2013 AASA Back to School Toolkit: E-Rate

As part of the **Back to School Toolkit: E-Rate***, the following information is being provided to help you respond to questions you may receive from staff, the community or local media about E-Rate.* <u>*AASA grants permission to its members to use and reproduce this material, in whole or in part and by any means, without charge or further permission.*</u>

Top 10 E-Rate Questions

What is E-Rate?
The Schools and Libraries Program (commonly known as 'E-Rate') is one of four programs funded through the Universal Services Fund (USF), as overseen by the Universal Service Administrative Company (USAC). The Federal Communications Commission oversees the programmatic aspects of E-Rate. E-Rate provides libraries and elementary/secondary schools with discounts that support affordable telecommunications/Internet connectivity. Generally speaking, E-Rate funds are used in one of four broad buckets of service: telecommunications/phone service, Internet connections, internal connections and internal connection maintenance.

How did E-Rate come into existence?
The E-Rate program was created as part of the 1996 reauthorization of the Telecommunications Act. At this time, it was decided that E-Rate would be funded through the USF, a mandatory contribution from interstate telecom providers. You can see the USF fee on your monthly phone bill. The program was first administered in 1998, under a funding cap of $2.25 billion.

How are E-Rate discounts distributed?
E-Rate discounts vary from 20 percent to 90 percent, with the deepest discounts going to communities with the greatest need as demonstrated by eligibility for the National School Lunch Program.

What are the E-Rate discounts?

INCOME	URBAN	RURAL
Free/Reduced Lunch Eligibility	Discount	Discount
Less than 1%	20%	25%
1% to 19%	40%	50%
20% to 34%	50%	60%
35% to 49%	60%	70%
50% to 74%	80%	80%
75% to 100%	90%	90%

What does E-Rate do?
E-Rate provides just under $2.5 billion in discounts each year for advanced, affordable connectivity. As designed, the promise of E-Rate is to ensure that all Americans, regardless of income or geography, can participate in and benefit from new information technologies, including distance learning, online assessment, enriched curriculum and more.

How is E-Rate funded? Where do the funds come from?
The dollars come from the FCC, which collects the money through an assessment of telecommunication providers known as the Universal Services Fund. The 1997 Telecommunications Act reauthorization expanded the already-existing USF model (which ensured affordable access to telephone services to residents across the country) to support public schools and libraries.

Demand for the E-Rate program has only grown over time. Historically, E-Rate funding was capped at $2.25 billion. To date, that has been enough funding to meet full demand only ONE time in nearly 15 years. There is wide-spread recognition that demand is artificially low. School districts, understanding the limits of funding, will under-subscribe, making due with what is available, as opposed to applying for what would be required to address full connectivity needs. In 2010, the funding cap was modified to reflect a slight inflationary adjustment. For 2013, that means the available funding is just over $2.3 billion. That is less than half of current demand, which exceeds $5 billion.

The gap between demand and available funding means that E-Rate has, in recent years, been unable to support internal connections for schools. In fact, 2013 is the first time that all available funding will be consumed in Priority One services (the bucket that provides basic connectivity), leaving zero funding for Priority Two service (the bucket that provides internal connections).

Do schools and libraries receive these funds directly?
The short answer is no. Rather than receiving funding directly, schools and libraries receive a discounted price. The school/library pays the discounted price, and the telecommunications provider servicing the contract receives the funds from the federal government to off-set the discount.

How can a school district support E-Rate?
In the short-term, the school district (or a representative) should respond to the FCC's recent proposed changes. AASA's toolkit includes a summary of the proposed changes, along with AASA's response and a template response. Districts are welcome to use the AASA summary and template response, personalizing the template to reflect not only top-line talking points but to also portray the impact and benefit of the E-Rate program in their district.

Schools can and should highlight that E-Rate is a successful program. E-Rate is having great success in its stated goal of expanding school and library connectivity. Even with this success, though, there is still room to grow. The biggest obstacle to this growth is the limited available funding. As the FCC considers proposed changes to the E-Rate program, the single most important message for the FCC to hear is that any final changes to E-Rate must include new, additional funding for E-Rate. Urge the FCC to support a funding level of $5 billion.

If members of the community would like to get more information about E-Rate in general, where should we direct them?
There are several excellent sources for E-Rate information:
- AASA's 2013 Back to School Toolkit: E-Rate: http://www.aasa.org/E-Rate-Toolkit.aspx.
- EdLiNC: The Education and Library Networks Coalition is the premier advocacy group for the E-Rate program and is composed of national education organizations representing both schools and libraries.
- E-Rate Central: This website is a clearinghouse for everything E-Rate, including information to support communities and applications in consulting, compliance and applications.
  - E-Rate Central includes a listing of E-Rate Coordinators for each state.
- Universal Service Administrative Company: USAC is the entity that oversees the E-Rate program, and their website is a robust resource of information.

The most recent proposed rule-making is significant. Have there been other updates to the E-Rate program? Where can I access the latest updates?
The E-Rate program is far from stagnant and has been continually updated. The current set of proposed changes represents one of the most expansive proposals and has potentially far-reaching implications. Any and all FCC updates and program changes are available on the "Latest News" portion of the USAC website.