**12/12/2014**

**FCC Approves $1.5 Billion Increase to E-rate Funding Cap**~ Also approves beneficial change to rural definition ~  
~ Other changes approved, with details to follow ~

**ADDITIONAL FUNDING**  
Yesterday the FCC approved a second E-rate Reform Order, with the biggest item being the permanent $1.5 billion increase to the E-rate funding cap.  The current cap of $2.4 billion will now be increased to $3.9 billion beginning with Funding Year 2015.  This is in addition to the $1 billion that the FCC already has set aside for FY 2015, bringing the E-rate funding cap to $4.9 billion next year.  Assuming that about $2 billion will be requested for Category 1 services, this will leave nearly $3 billion available for fund Category 2 requests.

**With this new funding, I believe there is a very good chance that most if not all Category 2 applications will be funded for FY 2015 -- regardless of discount level -- and I encourage all PA schools and libraries that are in need of eligible internal connections equipment to apply for funding this year.  There is a Category 2 webinar being conducted this afternoon and while the seats are full for this training, it will be recorded and made available for viewing within the next few days (details to come) to assist everyone who would like to apply for C2 funding in FY 2015.**

**CHANGE TO RURAL DEFINITION**

The FCC also approved the proposed change to the definition of rural.  The new urban/rural definition adopted in July said that schools/libraries located in Urbanized Areas and Urban Clusters (as defined by the 2010 census), will be deemed urban.  After much pushback from numerous stakeholders, the FCC changed the definition of rural to now include all Urban Clusters that have populations under 25,000.  This change will mean that an additional 106 PA towns will now be considered rural and receive the additional rural 10% discount (if they have NSLP eligibility below 50%).  To see a list of Urbanized Areas and Urban Clusters by zip code, go to <http://e-ratepa.org/?page_id=747>.  If your census track is not on the list, then you are considered rural.   In the next week or so, USAC will release an Urban/Rural look-up tool that will tell you exactly what your schools' and libraries' designations are.

**OTHER CHANGES ADOPTED**  
The newest E-rate Reform Order has not yet been released but we understand it also will contain additional reforms.  Below is a list of the changes mentioned in yesterday's meeting and in press releases.  Please keep in mind we do not yet know the details of these items.

* Increases the Category 2 budget cap to $5.00 per square foot for urban libraries, defined as libraries serving cities with a population of 250,000 or more (effective for FY 2015).
* Suspends 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 (likely effective for FY 2015).
* Equalizes 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  (likely effective for FY 2016).
* Allows schools and libraries to build high-speed broadband facilities themselves when that is the most cost-effective option, subject to a number of safeguards (likely effective for FY 2016).
* Provides 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 (likely effective for FY 2016).
* Requires 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 (likely effective for FY 2016).
* Increases 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 (likely effective for FY 2015).

When the Order is released, I will send a full summary to the listserve.

-- Julie

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