

E-rate 2.0 NPRM

August 21, 2013



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Notice of Proposed Rulemaking

- July 19, 2013 FCC initiates review of E-rate
- Releases NPRM to gather feedback
 - › Most sweeping changes since inception in '97
 - › FCC looking at program from ground up
- Nearly everything open for discussion
 - › What are the priorities of the program?
 - › What services receive support?
 - › How is support administered?

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Today's Presentation



- GOAL
 - › Set the context of the NPRM
 - › Equip you to help the FCC
- Agenda
 - › ConnectED initiative
 - › Need for E-rate reform
 - › NPRM process and next steps
 - › Your questions

ConnectED

President Obama Calls
for Internet Capacity in Schools



President Obama Calls for Fast Internet Access in Schools



“In a country where we expect free Wi-Fi with our coffee, why shouldn't we have it in our schools?”

-- President Barack Obama (June 6, 2013)

ConnectED Initiative



- ConnectED: restore U.S. educational leadership
- Modernize and further leverage E-rate program
- Connect 99% of students within 5 years
 - › Broadband connections (100 Mbps up to 1 Gbps)
 - › High speed wireless access in buildings

Translating Vision to Action



- Potential impact of ConnectED is enormous
- Vision is simple to understand...
 - › Bringing fast Internet connections to students
 - › Equipping teachers with the best resources
 - › Using these resources effectively to maximize the learning opportunities for America's students
- Understanding what it will take is harder...

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Translating Vision to Action



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Translating Vision to Action

- What will it take?
- What resources are required?
- What exists today?
- What innovation is needed?
- When will we get there?
- Where do we start?



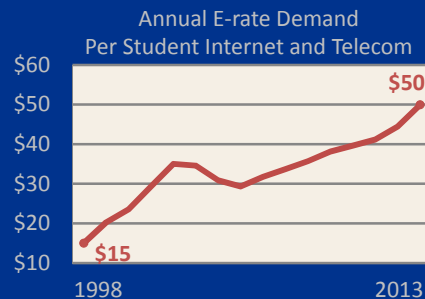
E-rate at a Crossroad

52.2 million reasons
113,047 individual missions

Schools Seek E-rate Support



- E-rate funding supports connectivity¹
 - › 52.2 million students
 - › 113,047 school bldgs
- Internet and telecom funding requests have more than tripled since 1998



¹Based on Funds For Learning analysis of FY2013 funding request data.
See <http://www.fundsforlearning.com/docs/2013/07/FY2013%20P1%20School%20Demand%20Analysis%202013-07-03.pdf>

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E-rate Straining Under Demand



- No longer a technology neutral program
 - › Priority system broken – no internal connections
 - › Creates environment for gaming the system
 - › Supports Internet access in wealthy schools but turns away requests for Wi-Fi hotspots in poorer schools
- Discount threshold eliminates discount matrix
 - › No longer a sliding scale funding mechanism
 - › All or nothing funding for a select few
- Reg's struggle to accommodate new services

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The Past has Passed

Change is Guaranteed



- Only one question remains: what change?
- #1 - Without new regulations:
 - › No internal connections for any applicants
 - › Inadequate support for telecomm/Internet
 - › Program melt down on horizon
 - *P1 discount thresholds exclude majority of schools; or*
 - 2014: No support for 47% of schools
 - 2015: No support for 71% of schools
 - *Pro-rated P1 funding decisions grind program to a halt*
- #2 - With new regulations:
 - › new priorities, new dynamics, new outcomes

Notice of Proposed Rule Making



FCC Calls for Changes



- E-rate Notice of Proposed Rule Making
- New cost efficiencies and approaches
- Refining regulations that limit options
- Eliminating unnecessary roadblocks
- Encouraging new solutions
 - › Economies of scale
 - › New technologies
 - › New partnerships

Original E-rate Principles



- “just, reasonable and affordable rates”
 - › Advanced telecomm and information services
 - › Lower rates for schools and libraries
- Available in all parts of the nation
- FCC directed to make specific, predictable and sufficient mechanisms to carry out program

NPRM Offers Three Goals



Focus funds on highest communications priorities for schools and libraries:

- Ensuring affordable access to broadband
- Maximizing cost-effectiveness
- Streamlining administration

Types of Changes Discussed



- Discount matrix
 - › Lowering rates for all applicants
 - › Different rates for different services, applicants
 - › Phasing out discounts for some services
 - › Eliminate site-specific discounts
- Eligible services
 - › Eliminating voice, e-mail, web hosting, servers
 - › Adding WAN buildouts/purchases, caching devices
 - › Defining technology standards, such as # of Wi-Fi points and quality of network connections

Other Areas of Potential Change



- New funding allocation rules
- New forms and/or simplified forms
- Changes to competitive bidding requirements
- Multi-year funding commitments
- New measurements and metrics
- New process requirements
 - › Harsher deadlines for PIA responses
 - › Extending documentation requirements
 - › CIPA interpretation

FCC Requests Comments



- “Decisions without you are decisions against you... There’s nothing more powerful than hearing from the folks who are on the front lines about the value of [the E-rate], what they do with it, and how much they want to see it grow and thrive. [Direct] your commentary to the [FCC]. I want to be able to point to lots of letters from people like you.”
 - FCC Commissioner Jessica Rosenworcel (06/26/2013)

FCC Requests Comments



- Feedback and comments welcome
 - › Relative fairness of various approaches
 - › Trade-offs between potential changes
 - › Implementation concerns
 - › Administrative burdens of different proposals
- Other ideas to encourage equitable distribution of funding while remaining flexible to new technologies

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