



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 3, 2016

The Honorable Ron Johnson
United States Senate
328 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

Thank you for your inquiry about the impact on Wisconsin schools and libraries of the Universal Service Administrative Company's (USAC) implementation of technical changes to the system that applicants use to seek schools and libraries universal service support (E-rate) funding. I appreciate you sharing your concerns with me.

I agree that many stakeholders have found the transition to the new E-rate Productivity Center (the EPC portal) challenging. Fortunately, I am pleased to report that stakeholders have overcome the challenges of a new system, and USAC has already received more than 42,000 applications from eligible schools, libraries and consortia of schools and libraries for this coming funding year and will begin to issue funding commitments shortly. Let me assure you that my staff and I, as well as the staff at USAC, are fully committed to ensuring that applicants receive timely E-rate funding commitments.

The transition to an online portal was, in large part, a necessary next step in the work the Commission began in 2014 to modernize the E-rate program. The objective of this modernization was to refocus the program on providing much needed support for broadband services to schools and libraries and WiFi connections within schools and libraries. The *First E-rate Modernization Order* adopted three goals for the program: ensuring affordable access to high-speed broadband sufficient to support digital learning in schools and robust connectivity for all libraries; maximizing the cost-effectiveness of spending for E-rate supported purchases; and making the E-rate application process and other E-rate processes fast, simple and efficient.¹ Transitioning to an online portal is a crucial part of meeting our goal of improving the application and other E-rate processes. The new online portal will improve the efficiency of submitting and processing applications, and of committing and disbursing E-rate funding. Electronic filing in the portal should also lead to fewer errors on forms and improved communications between USAC and applicants and service providers.

You asked in your letter about the timeline for the roll out of the portal. By way of background, while the E-rate Modernization Orders heightened the need for a new E-rate

¹ In 2014 the FCC also adopted a Second E-rate Modernization Order which made further progress towards meeting the FCC's goals for the E-rate program and aimed to close the connectivity gap by making more funding available for schools and libraries to purchase broadband connectivity.

information technology (IT) system, even before the Commission adopted those Orders, FCC staff were deeply engaged with USAC on the question of how best to update the E-rate IT systems. Developed more than a decade ago, those legacy IT systems were outdated and unable to provide the high quality user experience or data analytics of more modern IT systems. In late 2014, USAC began a formal procurement process that led to the February 2015 hiring of a vendor to replace its E-rate IT systems with the EPC portal. Although many of the changes the FCC made to the E-rate program became effective on July 1, 2015, for funding year 2015 (FY2015), many more will become effective July 1, 2016 for funding year 2016 (FY2016). USAC and FCC staff recognized that it would not be possible to develop a new IT system by July 1, 2015. Therefore, USAC worked towards a staged roll out of the new system to move through the FY2016 application process. A more detailed timeline is attached as an appendix to this letter.

It is challenging to transition to any new IT system, particularly for a program like the E-rate program with many users, and no program down-time. Consequently, USAC and the FCC expected that there would be challenges along the way to establishing a new electronic filing paradigm, and have sought both to preempt issues before they occur and to resolve them as they arise. Once the application window opened and some of the particular challenges to applicants and other stakeholders were clearly identified, USAC increased stakeholder outreach, holding weekly calls with stakeholder groups including applicants, service providers and consortia, and provided the FCC with regular updates regarding stakeholder concerns. USAC has also worked with individual applicants, including the Wisconsin Department of Public Instruction, to resolve application-specific issues, and will continue to do so.

In your letter you also ask about the measures taken by the FCC to address the difficulties applicants have faced in using the EPC portal. FCC staff has monitored closely the challenges faced by applicants and other stakeholders as EPC has rolled out. We have helped USAC identify how best to prioritize IT deliverables throughout this process and directed USAC to do everything it can to improve the customer experience. In light of the challenges applicants have faced with the new portal, stakeholders -- including several in Wisconsin -- requested an extension of the E-rate application window and the Wireline Competition Bureau approved USAC's decision to extend the 2016 filing window deadline to May 26 for schools and to July 21 for libraries and consortia. Also, at the request of FCC staff, USAC brought in a second contractor to oversee quality control and assurance -- a crucial step in improving the system. The FCC has also dedicated some of its own IT resources and staff to assist USAC in analyzing problems and finding solutions. Over the last few months, FCC staff has been in daily contact with USAC staff about EPC-related challenges, and has worked with USAC to identify ways to address those challenges.

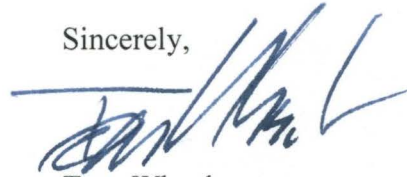
Finally, you asked for assurance that Wisconsin schools and libraries, and those throughout the country, will timely receive E-rate funding. I can provide just such assurances. USAC has already begun review of submitted applications, and funding commitment decisions will begin to flow shortly. In modernizing the E-rate program, the Commission placed a high

priority on timely funding commitments, subject to USAC and the FCC's joint obligation to protect against waste, fraud and abuse. Over the last two years, USAC has done a terrific job making sure funding is committed without undue delay. We are confident that the new IT system will help speed the pace of review.

The Commission is dedicated to ensuring that all of our nation's schools and libraries can purchase affordable high-speed broadband services. Indeed, over the last ten years USAC has committed \$338 million in E-rate funding to schools and libraries in the state of Wisconsin alone. USAC is subject to FCC oversight as well as the oversight of USAC's board of directors. As you likely know, Bob Bocher, an employee of the Wisconsin Department of Public Instruction and a long time Wisconsin State E-rate coordinator, is on the board of directors of USAC, and a member of the Schools and Libraries Committee of the Board.

I appreciate and share your concern for Wisconsin schools and libraries, and for all of our nation's schools and libraries, and I am dedicated to providing USAC with the assistance it needs to continue to improve and enhance the application process. Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a long horizontal line extending to the left.

Tom Wheeler

Enclosure