United States Senate
WASHINGTON, DC 20510-0905

BILL NELSON
FLORIDA

June 4, 2014

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The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

Thank you for your efforts to strengthen and modernize the E-Rate program to meet the modern digital connectivity needs of American schools and libraries. I share your desire to rapidly expand high-speed broadband connections to all eligible providers.

As you move forward with these efforts, I encourage you to consider flexible approaches that may allow enhanced broadband connectivity in traditionally underserved areas. In Florida, for example, a number of schools and libraries in the Panhandle and central part of the State currently have limited access to affordable, high-capacity broadband connections to serve their increasing needs. It is my understanding that three Florida rural educational consortia recently highlighted these challenges to Commission staff at a May 6, 2014, E-Rate Modernization Workshop.

I urge you to consider the views of these three Florida rural educational consortia. Specifically, the Commission may want to consider allowing these entities, when they are unable to receive bids for competitively priced services, to use E-Rate funds for certain connections between impacted rural schools and libraries in their communities.

Thank you in advance for your consideration of these concerns, and for your continued support of a robust E-Rate program.

Sincerely,

Bill Nelson

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 18, 2014

The Honorable Bill Nelson
United States Senate
716 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Nelson:

Thank you for your letter regarding modernization of the Commission's E-rate program to enable enhanced broadband connectivity in traditionally underserved areas. We are fully committed to ensuring that all schools and libraries have access to high-speed broadband necessary to meet their needs, and that includes those schools and libraries you referenced in the Panhandle and central Florida that have been unable to receive bids for competitively priced services. We were pleased to have a representative from the rural Florida educational consortium referenced in your letter participate at our recent E-rate modernization workshop in March where this issue was discussed in detail. The issues you have raised are very important. I will ensure that your letter is placed in the record of this proceeding, so your views receive due consideration as we move forward.

There are two critical steps that we can take to address this challenge. First, we need to provide the schools and libraries that purchase these services better tools to solicit more affordable prices where a network is already in place. The *Modernizing the E-rate Program for Schools and Libraries Order* adopted at our July Open Meeting tackles this issue head on by providing for more pricing transparency. Second, we need to take steps to provide sufficient incentives and funding for providers to build out in areas where high-capacity broadband is not currently in place. This issue is being considered in both the E-rate and Connect America universal proceedings, as described below.

Ensuring cost-effective purchasing for schools and libraries is an express goal of the E-rate modernization process. Where price is a barrier to that infrastructure, the changes we adopted will require far greater transparency in what is purchased with E-rate dollars. This will allow applicants to see what others are paying for similar services and put them in a better position to use that information to negotiate better prices. An example of this effect was demonstrated at our recent E-rate workshop when the rural Florida educational consortium representative learned about affordable prices for gigabit speed connections in a neighboring state. This resulted in a fruitful conversation about how Florida schools could take advantage of such an offering.

Pricing transparency is particularly helpful in rural areas, where there is often less competition. Having the knowledge that providers in other similarly rural parts of the country are offering the same service at far lower rates should help rural schools and libraries negotiate

lower prices. The *Order* also takes steps to better facilitate consortium-based applications so that rural schools may band together with other schools to benefit from bulk-purchasing opportunities.

These are important steps, but additional measures may in fact be necessary to incentivize providers to build out in certain remote areas. We continue to analyze whether changes in our E-rate rules may be necessary to target funds to these areas. That issue remains an open question as part of the ongoing E-rate modernization process. Additionally, we are considering what obligations to serve rural schools and libraries should be established for recipients of support from the Connect America Fund, an annual $1.8 billion rural infrastructure fund administered by the FCC.

Modernization of the E-rate program is among the most important tasks currently facing the Commission. The Commission took some important steps in the *Order* we adopted in July to focus program resources on high-speed broadband connectivity both *to* schools and libraries and *within* schools and libraries while simultaneously improving the efficiency and administration of the program and establishing explicit program goals and measurements. There is nevertheless more work to be done. It is critical to America's future that our schools and libraries have affordable access to modern high-capacity broadband technologies.

I can assure you that as we continue with reform of this important program, we will take the views of all stakeholders into account, including the representatives referenced in your letter. Thank you again for your letter. I look forward to working with you toward our mutual goal of increased access to high-speed broadband in our nation's schools.

Sincerely,

Tom Wheeler