EVOLVING E-RATE: POSSIBILITIES AND POTENTIAL PITFALLS ON THE HORIZON
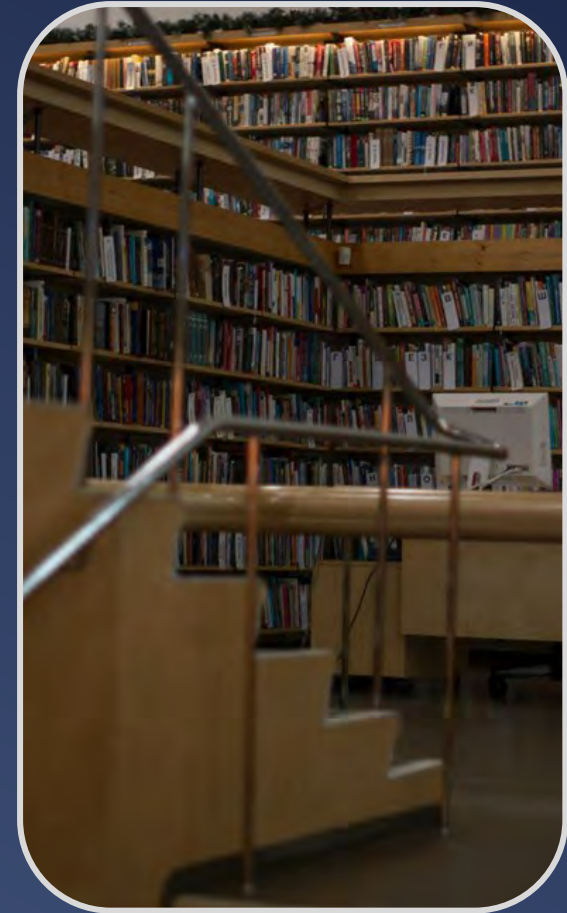
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Agenda

- A Brief Overview of E-Rate

- The Process and Annual Schedule

- Recent E-Rate Budgets and Spending

- What's New: School Buses, Hotspots, and Cybersecurity, Oh My!

- Fundamental Concerns

- New E-Rate Initiatives: Possibilities and Potential Pitfalls

- Questions?

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A Brief Overview of the E-Rate Program

- Established along with the other Universal Service Fund programs in response to the Communications Act of 1996.

- "The schools and libraries universal service support program […] helps schools and libraries to obtain affordable broadband." (FCC's definition)

- System requires collaboration between schools/libraries & telecom providers.

- Supports two types of projects:
  - Category 1 – Services TO a school or library.
  - Category 2 – Services WITHIN a school or library.

- Always evolving, particularly the budget.

- The effects of Covid-19 and the Emergency Connectivity Fund (ECF).
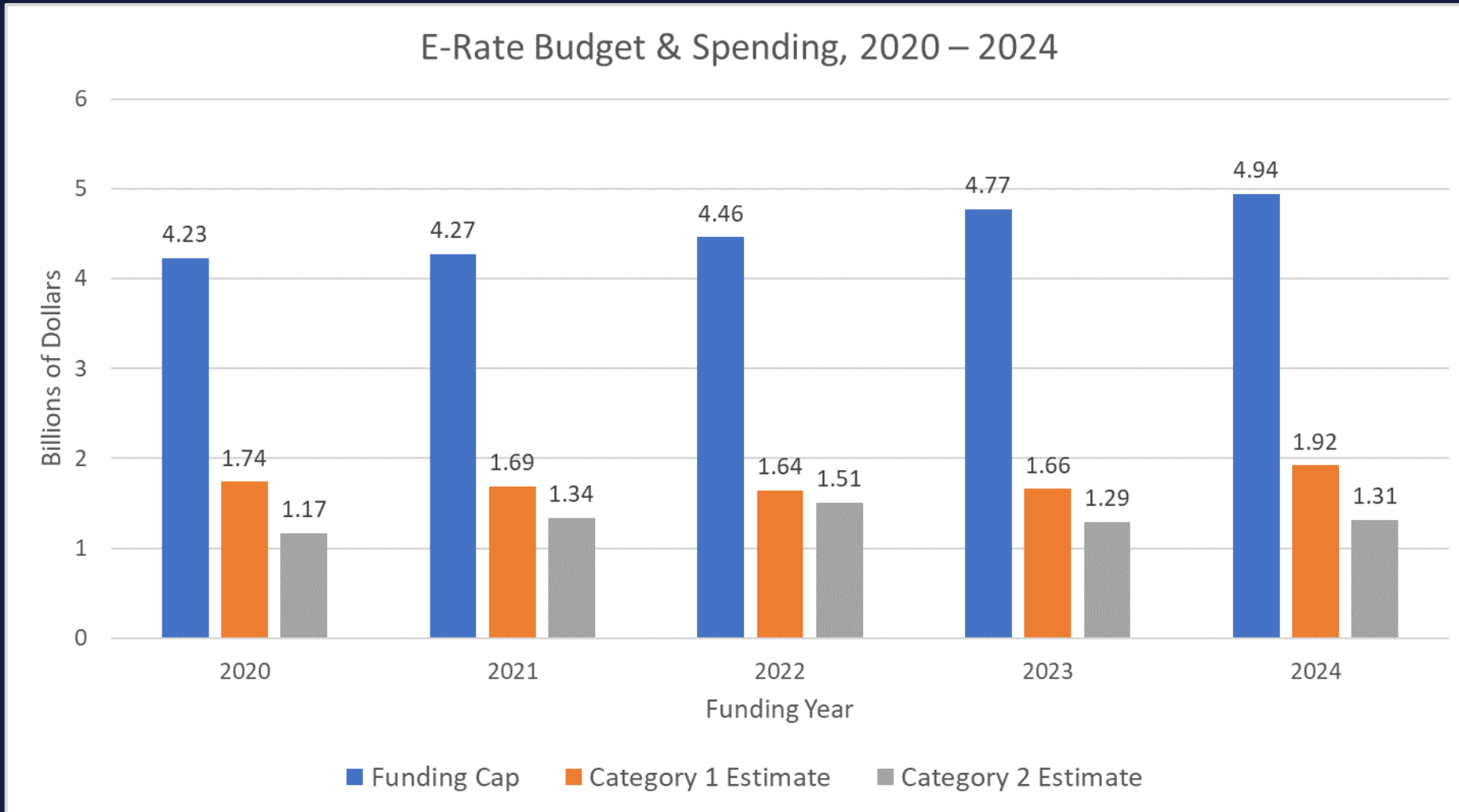
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The E-Rate Process and Annual Schedule

- Eligible Services List Published
- Form 470 (filed by applicant)
- Service Provider Submits Bids
- Form 471 (filed by applicant)
- FY Budget Request and Approval
- FY Project Window begins July 1 (in most cases)
- Form 473 (filed by service provider)
- Form 486 (filed by applicant)

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Recent E-Rate Budget and Spending

FCC Chairwoman Jessica Rosenworcel regularly refers to E-Rate as a "quiet powerhouse."

E-Rate Budget & Spending, 2020 – 2024

Funding Year	Funding Cap	Category 1 Estimate	Category 2 Estimate
2020	4.23	1.74	1.17
2021	4.27	1.69	1.34
2022	4.46	1.64	1.51
2023	4.77	1.66	1.29
2024	4.94	1.92	1.31

Billions of Dollars

What's New?: Proposals and Pushback!

- Chairwoman Rosenworcel's goal is to turn ECF one-time initiatives into the E-Rate norm. She is strongly supported by a number of stakeholders.

- Commissioners Carr and Simington, along with Sen. Cruz (R-TX) and others, strongly dissent from most of these actions.

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Fundamental Concerns

1. What is a classroom?

2. What are "educational purposes"?

3. How best to avoid waste, fraud, and abuse?

What make this interesting?

Reasonable arguments, both practical and philosophical, exist on each side of these questions.

What's Here Now? Wi-Fi on School Buses

- Established via Declaratory Ruling, issued in October 2023.

- Ruling establishes that "the use of Wi-Fi, or other similar technologies that act as an access point, on school buses is <u>an educational purpose</u> as defined by E-Rate program rules and, therefore, the provision of such service is eligible for E-Rate funding."

- Followed by a Public Notice requesting comment on how this provisioning should be accomplished and managed.

- Forced revisions to the 2024 Eligible Services list.

- Specifically aimed at students who spend a significant amount of time riding buses to and from school.

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What's Here Now? Wi-Fi on School Buses

Possibilities

Thanks to advances in connectivity, students now could be using this time to and from school productively – to study, learn, and do their homework. This time could be especially valuable when you consider that many of those same students may lack quality broadband at home.

- FCC Commissioner Geoffrey Starks

Potential Pitfalls

The proposed expansion of funding, including to fund Wi-Fi hotspots on school buses, is not only unlawful (the statute only allows for connectivity spending for classrooms and libraries) but raises concerns about subsidizing children's unsupervised internet access to social media sites like TikTok and Instagram on their bus rides to and from school.
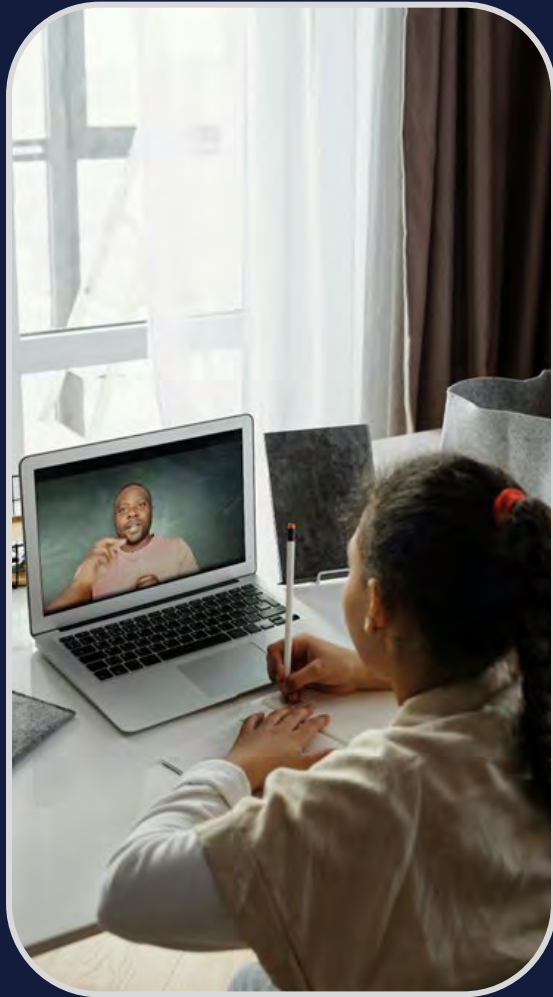
- Senators Cruz (R-TX) and McMorris Rodger (R-WA)

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What's on the Horizon: E-Rate for Wi-Fi Hotspots

- Notice of Proposed Rulemaking (NPRM) issued in November 2023.

- A continuation of an ECF program to provide hotspots through school and public libraries.

- Proposes to "permit schools and libraries to receive E-Rate support for Wi-Fi hotspots and services that can be used off-premises by students, school staff, and library patrons, finding that these services serve a critical educational purpose and enhance the ability of students, school staff, and library patrons to access advanced telecommunications and information services."

- Seeks comment on many aspects of how to enact this proposal while still abiding by E-Rate rules.

What's on the Horizon: E-Rate for Wi-Fi Hotspots

Possibilities

Sustainable funding for Wi-Fi hotspot lending advances the [digital equity and inclusion] framework by supporting un- and underserved communities through important community anchors, like libraries. Libraries are familiar, convenient, and trusted places to request support, work toward goals, and connect with services. To ensure the program best reaches those with the greatest need, the Commission must avoid drafting unnecessarily burdensome program rules.

- The American Library Association

Potential Pitfalls

This proposed E-Rate expansion is even more lawless and wasteful than the last. Just a few weeks ago, we were told that school buses are actually classrooms. Today, we are asked to believe that when Congress says schools, classrooms, and libraries, it actually means private homes, offices, amusement parks, and, really, anywhere and everywhere a mobile hotspot could be used. I am disappointed by this rapidly metastasizing disregard for the law.

- FCC Commissioner Nathan Simington

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What's Beyond the Horizon: E-Rate Cybersecurity Pilot Program

- NPRM issued in November 2023.

- Proposes "the creation of a Schools and Libraries Cybersecurity Pilot Program […] to obtain valuable data concerning the cybersecurity and advanced firewall services that would best help K-12 schools and libraries address the growing cyber threats and attacks against their broadband networks and data."

- Three years long.

- Up to $200 million from the USF.

- In response to many requests to add "advanced firewall" funding to the Eligible Services List.

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What's Beyond the Horizon: E-Rate Cybersecurity Pilot Program

Possibilities

In order to find the right way to tackle this [cyberattack] problem, we are proposing to establish a pilot program to support cybersecurity services for schools and libraries. With this pilot program, we aim to better understand these issues and how the FCC can leverage its resources to help address evolving cyber threats.

- FCC Chairwoman Jessica Rosenworcel

Potential Pitfalls

The Commission should add the intrusion detection and network security features that are now standard components of firewalls – defined by the Commission as "advanced or next-generation" firewalls to the Eligible Services List for the E-rate's 2025 program year and open a special window in 2024 for applicants to seek Category Two funds for acquiring advance firewalls in 2024.

- Joint comments from the SHLB Coalition et al.

Questions?

Offering comprehensive consulting services—including E-Rate answers and assistance—TCA is here for you.

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