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By **Sean Cavanagh**

The Federal Communications Commission’s recent makeover of the **E-rate program** is billed as a step toward transforming the fund from one focused on supporting 1990s-era telecommunication tools to one that accommodates 21st-century technologies. Now, school officials are trying to gauge what the new policies will mean for teachers, students, and their districts’ bottom lines.

The changes, approved in **an FCC order on July 11**, represent what some longtime observers of the E-rate describe as the most sweeping revisions in the program’s 18-year history.

At their core, the new policies will channel more E-rate funding, which is now capped at \$2.4 billion a year, toward high-speed broadband and other technologies that can provide schools and libraries with fast and reliable Web connectivity, while phasing out support for various types of phone and “legacy” services that the FCC says are outmoded.

If the order works as planned, the application process for funding will become smoother, and the prices schools and libraries pay for services will become more transparent.

As ambitious as some of the changes are, FCC officials say they are only a first step—and that other revisions, possibly including boosting the program’s overall funding, could be coming.

The FCC says the new policies respond to a clear need. Over the past year, the commission has heard myriad accounts from school officials who describe a K-12 system overtaxed by surging demands for Internet connectivity, results from the proliferation of mobile devices, the shift from print to digital materials, the growth of online testing, and rising demand for video streaming and other, bandwidth-draining content.

Ninety-five percent of U.S. classrooms have some kind of access to the Internet today, FCC Commissioner Jessica Rosenworcel said at the panel’s public hearing last month. But basic access is no longer enough.

“The challenge is no longer connection—it’s capacity,” she

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A Redesigned E-Rate

The Federal Communications Commission voted last month to make a series of policy changes to the E-rate program and published an order

said, adding, that “we have moved from a world where a connected computer lab down the hall is nice-to-have, to a world where high-speed broadband to the classroom is need-to-have.”

Wi-Fi in Focus

Funding for the E-rate program, which was established by Congress in 1996, is derived from fees on telecommunications providers—charges typically passed on to consumers. The program provides discounts on telecommunications services in schools and libraries, giving preference to applicants with higher poverty levels.

The five members of the FCC, which oversees the program, are appointed by the president, though no more than three members can belong to one political party. The White House also selects the chairman, who is currently **Tom Wheeler**, an appointee of President Barack Obama.

While all five FCC commissioners voiced support for increasing students' technology access, the 3-2 vote broke down on partisan lines.

All three Democrats on the commission—Mr. Wheeler, Ms. Rosenworcel, and Mignon Clyburn—supported the measure, with Republicans Ajit Pai and Michael O’Rielly opposed. Both GOP commissioners said they were blocked from making meaningful changes to the plan. But they also raised specific worries, arguing that the order would not reduce program bureaucracy, and that the promises of new Wi-Fi funding are not sustainable.

The school and library community was “promised E-rate modernization,” Mr. Pai said. “What did the FCC give them? The status quo.”

The FCC’s order devotes an additional \$1 billion annually over the next two years to Wi-Fi technologies, and sets the same per-year funding target after that. The FCC says the immediate infusion of money for Wi-Fi will come from savings from other program areas—savings Mr. Pai says are overstated.

finalizing its decision on July 23.

Asserts the agency’s goal to begin “reorienting the E-rate program to focus on high-speed broadband,” instead of phone, email, and other technologies.

Provides at least \$1 billion per year for Wi-Fi technology in each of the next two years.

Establishes an annual funding “target” of \$1 billion per year for Wi-Fi, leaving flexibility for the agency to review the policy.

Sets long-term goals for Internet access (1 gigabit per second per 1,000 users) and wide-area networks (10 gigabits per second per 1,000 users).

Phases out support for some non-broadband services, such as voice services; and eliminates support for others, such as email, Web-hosting, paging, and components of telephone service such as text-messaging and directory assistance.

Places new requirements for price transparency on E-rate recipients and the vendors that serve them.

Speeds the review of applicants for E-rate money from state and regional consortia—which the FCC believes can drive down prices.

Source: Federal Communications Commission

Benefits for Schools, Libraries

The support for Wi-Fi marks a major shift in how the E-rate supports schools and libraries. In recent years, demand for services providing external Internet connections to districts, labeled Priority 1 under the old program, sucked up nearly all funding, leaving little to nothing for internal connections, such as Wi-Fi.

As it pours more money into Wi-Fi, the FCC is phasing out support for phone services, and eliminating funding for others, such as paging, e-mail, and the hosting of websites.

Critics say those costs will be pushed back on schools. But agency officials, in their order, cited testimony from education groups that many K-12 purchases of those services are neither cost-effective nor necessary as districts shift to newer technologies, such as phone services delivered via broadband.

Districts like the 16,000-student **Red Clay Consolidated School District**, in Delaware, are sifting through the order and evaluating where their E-rate funding will rise and fall as a result of FCC's change of policy.

Red Clay received about \$170,000 last year for voice and other service that will be phased out, estimated Ted Ammann, the assistant superintendent for district operations. Those losses will sting, Mr. Ammann said. Another could, too: The new policy requires a districtwide calculation of eligibility for E-rate funds. That change could cost Red Clay money, because its poverty levels vary enormously from school to school, and the previous, school-based E-rate calculation recognized those needs, he said.

(FCC officials say the districtwide formula simplifies the application process for districts, provides more consistent funding across districts with different characteristics; and increases the accuracy of awards.)

Yet Mr. Ammann also praised the Wi-Fi expansion, which he said could bring more funding predictability—potentially important, as Red Clay pushes forward with a 1-to-1 computing plan.

Any district can have an impressive array of computing devices, he said, “but if you don’t have the wireless to connect them, you’re sunk.”

Overall, the potential infusion for Wi-Fi, balanced against a possible reduction of other E-rate funds, is a “mixed blessing,” Mr. Ammann said.

Keith Bockwoldt, the director of technology services for Township High School District 214, in Arlington Heights, Ill., said he’s heard concerns from some school systems about the loss of phone services. His district moved to a Web-based phone service a few years ago, saving money in the process.

He was enthusiastic, however, about a new policy that makes the prices that E-rate recipients pay for services more publicly available. Mr. Bockwoldt, who has researched Internet pricing across

numerous districts in Illinois, said he knows of too many with similar broadband needs that pay vastly different rates. The new rules, he argues, should help hold providers to account.

“What we’re saying as school districts is that the pricing is not equitable,” Mr. Bockwoldt said.

The Next Debate

In the months ahead, FCC officials have their eye on other, potentially volatile issues affecting the E-rate program. Some education advocates are calling for the program’s overall budget to be increased to as much as \$5 billion a year, to meet overflowing demand.

The FCC, as part of its order, issued a rulemaking notice asking for input on that question. The current funding cap was set in 1997 and only began receiving inflation adjustments in 2011.

Commissioner Pai, who has criticized what he sees as over-spending within the E-rate program, predicted at the July FCC hearing that Democrats on the commission will push for an increase in the program’s budget after the November mid-term elections, when doing so is more politically palatable.

“We’ll be back at this table discussing how much to increase Americans’ phone bills,” Mr. Pai predicted.

Others say the FCC has an obligation to somehow address the broader funding question, given the wide gap between applicants’ needs and the program’s budget.

“The real question is at what point in time we want to give kids the technology they need?” said Blair Levin, who served as chief of staff for **former FCC chairman Reed Hundt**, an appointee of President Bill Clinton, from 1993 to 1997. He is now a fellow at the Aspen Institute, a Washington-based think tank.

“Demand is greater than supply,” Mr. Levin said. In K-12 systems, “we’re moving from an environment in which every classroom had to be connected to the Internet, to every student needing to have access to personalized materials, and to online access that is much broader than it was before.”

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