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STATEMENT OF
CHAIRMAN TOM WHEELER

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Re: *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, *Connect America Fund*, WC Docket No. 10-90.

Today we take the final step in rebooting how we connect our schools, libraries – and most importantly, our students – to 21st century educational opportunity. The result of increased E-rate investment will be an America with students, teachers, and library patrons able to take advantage of the unlimited opportunities enabled by high-speed broadband. The increase in support is significant. It is justified. And it is smart – including not just more funding, but also important program changes that will ensure more competition for E-rate dollars and will ensure cost-effective spending.

In July, we adopted critically important goals for the E-rate program that are worth repeating here. In short, these goals were to ensure *affordable* access to high-speed broadband in all schools and libraries and to maximize the cost-effectiveness of E-rate supported purchases. At the same time, we launched a process to determine the future needs of the program. What level of long-term funding and what rule changes will be necessary to meet the goals of universal high-speed access for schools and libraries?

The same digital revolution that gave us Netflix and YouTube has also opened new worlds of educational opportunities for students, teachers, and librarians. Unfortunately, while the connected home is commonplace, the connected classroom and library is not. Today, 63% of American schools – that's 40 million students – do not currently have an Internet connection capable of supporting modern digital learning.

E-rate – America's largest education technology program – has helped to ensure that almost every school and library in America has the most basic level of Internet connectivity. Since becoming Chairman, I've seen first-hand the positive impact E-rate is having in communities all across the country – from Fairfax, Virginia in our backyard to the far reaches of Alaska; from the urban neighborhoods of Oakland to Tribal communities in rural New Mexico and South Dakota. While these visits highlighted some of E-rate's many successes, they also revealed the program's shortcomings.

I was recently provided a copy of a letter from a New Mexico high-school student who wrote to Sal Kahn, founder of the Khan Academy. In his letter, the student aptly describes our challenge when he states, "maybe you can help us with some of our problems that we have at our schools. For example the Internet is very suckey and I think it would help us do better in school if our Internet was better." He's right. For two-thirds of American schools, access to the internet is subpar. The difference between today's slow speeds and fiber speeds is equivalent to the difference between trying to suck peanut butter through a straw, and drinking from a fire hose of information, opportunity, and knowledge.

In the 18 years since E-rate was established, technology has evolved, the needs of students and teachers have changed, and basic connectivity has become inadequate.

The digital age demands that we bring America's libraries and schools into the 21st century, so all students have the tools they need to compete in a global economy. This week is Computer Science Education Week; more than 50 million students worldwide have signed up this week to participate in an Hour of Code – a brief tutorial to de-mystify computer science. It's an important reminder that the connectivity we today enable is not just about education; it is also a matter of preparing learners of all ages for the modern economy. Whether learning in a classroom or receiving job training in a library, computer literacy is not a luxury, it is a requirement. But none of this can happen without high-speed connectivity.

This past July, the Commission approved the first major modification of E-rate in the program's 18-year history. Our overhaul accomplished three overarching objectives:

First, for the first time, the Commission set specific, ambitious speed targets for the broadband capacity delivered to schools and libraries: a minimum throughput of 100 Mbps per 1,000 students and a pathway to 1 Gbps per 1,000 students.

Second, we refocused the program away from funding 20th century technologies like pagers and dial-up phone service to supporting 21st century high-speed broadband connectivity. In the process, we moved to close the Wi-Fi gap by ensuring that over the next two years an additional 20 million students will have Internet access at their school or library desk.

Third, we took steps to improve the cost-effectiveness of E-rate spending through greater pricing transparency and through enabling bulk purchasing to drive down costs and give Americans who contribute to E-rate on their monthly bills the most bang for their buck.

When we adopted that Order, I made clear that our work was not over.

American schools and libraries still face a connectivity gap. Previously I indicated that 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 couldn't get a high-speed connection if they wanted because the infrastructure simply isn't there.

This gap is worst in rural America. Rural schools have even less access to high-speed connectivity than most urban and suburban schools. Forty-one percent of America's rural schools couldn't get a high-speed fiber connection if they tried. Where high-speed networks do exist, the owner of that connectivity often charges an unaffordable price. This is not unusual, considering high-speed telecommunications infrastructure is both more costly and more difficult to amortize in rural areas. It may not be unusual, but it is unacceptable that these realities are allowed to hurt students.

Our challenge in overcoming the rural connectivity gap is made all the more difficult by how we historically have run the E-rate program. Whereas the Commission's program to help defray the costs to rural health care facilities allows funds to be spent to build or lease high-speed capacity where it isn't commercially available or where there is no affordable option, the E-rate program to connect our schools and libraries has specifically prohibited this. Today's action will give rural schools and libraries an alternative beyond being held hostage by the actions or inactions of a local telecommunications provider. Importantly, the rules we adopt today also include multiple safeguards to ensure that E-rate spending utilizing new options adopted in this order will only be approved if such spending is demonstrated to be the most cost-effective option and only after also seeking service from a provider.

It's not just rural communities being disproportionately left behind. Low-income schools in both rural and urban communities significantly lag affluent schools when it comes to access to high-speed networks. Nearly 40 percent of affluent schools have high-speed access versus less than 15 percent of lower-income urban and rural schools.

The E-rate program was inaugurated 18 years ago so that all schools and libraries could participate in the Information Revolution. The fact that the preponderance of those without connectivity are low-income rural and urban schools is unacceptable. We must do better.

Closing this connectivity gap will require raising the E-rate spending cap. We have looked long-term to forecast the funding needs going forward and based the spending cap on those forecasts. What will actually be spent – and the rate Americans will be asked to contribute – will vary from year-to-year. Most certainly, the contributions from Americans won't immediately jump to the cap.

The increase in the cap on what Americans contribute to the E-rate fund means that over time, the support paid by consumers could grow by approximately 16 cents a month for a telephone line. Let's put that in perspective. Over the course of the year that represents one cup of coffee at Dunkin Donuts or one large soda at McDonald's – per year.

E-rate is funded by fees on consumers' phone bills. I take the fiduciary responsibility to invest those contributions wisely very seriously. That's why we have placed an emphasis on improving cost-

effectiveness of the program. And that is why we are making changes to the rules today to ensure more competition for E-rate dollars and to maximize the cost-effectiveness of E-rate supported purchases. But the fact is that the E-rate budget hadn't received an annual inflation adjustment for 13 years. The majority of the proposed new cap accounts for the lack of inflation adjustments, with the rest going to new growth if needed.

We have reached the reality that while many libraries and schools have benefitted from the E-rate program, rural and low-income libraries and schools have not shared proportionally in the opportunities. This is because there wasn't enough money in the program, and the program's design wasn't in synch with providing educational opportunity to all.

Investing in -rate is about our education system; it's about our economy; it's about our global competitiveness. Digital learning is critical to preparing our children to succeed in the digital age.

That's why 50 of America's leading corporate chiefs – from Meg Whitman to Michael Dell to Mark Zuckerberg – wrote the Commission calling E-rate as an essential tool for our nation's competitiveness.

And that's why we need to raise the spending cap for E-rate.

Failure to do so would mean that children in some communities will continue to be bypassed by 21st Century educational opportunities – particularly in rural areas and low-income urban communities.

We can do better than that for our children. By moving forward with this next phase of E-rate modernization, we will.

Let me conclude by once again saying that while today's action is a major step forward, it is not the final step. Today is just the end of the beginning of our effort to get true high-speed broadband to all of the nation's schools and libraries. In the months ahead, there will be a lot of heavy lifting to implement these changes by Commission staff, by our friends at USAC, education and library organizations, and by schools and libraries across the country. I will be watching that progress closely, because ultimately we will be judged by the tangible results delivered to students, teachers, librarians, and library patrons. I want to thank all of the organizations and people and staff at the FCC and USAC that have worked so hard to make today's order possible. Now it's time to roll up our sleeves and complete the job.