E-rate Reforms:

Into The Future With E-rate 2.0

“I have seen the future and it works.”

Bob Bocher
Fellow, ALA Office for Information Technology Policy; OWL Project Consultant
(robert.bocher@gmail.com)
Why E-rate 2.0?

The current E-Rate program is burdensome and not always focused on the right goals. —FCC Chairman Tom Wheeler, Feb. 2014

- Program much the same as in 1997 when:
  - Internet/Web was viewed more as a novelty
  - 40% of libraries had no Net access
  - 74% of libraries only had dial access
- Previous reforms/changes made on a piecemeal basis
- Most E-rate eligible services have not changed
  - Statute refers to “advanced” services
    - Are POTS or email “advanced” services?
- Program still too cumbersome and complex

The use of broadband services is prevalent in nearly all that we do. --AK BB Report
July 2013: FCC Initiates Reform Process

- Releases public notice (NPRM) seeking input on fundamental reforms (asks over 600 questions)
- FCC proposes three E-rate goals
  1. Increase broadband capacity, affordability
  2. Maximize cost-effectiveness of E-rate funds
  3. Streamline E-rate program administration
- Reform process addresses other areas too:
  - Children’s Internet Protection Act (CIPA)
  - More measures/rules to address W/F/A

Many specific recommendations in goals #2 and #3 support goal #1.

We need E-Rate 2.0. We must fund and adapt the E-Rate to meet the needs of a data-driven society.
--Senator Rockefeller, March 12, 2013
Goal #1: Increase Broadband Capacity

- More than half nation’s anchor institutions with insufficient broadband are in Alaska (AK BB Rpt.)
- 62% of AK public libraries report inadequate bandwidth (42% nat’l.)
- 70% of AK libraries have <3Mbps (23% nat’l.)
- FCC: Focus E-rate $$ on high-speed BB
  - Simplify rules to encourage fiber deployment
  - Prioritize funding for fiber
  - Ensure funding for wireless connectivity

The use of broadband services is prevalent in nearly all that we do. --AK BB Report

Prioritizing fiber would penalize areas where fiber is not affordable or available. --AK EED NPRM Comments
Goal #2: Maximize Effectiveness of E-rate Funds

- Two key issues:
  - $2 is requested for every $1 in program
  - How to “reprioritize” existing funds to focus on goal #1

- Eliminate funding for some services
  - POTS, cell service, email, webhosting
    - “Save” $473 million, 20% of fund

- Increase consortium buying

- Improve competitive bidding process

- Enforce Lowest Corresponding Price (LCP)

Alaska’s schools and libraries are dependent upon voice services at this time. --AK EED NPRM Comments
Goal #3: Streamline E-rate Administration

- Speed review of E-rate applications
  - Give priority to consortium applications
- Have better online systems; E-rate portal
- Simplify Eligible Services List
- Streamline E-rate appeals process
  - 563 appeals pending as of Jan 2014
- Adopt more efficient way to disburse funds
  - E-rate funds go directly to applicants
- Allocate funds on a per-student/population basis

An applicant portal is a crucial “next step” in program simplification. --AK EED NPRM Comments

We oppose a per-student or per-building cap on funding. Alaska will be harmed by this approach. --AK EED NPRM Comments
ALA’s E-rate Reform Proposals

Goal #1: Increase broadband capacity, lower cost
- Need permanent increase in funding cap
- Have temporary $$ to build-out high-capacity BB
- Lower barriers to dark/lit fiber and ownership
- Develop bandwidth targets or benchmarks

Goal #2: Maximize cost-effectiveness of E-rate funds
- Phase-in elimination of any eligible services
- Make easier access to cost data
- FCC enforce Lowest Corresponding Price (LCP)

Goal #3: Streamline E-rate program administration
- Use local/state procurement processes
- Expedite minimal funding requests
- Do not add unnecessary complexity and reporting requirements
E-rate Reform Issues of Concern

- Should FCC require libraries to have equipment to measure broadband performance?
- Should FCC develop formulas to determine the most cost effective broadband services?
- Should FCC require libraries to use all functions provided by an E-rate supported service?
- Should FCC require libraries to demonstrate they have plans for using the bandwidth?
- Should FCC require libraries to retain any and all E-rate documentation for ten years?
What Happens Now?

- FCC Staff reviewing hundreds of comments
- Release another Notice (soon) asking:
  - How to ensure adequate and affordable broadband?
  - How to ensure more equitable access to Priority 2 funding
  - What should be done with voice services?
  - How can cost of E-rate services be reduced; how can more cost effective purchasing be encouraged?
  - Should E-rate fund demonstration projects?
    - Bulk purchasing, network, library-specific?
- FCC to release E-rate Order this summer to impact 2015 E-rate year
Inside the Beltway E-rate Advocates

- **Schools, Health and Libraries Broadband Coalition** (SHLB, [www.shlb.org](http://www.shlb.org))
  - Advocate for adequate and affordable broadband for CAIs*
    - CAI broadband needs differ from residential needs
  - Alaska State Library and ALA are members

- **ALA** ([http://www.ala.org/offices/oitp](http://www.ala.org/offices/oitp))
  - Responds to FCC Notices, visits FCC, lobbies on Capitol Hill

- **Edlinc** ([http://www.edlinc.org/](http://www.edlinc.org/))
  - Education and library coalition to support E-rate

* Community Anchor Institutions