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

In the Matter of	)	
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	

Initial Comments of the State E-rate Coordinators' Alliance
In response to
Notice of Proposed Rulemaking

The State E-rate Coordinators' Alliance (SECA)[1] opposes the Federal Communications Commission's ("FCC" or "Commission") Notice of Proposed Rulemaking[2] ("NPRM") to establish an overall combined single cap on the consolidated Universal Service Fund ("USF") that comprises four different and discreet programs to fulfill the statutory mandate of the Telecommunications Act of 1996. Such an overall cap is unnecessary in light of the specific constraints and safeguards that govern each individual program. In particular, the E-rate program is already capped and has many structural guardrails to ensure that funds are disbursed responsibly, efficiently and in a manner that safeguards these resources.

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[1] 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. We do not have any administrative staff and rely full time on our members' volunteer activities.

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.

[2] Notice of Proposed Rulemaking, WC Docket No. 06-122, DA 19-46 (released May 31, 2019).

The Commission asks whether the cap should be set at the current combined cap of the USF programs, $11.42 billion, ***"or at a different amount?"***[3] We are very concerned about any possibility that the Commission might consider reducing the E-rate funding cap in this proceeding given the substantial record evidence amassed in WC Docket No. 13-184 to validate the need for the current $4 billion cap (adjusted annually for inflation). Given the critical importance of the sufficiency of the E-rate program funding, it would be a gravely unfortunate development for the Commission to reduce the E-rate funding cap in this proceeding without first providing a specific proposal and opportunity to comment. We submit that simply asking the question of how to set an overall cap and at what level does not constitute sufficient advance notice as required under the Administrative Procedures Act to allow the FCC to act to lower the E-rate cap without first issuing a Further Notice of Proposed Rulemaking.

SECA is also concerned about and opposes the combining of the individual caps on the Rural Health Care and E-rate programs into a single cap.[4] Each of these two very different programs should not be subjected to the prospect of funding reductions in order to justify an increase to the other program's cap. Both programs deserve independent consideration and full funding of their program demand. It is well known that beneficiaries of the RHC program have brought to light their concerns that RHC is not sufficiently funded and the demand for funding is greater than the program cap. It is also well known that the E-rate program was significantly revised in 2014 to direct funding for broadband services and capability. That revision resulted in the much-needed increase of the funding cap to ensure that the demand could be met. While the amount of funding sought in recent years has not hit the ceiling of the cap, that does not mean that

[3] NPRM, ¶ 9. (Emphasis added).
[4] NPRM, ¶ 23.

there is headroom to reduce the E-rate funding cap and redirect this funding to RHC. The E-rate program funding demand may be currently understated due to the current budget caps in place, which are currently the subject of a separate proceeding.

Further, although the FCC's E-rate program has been in existence since 1996 (with the first application(s) for support submitted in 1998), the program's beneficiaries only recently since 2014 have been able to obtain access to funding for Category 2 funding to ensure sufficient broadband availability inside their school and library buildings. In many preceding years, Category 2 funding (previously known as Priority 2) was either not available at all or limited to the most financially challenged applicants with the highest discounts.

The 2014 E-rate revision orders reflected numerous compromises that required applicants to fully bear the costs of voice services that previously were supported by E-rate and to limit their Category 2 purchases based on a five-year pilot budget amount. In exchange for these restrictions, the Commission computed the amount of funding that it anticipated would be needed to fully meet demand and accordingly adjusted the cap to that level.

In the past five years E-rate applicants have experienced the benefits of the new program cap by being able to obtain Category 2 funding, without fear that their hard work would be in vain due to lack of funding. This was a routine occurrence in the years preceding the funding cap adjustment to $4 billion.

Establishing a combined cap would essentially again establish a priority system whereby E-rate and RHC applicants would have to compete for universal service funding and would re-introduce the uncertainty of how much funding would be available from year to year. This lack of predictability will completely undermine the goals of sufficient and predictable support for both programs. It raises the possibility that funds would seesaw back and forth between the programs and does not consider that the combined cap may be insufficient to meet the needs of both program's beneficiaries. This injects uncertainty and risk into both programs.

In conclusion, SECA submits that a combined E-rate and RHC cap will undermine the goals of universal service for both E-rate and RHC beneficiaries. Both programs' participants need to know ahead of time and have the confidence that there is adequate funding for their applications. Without certainty, it becomes very difficult to plan critical infrastructure upgrades that often cannot proceed without leveraging the E-rate program's support. The programs should continue to be fully independent of one another and their caps should be set separately. In addition, there is no need to set an overall cap for universal service funding and each program should be continue to be funded independently.

Respectfully submitted,

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