E-rate 2.0

NPRM Public Comment Period Open for Modernizing E-Rate Program

President Calls for Modernization of the E-rate Program   6/6/2013

President Obama announced on June 6, 2013 a new initiative called ConnectED with the goal of connecting 99% of America's students to the Internet through high speed broadband and wireless access within 5 years. He has called on the FCC to modernize the E-rate program to meet this goal. ConnectED also calls on other federal agencies and public and private partnerships to train teachers and to provide new technology resources to teachers and students for digital learning.

E-rate Overview and Potential Changes

- Capped at $2.34 billion in 2012, demand for E-rate funds exceeded $5.2 billion in 2012 amid significant new interest among schools in digital learning and technology tools that will enable shifts toward next generation assessments and Common Core-aligned materials.

- While the cap is adjusted for inflation (increasing to $2.38 billion for 2013), this increase is not enough to overcome the increase in demand for access, especially among schools with high levels of students receiving free or reduced lunch.

E-rate Overview and Potential Changes

- In March, Senator Rockefeller (D-WV) called for a massive expansion of the federal E-rate program, which invests through schools and libraries in a wide-range of tech and telecom tools to support and enable learning. His suggested changes would double or triple the size of the program, and would likely be coupled with changes to allowable uses of E-rate funds.

E-rate Overview and Potential Changes

- The FCC is currently considering a rulemaking that may propose or ask for comments on a number of E-rate reforms with significant market and funding implications for a wide range of educational technology products and solutions.

E-rate Overview and Potential Changes

- Recently, on May 17, 2013, the FCC announced that $450 million of unused E-rate funds are being rolled over to FY2013 (July 1, 2013-June 30 2014).

- These funds will help E-rate meet demand for priority one requests (described below).

- 2013 priority one requests ($2.71 billion) exceeded the overall E-rate cap of $2.38 billion (increased from 2.34 for 2013).

Overview of Legislative Rulemaking

- The rulemaking process involves several steps, but the first major public step is the Notice of Proposed Rulemaking, or NPRM.

- The NPRM provides the general outlines and time frame for the creation of new rules or modifications to existing rules.

- A NPRM can raise questions the FCC is interested in exploring or it can be used to offer a formal proposal to gauge the public's reaction.

- The last major E-rate modification was in 2010.

Overview of Legislative Rulemaking

- **Background**:

The NPRM process is a back-and-forth exchange of ideas.

The FCC started the process by releasing this NPRM on July 23.

The general public has until September 16, 2013 to respond to the initial NPRM. This is known as the 'comment period'.

At that point, the general public then has one additional month (through October 16) to respond to the various comments and replies submitted by other individuals/organizations. This is known as the 'reply comment' period.

From there, the FCC will consider all responses from both the comment and reply comment submissions and then revise their proposals accordingly before releasing the final rule. There is not a timeline on the final FCC revision portion.

- NPRM Released: July 23, 2013

- Comments Due: September 16, 2013

- Reply Comments Due: October 16, 2013

The FCC has released an NPRM that asks for comments on a number of E-Rate reforms such as:

- Increase/modifications to the current cap ($2.34b), allowing for changes other than the current inflation adjustment.

- Modify eligible services.
  - Currently funds can be used to connect a student to a technology solution in the classroom, but could not be used to provide access at home or outside the school/library.

The FCC has released an NPRM that asks for comments on a number of E-Rate reforms such as:

- Changes to priorities

  ◦ Priority One services currently include telephone services, Internet access, and web hosting/email services.

  ◦ Priority Two services include cables, components, routers, servers, and support/repair/upkeep of these connections.

The FCC has released an NPRM that asks for comments on a number of E-Rate reforms such as:

- Program structure and simplification

  - Schools must undergo a fairly arduous process, completing significant paperwork in a multi-month process to receive E-rate funds. This includes having an approved technology plan, competitively bidding for services, selecting service providers and getting federal approval (Program Integrity Assurance), and completing a complex invoice process.

  - Simplifying this process for both schools and the Universal Service Administrative Company (USAC)—the organization that oversees E-rate.

The FCC has released an NPRM that asks for comments on a number of E-Rate reforms such as:

- Changes to the contribution system

  - Universal Services required contributions have doubled over the last decade from 7% in 2001 to 15%. Raising the cap may require raising the contribution fees or broadening the contribution base (those required to pay into the fund).

The FCC has released an NPRM that asks for comments on a number of E-Rate reforms such as:

- Re-directing funds from other USAC programs (such as Lifeline) to E-rate

Current Path Unsustainable...

- Funding Year 2014
  - No internal connections for any applicants
  - 70% discount threshold for telecomm/Internet

- Funding Year 2015
  - Most libraries no longer receive support
  - 80% discount threshold for telecomm/Internet

- Going forward, political support wanes as E-rate funding disappears for most applicants.

Proposal Overview

- Keep current discounts and eligible services

- Eliminate "unlimited" funding requests

- Allow applicants to set their own priorities
  - › Discounts used for any service category, any site
  - › Offer <u>all</u> applicants access to a meaningful amount of E-rate support every year

- Promote equitable distribution of funding

- Increase cap to $4.5 billion/year

Questions to consider

- How do we preserve the funding levels for the 90% districts ?

- What services should be cut or not allowed?

- How do we comply with ConnectEd without E-rate funding?