



Jan. 23, 2014

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St. NW
Washington, D.C. 20510

NOTICE OF EX PARTE COMMUNICATIONS: WC Docket No. 10-90

Dear Mr. Chairman and Commissioners,

The Schools, Health & Libraries Broadband Coalition (“SHLB Coalition”) respectfully submits these views concerning the upcoming reforms of the Connect America Fund (CAF). In brief, the SHLB Coalition supports making Connect America Fund resources available as quickly as possible to speed the deployment of high-capacity broadband for community anchor institutions in rural areas, and also supports broadening the eligibility for funding to include non-profit providers (such as Research and Education Networks), municipalities, electric utilities, private sector companies and others who have demonstrated a commitment to providing broadband services to rural communities.

The SHLB Coalition appreciates the Federal Communications Commission (FCC)’s recognition of the value of serving community anchor institutions as it transitions the High Cost Fund into the Connect America Fund. The SHLB Coalition participated actively in the proceedings leading to the USF/ICC Transformation Order in 2011¹, and we were pleased that the Commission frequently described the importance of providing broadband capability to community anchor institutions. For instance,

- the Commission’s stated goal #2 was to “ensure universal availability of modern networks capable of providing voice and broadband service to homes, businesses, and **community anchor institutions.**”² (emphasis added)
- in summarizing the purpose of creating the CAF, the Commission stated that “The CAF will help make broadband available to homes, businesses, and **community anchor institutions** in areas that do not, or would not otherwise, have broadband . . .”³ (emphasis added)

¹ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, FCC 11-161 (hereinafter “USF/ICC Transformation Order”).

² Id., Para. 17.

³ Id., Para. 20.

- in measuring its progress in achieving this goal, the Commission required CAF recipients “to report on the number of **community anchor institutions** that newly gain access fixed broadband service as a result of CAF support.”⁴ (emphasis added)
- In discussing the need for Phase I and Phase II support for price cap companies, the Commission said, “Through these coordinated mechanisms, the CAF will **immediately** begin making available broadband and advanced mobile services to unserved American homes, businesses and **community anchor institutions** . . .”⁵ (emphasis added);
- While the Commission did not require carriers to offer broadband service to anchor institutions at any particular broadband speed, the Commission did “acknowledge that **community anchor institutions generally require more bandwidth than a residential customer,**” and it said that it would “expect that ETCs would provide higher bandwidth offerings to community anchor institutions in high-cost areas **at rates that are reasonably comparable to comparable offerings to community anchor institutions in urban areas.**”⁶

Unfortunately, the Commission’s 2011 decision to accelerate the deployment of broadband in rural areas by making immediate funding available through Phase I has not worked out as expected. The incumbent carriers have chosen not to accept a substantial portion of the funding that the Commission has made available to them. Additional effort will be needed to reach the Commission’s goals to spur broadband deployment in these rural and high-cost areas, especially for anchor institutions.

In addition, the momentum behind the IP transition also calls for creating additional incentives to deploy broadband to anchor institutions. The largest incumbent local exchange carriers are actively exploring how to reduce their provision of basic telephone service in areas where it may uneconomic to provide such service. While some residential consumers may, in some circumstances, be able to adopt satisfactory IP-based alternatives, anchor institutions may find these IP-based alternatives less than satisfactory because they need so much greater bandwidth than residential consumers, and often that additional bandwidth is simply not available.

Community anchor institutions play a vitally important role in rural communities.⁷ Libraries are often the only provider of broadband access to the general public. Schools are increasingly incorporating Internet applications and smartphones and tablets into their curriculum, all of which require greater bandwidth. Health clinics often provide rural residents with their only connections to medical specialists around the country. Rural colleges and community colleges may provide the essential post-secondary

⁴ Id., Para. 19.

⁵ Id., Para. 120.

⁶ Id., Footnote 164.

⁷ Several reports document the needs of community anchor institutions for greater bandwidth and the economic benefits of serving them. Two such reports are “The Broadband Imperative” published by SETDA (available at <http://tinyurl.com/krt8fv>); and “Anchor Institutions Help Secure Broadband’s Promise” by Dr. William Lehr (available at <http://tinyurl.com/osumlfw>).

educational services that rural residents need to find jobs and create economic opportunities in their regions.

But the broadband needs of community anchor institutions should not be taken for granted. Anchor institutions often have a great need for additional broadband capacity, and their needs continue to grow. This is why the National Broadband Goal #4 specifically calls for 1 Gigabit capacity to anchor institutions. Furthermore, anchor institutions are often an essential component of a “success-based build”⁸ strategy; anchor institutions can serve as “anchor tenants” and can help the network as a whole achieve long-term financial sustainability. Finally, building out to community anchor institutions can provide great “bang for the buck”, as the capacity used to serve the anchor institutions can also be shared with the surrounding business and residential community. Perhaps most important, community anchor institutions serve the general public; it is the residents in each community of these health, information and educational services that will benefit most from supplying high-capacity, high-quality broadband to anchor institutions. Investing in broadband networks to serve community anchor institutions is an important social “good” and also has a multiplier effect on the economic activity in the community as a whole.

To ensure that anchor institutions’ needs are met, the Commission should strongly consider expanding the eligibility for this funding to providers other than the traditional incumbent local exchange carriers, as it has in the Healthcare Connect Fund and in the E-rate program. There are many other providers of broadband services that can and do offer service to community anchor institutions. Several state Research & Education Networks, for instance, have successfully expanded the scope and reach of their networks to serve schools, libraries, health care entities, community colleges, and other anchor institutions. Many of these organizations received funding from the Broadband Technology Opportunities Program (BTOP) and have successfully deployed fiber and wireless networks offering high-quality connectivity that can scale upward as necessary to meet anchor institutions’ future growth. These providers also offer prices that are substantially lower than the incumbent industry providers. There are many other providers, such as municipalities, electric cooperatives, private sector firms and others that have proven that they can provide service to anchor institutions on a cost-effective basis. While the Eligible Telecommunications Carrier (ETC) designation remains an issue, the Commission has already demonstrated that some flexibility in the ETC process may be warranted in order to achieve the National Broadband Plan goals to promote greater build-out in rural and high-cost areas.

⁸ A “success-based build” strategy can perhaps be understood as the opposite of a “build it and they will come” strategy.

We appreciate the opportunity to submit these views. The SHLB Coalition looks forward to working with the Commission as it considers further reforms of the Connect America Fund.

Sincerely,

A handwritten signature in black ink that reads "John Windhausen, Jr." The signature is written in a cursive style with a small "Jr." at the end.

John Windhausen
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