

A Student-Centered E-Rate Program: Focus on Libraries

Commissioner Ajit Pai of the Federal Communications Commission has proposed to modernize the E-Rate program to meet the needs of the digital age. For libraries, his plan focuses on five key goals:

1. Simplify the Program

- Libraries need to fill out only two forms: an initial application and a report back on how the money was spent
- Initial application can be no more than one page
- Universal Service Fund administrator does all the calculations, reducing the burden on libraries
- Less red tape means fewer delays, more predictability, and no need to hire consultants

2. Fairer Distribution of Funding

- Reserves about 10 percent of E-Rate funding for libraries
- Gives every library in America an E-Rate budget; every librarian knows how much funding is available on day one
- Libraries receive money based on objective metrics
- Additional funds allocated for libraries in rural and/or low-income areas as well as small libraries to account for higher costs and different needs

3. Focus on Next-Generation Technologies for Library Patrons

- Patrons come first; eliminates disincentive to spend money on Wi-Fi
- No more funding for stand-alone telephone service
- Equal funding for all eligible services; local libraries (not Washington) set priorities

4. More Transparency and Accountability

- Creates website where anyone can find out exactly how any library is spending E-Rate funds; enables patrons, city councils, press, and public to conduct effective oversight
- Head librarian must certify that E-Rate funds were used to help patrons

5. Fiscal Responsibility

- Ends the “more you spend, more you get” phenomenon: Libraries given fixed amount of money and must contribute at least one dollar for every three E-Rate dollars they receive
- Better incentives, reduced waste, and less red tape allows program to accomplish much more with the same amount of money; over \$1 billion more in first year provided for next-generation technology
- Caps overall USF budget before any increase in E-Rate budget; any expansion in E-Rate must be accompanied by corresponding cuts elsewhere in USF

	Legacy E-Rate Program	Student-Centered E-Rate Program: Focus on Libraries
Spending Priorities	<ul style="list-style-type: none"> • Prioritizes voice telephone service, long-distance calling, cellphone service, and paging ahead of connecting library rooms with broadband Internet access and Wi-Fi • Funding available for non-instructional facilities such as bus garages and sports stadiums 	<ul style="list-style-type: none"> • Focuses on next-generation services; no funding for stand-alone telephony service • All eligible services treated equally; local libraries, not Washington, should set priorities • Patrons come first
Process	<ul style="list-style-type: none"> • Complicated • Libraries face up to 6 separate forms plus outside review by an approved planner • Libraries must spend money on consultants to navigate web of rules such as the 28-day rule, the 2-in-5 rule, and discount calculations • Backlog of appeals stretches back a full decade 	<ul style="list-style-type: none"> • Simple • Only 2 forms required; initial application is only one page • Streamlined rules eliminate need for consultants • USF Administrator does all the calculations
Funding Allocation	<ul style="list-style-type: none"> • Funding tied to discounts; higher-discount libraries get more funding overall and funding for more services • Complex rules encourage arbitrage and gaming • Differences in spending among states and within states are largely arbitrary • >\$400 million lost each year due to red tape 	<ul style="list-style-type: none"> • Reserves about 10 percent of E-Rate funding for libraries • Funding allocated to all libraries based on objective metrics, adjusted for challenges that libraries in rural and low-income areas face • Additional allocation for very small libraries and libraries in remote areas like Alaska • Much less money lost as a result of red tape means more money for patrons
Financial Planning	<ul style="list-style-type: none"> • Funding available to a library may change dramatically from one year to the next • Funding tied to decisions of every other library in the country • Libraries must bid out services before they know if funding is available • Funding not secured until months or even years after funding year starts 	<ul style="list-style-type: none"> • Funding available immediately to all libraries, independent of decisions made by other libraries • Minimal fluctuations from one year to the next allow for long-term financial planning
Fiscal Responsibility	<ul style="list-style-type: none"> • The more you spend, the more you get • Some libraries have little skin in the game by receiving up to a 90% discount • Priority and group-discount rules discourage long-term, efficient-scale purchasing • Cap on E-Rate but not overall Universal Service Fund 	<ul style="list-style-type: none"> • Fixed pot of money for each library and matching requirement of one dollar for every three from E-Rate promotes prudent spending • Reducing wasteful spending allows the program to accomplish a lot more with the same amount of money; over \$1 billion more provided in first year for next-generation technology • Cap overall Universal Service Fund before any increase in E-Rate budget
Transparency and Accountability	<ul style="list-style-type: none"> • Funding available to libraries not disclosed until after the fact • Patrons can't go online to see precisely how a library's E-Rate funds are being spent; online catalog just shows funding for each recipient divided into four broad categories • Relies on complicated rules and federal audits and investigations for accountability 	<ul style="list-style-type: none"> • Funding available to libraries publicly disclosed immediately to enable patrons, city councils, press, and public to conduct local oversight • Libraries to report online exactly what they're getting for E-Rate dollars; head librarians must certify it's spent on patrons • Transparency and local control are key; federal oversight a backstop