



September 23, 2011

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Ex Parte Filing in:

Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6

A National Broadband Plan For Our Future, GN Docket No. 09-51

Dear Ms. Spade:

The State E-Rate Coordinators Alliance (“SECA”) is submitting this *ex parte* filing to set forth its recommendations concerning additional performance measurements for the E-rate program to respond to the U.S. Government Accountability Office’s 2005 Report entitled, “Telecommunications, Greater Involvement Needed by FCC in the Management and Oversight of the E-Rate Program” (GAO-05-151). The information is presented in a White Paper format. This information was discussed collaboratively during meetings and follow-up conference calls of SECA members that were held in the spring and summer of this year.

SECA accomplishes its work through the resources of its 98 individual members who provide statewide E-rate coordination activities in 46 states and 2 U.S. territories. Representatives of SECA typically have daily interactions with E-rate applicants to provide assistance concerning all aspects of the program. SECA provides face-to face E-Rate training for applicants and service providers. As state E-rate coordinators, members serve as intermediaries between the applicant and service provider communities, the Administrator, and the Federal Communications Commission (FCC or Commission). SECA members typically provide more than 1300 hours of E-rate training workshops annually to E-rate applicants and service providers. In addition to the formal training hours, SECA members spend thousands of hours offering daily E-rate assistance to individual applicants through calls and e-mails.

Further, several members of SECA work for and apply for E-rate on behalf of large, statewide networks and consortia that further Congress' and the FCC's goals of providing universal access to modern telecommunications services to schools and libraries across the nation.

In addition to their roles as State E-rate trainers and coordinators, most SECA members also presently provide the following services to the program: technology plan approval; applicant verification assistance to the Administrator's Program Integrity Assurance (PIA) Division; verification to the Administrator of applicable state laws confirming eligibility of certain applicant groups; contact of last resort to applicants by the Administrator; and verification point for free/reduced lunch numbers for applicants.

SECA members are thoroughly familiar with E-Rate regulations, policies, outreach and the operation of the program at virtually all levels of the program.

SECA asks that the Bureau carefully consider these suggestions for additional performance measurements. We would be happy to discuss these recommendations with the Commission and/or address any questions you may have.

Sincerely,

/s/ Gary Rawson
Gary Rawson, Chair
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E-Rate Goals and Performance Measures SECA White Paper – September 2011

Introduction to the Issues:

The Government Performance and Results Act of 1993 (GPRA) requires Federal agencies to develop strategic plans with goals and strategies and specific performance measures and to report on the progress toward those goals. The FCC has sought comments from stakeholders on numerous occasions related to further defining the E-rate strategic plan. The State E-rate Coordinator's Alliance (SECA) respectfully submits these brief comments in an effort to assist with that process, specifically suggesting additional performance goals and measurements for the program.

The U.S. Government Accountability Office's 2005 Report entitled, "Telecommunications, Greater Involvement Needed by FCC in the Management and Oversight of the E-Rate Program" (GAO-05-151) criticized the FCC for not developing performance goals and measures of the E-rate program. To address this issue, the FCC released FCC 07-150 which adopted various performance measures for the universal service programs and the Administrator.

The Commission determined that connectivity should be adopted as an outcome measurement, stating:

We require the Administrator to continue to measure and to report to the Commission broadband connections provided to program participants, including the number of buildings served by broadband services and the bandwidth of these services. We further require the Administrator to work with the Wireline Competition Bureau ("Bureau") to modify the relevant FCC forms or to create additional questions for program participants to more accurately determine how schools and libraries connect to the Internet and their precise levels of connectivity. The collections of such additional information will enable the Commission to identify the specific products, services, and capabilities (*e.g.*, T-1s, DS-3s) at specific quantities provided via the E-rate program.

The Commission also determined that USAC should investigate the issue of nonparticipating eligible schools further by contacting a sample of the economically disadvantaged schools and libraries that choose not to participate in the E-rate program. USAC must determine why these schools and libraries choose not to participate and assist them, if necessary, in the beginning of the application process. The Commission also required USAC to report its conclusions to the Agency on an annual basis.

To address program efficiency and application processing, the Commission further required the Administrator to provide data, on a funding year basis, reporting the number of applications and funding request numbers (“FRNs”) submitted, the number of applications and FRNs rejected, the number of applications and FRNs granted, and the processing time for applications and FRNs.

Further, the FCC required USAC to document the amount of time it takes to make a BEAR or SPI payment to the applicant or service provider, from the date the BEAR or SPI is submitted.¹

The FCC chose to not impose processing deadlines or requirements on USAC, but stated that they may impose deadlines or targets in the future. Importantly, the FCC concluded, and *we strongly agree*, that it is not feasible to try to measure the impact of E-rate funds on learning or educational outcomes since there are too many variables involved.

Notwithstanding the new performance measures adopted by the FCC in 2007, in March of 2009 GAO reported in GAO 09-253 that:

[The] FCC does not have performance goals for the E-rate program, and its performance measures are inadequate. In 1998, GAO first recommended that FCC develop specific performance goals and measures for the E-rate program in accordance with the Government Performance and Results Act of 1993. FCC set forth specific goals and measures for some of the intervening years, but it does not currently have performance goals in place. Further, the performance measures it adopted in 2007 lack key characteristics of successful performance measures, such as being tied to program goals. Performance goals and measures are particularly important for the E-rate program, as they could help FCC make well-informed decisions about how to address trends in request for and use of funds. Without them, FCC is limited in its ability to efficiently identify and address problems with the E-rate program and better target funding to highest-priority uses. FCC’s piecemeal approach to performance goals and measures indicates a lack of a strategic vision for the program.

To the contrary, SECA believes the FCC’s E-rate performance measures are sufficient. The FCC already has recognized that the ability of the program to achieve its intended goals is largely dependent on the extent to which schools and libraries successfully apply for E-rate funding. The FCC is taking active measures, which we applaud, to try to streamline and simplify the program and to direct that effective outreach be undertaken to the school and library communities to ensure they are aware of the program and are prepared to successfully participate.

Nevertheless, in an effort to assist the FCC in responding to the GAO criticism, SECA has set forth some recommendations below to further amplify the E-rate program goals.

¹ It should be noted that the current report from USAC only documents BEAR or SPI processing time – not payment time. This is because \$0 funded BEARs are considered as having been processed and completed even though no payment has been authorized.

Recommendations:

Building on the current measurements SECA suggests:

- A. The processing time for BEARs should include measurements related to \$0 funded BEARs. USAC should report on the number of FRNs that are \$0 funded, and associated dollars and the number of FRNs for which a new BEAR is and is not supported after the applicant receives a \$0 funded BEAR. This information should be captured as part of the processing time of BEARs, since \$0 funded BEARs have no correlation to whether an applicant ultimately receives disbursement of authorized funds.
- B. The FCC should consider directing USAC to retain an independent third party to perform the annual analysis of barriers to entry to the E-rate program – that is, why various potential beneficiaries choose not to apply. The polled entities may be more forthcoming in their responses to these inquiries if the information is collected by a third party and handled on a purely anonymous basis.

In addition to the explicit *statutory* goal to ensure the delivery of affordable telecommunications and advanced services to eligible schools and libraries for educational purposes, SECA suggests that the FCC consider adopting the following *performance goals* to address GAO's concerns:

1) E-rate Program Efficiencies

SECA recommends that further E-rate program efficiencies be adopted by imposing deadlines for release of Priority 1 funding and payment of invoices. The Commission chose not to adopt such a performance goal in 2007, but SECA believes that with the significant delays in E-rate funding commitments in Funding Year 2011 and significant numbers of \$0.00-funded BEARs, the time has come for the FCC to impose such requirements as one performance goal.

2) Advancement of the Availability of Advanced Telecommunications Services for All Applicants

Data to confirm whether and to what extent the E-rate program has advanced the deployment of advanced telecommunications services build-out across the nation should be collected and analyzed. The revised Form 471 and Item 21 attachment now captures much of the data needed to perform this analysis so additional form revisions would not be necessary. A professional review and analysis of this captured information may provide the FCC with the empirical data needed to establish long-term connectivity goals for the program. To the extent there is additional information needed to complete this analysis, the existing forms should be revised to collect the needed information (in a minimally burdensome way to applicants) to ensure that this analysis can be done.

3) Availability of Predictable Priority 2 Funding to All Applicants

GAO's 2009 Report stated that without performance goals and measures, the FCC is limited in its ability to better target funding to highest-priority uses. SECA agrees and suggests that another performance goal should be Priority 2 funding on a predictable basis for all applicants. The current method to distribute Priority 2 funding is currently neither predictable for the highest discount applicants, or available for all other applicants. SECA has recommended previously several ways to ensure predictable Priority 2 funding that could be considered to achieve this goal. Regardless of whether Priority 2 rules are reformed, which we strongly encourage the FCC to undertake, USAC should be required to submit its annual demand projection disaggregated to the individual discount level, and not using 10 percentage point bands.

Summary

These three additional performance goals will provide the FCC with the needed information to evaluate the effectiveness of the E-rate program and to help guide them in future policy changes to improve the ability of the program to achieve the goal of making affordable advanced telecommunications and Internet access services available to all schools and libraries.