

FCC Chairman Wheeler Announces E-rate Reform Blueprint

On Wednesday, February 5, FCC Chairman Tom Wheeler outlined his blueprint for modernizing the E-Rate program and below are the highlights of his plan:

Funding: The Chairman announced that he would double the E-Rate funds available to support high-speed broadband connectivity to \$2 billion per year over the next 2 years. Although this announcement sounds like an addition to the existing \$2.25 billion funding cap, it is likely a redistribution of those funds to focus more on broadband and less on 'legacy services.' Chairman Wheeler announced that, while he would be open to increasing the overall size of the E-Rate fund in the future, he noted that "any funding change must be preceded by an assessment of the use of current funds along with a fact-based analysis of the needs of the program."

Immediate Changes: All Priority 1 requests for Funding Year 2014 will be fully funded and there will be no rule changes made to the FY 2014 eligibility list or rules of priority. However, the Chairman stated that he would take "immediate" action to accelerate the processing of applications for funding of broadband services by prioritizing the review of FY 2014 consortia applications. I believe there will be a major emphasis on consortia applications moving forward.

Future Changes: The FCC will issue a Public Notice in the next few weeks that will propose changes on how to prioritize broadband services in E-Rate and to "appropriately phase out" subsidies for legacy services, including low-bandwidth connections. There has been no definition thus far of what services are considered 'legacy services' except dial-up, e-mail, and paging services, but I suspect it may be a broad definition. The Chairman is very focused on making sure all schools and libraries have access to WIFI equipment and the broadband infrastructure needed to use those connections. The Public Notice also is slated to outline his vision of long-term modernization of the program which includes "fundamental structural and administrative changes" to make the program more applicant-friendly. The Commission hopes to act on this fundamental reform by spring of this year, which would allow these changes to be announced this summer and take effect for Funding Year 2015. The PN comment due date will be expedited and will likely overlap with the E-rate filing window (E-rate filing deadline is March 26).

Summary: The real details of the future of E-rate will be contained in the Public Notice being released in a few weeks. That Notice will outline what services they intend to eliminate and when, and which services or equipment may be "moved-up" in the priority list. Although Funding Year 2014 will remain intact and all P1 requests will be funded, I think schools and libraries should be preparing their budgets for the phase out of E-rate funding for non-broadband services (which could include voice services) in the coming years. If non-broadband services do become ineligible, the good news for PA schools and libraries is that it will free up significant funds for networking and WIFI equipment/wiring -- especially for applicants that traditionally haven't had a high enough discount to qualify for such funding.

If you have any questions, please don't hesitate to contact me at jtschell@comcast.net.

-- Julie

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