Universal Service Program for Schools and Libraries (E-Rate)

The Schools and Libraries program, also known as the E-rate program, makes telecommunications and information services more affordable for schools and libraries in America. Mandated by Congress in 1996 and implemented by the Federal Communications Commission in 1997, the E-rate provides discounted telecommunications, Internet access, and internal connections to eligible schools and libraries, funded by the Universal Service Fund (USF) [www.fcc.gov/encyclopedia/universal-service-fund](http://www.fcc.gov/encyclopedia/universal-service-fund).

Innovative digital learning technologies and the growing importance of the Internet in connecting students, teachers, and consumers to jobs, life-long learning, and information, are creating increasing demand for bandwidth in schools and libraries. In 2014, the FCC adopted the E-rate Modernization Order and the Second E-rate Modernization Order as part of a comprehensive review to modernize the program. To learn more about efforts to modernize the E-rate program, go to [www.fcc.gov/e-rate-update](http://www.fcc.gov/e-rate-update).

Here are some frequently asked questions about the E-rate program:

**What Benefits Are Available Under the E-Rate Program?**

- Eligible schools and libraries may receive discounts on eligible category one services (telecommunications, telecommunications services and Internet access) and category two services (internal connections, managed internal broadband services and basic maintenance of internal connections).
- The discounts range from 20 to 90 percent, with higher discounts for higher poverty and more rural schools and libraries. Schools and libraries are always responsible for paying at least some part of the cost of service.

**How Does the E-Rate Program Work?**

- A school or library that wishes to participate in the E-rate program submits a request for competitive bids for the specific E-rate supported services it seeks to the Universal Service Administrative Company (USAC). USAC posts those requests on its website for vendors to see. The bid request and competitive bidding process must comply with both FCC rules and state and local procurement requirements.
- After reviewing the bids it has received, the school or library selects its preferred vendor(s) and submits an application to USAC for approval listing its desired purchases.
- USAC issues funding commitments to eligible applicants. Once a vendor provides the selected services to the applicant, either the vendor or the applicant submits requests to USAC for reimbursement of the approved discounts.
How Much Funding Is Available and How Are Requests Prioritized?

In the Second E-rate Modernization Order, the Commission increased the cap for the E-rate program to $3.9 billion in funding year 2015, indexed to inflation going forward. In the E-rate Modernization Order, the Commission refocused the program from legacy services to broadband by setting a target of $1 billion in support for category two services (internal connections, managed Wi-Fi, and basic maintenance) to expand Wi-Fi to more than 10 million students in funding year 2015. The Order also phased down support for voice services by 20 percentage points each funding year and eliminated support for non-broadband, legacy services. Category one services (telecommunications, telecommunications services and Internet access services) will still be ensured funding. Funding is allocated first to the highest poverty schools and libraries, then the next highest poverty applicants, and continues down the list of applicants.

Who Pays for the E-Rate Program?

All telecommunications service providers and certain other providers of telecommunications must contribute to the federal USF based on a percentage of their interstate and international end-user telecommunications revenues (generally a small fraction of the overall consumer bill). These companies include wireline phone companies, wireless phone companies, paging service companies, and certain Voice over Internet Protocol (VoIP) providers. These contributions fund all four of the FCC’s Universal Service Programs: The High Cost Program, which helps extend phone and broadband service to rural areas, the Lifeline Program, which helps support basic phone service for low-income Americans, the E-rate program, and the Rural Health Care Program.

Some consumers may notice a "Universal Service" line item on their telephone bills. This line item appears when a company chooses to recover its USF contributions directly from its customers by billing them this charge. The FCC does not require this charge to be passed on to customers. Each company makes a business decision about whether and how to assess charges to recover its universal service costs. These charges usually appear as a percentage of the consumer's phone bill. Companies that choose to collect universal service fees from their customers cannot collect an amount that exceeds their contribution to the USF. They also cannot collect any fees from a Lifeline program participant.

Does the FCC's E-Rate Program Duplicate State and Local Efforts?

The FCC’s plan complements the efforts of states and localities to bring advanced telecommunications to America’s classrooms and libraries. When the E-rate program was established in 1996, only 14 percent of the nation's K-12 classrooms had access to the Internet. Today, because of the FCC’s E-rate program, virtually all schools and libraries have Internet access.

How Can I Find Out How Schools and Libraries in My Area Are Benefiting from the E-Rate Program?

You can visit USAC’s website to find Schools and Libraries funding specific to your state. Go to www.universalservice.org/sl/ and follow the prompts to “Funding Commitments.”

You can also view guides on other Universal Service programs on the FCC website at:

www.fcc.gov/guides/universal-service-support-mechanisms
www.fcc.gov/guides/universal-service-program-rural-health-care-providers
www.fcc.gov/guides/promoting-telephone-subscribership-tribal-lands-0
Consumer Help Center

For more information on consumer issues, visit the FCC’s Consumer Help Center at https://consumercomplaints.fcc.gov.

Accessible formats

To request this article in an accessible format - braille, large print, Word or text document or audio - write or call us at the address or phone number at the bottom of the page, or send an email to fcc504@fcc.gov.

Last Updated: 11/3/15