**DA 16-505**

**Released: May 6, 2016**

**WIRELINE COMPETITION BUREAU ANNOUNCES E-RATE INFLATION-BASED**

**CAP FOR FUNDING YEAR 2016**

**CC Docket No. 02-6**

Pursuant to section 54.507(a) of the Commission’s rules,[[1]](#footnote-2) the Wireline Competition Bureau (Bureau) announces that the E-rate program funding cap for funding year 2016 is $3,939,000,000.[[2]](#footnote-3) This figure is based on changes the Commission made in the *Second E-rate Modernization Order* to ensure sufficient funding is available to meet E-rate program goals and connectivity targets.[[3]](#footnote-4) In that order, the Commission adjusted the E-rate cap to $3.9 billion and continued to require that the funding cap reflect any annual inflationary changes.[[4]](#footnote-5) The new cap represents a 1 percent inflation-adjusted increase in the $3.9 billion cap from funding year 2015.[[5]](#footnote-6) The Commission began indexing the funding cap to inflation in 2010 to ensure that E-rate program funding keeps pace with the changing broadband and telecommunications needs of schools and libraries.[[6]](#footnote-7)

For further information, please contact James Bachtell, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

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1. 47 CFR § 54.507(a). [↑](#footnote-ref-2)
2. This represents a $39,000,000 increase for the E-rate program funding cap as a whole and a $29,000,000 increase for the category one services funding level and a $10,000,000 increase for the category two services funding level. *See* 47 CFR § 54.507(a)(3) (noting that the Bureau will release a public notice “announcing any increase of the annual funding cap including any increase to the $1 billion funding level available for category two services based on the rate of inflation”). The 2016 funding year runs from July 1, 2016 to June 30, 2017. The E-rate program is more formally known as the Schools and Libraries universal service support program. [↑](#footnote-ref-3)
3. *Modernizing the E-rate Program for Schools and Libraries, Connect America Fund*, WC Docket Nos. 13-184 and 10-90, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538, 15584, para. 114 (2014) (*Second E-rate Modernization Order*). [↑](#footnote-ref-4)
4. *Id*.; 47 CFR § 54.507(a)(1). Sections 54.507(a)(1) and (2) of the Commission’s rules requires an adjustment of the E-rate program’s annual cap based on the gross domestic product chain-type price index (GDP-CPI) measure of inflation. *See Schools And Libraries Universal Service Support Mechanism; A National Broadband Plan For Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Order, 25 FCC Rcd 18762, 18782, para. 39 (2010) (*E-rate Sixth Report and Order*); 47 CFR §§ 54.507(a)(1), (2). [↑](#footnote-ref-5)
5. National Income and Product Accounts Table, Bureau of Economic Analysis, revised April 28, 2016, Table 1.1.4, <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&904=2013&903=4&906=a&905=1000&910=x&911=0> (GDP-CPI table; based on gross domestic product of 108.694 in 2014 and 109.782 in 2015, we calculate an increase of 1 percent). [↑](#footnote-ref-6)
6. *E-rate Sixth Report and Order*, 25 FCC Rcd at 18781, para. 36. The Commission did not increase the funding cap in funding year 2015 pursuant to section 54.507(a)(1) of the Commission’s rules. 47 CFR § 54.507(a)(1). [↑](#footnote-ref-7)