



E-rate Modernization

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Background

Program Overview

- Schools and Libraries (E-rate) program mandated by Congress - initiated by the FCC in 1997
 - Component of the Federal Universal Service Program
 - Designed to provide discounts on eligible telecommunications, Internet access, internal connections services, and equipment for eligible schools and libraries
 - Administered by USAC under FCC direction

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Background

Program Overview

- Schools and Libraries (E-rate) program mandated by Congress - initiated by the FCC in 1997 (cont'd)
 - Initially capped at \$2.25 billion annually then indexed to inflation in 2010
 - Demand for services has exceeded E-rate funding cap for all but one year since inception
 - Provides discounts to schools and libraries. Discount based on poverty level

Background

Program Overview

- Priority funding levels
 - Priority One - includes telecommunications, telecommunications services and internet service
 - Paid first
 - Priority Two - includes internal connections and basic maintenance of internet connections
 - Paid second if funds remain based on poverty level

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E-rate Modernization Order

Initial Actions

- In June 2013, President Obama announced the ConnectED initiative
 - Foster a robust ecosystem for digital learning by modernizing the E-Rate program
 - Increase speeds of 100 Mbps to 1 Gbps in 5 years for schools and libraries
 - Encourage private sector involvement

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NPRM

- Released in July 2013
 - Established Reform Goals
 - Ensuring schools and libraries have affordable access to 21st century broadband and digital learning
 - Maximizing the cost-effectiveness of E-rate funds
 - Streamlining the administration of the program
 - E-rate public notice – March 2014
 - Funding cost saving Wi-Fi and high speed internal connectivity efficiencies
 - Discuss phase down for traditional voice services

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Affordability

- Adds a targeted 2 billion dollars to support internal connections (category two services)
 - Targeted 1 billion dollars each year in 2015 and 2016
- Future funding needs reduced by phasing down and eliminating non-broadband services (i.e. voice)
 - Reduced by 20 percent each year beginning in 2015

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Robust Connections

- Sets new connectivity targets, largely based on SETDA/ALA recommendations
 - Broadband speeds (Schools)
 - 100 Mbps per 1,000 students/staff (short term)
 - 1 Gbps per 1,000 students/staff (longer term)
 - Broadband speeds (Libraries)
 - Serving fewer than 50,000 people - speeds of at least 100 Mbps
 - Serving 50,000 people or more - speeds of at least 1 Gbps

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Robust Connections

- Sets new connectivity targets, largely based on SEDTA/ALA recommendations (cont'd)
 - WAN capabilities (Schools) - Establishes scalable WAN capacity targets of 10 Gbps per 1,000 students
 - Internal connections (Libraries) - More sufficient record needed to establish bandwidth requirements

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