



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

January 23, 2015

The Honorable Cory Booker  
United States Senate  
141 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Booker:

Thank you for your letter supporting increased funding for the E-rate program. I wholeheartedly agree with your views that the E-rate program must move beyond merely connecting schools and libraries to providing connection and equipment upgrades, increased speeds, and greater network capacity. Increased investment in the E-rate program will provide more educational opportunities for students throughout the United States, including for students in New Jersey.

I consider modernization of the E-rate program among the most important tasks currently facing this Commission. This past July, the Commission approved the first major modification in the E-rate program's 18 year history. The *E-Rate Modernization Order* took significant steps towards addressing the Wi-Fi gap in America's schools and libraries. We established an annual funding target of \$1 billion for Wi-Fi, as well as a fairer method for distributing funds so that all schools and libraries can benefit, including far more rural schools and libraries than in the past. Based on Commission analysis, New Jersey, in particular, could benefit from up to \$63 million in new Wi-Fi funding to impact over 1.5 million students in approximately 3,700 schools and 450 libraries.

However, American schools and libraries still face a connectivity gap. Two-thirds of schools and libraries do not subscribe to sufficient high-speed connectivity. In addition, nearly one-third of all schools and three-fourths of all libraries cannot get a high-speed connection because the infrastructure simply is not available. This gap is worst in rural America. But, it is not just rural communities that are being disproportionately left behind. Low-income schools in both rural and urban communities significantly lag behind affluent schools. Nearly 40 percent of affluent schools have high-speed access versus less than 15 percent of lower-income urban and rural schools.

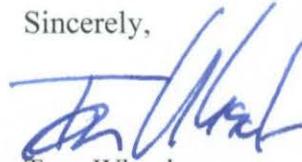
Closing this connectivity gap requires raising the E-rate spending cap. Our December *Modernization Order* makes more funding available for schools and libraries to purchase broadband connectivity capable of delivering speeds up to 1 Gbps over the next five years. We have looked long-term to forecast the funding needs going forward and based the new \$3.9 billion spending cap on those forecasts. This increase is the first reset of the cap since it was initially set at \$2.25 billion in 1997, an amount that was not adjusted for inflation until 2010.

What will actually be spent – and the rate that Americans will be asked to contribute – will vary from year-to-year. E-rate is funded by fees on consumers' phone bills. As you note, the increase may over time require Americans to contribute approximately 16 cents a month for a telephone line - annually about the cost of a cup of coffee at Dunkin' Donuts.

I can assure you that I take the fiduciary responsibility over the investment of America's contributions very seriously. That's why we have placed an emphasis on improving cost-effectiveness of the program. The December *Order* makes further changes to the E-rate program rules to ensure more competition for E-rate dollars and to maximize the cost-effectiveness of E-rate supported purchases.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", written in a cursive style.

Tom Wheeler