February 19, 2019

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

    Re: Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6;
           Modernizing the E-rate Program for Schools and Libraries, Docket No. 13-184;
           Request for FCC to Convene NPRM Regarding Category 2 Funding Regulations

Dear Chairman Pai:

The State E-rate Coordinators' Alliance (SECA) applauds the public release of the Wireline Competition Bureau's (WCB or Bureau) report analyzing the manner in which the E-rate program's Category 2 budget five-year test period has performed. We concur with the Bureau's conclusion that this budget approach has been far more effective, equitable and cost-effective for distributing Category 2 funds across a far wider array of applicants than the program's former "two-in-five" rule.

In the absence of further Commission action, the current Category 2 regulation will revert back to the "two-in-five" rule for FY 2020 based on the language of the regulation. The E-rate procurement cycle for FY 2020 will open as of July 1, 2019. It is vital, therefore, that the Commission proceed expeditiously to adopt explicit rules governing the Category 2 allocation of funds for FY 2020 and beyond.

We encourage the Commission to build on the momentum of the public release of the Bureau's report and to swiftly issue a fast-tracked NPRM[1] to receive comment on the staff

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[1] We acknowledge that 47 C.F.R. Section 1.401 specifies certain requirements that govern when a petition for rulemaking is submitted. Although our request is submitted via a letter, and is not a formal petition for rulemaking, we believe that we have met the applicable requirements in that we have set forth the text or

report, and to seek comment on reforms to improve efficiency, such as those submitted in response to WCB's September 23, 2017 Public Notice (DA 17-921).[2] This will allow the FCC sufficient time to receive and review comments from interested parties and adopt an Order in advance of the FY 2020 Form 470 filing window that opens on July 1, 2019.

In recognition of the need for applicants to soon begin their FY 2020 Category 2 procurements as well as the lead time it will take the Administrator to implement any updates to their systems arising from an FCC Order, we hope, therefore, that the E-rate Category 2 NPRM will be among the agency's top priorities this spring.

As State E-rate Coordinators who are in frequent communication with applicants in our respective states, we wish to share that applicants are in a state of limbo not knowing what the future holds for the Category 2 program. Specifically, applicants that started their Category 2 five-year cycle in FY 2015 are unsure if their budgets will refresh in FY 2020, and applicants that started their Category 2 budgets in FY 2016 or later do not if they will have the remainder of their five-year Category 2 budgets available in FY 2020 and thereafter. The answers to these

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substance of the proposed rule, amendment, together with the facts as we understand them, and how the interests of the applicants we represent will be affected.

[2] The Staff Report noted some of the reform suggestions but did not express any opinion on them. SECA was among the substantial group of stakeholders offered suggestions for improving the efficiency of the allocation of Category 2 funds in comments filed to the DA 17-921 Public Notice. Chief among our suggestions is the district-wide and library system-wide allocation of Category 2 funds. The current per building allocation is unnecessarily complex and requires each building's budget to be segregated and administered separately. These individual budgets are more complex for applicants to track and manage and unduly complicate the funding application process.

We also encourage the Commission to re-set the Category 2 budgets for all entities in FY 2020 and make the five-year budgets apply to all applicants from FY 2020 – FY 2024. The current rule that states an applicant's five-year, Category 2 cycle begins when any one of its schools receives Category 2 funding and adds an unneeded layer of complexity and administrative burden for both applicants and the Administrator.

Likewise, there are additional ways to simplify the process, such as setting the per student and per library square footage at a level that anticipates future inflation when the budgets are reset for FY 2020 and continue to use this multiplier for all five years of the FY 2020 – FY 2024 budget cycle. We hope to amplify and build on these recommendations in our comments that we will submit in the anticipated NPRM. We also concur with the staff report's observation that the budget floor may be inadequate to meet all applicants' needs and may need to be increased.   We hope to amplify and build on these recommendations in our comments that we will submit in the anticipated NPRM.

questions, among others, are important because applicants engage in multi-year technology initiatives and very much want to turn their attention to their planning for 2020 and beyond as soon as the E-rate filing window closes this spring.

We again express our appreciation of the public release of the Category 2 report. Moving forward, we appreciate your attention to this matter and would be pleased to discuss our request with you and your advisors. Please let us know if you have any questions or if we can be of any assistance in this important work on behalf of our nation's schools and libraries and the students and patrons they serve.

Respectfully submitted,

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cc: Honorable Brendan Carr, Commissioner
        Honorable Michael O'Rielly, Commissioner
        Honorable Jessica Rosenworcel, Commissioner
        Honorable Geoffrey Starks, Commissioner
        Marlene H. Dortch, Secretary