



August 21, 2015

***Ex Parte Notice***

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**RE: WC Docket No. 13-184, Modernizing the E-rate Program for Schools and Libraries**

Dear Ms. Dortch:

On Wednesday, August 19, 2015, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”) along with Bob DeBroux and Kay Midthun with TDS Telecommunications met with Lisa Hone, Wireline Competition Bureau Associate Bureau Chief, Ryan Palmer, Chief of the Telecommunications Access Policy Division, Mark Walker, Telecommunications Access Policy Division Deputy Division Chief, Jonathan Lechter, Telecommunications Access Policy Division Acting Special Counsel, and Daniel Alvarez, Legal Advisor to Chairman Tom Wheeler. The parties discussed the Universal Service Fund (“USF”) Schools and Libraries (“E-rate”) mechanism, specifically the July 23, 2014<sup>1</sup> and December 19, 2014<sup>2</sup> Orders adopted by the Federal Communications Commission (“Commission”). TDS specifically provided its feedback on these two orders and discussed the impact that recent modifications to the E-rate mechanism are having on the numerous schools and libraries to which TDS provides voice and broadband services in 29 states.

As an initial matter, TDS discussed several changes to the E-rate mechanism stemming from the 2014 Orders that are having a positive effect on schools and libraries. First, TDS discussed the positive feedback it has received from schools and libraries in regards to the newly accelerated funding approval process under which the Universal Service Administrative Company (“USAC”) has been approving funding requests from schools and libraries at a faster pace than previous years. Specifically, this accelerated approval is helpful to E-rate applicants because they often do not want to move forward with installation of new services until they receive funding approval. Receiving funding approvals earlier in the funding cycle enables them to install new services and equipment in the summer when school is not in session.

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<sup>1</sup> Modernizing the E-rate Program for Schools and Libraries, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, FCC 14-99 (rel. Jul. 23, 2014) (“*E-rate Modernization Order*”).

<sup>2</sup> Modernizing the E-rate Program for Schools and Libraries, WC Docket No. 13-184, Connect American Fund, WC Docket No. 10-90, Second Report and Order and Order on Reconsideration, FCC 14-189 (rel. Dec. 19, 2014).

TDS further noted that the new E-Rate forms utilized by applicants and providers are more visually appealing and as a result expedite the application process. Additionally, the E-Rate Productivity Center (“EPC”) User Guides and Instructions that are posted on the USAC website have facilitated applicants’ use of the portal. Finally, the weekly news briefs created by USAC have been a valuable source of information for applicants and providers alike, as have the monthly service provider calls.

TDS then moved to a discussion of the provisions in the *E-rate Modernization Order* that initiated a phase down of support for voice services.<sup>3</sup> TDS noted that a significant number of the schools and libraries in its study areas have expressed concern as to the voice support phase down, and have placed on hold or cancelled altogether planned upgrades of outdated telephone systems. This seems to run contrary to the goals of the *E-rate Modernization Order* in terms of schools’ and libraries’ migration to broadband-enabled services generally and to Voice over Internet Protocol (“VoIP”) service in particular.<sup>4</sup> Unfortunately, TDS has found that the 20 percent phase down in year one and the prospect of the phase down continuing has had the opposite effect, as schools and libraries face a highly uncertain ability to cover the costs of transitioning to more modern and efficient IP-enabled voice systems.

TDS noted as part of this discussion the trend in the enterprise and school and library communities to migrate to “managed” or “hosted” VoIP systems as a more efficient and cost-effective solution to their voice service needs. From the perspective of schools and libraries, managed VoIP services have several distinct advantages. In particular, a number of schools have expressed their interest in the public safety benefits of such technology, such as the ability of school administrators to maintain communications in an emergency, the ability to easily redirect calls remotely, and the ability to utilize direct inward dialing to classrooms, which enables an emergency responder from outside the school to communicate with students and/or a teacher in a classroom during a lockdown. Managed VoIP systems also provide for an increased level of redundancy along with the service provider performing all maintenance, often without additional cost to the school or library.

TDS further noted that managed VoIP services offer school and library administrators varying functionality based on their needs and individual budgets. Most importantly, from a budget standpoint, these services are offered through recurring monthly charges rather than a large cash outlay that would be required for a standard PBX/premise-based phone system.

Based on what it sees as the unintended consequence of schools and libraries moving away from a migration to more advanced technology, TDS urged the Wireline Competition Bureau to begin a thorough review of the voice phase down as directed by the *E-rate Modernization Order*.<sup>5</sup> Indeed, TDS has already begun soliciting input from the schools and libraries it serves and is

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<sup>3</sup> *E-rate Modernization Order*, ¶¶ 134-143.

<sup>4</sup> *Id.*, ¶ 138.

<sup>5</sup> *Id.*, ¶ 143 (“During the initial two years of the phase down of support for voice services, we direct the Bureau to study the impact of these discount reductions for voice support on E-rate recipients and *to study the transition of eligible schools and libraries to VoIP services*. The Bureau shall report its findings to the Commission by October 1, 2017, after completion of funding year 2016.”) (emphasis added).

eager to work with the Bureau to help it assess the effect of the voice phase down and consider next steps in terms of enabling schools and libraries to both improve the quality of their broadband connections but also the quality of services that utilize those connections.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS.

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