, in itself, guarantee cost savings. Therefore, the State Consortium Group further recommends that the Commission establish a specific set of criteria for consortia to qualify as “Network Consortium” status, so as to prevent groups of schools and/or libraries joining together for no other reason than to get the discount incentive. The “Network Consortium” criteria may include:

1. Specific statutory, policy, resolution, or executive order that legitimizes its creation or existence by the state that it resides in, i.e. Departments of Education, State Level legislation, etc.
2. Individual entity participation documented with a Letter of Agency, Memorandum of Agreement; Memorandum of Understanding; Service Level Agreement; or equivalent document.
3. Maintains some level of governance or sponsorship such as a board, council, advisory body, state agency, intermediate service agency, or university.
4. Performs network design and network management functions such as help desk, troubleshooting, filtering, traffic shaping, intrusion prevention, etc.
5. Facilitates establishment and creation of network standards that are more secure and encourages providers to inter-connect to one another thus creating a true state network.
6. Performs large-scale procurement resulting in state master contracts or master agreements for equipment, Wide Area Network circuits, statewide backbone circuits, Internet access, or other E-rate eligible services.
7. Involves enough entities (e.g. dozens or hundreds) to achieve enough economies of scale and lower costs in the competitive procurement, contracting of services, and consortium filing for E-rate eligible services.
8. Often employs intelligent networking, Intranet routing, carrier co-location centers, network aggregation points, public and private data centers and

commercial peering services to take full advantage of faster transport and reduce dependence on commodity Internet.

- D. On the matter of forming new consortia in states that do not already have a “Network Consortium”, the State Consortium Group recognizes that there are many pathways to collaboration, but none of them are easy or simple. For 42 of the 50 states, involvement in an Internet2-sponsored statewide network has provided additional network expertise and value-added services, as well as nationwide transport over a 100Gbps backbone. And in the other eight states there are various projects and expertise to drive down the price, and provide a high level of support.
- E. On the matter of unfairly disadvantaging smaller providers capable of high bandwidth services, the State Consortium Group offers up that large-scale Network Consortia often increase, rather than decrease, the opportunities for last-mile providers, as well as middle-mile and backbone (first-mile) providers. In areas where “Internet provided” (e.g. DSL, cable modem) is replaced by full duplex, transport circuits, the last-mile providers remain the transport provider of interest, but may have to rely on a middle-mile provider to transport the customer data to the network aggregation point. Provider opportunities and increased competition are often determined by how an individual state or regional consortium conducts their procurement for services.
- F. While consortia are eligible for Priority 2, the consortium applicant has not historically applied for equipment or basic maintenance because doing so removes one of the 2 in 5 funding years for each consortium member listed in block 4. SCG believes that any restrictions based on the funding methodology chosen for Priority 2 consortium requests, funding should not affect the Priority 2 eligibility of individual consortium members listed in Block 4.

III. Streamlining the Administrative Process (P.N. paragraph 38, p.12)

“38. As the Commission considers how best to support high-capacity broadband connections to and within schools and libraries, consistent with the Commission’s proposed third goal of streamlining the administration of the E-rate program, we seek additional comment on how best to minimize the administrative burdens and overhead associated with applying for and receiving such support. Are there for example, simple changes the Commission can make to the E-rate information collections that will ease the administrative burdens on E-rate applicants and vendors that take advantage of a modernized E-rate program?”

- A. The State Consortium Group enthusiastically welcomes any attempts by the Commission to streamline the administration and reduce the administrative burden of E-rate filing for state network consortium applicants. In an effort to reduce fraud and

corruption, the Commission and USAC have inadvertently sanctioned state consortia/networks with irrelevant, repetitive, and overly burdensome Program Integrity Assurance (PIA) questions, further challenging the very entities that are pledged to serve schools and/or libraries with faster and less expensive telecommunications services. Most state consortium applicants perform state-level, multi-year procurements and are required to comply with local and state procurement policies and laws for competitive bidding as state master contracts and master agreements are formed. The most time-consuming PIA questions for state consortia filers include:

1. School closings and student populations, when the students stay within the consortium, thus not altering the consortium-wide discount.
2. School closings and equipment transfer, when building technology equipment has no relevance for state consortia filings.
3. Repetitious annual review of state contracts, when state master contracts are typically for 36 month terms or longer and already undergo a rigorous approval process. The State Consortium Group recommends a pre-review process be established to vet state contracts outside and prior to the application review process. Once the state contracts are approved they should be housed in a repository where all USAC and FCC personnel have access.
4. Billed entity name or number changes, misinterpreted as school closings or mergers.
5. Strict interpretations of program rules and/or administrative procedures by first level reviewers that seem to serve no purpose other than creating opportunities to further bureaucratic necessity and waste. First level procedures can easily jeopardize the progress of state consortia/network funding decisions and projects, sending the applicant or provider into the dreaded “black hole” of USAC review.

B. Non-traditional Education Eligibility

The State Consortia Group recommends the elimination of cost allocation for services and equipment shared by the applicant when there is no cost impact involved and the use serves the public interest. Pre-Kindergarten, Head Start, including those that are 3 years old or younger, juvenile justice and adult education students are eligible for funding if the law in that state includes these groups and facilities as eligible users. When state law does not include these users in the definition of elementary or secondary education, the students and facilities are deemed as ineligible and cannot receive E-rate funds, requiring a cost-allocation. Removing the minuscule costs attributed to these students from shared broadband services and eligible equipment adds to the complexity of the E-rate application process. Under this recommendation non-shared services will remain ineligible. This recommendation reduces the administrative burden on

both the applicant and the administrator during application preparation and review.

PIA review procedures experienced to date seem increasingly duplicative and wasteful of program funds. For many state networks, the current approach to reviewing state network applications is not only wasteful, but it also impedes progress toward fully exploiting the advantages of ubiquitous access to broadband technologies for delivery of improved and more cost efficient institutional services.

- C. The State Consortium Group suggests to the Commission that expediting the review and funding approval of state network consortium applications would greatly enhance the attractiveness of state and regional consortia. In order to accomplish this goal, the State Consortium Group recommends discretion in PIA reviews and not to automatically send computer-generated or “copy/paste” questions that have no relevance to the consortium application in question. Also, the initial vetting of state consortium applications and state master contracts in the first year of contract existence should be followed by an expedited process in the following years of the contract. As mentioned above, state master contracts should be vetted prior to the application review process and housed in a repository for easy access.

IV. Broadband Deployment to Schools and Libraries: Scope of Services to Be Funded
(P.N. paragraph 26, p.9)

“In light of the record demonstrating that the costs of one-time construction projects, even though already supported by the E-rate program, can be cost-prohibitive, we seek comment on whether the Commission should undertake a limited initiative, within the existing priority one system, to incent the deployment of high-capacity broadband connections to schools and libraries. We invite stakeholders to offer examples of projects for which they would seek funding if the Commission adopts such an approach. Exactly what services should the Commission fund as part of this deployment effort? For instance, what types of fiber deployment or other high-capacity, scalable broadband technologies that meet the connectivity goals in the E-rate Modernization NPRM, should be eligible for funding?”

- A. We need a complete tool chest of options for remaining and hard to connect locations. In order to free funding for these priorities we agree that Priority 1 and Priority 2 eligible services should be dramatically redefined. Legacy services and non-broadband related items should no longer receive discounts.

This would make more funding available for things such as:

- Dark Fiber (or long term IRU's)
- Microwave Systems

- Leasing wavelengths, wavelength services, or Infrastructure as a Service (IaaS)
- White spaces spectrum

The State Consortium Group supports treating dark fiber and wireless broadband in the same manner as circuits (i.e. special construction costs) within a reasonable distance. The special construction costs must be subject to current amortization rules.

While we don't agree with per student/building funding it may remain a useful tool for establishing a "cost-effectiveness" threshold. Per student/building shouldn't be a funding mechanism per se, but this could be used during the review process for cost-effectiveness.

Some state agencies have in legislation that building their own fiber network is permissible only after other options with traditional telecommunications providers have been evaluated. Others are prohibited from purchasing their own fiber regardless of what telecommunications companies are able or willing to provide. However, LEAs, in most cases, are not exempt from building their own fiber network. This review of options will be an on-going effort until all schools are 100% connected. The need for immediate resolution for this is imperative given the PARC/SBAC testing.

V. Conclusion

In closing, SCG again appreciates the opportunity to be a part of the transformation to E-rate 2.0 in order to meet the classroom needs of the future. The information above includes just some of the benefits and efforts of State Network Consortia. In addition to encouraging the FCC to form a group of small and large applicants from a variety of backgrounds within the schools and libraries community, we also encourage representatives from other national groups such as the State E-rate Coordinators' Alliance (SECA), American Library Association (ALA), and the E-rate Management Professionals (E-mpa™). SCG will also be open to the opportunity to share with the FCC and applicants the best practices that have been developed through our members' experiences during the last 16 years of E-rate.

Sincerely,

/s/ Russ Selken
State Consortium Group Chair (SCG)