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December 20, 2013

VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554



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WASHINGTON, DC

Re: **Ex Parte Communication (WC Docket No. 13-184)**
Modernizing the E-rate Program for Schools and Libraries

Dear Ms. Dortch:

On December 19, 2013, Donna Balaguer and I met with Daniel Alvarez, Legal Advisor to Chairman Tom Wheeler, on behalf of the E-rate Reform Coalition (“Coalition”). We were joined at the meeting by John Harrington, Chief Executive Officer of Funds For Learning LLC (“FFL”) and Dr. Anthony Machado, Director II/E-rate Management for Miami-Dade County Public Schools (“MDCPS”).

We discussed the Coalition’s comments in the above-referenced proceeding, which encourage the Commission to (1) adopt per-applicant funding limits, (2) eliminate the current priority system, and (3) increase total E-rate funds to the extent possible. FFL has submitted detailed data to the Commission supporting the need for each of these reforms, and the Coalition has submitted specific formulas and proposed rule changes to implement the reforms.

The Coalition represents some of the largest school systems in the country including, among others, the Philadelphia School District, Fairfax County Public Schools, the School District of Palm Beach County, Montgomery County School District, the Archdiocese of Los Angeles, the Archdiocese of Chicago, and the Archdiocese of Detroit. Over a dozen other school systems have filed comments supporting these reforms, including MDCPS, which is the fourth largest school system in the United States.

With respect to funding caps, we indicated by way of example that in funding year 2013, all applicants in the state of Colorado representing about 900,000 students requested about \$26 million in funding, which equates to about \$29 per student. One of those applicants requested over \$2.4 million on behalf of just 2,500 students, which equates to

\$945 per student. As a result of such disparities, a small number of applicants receive a disproportionate share of E-rate funds each year, leaving other applicants unfunded or underfunded. This problem has plagued the E-rate program for years, and the concept of adopting per-applicant funding limits is not new. In 2003, a task force, which was created to address concerns with waste, fraud and abuse in the E-rate program, recommended that the Commission consider imposing a ceiling on the amount of funding that an E-rate applicant can request. The Task Force found that a ceiling on funding requests would limit those applications that appear to be seeking disproportionately large amounts of funding.

With respect to the priority system, we pointed out that the existing system incentivizes E-rate applicants to make purchasing decisions based on outdated regulatory classifications rather than sound technological and economic considerations. For example, because applicants have a much better chance of receiving funding for priority one services, they often choose such services for deploying broadband even though there may be more cost-effective priority two solutions available.

Mr. Machado indicated that adoption of the FFL and Coalition proposals would provide funding predictability and allow MDCPS to plan its technology needs. He explained the real-world need for applicants to have this predictability in order to budget and internally reserve funds for the non-discounted portion of projects. Mr. Machado also stressed that the FFL and Coalition proposals would empower MDCPS to identify and fulfill school technology needs at a local level, which is particularly important given the diversity of schools in the MDCPS district.

We noted that the adoption of the FFL proposal offers several important advantages including the following:

- The FFL proposal can be implemented quickly and without the need to make major changes to the E-rate program. The Commission would not need to change the current discount matrix, eligible services list, Form 470, Form 471, or E-rate payment process.
- The FFL proposal is highly adaptable, if the Commission does elect to change any components of the program. For example, the proposal can easily accommodate changes in the discount matrix or in the overall size of the E-rate fund.
- The FFL proposal would ensure that *every* applicant, regardless of size or location, will receive a minimum amount of E-rate funding. Higher discount-rate and remote-rural applicants would receive higher minimum amounts than lower discount-rate and urban applicants.

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- The FFL proposal would make funding more predictable by assuring applicants that their E-rate budgets will remain relatively stable from year-to-year. Funding decisions could be made more quickly and everyone would know what their E-rate budget is *before* they file an application.
- The FFL proposal would incentivize applicants to drive harder bargains with service providers, plan their E-rate purchases more carefully, and submit more accurate funding requests.

Pursuant to Section 1.1206 of the Commission's Rules, this letter is being filed electronically.

Sincerely yours,

/s/ Edwin N. Lavergne

Edwin N. Lavergne
Counsel to the E-rate Reform Coalition

cc Daniel Alvarez, Esq.
Dr. Anthony Machado
Mr. John Harrington
Donna Balaguer, Esq.