



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F.2d 385 (D.C. Circ 1974).

FOR IMMEDIATE RELEASE:
December 11, 2014

NEWS MEDIA CONTACT:
Mark Wigfield, 202-418-0253
E-mail: Mark.Wigfield@fcc.gov

FCC CONTINUES E-RATE REBOOT TO TO MEET THE NEEDS OF 21st CENTURY DIGITAL LEARNING

Funding Boost Will Enable Schools, Libraries Nationwide to Reach Connectivity Goals over the Next Five Years

Washington, D.C. – Taking significant additional steps to ensure that the nation’s schools and libraries have access to robust high-speed broadband connections, the Federal Communications Commission today approved further modernization of its E-rate program, the nation’s largest program supporting education technology.

Broadband is transforming 21st Century education and life-long learning. The Commission is implementing a fundamental reset of E-rate, the first such effort since the program’s creation 18 years ago, so that it can keep pace with the exploding demands for ever-faster Internet service placed on school and library networks by digital learning applications, which often rely on individually connected tablets and laptops.

Today the Commission adopted an Order aimed at closing this connectivity gap by making more funding available for libraries and schools to purchase broadband connectivity capable of delivering gigabit service over the next five years. The Order also provides schools and libraries additional flexibility and options for purchasing broadband services to enable schools and libraries to meet their Internet capacity needs in the most cost-effective way possible.

The Order builds on action taken by the Commission in July to meet another critical need: robust Wi-Fi networks inside libraries and schools capable of supporting individualized learning. The July Order freed up funds for Wi-Fi through improved fiscal management and by ending or phasing out legacy services like paging and phone service. The July Order also increased program fairness by ensuring that all schools and libraries have equitable access to funding for Wi-Fi. And it strengthened the hand of educators in negotiations with service providers by requiring that prices and terms for E-rate subsidized services nationwide be posted transparently on the Internet.

While schools and libraries are now on a path to providing robust Wi-Fi for students, teachers and patrons over the next five years, data the FCC has been gathering over the past six months has revealed the depth of the connectivity gap. For example, 63% of public schools – with over 40 million students – don’t have

broadband connections to the building capable of taking advantage of modern digital learning. That gap that will only grow as digital learning applications increase their requirements for bandwidth.

According to data submitted to the FCC:

- 68% of all districts (73% of rural districts) say that not a single school in their district can meet the long-term high-speed Internet connectivity targets today.
- Approximately 41% of rural public schools lack access to fiber networks sufficient to meet modern connectivity goals for digital learning, compared to 31% of suburban and urban public schools.
- 39% of schools in affluent areas currently meet speed targets, but only 14% of schools in low-income rural and urban areas meet those targets.
- 45% of school districts lack sufficient Wi-Fi capacity to move to one-to-one student-to-device deployments which is increasingly necessary to achieve modern digital learning objectives.
- Half of all public libraries report connections of less than 10 Mbps (70% of rural libraries) – or less than 10% of the target for libraries with smaller service areas and less than 1% of the speed target for libraries serving larger numbers of people.
- More than half (58%) of districts say the monthly recurring expense of connections is the most significant barrier to faster service.
- Nearly 40% of districts indicate they can't afford the high up-front capital costs of infrastructure upgrades

The FCC's actions close the connectivity gap through continued efforts to lower the prices schools and libraries pay for connectivity, and by increasing the amount of support available for connections to the Internet, known as category one of the program. Based on a comprehensive record, the Order raises the spending cap on the E-rate program from the current \$2.4 billion to \$3.9 billion -- the first reset of the cap since it was initially set at \$2.25 million in 1997, an amount that wasn't adjusted for inflation until 2010.

E-rate is one of four universal service programs funded by an assessment on interstate and international telephone revenues, a cost companies may recover from their residential and business customers. If demand for E-rate funds from schools and libraries ramps up to reach the full \$3.9 billion cap, the estimated additional cost to an individual rate payer would be approximately 16 cents a month, about a half a penny per day or about \$1.90 a year – less than a large soda at fast food restaurant or a cup of coffee.

By providing certainty about the future of E-rate funding, raising the cap enables schools and libraries to plan how best to upgrade their networks and at what pace. Today's Order also takes further steps to improve the overall administration of the program and maximizes the options schools and libraries have for purchasing affordable high-speed broadband connectivity by:

- Suspending the requirement that applicants seek funding for large up front construction costs over several years, and allowing applicants to pay their share of one-time, up-front construction costs over multiple years
- Equalizing the treatment of schools and libraries seeking support for dark fiber with those seeking support for lit fiber. Dark fiber leases allow the purchase of capacity without the service of transmitting data – lighting the fiber. Dark fiber can be an especially cost-effective option for smaller, rural districts
- Allowing schools and libraries to build high-speed broadband facilities themselves when that is the most cost-effective option, subject to a number of safeguards

- Providing an incentive for state support of last-mile broadband facilities through a match from E-rate of up to 10% of the cost of construction, with special consideration for Tribal schools
- Requiring carriers that receive subsidies from the universal service program for rural areas – called the High Cost program – to offer high-speed broadband to schools and libraries located in geographic areas receiving those subsidies at rates reasonably comparable to similar services in urban areas
- Increasing the certainty and predictability of funding for Wi-Fi by expanding the five-year budget approach to providing more equitable support for internal connections – known as category two – through funding year 2019

While the cost to consumers of these changes to the E-rate program is small, the benefits to students, life-long learners, and the nation's competitiveness are great.

Action by the Commission December 11, 2014, by Second Report and Order and Order on Reconsideration (FCC 14-189). Chairman Wheeler, Commissioners Clyburn and Rosenworcel with Commissioners Pai and O'Rielly dissenting. Chairman Wheeler, Commissioners Clyburn, Rosenworcel, Pai and O'Rielly issuing statements.

FCC-

More information about E-rate is available at www.fcc.gov/e-rate-update