

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Modernizing the E-rate Program)	WC Docket No. 13-184
for Schools and Libraries)	

**COMMENTS OF FUNDS FOR LEARNING, LLC
on the
PETITIONS FOR RECONSIDERATION
OF ACTION IN RULEMAKING PROCEEDING
(Public Notice April 8, 2015)**

Funds For Learning, LLC (“FFL”) is a regulatory compliance and web-based software development firm that has been specializing exclusively in the E-rate program since 1997, before the first set of E-rate forms were even approved. FFL helped applicants navigate their way through the very first E-rate application period in 1998, the two “windows” in 1999, and every one since. Over the years, FFL has used its E-rate Manager® tools to provide the Commission with a wealth of valuable, program-related data. This data, unavailable elsewhere, has helped the Commission make many of the difficult policy decisions that the maturing E-rate program, together with rapidly evolving technology and skyrocketing demand for funds, have required it to make.

The Commission has been asked to reconsider its decision to phase out and ultimately eliminate E-rate support for voice services -- plain old telephone service, cellular, and VoIP. For all of the reasons set forth and discussed below, we too urge the Commission to reconsider this decision.

1. Discounts on Voice Services Help to Ensure School Safety.

As important as high-speed Internet access is to education, voice services are equally if not more important because of their mission critical connection to school safety. When it comes to educational priorities, there is nothing more important than keeping all of our children safe while they are at school. Which is precisely why defunding voice services to help pay for Internet services is simply not good policy. “In an emergency,” AdTec argues in its petition, “there is still a need for telephone land lines and cellular lines along with data plans and texting as the initial line of communication with emergency responders.” We could not agree more.

Defunding voice and other emergency communications services makes our nation’s schools less secure. Internet access is important for education, but security is imperative. Unfortunately and all too sadly, experience teaches us that students and staff need all the protection that we can give them while they are at school. Active shooters, hurricanes, tornadoes, derechos, earthquakes, medical emergencies, infectious diseases – the list of potential threats to our nation’s schools is very long and very real. Still, we expect our schools to be prepared.

We expect them to be prepared to handle whatever nature or human nature throws at them. We expect them to do everything they possibly can to prevent, protect against, mitigate the impact of, and recover from emergencies.¹ Those expectations, however, and the Commission’s decision to strip K-12 schools of their longstanding, substantial, and badly needed E-rate discounts on voice services are clearly working at cross purposes. Voice services and emergency responsiveness go hand in hand. Which means that increasing what schools must pay for voice services increases the cost of school safety. We are quite certain that this was not one of the intended consequences of the E-rate Modernization Order and one of the reasons why we are urging the Commission today to reconsider its decision.

¹ See DHS K-12 Security Checklist, <https://www.illinois.gov/ready/SiteCollectionDocuments/K-12SchoolSecurityPracticesChecklist.pdf> and FEMA Guide for Developing High Quality School Emergency Operations Plan, http://www.fema.gov/media-library-data/20130726-1922-25045-3850/rem_s_k_12_guide.pdf.

2. Discounts on Voice Services Help Schools and Libraries Pay for the Non-Discounted Portion of Category 2 Services and Broadband Connectivity.

Since the E-rate program began, schools and libraries have been using their E-rate savings on voice services, *which they had to have*, to help pay for their share of the cost of internal connections and faster Internet access, *which they wanted to have*. Many E-rate stakeholders would argue that the ability of schools and libraries to recycle the benefit of E-rate discounts from one eligible budgetary item to another in this fashion is one of the reasons why the E-rate program has been so successful.

Unlike some of the other parts of the E-rate program, which were clearly showing signs of wear and tear and beginning to break down, this part of it – i.e., funding for voice services, was actually working quite well. Indeed it was working pretty close to perfectly. As discussed above, schools and libraries have historically used savings from voice services discounts to leverage the purchase of discretionary goods and services such as wireless infrastructure and larger Internet “pipes.” What’s more, schools and libraries have also used those savings to purchase computers and other end-user devices necessary to take advantage of their E-rate supported networks.

It is very important for the Commission to understand that discounts on voice services do considerably more than just make voice services less expensive. It may not be obvious, but they have (and would continue to) play a very important role in enabling schools and libraries to build and improve their data networks and, moreover, to use those networks effectively. Which is why we have been struggling to understand why, in the name of E-rate reform and modernization, the Commission would choose to defund voice services. Phasing out and defunding voice services in circumstances like these is like trying to fix the broken part of a large machine by hurling a monkey wrench into another part of it that is still working just fine.

3. Defunding Voice Services Will Make it Much More Difficult for Schools and Libraries to Meet the Commission's Broadband Goals.

Phasing out and ultimately defunding voice services will make it much more difficult for schools and libraries to reach the broadband goals set out for them. This is because the Commission does not realize, or at least appears not to realize, that large numbers of schools and libraries -- especially those serving economically disadvantaged communities -- will not be able to find enough money in their budgets to pay their share of the cost of wireless networks and/or high-speed connectivity now that they have to pay more, and soon full price, for voice services.² This will be the case no matter how much E-rate funding the Commission makes available for the services now eligible in Categories One and Two. Budgeting is a zero sum game, so the money to pay for an applicant's share of the cost for E-rate services has to come from somewhere.

Before a school or library can put any of its own "skin" in the game, first, it has to make sure it has some skin to spare. In difficult economic times in particular, extra skin is a scarce commodity. This may come as a surprise to the Commission, but the inability of schools and libraries to find money in a budget to pay just 10% of a project's cost has stymied a good many hoped-for E-rate project over the years.

Today, the highest Category 2 discount rate is 85%. Thus a school district with the highest discount rate hoping to embark on a \$1,000,000 wireless infrastructure project is still going to have to uncover \$150,000 in its budget to fund it. For most if not all school districts, \$150,000 is still a lot of money and thus not that easy to come by. This may not be immediately obvious, but it is certainly the reality. Which means that if the school district does not have \$150,000 to spare, it has no choice but to sacrifice the project. This is one more reason why it is so important to keep voice services 100% eligible.

² We have been told that the phase out of funding is beginning to have this effect already, which may account for why some school districts this year, including some very large ones, did not request discounts on any Category 2 services.

4. **Defunding Voice Services Creates More Complexity and Confusion, Opens Up the Door to Gaming the System, Will Cause Funding to Be Delayed or Denied Improperly, and Will Generate More Appeals.**

The decision to phase out and ultimately defund voice services leaves applicants with an impossible choice: either (1) segregate voice and data traffic to ensure that E-rate-discounted data lines do not carry any voice communications; or (2) somehow find a way to allocate out of their funding requests the cost of whatever voice traffic those data lines may wind up carrying. Apropos of the latter, we would like to know: are Skype, Face Time, and similar types of calls ineligible voice communications?

Option one is not a particularly good option in most cases, either from a networking or a cost-savings perspective. Option two is simply a nightmare waiting to happen. Simply put, “cost allocation” is hell. Ask any E-rate applicant. Ask USAC. It goes without saying that requiring more cost allocation, and impossibly difficult cost allocation like this to boot, will result in more work, more frustration, more delayed funding, more lost funding, and more appeals.

But that’s not all. In response to this new reality, two more things are likely to happen, neither of which are good. One is dishonesty. Inevitably, some applicants will try to game the system by labeling their voice lines as “data” circuits in order to get them funded. The second is ignorant non-compliance, a result that speaks very loudly and very clearly for itself.

Respectfully submitted,

John D. Harrington

Chief Executive Officer
Funds For Learning, LLC
2575 Kelley Pointe Parkway
Edmond, OK 73013
405-471-0900

April 29, 2015