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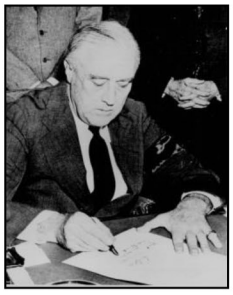
Understanding E-Rate



It's 1934, and President Franklin D. Roosevelt signs into law the Communications Act of 1934. This transforms the Federal Radio Commission into the Federal Communications Commission (FCC) and establishes a goal of universal service, which includes "rapid, efficient, nationwide, and worldwide wire and radio communication service with adequate facilities at reasonable charges." Compliance is achieved by increasing the cost of long-distance service in order to discount services to poor or rural areas.

Fast forward to 1996, when the telecommunication industry is deregulated. Free markets and competition are the name of the game. The internet is still in its infancy, and Google is a graduate-student project at Stanford. The Universal Service Fund (USF) is updated and all telecom providers are required to contribute a percentage of their revenue from long distance and international calls into this fund to subsidize universal service through four programs: (1) **E-rate, which subsidizes telecommunications (e.g., telephone and internet) access for schools and libraries**; (2) Rural Health Care, which subsidizes telecommunications for rural health care providers; (3) High-Cost, which subsidizes telecommunication infrastructure in rural and remote areas; and (4) Lifeline (low-income), which subsidizes telephone service for low-income individuals.

What is a telecommunications service?

The law defines eligible E-rate services in two categories:

Priority One (P1) (wires *into* the building) includes local, long-distance, and wireless telephone services; leased high-speed data lines; internet access; web hosting; voice-over internet; and some installation of these services.

Priority Two (P2) (connections *within* the building) includes cabling, routers, wireless network components, maintenance, and basic technical support.

What is E-rate? E-rate provides **telecommunication services** to schools, school districts, and libraries through discounts which range from 20–90 percent and are based on urban/rural location, as well as the percentage of students in poverty measured by eligibility for free or reduced-price lunches.

How does E-rate help provide phone and internet to schools?

Applicants must have a plan approved by the state regarding how the technology will be used. They apply for the discounts and undergo a competitive bid process to utilize the most cost-effective providers. After approval, the school or telecom provider receives a reimbursement. The complicated process is now under review by the FCC.

Did you know?

E-rate demand exceeds supply by nearly two-to-one. P1 requests are funded first, and historically, all of these requests have been funded. FY13 was the first year in which the amount of P1 requests exceeded the total cap of $2.38 billion. Meanwhile, P2 requests are only considered *after* all P1 requests are filled, and are considered in order by highest poverty level first. This means that a lot of schools' P2 requests do not get filled.

E-rate has been remarkably effective. In 1996, only 14 percent of classrooms had internet service; today, 94 percent do. According to the U.S. Government Accountability Office, approximately 83 percent of public schools, 14 percent of private schools, and 51 percent of libraries participate in this program.

Today in 2013, the world is more digital than ever. Teachers have amazing tools at their disposal that give them the power to transform teaching and learning, engage students in real-world learning, and put the world at their fingertips. But while most schools have some internet access, only 10 percent have the bandwidth to support the use of these tools. According to the FCC, half of E-rate applicants have internet speeds that are slower than that of the average American home.

The nation has an historic opportunity. The FCC is ready to upgrade E-rate for the first time since 1996. It needs to be simplified, so schools are not discouraged and turned away by a complex process. It needs to be upgraded to focus on more modern technology. And the funding available must be increased to bring America's classrooms into the digital age. The goal of the "99 in 5" campaign is to provide 99 percent of America's students with high-speed internet access in their schools and libraries within five years.