E-rate Background
E-rate is the popular name for a far-sighted extension of Universal Service, as authorized by Congress in the Telecommunications Act of 1996. The E-rate program ($2.4 billion in 2014) was established to provide affordable access to telecommunications services for all eligible schools and libraries, particularly those in rural and economically disadvantaged areas. On July 11, 2014, the Federal Communications Commission adopted a Report and Order that overhauled the E-rate program for the first time since its inception in 1997.

Quick Facts from the July 2014 Order
- The Order focuses the E-rate program on broadband and services directly related to providing broadband services to libraries and schools. The Commission is phasing down support for voice services and eliminating support for other legacy services.
- The Order adopted broadband goals for libraries (100 Mbps for libraries serving population of under 50,000 and 1 gigabit for those serving populations greater than 50,000) and for schools (100 Mbps per 1,000 students now and 1 gigabit for 1,000 students in the long term).
- The program is divided into two categories of service as it was prior to the July Order but the Commission renamed the categories. Category 1 is now internet access and telecommunications services. Category 2 is now Wi-Fi and internal connections.
- The Commission focused on closing what it identified as the “Wi-Fi gap” and adopted a budget allocation system for Wi-Fi and internal connections. It established a budget of $1 billion target each year for the next five years. Libraries will use a square foot formula of $2.30 per square foot. The Commission established a floor of $9,200 for small libraries and schools. Discounts must be applied to the budget and the maximum discount is now 85%.
- The Order simplifies the application process and administration of the program and encourages cost effective purchasing such as through consortia.

In addition to specific rule changes, the July Order included a Further Notice of Proposed Rulemaking (FNPRM). The FNPRM sought comment on the future funding needs of the program to ensure that libraries and schools can meet the capacity goals adopted in the Order. It also sought additional comment on encouraging consortia applications. Finally, it sought additional input on methodologies for allocating the Category 2 funding for libraries.

Timeline of the E-rate Modernization Proceeding
- July 2013: The Commission introduces the Notice of Proposed Rulemaking (NPRM).
- September 2013: Initial comments are due at the Commission.
- November 2013: Reply comments are due.
- March 2014: The Commission issues a Public Notice (PN) seeking additional comment.
- April 2014: PN Initial comments are due April 7, reply comments due April 21.
- September 2014: FNPRM initial comments are due September 15, reply comments due September 30.
- The Commission is expected to vote on a second Order in November or December 2014.
ALA Engagement
Since E-rate’s creation in 1997, the Office for Information Technology Policy (OITP) and Office of Government Relations (OGR) have advocated to sustain and improve the program. Member groups advise and provide direct applicant experience through an E-rate Task Force (made up of state E-rate coordinators) and Telecommunications Subcommittee (broad membership from all sizes and types of libraries and library agencies) under the OITP Advisory Committee and Committee on Legislation.

The ALA Washington Office has been and continues to be actively engaged in the E-rate modernization proceeding. We submitted comments in each stage of the public comment period and met with Commission staff, each of the Commissioners, and along with leadership from PLA, COSLA, and ALA met with Chairman Wheeler. In addition to our direct work with the Commission, we are members of the Education and Library Networks Coalition (Edlinc) and Schools, Health and Libraries Broadband (SHLB) coalitions, both of which are also active in the E-rate proceeding.

In addition to ALA’s comments, we submitted a joint library letter with ARSL, COSLA, PLA, and ULC in July, 2014, calling on the Commission to move forward on the first phase of the modernization proceeding and to fully address the lack of affordable high-capacity broadband to the library. Most recently we submitted another joint letter to the Commission urging it to address the broadband capacity gap for libraries. ARSL, Organizations Concerned about Rural Education (OCRE), the State Educational Technology Directors Association (SETDA), and The Rural School and Community Trust joined ALA and PLA on the letter.

What to Expect and When
Throughout the modernization proceeding, the Commission has made clear that its review of the E-rate program is a multi-phase process. In a speech September 29, the Chairman indicated that the next phase of the proceeding must address the “rural fiber gap.” Since that time, the focus at the Commission has been to identify policy changes that would address the barriers that prevent libraries and schools from securing affordable high-capacity broadband. The Commission is also clearly looking at the need to increase the overall size of the fund. The Chairman is advocating that closing the fiber gap is a significant driving factor in determining the need for more funding. He is also looking at related issues such as the lack of competition among service providers—particularly in rural areas—and the lack of affordable broadband when it is available. ALA advocated for action on these three issues (availability, affordability, and increased funding) and is pleased that these issues are squarely before the Commission now.

All indications are that the Commission plans to vote on a second Order during their November open meeting, November 21. What does this mean? The Chairman must circulate a draft Order to the Commissioners October 31. One week before the public meeting, the Commission enters into the Sunshine Period where outside parties other than members of Congress or other federal agencies may not make presentations or otherwise advocate at the Commission. Commission staff, however, may reach out to outside parties to ask questions. During the open meeting the Commission staff present the draft Order, and Commissioners may ask questions and make statements prior to voting to adopt the Order (or not). The Order is made publicly available after the vote if it is adopted. Any rule changes go into effect 30 days after it is published in the Federal Register.

Additional information
- Ongoing coverage in the District Dispatch
- ALA E-rate filings to the FCC
- FCC E-rate modernization summary (pdf)
- FCC E-rate modernization fact sheet (pdf)
- Handy collection of major FCC E-rate modernization documents
- The rulemaking process at the FCC

Questions? Contact me: Marijke Visser, Associate Director, OITP, mvisser@alawash.org.