

August 1, 2018

Ms. Ursula Parks, Director  
Legislative Budget Board  
P.O. Box 12666  
Austin, TX 78701

Ms. Sarah Hicks, Budget Director  
Governor's Office Budget, Planning and Policy  
P.O. Box 12428  
Austin, Texas 78711

Dear Ms. Parks and Ms. Hicks,

The General Appropriations Act, Senate Bill No.1, Article III, Rider 69, 85<sup>th</sup> Legislature requires the agency to report to the Legislative Budget Board and the Office of the Governor on the status of the funding directed by the rider.

Enclosed is the Rider 69 Report, E-rate Classroom Connectivity which reports the status of funding as of July 31, 2018.

If you have any questions, please do not hesitate to call Melody Parrish at 512-463-2321.

Sincerely,



Melody Parrish  
Deputy Commissioner, Technology  
Office of Information Technology Services  
Texas Education Agency

Enclosure

CC: Mary Ann Uranga Gill, CFO  
Sean Peterson, CTO

# Rider 69 Report

## E-rate Classroom Connectivity

(The Texas Classroom Connectivity Initiative – CCI)

Authorized by General Appropriations Act, Article III, Rider 69, 85<sup>th</sup> Texas Legislature

Status as of July 31, 2018

## **Rider 69 LBB Report**

Rider 69 of the General Appropriations Act of the 85<sup>th</sup> Texas Legislature appropriates \$25,000,000 for the Commissioner of Education to distribute to school districts and charter schools with qualifying special construction projects under the Federal Communication Commission's (FCC) E-rate State Matching Provisions.

Under the Second E-rate Modernization Report, the FCC provided matching funds for qualifying special construction charges for both the federal program and state authorities. Under the program, the FCC will add up to an additional 10 percent of special construction projects, if states will fund up to an additional 10 percent for these projects, on a dollar for dollar basis. The Order also equalized the treatment of lit and dark fiber.

In the E-rate program, special construction (or installation) charges for Category One broadband services include costs for design, engineering, project management, digging trenches and laying fiber.

To assist Texas school districts and charter schools in implementing these special construction projects, Governor Greg Abbott and Commissioner of Education Mike Morath established the Texas Classroom Connectivity Initiative (CCI).

CCI is a joint partnership between the Texas Education Agency, the regional education service centers and the non-profit EducationSuperHighway (ESH). The initiative is designed to increase access to affordable, high-speed broadband and Wi-Fi access for K-12 public schools in Texas. The Classroom Connectivity Initiative focuses on providing information and assistance to Local Education Agencies (LEAs) to optimize funding available through the E-rate program.

The funding provided in Rider 69, matched with the FCC funding, means an additional \$50 million in funding for special construction projects is available for E-rate Years 2017 and 2018. The state matching portion was appropriated by the Texas legislature in June 2017. The LEAs with an E-rate discount of 80 percent or 90 percent can have their E-rate approved Category One special construction projects fully funded.

### **E-rate Funding Year 2017**

In E-rate Funding Year 2017, 37 Texas public school districts and three consortiums consisting of 138 school districts applied with USAC to request over \$5.9 million in state match funds for special construction projects. Six projects were either denied by USAC, cancelled, or did not receive any federal matching funds and one school district canceled the project after filing. If a project does not receive any federal matching funds, the state cannot pay any state matching funds.

### **E-rate Funding Year 2018**

In E-rate Funding Year 2018, 63 Texas public school districts and 7 consortiums consisting of 343 school districts applied for matching funds for special construction totaling more than

\$18.2 million. The final amount may change as USAC approves, denies or reduces these special construction charges funding applications. The FCC and USAC have set a goal of approving or denying all workable applications by Sept. 1, 2018.

### **Conclusion**

TEA has encumbered or distributed \$23.5M of the \$25M for approved and pending approval projects. From the 103 applications requesting state match (Category One) funds, 468 districts will benefit from new fiber, allowing for high speed bandwidth. ESH estimates when the special construction projects are completed 99% of schools will have fiber-optic connections required to meet current and future connectivity needs. The analysis from ESH states school districts having at least one campus not connected to fiber will be reduced from 123 districts to 44 districts. The data may change as USAC approves or modifies the pending Category One requests. TEA will continue to assist ESCs and LEAs with the Federal Government E-rate program.