



August 3, 2020

The Honorable Ajit Pai, Chairman  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: Request for Schools to Receive FY 2020 E-rate Funding for Purchases of Additional Internet Bandwidth Needed for Educational Instruction during COVID-19 and Request for Extension of Gift Rule Suspension Order  
*Modernizing the E-rate Program for Schools and Libraries*  
WC Docket No. 13-184; Ex Parte Submission

Dear Chairman Pai:

The State E-rate Coordinators' Alliance (SECA) is writing to request the FCC's further assistance in addressing the urgent and emerging issues that E-rate applicants, and schools in particular, continue to face due to the COVID-19 pandemic. We greatly appreciate the FCC's efforts earlier this spring to grant relief to E-rate beneficiaries during COVID-19, to ensure these anchor institutions could receive their USF benefits, and to facilitate the continued provisions of vital educational services to students. Over the ensuing months, we have determined there are two key initiatives for which we seek your assistance today to provide continued regulatory support and relief to address the adverse impact of COVID-19.

#### **Funding for Additional On-Campus Internet Connectivity in FY 2020**

SECA requests additional relief for schools across the county that have had to increase their E-rate eligible, **on-campus Internet connectivity** to continue to be able to provide education during the pandemic. These costs have been incurred after they filed their FY 2020 Form 471 applications and therefore they have had to pay these additional charges without the benefit of E-rate funding.

The heightened reliance on distance learning instituted in response to COVID-19 requires considerably more Internet bandwidth on campus than traditional in-person instruction. Additional bandwidth is essential in order to be able stream content from schools to students located both on-campus as well as those that may be learning remotely. Also, many schools have moved to 1:1 student/computer ratio within school buildings in order to mitigate health and safety concerns by not having students share devices. This approach also adds significant demand for additional bandwidth.

These additional bandwidth requirements could not have been anticipated when schools initially competitively bid their Internet bandwidth needs, subsequently signed contracts and completed their Form 471 applications in the spring. Consequently, to date they have been unable to seek E-rate funding for these additional costs since the needs (and associated cost) were incurred after the E-rate filing deadline.

Due to the urgency of their needs to implement new models of learning, schools have been under intense pressure to act swiftly, and as such, many already have signed contract amendments or new contracts with service providers for additional internet bandwidth. In most cases these procurements have been done without the traditional competitive bidding protocols, which many states and schools have suspended to address the exigent circumstances facing these educational institutions. Still other schools currently are struggling to address this problem and must act immediately.

Under the current regulatory framework, we believe there are three possible ways to meet the needs of schools that must purchase additional Internet connectivity, through June 30, 2021.

1. Allow applicants to submit appeals to seek additional FY 2020 Internet connectivity funding to account for the bandwidth increases. It is recommended that the FCC empower USAC to process and approve such appeals. In the past, when the FCC has waived regulations and deadlines, it has directed USAC to implement the waiver of the deadlines. This would be a similar process. This option would enable applicants to either amend existing FRNs or to establish new FRNs for additional Internet services.
2. Provide a liberal waiver policy for late-submitted FY 2020 Form 471 applications that seek funding for Internet. This is similar to Option 1 but would require each affected applicant to submit a request for waiver of the E-rate deadline to the FCC and would require the FCC to review and process each waiver.
3. Open a special, one-time E-rate Form 471 filing window to permit applicants to submit new funding requests for the additional Internet bandwidth they need.

Regardless of which option is chosen, it is essential for the procedural requirements and regulations concerning competitive bidding and the E-rate filing deadline be waived. These include but may not be limited to:

- A. Waiver the requirement to post a new Form 470 and conduct a competitive bid process before signing the contract for additional bandwidth.
- B. Waive any requirement that a contract amendment must be explicitly mentioned in an establishing Form 470 and the original contract document.
- C. Waive any requirement that the bandwidth quantity increase must be supported by an establishing Form 470.

Although the scale and duration of this national emergency is unprecedented, E-rate relief for emergencies is grounded in precedent. Most recently, the FCC granted special relief to E-rate beneficiaries who suffered the impacts of hurricanes in FCC Order 17-139. We believe that this request is keeping with the FCC's tradition of implementing emergency provisions to meet the needs of E-rate beneficiaries in response to unforeseen events such as COVID-19.

### **Gift Rule Waiver Extension**

SECA also requests that the FCC extend the gift rule suspension through June 30, 2021. In March, 2020 the FCC, through the Wireline Competition Bureau, issued Order DA-20-290 to institute a waiver of the gift rules through September 30, 2020 to allow E-rate beneficiaries to solicit and accept improved broadband connections or equipment for remote learning during the pandemic without violating FCC rules. The Order recognized that circumstances may warrant that the suspension of the gift rules be continued past the September 30 date.

We respectfully request that the gift rules continue to be suspended through June 30, 2021 to enable schools to continue to partner with service providers to meet the unprecedented needs to educate our nation's children during the pandemic. Currently there is a lack of certainty as to when the pandemic will be resolved and when the needs for these additional broadband services will recede. The nine-month extension will ensure that these arrangements can be continued without concern that the E-rate entities will be in violation of USF regulations. We hope that the Wireline Competition Bureau will agree.

We greatly appreciate the FCC's efforts to address the needs of E-rate beneficiaries during COVID-19. The FCC's willingness to hear the concerns facing schools and to promptly act to meet those concerns has been so beneficial, and on behalf the schools we serve, we thank you. We are available to answer any questions that you or the FCC staff may have.

Respectfully submitted,



Debra M. Kriete, Esq.  
Chairperson  
State E-rate Coordinators' Alliance  
1300 Bent Creek Blvd, Ste 102  
Mechanicsburg, PA 17050  
717 232 0222 voice  
[dmkriete@comcast.net](mailto:dmkriete@comcast.net)

cc: Commissioner Michael O'Rielly  
Commissioner Brendan Carr  
Commissioner Jessica Rosenworcel  
Commissioner Geoffrey Starks  
Kris Monteith, Chief, Wireline Competition Bureau



August 27, 2020

Kris Monteith, Chief  
Wireline Competition Bureau  
Federal Communications Commission  
445 12th St. SW  
Washington, DC 20554

Re: Request for Schools to Receive FY 2020 E-rate Funding for Purchases of Additional Internet Bandwidth Needed for Educational Instruction during COVID-19  
*Modernizing the E-rate Program for Schools and Libraries*  
WC Docket No. 13-184; Ex Parte Submission

Dear Ms. Monteith:

The State E-rate Coordinators' Alliance (SECA) is writing to supplement the record in support of our request, submitted on August 3, 2020, for additional relief for schools across the country that require an increase of their E-rate eligible, **on-campus Internet connectivity** to continue to be able to provide education during the pandemic.<sup>1</sup> The letter suggested three different approaches, all of which are designed to allow schools to obtain additional funding in the 2020 E-rate funding year for the additional on-campus Internet costs they will be incurring. SECA representatives, along with the Schools, Health & Libraries Coalition Executive Director, met with you and other members of the Wireline Competition Bureau on August 21, 2020 to discuss our request and filed an *ex parte* notice on August 25, 2020 setting forth additional information concerning our request.<sup>2</sup>

We mentioned in the August 25, 2020 *ex parte* that a survey was under way to collect data from schools that we hoped to be useful for estimating the scope of the need and Internet bandwidth quantity increase that could then be extrapolated to estimate the financial impact on E-rate funding.

Our analysis estimates that the financial impact of approving our request on the E-rate fund is between \$68.9 million and \$103.4 million. We believe that this is a modest amount and will have a minor impact, if any, on the overall USF demand and therefore minimize the impact on the quarterly contribution factor. Our methodology for calculating this amount is explained next.

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<sup>1</sup> <https://www.fcc.gov/ecfs/filing/10803249666167>

<sup>2</sup> <https://www.fcc.gov/ecfs/filing/10825091256763>

## Survey of E-rate Applicants

Beginning on August 4, 2020, a survey was circulated to various listservs and E-rate applicants needing additional Internet above the quantity requested on their FY 2020 Form 471 applications were invited to respond.

To date, we have received more than 350 responses from schools across 20 states. There are four states in particular that garnered a significant number of responses, since the survey was shared on those states' E-rate listservs. Focusing on the responses from those four states and comparing the number of public school districts responses to the total number of school districts in each state, we determined that approximately **10% to 15%** of the public school districts have additional Internet bandwidth needs. These school districts either already have purchased additional Internet, are in the process of purchasing additional Internet or anticipate they may need to purchase additional Internet during the E-rate FY 2020 period.<sup>3</sup> The respondents were consistent in stating that their additional purchases will **double** the current capacity of Internet to meet on-campus Internet needs.

## USAC Open Data Portal

To quantify the associated cost of 10% to 15% of E-rate applicants' doubling their Internet access service requests, we relied on the E-rate Open Data Set for E-rate FY 2020<sup>4</sup> and performed the following analysis:

- We identified the **original FY 2020 FRN Line Items** of applications submitted "In Window."
- We used the "Original" view because this captured all FRN line items submitted in FY 2020, both those that already have received a Funding Commitment Decision Letter as well as those that are still under review.<sup>5</sup>
- Using the **Purpose** that applicants chose on their original funding requests, we filtered (and therefore included) the three Internet-related purposes in our data set: Internet with transport, Internet without transport, and a data connection between an applicant and ISP or between an applicant and a regional/state network to obtain Internet.

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<sup>3</sup> Applicants could answer the question by stating that they already purchased additional Internet capacity; that they may need to do so during the E-rate FY 2020 period, or both -- that they had already purchased additional Internet and may need to increase their Internet capacity further.

<sup>4</sup> <https://opendata.usac.org/>

<sup>5</sup> The "Original" view does not incorporate FRN reductions and denials that may occur during PIA review. This data set therefore represents a conservative approach by identifying the maximum pre-discount amount of these FRN line items. The other option, to filter and examine only the "Current" view of the FRN line items, would have captured the funding reductions and denials, but would have excluded any pending FRN line item for which a funding commitment decision letter had not yet been issued. This approach could potentially underestimate the total amount of FY 2020 FRN line items associated with the three Internet purposes.

- Our data set resulted in 36,729 FRN Line Items that contained a positive dollar value for the annual recurring cost. We did not include costs related to non-recurring costs or FRN Line items that had a \$0 value (this occurred when applicants listed an MRC, but then 0 months of service).
- The annual, pre-discount cost for FRN Line Items with these three Internet-related **Purposes** is **\$971,660,671**.
- We then calculated a nationwide, average Category 1 discount rate of 71% by computing an average of the discounts of all billed entities that filed for one or more Category 1 FRNs in FY 2020. We summed the total of each unique billed entity's discount and then divided by the number of billed entities.<sup>6 7</sup>
- Below is the estimated E-rate funding request using both 10% and 15% as the potential application rates for requests seeking additional Internet funding.

**10% Potential Application Rate:**

\$971,660,671 - pre-discount annual  
\$97,166,067 – 10% application rate assumption  
**\$68,987,907 – 71% average Category 1 discount rate**

**15% Potential Application Rate:**

\$971,660,671 - pre-discount annual  
\$145,749,100 – 15% application rate assumption  
**\$103,481,861– 71% average Category 1 discount rate**

Our estimate was created based on the best available information at this time but by its very nature, it is a forecast or projection arising from an unprecedented situation. In the event that the demand is greater than our estimate, we believe that it is appropriate and necessary for the FCC to authorize USAC to process all requests for additional Internet bandwidth in the three "Purpose" categories described above and not impose an aggregate cap or ceiling for this initiative.

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<sup>6</sup> The E-rate discount percentage was not available only for the filtered data set containing 36,729 line items. Therefore, we chose to rely on the E-rate discount percentages of all Category 1 FRNs (not just the Internet FRN line items), since this information was available from the Open Data set.

<sup>7</sup> We did not modify any of the data although we noted that there were some FRNs where the discount was listed as 95% which is above the Category 1 discount ceiling and we assume the discount would be adjusted during PIA review. We opted to not modify the open data set so as to make it possible for our results to be replicated.

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Wireline Competition Bureau  
August 27, 2020  
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We would be happy to answer any questions you may have about the analysis. We hope that this estimate is useful in considering the propriety of our request on behalf of E-rate applicants and that you will be able to approve the requested relief.

Respectfully submitted,



Debra M. Kriete, Esq.  
Chairperson  
State E-rate Coordinators' Alliance  
1300 Bent Creek Blvd, Ste 102  
Mechanicsburg, PA 17050  
717 232 0222 voice  
[dmkriete@comcast.net](mailto:dmkriete@comcast.net)

cc: Sue McNeil, Special Counsel, Office of the Bureau Chief  
Ryan Palmer, Division Chief, Telecommunications Access Policy Division  
Gabiella Gross, Deputy Division Chief, Telecommunications Access Policy Division