

## E-rate 2.0: Preview of Public Notice

By the end of February, the FCC is expected to release the much-anticipated Public Notice (PN) that Chairman Wheeler highlighted in his speech on February 5. Based on informal discussions with FCC staff, we have learned that the PN will seek comments on 5 targeted issues (outlined below) after which everyone will have 30 days to submit comments. The FCC expects an E-rate 2.0 Reform Order to be released by mid-late summer (in time to be effective for Funding Year 2015). There may be future orders released that will address other issues.

FCC staff does not anticipate any changes to the program for FY 2014 including any additional funding. When the Chairman talked in his speech about making changes for 2014, he was referring to the release of a reform order in calendar year 2014 – not changes to the program in Funding Year 2014.

Staff anticipates an additional \$1 billion will be available in FY 2015 for broadband deployment to and within eligible locations using rollover funds, reserve funding that has been traditionally set aside for appeals, and extra funding resulting from possible changes in eligible services.

The five areas that are expected to be covered in the Public Notice and on which comments will be requested are as follows:

**1) Priority 2:** In order to ensure schools and libraries have sufficient broadband connectivity to and within their buildings, how can Priority 2 funding allocation rules be revised in order to boost availability to more applicants? Each of the following options would be based on a specific amount of money allocated for eligible equipment.

- a. Cyclical funding of Priority 2 for all applicants (rotating schedule);
- b. Changing the 2-in-5 rule to 1-in-5; and/or
- c. Providing a specific amount of annual funding per applicant, perhaps on a per-student or per building basis.

**2) Broadband Connectivity:** How should broadband connectivity to underserved schools and libraries be encouraged and addressed? Is there some way to jump start this connectivity?

**3) Eligibility of Voice Services:** Should voice services (which we think means POTS and cellular service) be eliminated from eligibility? If so, should there be a phase-out or flash-cut? What should be done with VOIP?

**4) Cost Effective Purchasing:** What can be done to drive down the price of E-rate eligible services and incent more cost effective purchasing?

**5) Pilot Projects:** Should E-rate fund a limited number of demonstration projects involving bulk purchasing and network design?

When the Public Notice is released next week, I will send a detailed summary to the listserve along with directions for submitting comments to the FCC.

### SUMMARY:

- No changes for FY 2014; no additional funds for Funding Year 2014.
- 2.0 Reform Order will be released in mid-late summer and will be effective for Funding Year 2015.
- Additional \$1 billion anticipated to be added to Funding Year 2015.
- Eligible services will be changing, along with the traditional priority system. Goal is to have WIFI and networking equipment be available to all applicants on a predictable basis.
- No decision yet on what constitutes 'voice services.'

-- Julie  
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