

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
E-Rate Program Amortization Requirement	)	WC Docket No. 19-2
	)	
Modernizing the E-Rate Program for Schools and Libraries	)	WC Docket No. 13-184
	)	
	)	

**REPORT AND ORDER**

**Adopted: January 22, 2020**

**Released: January 27, 2020**

By the Commission: Commissioner Rosenworcel issuing a statement.

**I. INTRODUCTION**

1. Many schools and libraries rely on the Commission’s E-Rate program<sup>1</sup> to ensure that they can receive affordable, high-speed broadband to connect today’s students with next-generation learning opportunities. A Commission decision in 2000 limited E-Rate’s use for this purpose by requiring schools and libraries to amortize over three years upfront, non-recurring charges of \$500,000 or more, including charges for special construction projects.<sup>2</sup> This amortization requirement increased costs for E-Rate supported builds and created uncertainty for applicants about the availability of E-Rate funding for the second and third years of the amortization cycle. In 2014, the Commission suspended the requirement through funding year 2018 in order to lower these barriers to broadband infrastructure investment.<sup>3</sup>

2. Informed by our experience during this suspension period, in January 2019, the Commission proposed to permanently eliminate the amortization requirement for the E-Rate program and waived the requirement for the duration of this rulemaking.<sup>4</sup> After a thorough review of the record, we now eliminate this amortization requirement. Our decision will promote increased broadband

<sup>1</sup> The E-Rate program is formally known as the schools and libraries universal service support mechanism.

<sup>2</sup> *Request for Review by Brooklyn Public Library, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45, 97-21, Order, 15 FCC Rcd 18598, 18606, para. 19 (2000) (*Brooklyn Order*). The components of special construction costs eligible for E-Rate discounts include costs for design and engineering, project management, digging trenches, and laying fiber. See *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 31 FCC Rcd 9767, 9775 (2016); *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, 18773 & n.54 (2010).

<sup>3</sup> *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538, 15545-47, paras. 17-21 (2014) (*2014 Second E-Rate Order*) (suspending the requirement that E-Rate applicants amortize upfront, non-recurring category one charges of \$500,000 or more for funding year 2015 through funding year 2018).

<sup>4</sup> See *E-Rate Program Amortization Requirement; Modernizing the E-Rate Program for Schools and Libraries*, WC Docket Nos. 19-2 and 13-184, Notice of Proposed Rulemaking and Order, 34 FCC Rcd 785, 789, para. 12 (2019) (*Amortization Notice and Order*).

infrastructure deployment to our nation's schools and libraries and thereby further the Commission's goal of closing the digital divide.

## II. BACKGROUND

3. Focusing on connectivity in schools and libraries, the Universal Service Fund's (USF's) E-Rate program provides support for what are called category one and category two services. Category one services include telecommunications services and Internet access.<sup>5</sup> Category two services include internal connections, basic maintenance of internal connections, and managed internal broadband services.<sup>6</sup> Under the program rules, funding is based on demand up to an annual Commission-established cap.<sup>7</sup> If demand exceeds the funding cap, E-Rate funds are allocated according to rules of priority.<sup>8</sup> Under the Commission's rules, first priority for E-Rate funding is given to requests for category one services. The remaining available funds are allocated to requests for support for category two services.

4. In 2000, the Commission expressed concern that large upfront charges for non-recurring services—which are often charges for the construction of new or upgraded network infrastructure—could drain available E-Rate funding by diverting large sums to a limited number of applicants.<sup>9</sup> To mitigate this concern, the Commission held that applicants must amortize upfront, non-recurring charges when such charges vastly exceed the monthly recurring charges of the relevant service.<sup>10</sup> The Universal Service Administrative Company (USAC), which administers the E-Rate program, accordingly implemented the policy by requiring applicants to amortize upfront, non-recurring category one charges of \$500,000 or more for a period of three years.<sup>11</sup>

5. In the *2014 Second E-Rate Order*, the Commission suspended the amortization requirement for funding year 2015 through funding year 2018, finding that the suspension would lower barriers to infrastructure investment, including fiber deployment, by allowing applicants to plan large construction projects with the knowledge that they (or their service provider) could recover the discounted portion of the non-recurring charges upfront instead of over a period of three years.<sup>12</sup> The Commission also found relevant that the concerns about draining E-Rate funding raised in 2000 had not proven to be “well-founded,” and that the amortization requirement might actually increase costs for applicants as service providers often pass on the costs of financing large projects through recurring charges.<sup>13</sup> Rather than eliminate the requirement altogether, however, the Commission elected to temporarily suspend it.<sup>14</sup>

6. In January 2019, prior to the expiration of the suspension period, we initiated this rulemaking, proposing to permanently eliminate the amortization requirement.<sup>15</sup> Recognizing that

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<sup>5</sup> 47 CFR § 54.502(a)(1).

<sup>6</sup> 47 CFR § 54.502(a)(2).

<sup>7</sup> See 47 CFR § 54.507(a), (f).

<sup>8</sup> See *id.*

<sup>9</sup> *Brooklyn Order*, 15 FCC Rcd at 18606, para. 19; see also *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 31 FCC Rcd 9767, 9775 (2016) (*Funding Year 2017 ESL*) (explaining that one-time, upfront costs typically associated with deploying new or upgraded fiber to eligible school and library locations are special construction charges).

<sup>10</sup> See *Brooklyn Order*, 15 FCC Rcd at 18606-07, para. 20; see also *2014 Second E-Rate Order*, 29 FCC Rcd at 15545, para. 18.

<sup>11</sup> See *2014 Second E-Rate Order*, 29 FCC Rcd at 15545-46, para. 18.

<sup>12</sup> See *id.* at 15545, para. 17.

<sup>13</sup> See *id.* at 15545, para. 18.

<sup>14</sup> See *id.* at 15546, para. 20.

<sup>15</sup> See *Amortization Notice and Order*, 34 FCC Rcd at 789, para. 12.

suspending the amortization requirement had encouraged the deployment of high-speed, low cost broadband networks by eliminating administrative barriers and making E-Rate funding more predictable, we sought comment on the costs and benefits of permanently eliminating the requirement from the E-Rate program.<sup>16</sup> In addition, recognizing that absent Commission action, the amortization requirement would apply to requests for special construction projects in funding year 2019, we waived the requirement during the pendency of this rulemaking. As a result, the Commission continued to promote buildout of high-speed networks to unserved and underserved schools and libraries and maintain the status quo for E-Rate program applicants while we considered eliminating the amortization requirement altogether.

### III. DISCUSSION

7. To continue to promote buildout and deployment of high-speed networks and connections to schools and libraries, and consistent with the record in this proceeding,<sup>17</sup> we now eliminate the requirement that E-Rate applicants amortize upfront, non-recurring charges of \$500,000 or more for category one services, including charges for special construction projects. As discussed below, eliminating this requirement will continue to lower barriers to broadband deployment to our nation's schools and libraries, lessen the administrative burdens of the E-Rate program for applicants, and improve the efficient use of E-Rate funds, all without causing a drain on the USF.

8. *Promoting Broadband Infrastructure Deployment and Investment.* Eliminating the amortization requirement will promote broadband infrastructure investment, including fiber deployment. The record demonstrates, and our experience over the past four years suggests, that suspending the amortization requirement increased buildout and deployment of high-speed broadband networks because all special construction costs could be paid upfront, instead of in a piecemeal fashion over three years.<sup>18</sup> By creating a more certain path for reimbursement, applicants and service providers were more willing to take on special construction projects and invest in new broadband infrastructure.<sup>19</sup> During the suspension period, applicants no longer had to worry about whether they would receive a funding commitment in the second and third years of the amortization cycle and service providers did not have to wait years to recoup their construction costs since applicants could receive a funding commitment upfront for the E-Rate supported portion of the project.<sup>20</sup>

9. This increased certainty and predictability for funding of special construction projects, in particular, has increased deployment of broadband infrastructure by resulting in lower costs to both applicants and the USF. With service providers able to recoup their costs sooner, the financing costs that service providers were previously passing on to applicants due to delays in recouping their investments

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<sup>16</sup> *Id.* at 2-5, paras. 6-11.

<sup>17</sup> *See, e.g.*, Benton Foundation and EducationSuperHighway Comments, WC Docket Nos. 19-2 and 13-184, at 21 (Mar. 11, 2019) (BF/ESH Comments); State E-Rate Coordinator's Association Comments, WC Docket Nos. 19-2 and 13-184, at 5-6 (Mar. 14, 2019) (SECA Comments); Illinois Department of Innovation and Technology, Comments, WC Docket Nos. 19-2 and 13-184, at 5 (Mar. 15, 2019) (ILIT Comments); American Library Association, WC Docket Nos. 19-2 and 13-184, at 1 (Mar. 18, 2019) (ALA Comments); New Mexico Public School Facilities Association Comments, WC Docket Nos. 19-2 and 13-184, at 2 (Mar. 18, 2019) (NMPSFA Comments); Schools, Health & Libraries Broadband Coalition Comments, WC Docket Nos. 19-2 and 13-184, at 1 (March 18, 2019) (SHLB Comments); EducationSuperHighway Reply Comments, WC Docket Nos. 19-2 and 13-184, at 2 (Apr. 1, 2019) (ESH Reply); Funds For Learning, LLC Reply Comments, WC Docket Nos. 19-2 and 13-184, at 2 (Apr. 1, 2019) (FFL Reply); Wisconsin Department of Public Instruction Reply Comments, Reply Comments, WC Docket Nos. 19-2 and 13-184 (Apr. 1, 2019) (WIDPI Reply).

<sup>18</sup> BF/ESH Comments at 21; ILIT Comments at 2; NMPSFA Comments at 2.

<sup>19</sup> BF/ESH Comments at 21; ILIT Comments at 2.

<sup>20</sup> NTCA – The Rural Broadband Association Comments, WC Docket Nos. 19-2 and 13-184, at 3 (Mar. 18, 2019) (NTCA Comments) (noting the “speculative nature of future funding availability that the amortization rule created”).

are reduced, if not eliminated.<sup>21</sup> Moreover, eliminating the need for service providers to finance large projects has also reduced the risks associated with investing in these projects and incentivized more service providers to bid on special construction projects.<sup>22</sup> One commenter explained that due to the suspension of the amortization requirement, “more vendors are interested in bidding on fiber-based solution projects because they involve less risk than year-over-year funding and decrease the vendor’s cost of capital.”<sup>23</sup> As a result, there is more competition for special construction projects and more choice for applicants.<sup>24</sup> And competition amongst service providers for special construction projects has driven down costs and allowed for more efficient use of E-Rate funds.<sup>25</sup>

10. To illustrate the extent to which the suspension of the amortization requirement has encouraged deployment and driven down costs, we consider two school districts that upgraded their networks during the suspension period at a savings to the USF. With a one-time investment of \$14.3 million for special construction, Albuquerque Public Schools in New Mexico upgraded their 156 locations from a 300–500 Mbps connection costing a total of \$4.46 million per year, to a 10 Gbps lit fiber connection costing a total of \$458,000 per year.<sup>26</sup> Before these upgrades, it would have cost a total of over \$18 million per year for each location to meet the long-term needs of 10 Gbps per site.<sup>27</sup>

11. Similarly, with a one-time investment of \$1.76 million for special construction, Gallup McKinley County Schools in New Mexico upgraded three remote locations from a 100 Mbps microwave connection costing a total of \$672,000 per year, to a 1 Gbps fiber connection costing a total of \$97,000 per year.<sup>28</sup> Not only is the school district saving money, but the upgrade from microwave to fiber connectivity has increased the quality and reliability of service, as the microwave connectivity was frequently impacted by inclement weather.<sup>29</sup> New Mexico Public School Facilities Authority commented that suspending the amortization requirement directly led to these infrastructure investments, which have helped connect students in some of the country’s most rural areas.<sup>30</sup> Additionally, other commenters have noted that because of the suspension of the amortization requirement, cost-effective special construction efforts are underway or are planned in Arizona, California, Colorado, Illinois, Nevada, North Carolina, and Texas.<sup>31</sup> We are confident that eliminating the amortization requirement will continue to provide incentives for schools and libraries to pursue opportunities to invest in special construction projects that will increase connectivity, while improving the long-term efficient use of E-Rate funds.

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<sup>21</sup> BF/ESH Comments at 21; ILIT Comments at 5. A practical effect of the amortization requirement was that service providers had to obtain financing for special construction projects because funding from USAC was spread out over three years. Service providers then passed along the costs of this financing to applicants. *See 2014 Second E-Rate Order*, 29 FCC Rcd at 15546, para. 19.

<sup>22</sup> NMPSFA Comments at 5.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* at 3, 9.

<sup>26</sup> *Id.* at 4.

<sup>27</sup> *Id.* New Mexico PSFA explained that at \$4.46 million per year for a connection of 300-500 Mbps for 156 locations, it would cost an estimated \$10,000 per month for a 10 Gbps circuit. Accordingly, for each location to meet the long-term needs of 10 Gbps per site, the cost would be over \$18 million per year (156 locations, times \$10,000 per circuit, times 12 months, equals \$18,720,000). *Id.*

<sup>28</sup> *Id.* at 5-6.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 6.

<sup>31</sup> *See* BF/ESH Comments at 21; ESH Reply at 3-4.

12. On the other hand, reinstating the amortization requirement would likely chill deployment of broadband infrastructure and hinder the Commission's goal of closing the digital divide. Just as suspending the amortization requirement facilitated deployment of high-speed broadband, restoring the requirement could reintroduce uncertainty and risk, thereby discouraging applicants from investing in multi-year special construction projects in rural and underserved areas.<sup>32</sup> Applicants with limited resources may be discouraged from investing in special construction projects because amortization requires applicants to complete the E-Rate application process multiple times for the same project.<sup>33</sup> In addition, applicants would face an increased financial burden for multi-year projects because the amortization cycle is likely to hinder their ability to secure state matching funds year after year.<sup>34</sup> Appropriations for state funds are for a limited timeframe, which means that there may not be an appropriation for state funds in the second and third years of an amortization cycle.<sup>35</sup>

13. In addition, restoring the amortization requirement could discourage service providers from investing in special construction projects based on the inherent risk and costs associated with waiting years to recover charges for a project.<sup>36</sup> This unwillingness to invest in special construction projects as well as applicants' need for assistance from service providers with the financing costs for such projects is likely to increase the costs of E-Rate supported services that stakeholders have seen drop since 2014.<sup>37</sup> As a result, deployment of high-speed broadband in areas where infrastructure upgrades are needed the most is likely to slow down.<sup>38</sup>

14. *Reducing Administrative Burdens.* Eliminating the amortization requirement will decrease administrative burdens associated with applying for E-Rate support, particularly for small schools and libraries, who are among the most underserved and struggle with limited resources to complete E-Rate applications. Under the amortization requirement, applicants were required to file funding requests in each year of the amortization cycle—i.e., three times—to receive E-Rate funding for

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<sup>32</sup> ILIT Comments at 5.

<sup>33</sup> BF/ESH Comments at 21 (reinstating the amortization requirement would increase costs and may discourage schools and libraries from launching multi-year projects because of the risk that approval in year one of a project may not be followed by approval in the following years of the amortization cycle).

<sup>34</sup> See, e.g., SECA Comments at 6; SHLB Comments at 1 (“If the Commission were to re-institute the amortization requirement, it could jeopardize several state matching programs that were created specifically to address the shortage of broadband investment in their states.”); FFL Reply at 2 (“Requiring amortization would take away most, if not all, of the state matching funds. This would slow down the progress being made in states and increase the cost paid by applicants to receive internet access.”).

<sup>35</sup> SECA Comments at 5-6; ILIT Comments at 5.

<sup>36</sup> ILIT Comments at 5 (noting the “cost of carrying large customer receivables, potentially over multiple years”).

<sup>37</sup> See ESH Reply at 1 (noting that the cost of school broadband has decreased by 85% since 2013); Funds for Learning, 2019 E-Rate Trends Report at 27 (2019), <https://fundsforlearning.app.box.com/v/2019ErateTrends> (noting that in funding year 2019, 70% of surveyed applicants reported that they saw lower prices for E-Rate services, while 89% reported that they saw faster internet).

<sup>38</sup> While not objecting to our proposal to eliminate the amortization requirement, some commenters suggested that we implement additional checks to prevent the construction of new networks to serve sites already served by a legacy network. See NTCA – The Rural Broadband Association Comments, WC Docket Nos. 19-2 and 13-184 (Mar. 18, 2019) (NTCA Comments); USTelecom – The Broadband Association Reply Comments, WC Docket Nos. 19-2 and 13-184, at 7 (Apr. 1, 2019) (USTelecom Reply); Central Texas Telephone Cooperative, Inc., Peoples Telephone Cooperative, Inc., Totelcom Communications Comments, WC Docket Nos. 19-2 and 13-184 (Mar. 19, 2019) (Texas Carrier Comments). We note that this issue was not raised in the *Amortization Notice and Order*, is beyond the scope of this proceeding, and is the subject of a separate proceeding. See *Wireline Competition Bureau Seeks Comment on Texas Carriers' Petition to Prohibit Use of E-Rate Funds to Build Fiber Networks in Areas Where Fiber Networks Already Exist*, RM-11841, CC Docket No. 02-6, WC Docket No. 13-184, Public Notice, 34 FCC Red 3833, 3833-34 (WCB 2019). As such, we decline to address those recommendations in this Order.

the same project,<sup>39</sup> thereby creating inefficiencies and increased costs for schools and libraries.<sup>40</sup> By eliminating this requirement, applicants will have to file only one funding request to receive E-Rate support for a project, thereby reducing the administrative effort and costs associated with filing funding requests. As the suspension period demonstrated, having to file only once for a single project made funding more predictable and certain, and thus encouraged applicants to undertake special construction projects to make necessary updates to their network infrastructure.<sup>41</sup> Moreover, and as noted above, eliminating the amortization requirement will also decrease the administrative burden of securing state matching funds, given that state appropriation cycles are for a limited time frame.<sup>42</sup>

15. *Improving the Efficient Use of E-Rate Funds.* The record demonstrates that eliminating the amortization requirement will help enable more efficient use of E-Rate funds as non-recurring costs of special construction end up being cheaper over time than monthly recurring charges for costly existing services. As noted above, suspending the requirement reduced uncertainty by allowing all special construction costs to be paid upfront.<sup>43</sup> By creating a more certain path for reimbursement, service providers and applicants were more willing to invest in special construction projects to upgrade broadband infrastructure to more cost-effective, higher quality services.<sup>44</sup>

16. For instance, in the example described above, Albuquerque Public Schools was able to upgrade to a superior 10 Gbps lit fiber connection that required a one-time investment of \$14.3 million, and cost \$458,000 per year.<sup>45</sup> The savings from the lower monthly rate will be fully recovered in less than four years, and in five years, Albuquerque Public Schools will be paying 25% less for higher quality services than the school district was paying prior to the upgrade.<sup>46</sup> Similarly, Gallup McKinley was able to upgrade to a superior 1,000 Mbps (fully scalable to 10 Gbps) fiber connection for \$97,000 per year, and \$1.76 million in special construction costs.<sup>47</sup> Gallup McKinley will fully recover its \$1.76 million initial investment in less than three years, and will save the USF over one million dollars after five years.<sup>48</sup> These applicants and the USF will pay less over time for better quality services.

17. Furthermore, while the Commission adopted the requirement that applicants amortize large, upfront non-recurring charges in 2000 in part because it was concerned that these payments could drain available funds,<sup>49</sup> we do not believe that eliminating this requirement will cause such an outcome.<sup>50</sup>

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<sup>39</sup> NTCA Comments at 3 (“The [amortization] rule . . . force[s] schools and libraries to complete the E-Rate application process multiple times for the same project, again wasting their limited resources.”).

<sup>40</sup> *Id.* ([T]he amortization rule is inefficient . . . [and] should it be reinstated, would waste limited USF resources and needlessly increase schools’ and libraries’ costs.”).

<sup>41</sup> ILIT Comments at 5.

<sup>42</sup> *Id.*; SECA Comments at 5-6.

<sup>43</sup> BF/ESH Comments at 21; ILIT Comments at 2.

<sup>44</sup> BF/ESH Comments at 21; ILIT Comments at 2.

<sup>45</sup> NMPSFA Comments at 4.

<sup>46</sup> *Id.* The total cost for the 300-500 Mbps connection over five years would have been \$22.3 million, while the total cost of the upgrade to a 10 Gbps connection over five years is \$16.59 million. *Id.* The difference between \$22.3 million and \$16.59 million is \$5.71 million, which represents over a 25% decrease in overall costs. *Id.*

<sup>47</sup> *Id.* at 5-6.

<sup>48</sup> *Id.*

<sup>49</sup> See *Brooklyn Order*, 15 FCC Rcd at 18606, para. 19.

<sup>50</sup> See, e.g., SECA Comments at 2-3 (explaining that there is “no countervailing financial concern that permanent elimination of amortization would pose” because suspension did not lead to a surge in demand for non-recurring network costs, and in fact, total demand is well under the funding cap); ILIT Comments at 6 (stating that the risk of large special construction funding commitments draining E-Rate funds is low); NTCA Comments at 3 (underlying (continued....))

Over the four funding years of the suspension, the concern that one-time charges would create a drain on the Fund has not materialized. During the suspension period, category one, non-recurring charges have made up only a small portion of the overall size of the E-Rate program.<sup>51</sup> Specifically, funding requests from funding years 2015 through 2018 that would have been amortized if the requirement had been in place represented roughly 6% of all E-Rate funding commitments during that period.<sup>52</sup>

18. In sum, we find that the benefits of eliminating the amortization requirement far outweigh any potential drawbacks. Accordingly, we eliminate the requirement that applicants amortize upfront, non-recurring category one charges of \$500,000 or more from the E-Rate program. For administrative ease, we clarify that the waiver of the amortization requirement that the Commission issued in the *Amortization Notice and Order* will continue to apply to applicants until this Report and Order eliminating the requirement becomes effective.<sup>53</sup>

#### IV. PROCEDURAL MATTERS

19. *Regulatory Flexibility Act.*—The Regulatory Flexibility Act of 1980 (RFA) requires that an agency prepare a regulatory flexibility analysis for notice and comment rulemakings, unless the agency certifies that “the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.” In the Report and Order, we are eliminating the requirement that E-Rate applicants amortize funding requests with non-recurring category one charges of \$500,000 or more, which includes funding requests for special construction. Accordingly, we certify that the rule changes adopted herein will not have a significant economic impact on a substantial number of small entities. The Commission will send a copy of the Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Small Business Regulatory Enforcement Fairness Act of 1996.<sup>54</sup> In addition, the Commission will send a copy of the Report and Order to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the Report and Order (or summaries thereof) will also be published in the Federal Register.<sup>55</sup>

20. *Paperwork Reduction Act.*—This document eliminates a reporting requirement and contains no new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. § 3506(c)(4), we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees. The document, by eliminating a reporting requirement, reduces any burdens on small entities.

21. *Congressional Review Act.*—The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, concurs that this

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concerns that large funding requests would overwhelm the E-Rate program budget have not proven to be true); BF/ESH Comments at 22 (funding one-time upfront costs for special construction projects during the suspension period has not put a strain on the Fund); WIDPI Reply at 1-2 (“[T]here has been no ‘drain’ on the fund the five years since the [amortization] rule’s temporary suspension.”).

<sup>51</sup> ILIT Comments at 6.

<sup>52</sup> During this period, USAC committed a total of \$643.03 million for funding requests that would have required amortization, or 6.1% of the total \$10.5 billion committed from funding years 2015 through 2018. *See* USAC, OpenData, *E-Rate Request for Discount on Services: FRN Status (FCC Form 471 and related information)*, <https://opendata.usac.org/E-rate/E-rate-Request-for-Discount-on-Services-FRN-Status/qdmp-ygft> (last visited Oct. 23, 2019).

<sup>53</sup> *Amortization Notice and Order*, 34 FCC Rcd at 790, para. 14; *infra* para. 23.

<sup>54</sup> 5 U.S.C. § 801(a)(1)(A).

<sup>55</sup> *See id.* § 604(b).

rule is non-major under the Congressional Review Act, 5 U.S.C. § 804(2). The Commission will send a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. § 801(a)(1)(A).

#### V. ORDERING CLAUSES

22. Accordingly, IT IS ORDERED that, pursuant to the authority found in sections 1 through 4, 201-205, 254, 303(r) and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151 through 154, 201 through 205, 254, 303(r), and 403, and section 1.3 of the Commission's rules, 47 CFR § 1.3, this Report and Order IS ADOPTED, and shall be effective (30) days after the publication of this Report and Order in the Federal Register.

23. IT IS FURTHER ORDERED that the requirement to amortize certain E-Rate funding requests originally adopted in the *2014 Second E-Rate Order*, 29 FCC Rcd at 15545, para. 17, shall continue to be waived, consistent with the *Amortization Notice and Order*, FCC 19-5, at 7, para. 27, until the effective date of this Report and Order.

24. IT IS FURTHER ORDERED that the requirement to amortize certain E-Rate funding requests originally adopted in the *2014 Second E-Rate Order*, 29 FCC Rcd at 15545, para. 17, shall be permanently eliminated from the E-Rate program upon the effective date.

25. IT IS FURTHER ORDERED that the Commission SHALL SEND a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. § 801(a)(1)(A).

26. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Report and Order to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary



**STATEMENT OF  
COMMISSIONER JESSICA ROSENWORCEL**

Re: *E-Rate Program Amortization Requirement, Modernizing the E-Rate Program for Schools and Libraries*, WC Docket Nos. 19-2, 13-184, Report and Order

Thanks to E-Rate, schools and libraries in communities in every state are connected to the internet. As a result, this program is an essential part of promoting broadband access and opportunity across the country. Keeping it up to date is important and with this decision we do just that by eliminating an antiquated accounting policy that required the amortization of certain construction costs over several years. This is the right call. As this order highlights, during the period in which this policy was suspended, E-Rate recipients demonstrated that doing so allowed them to expand connectivity and save money. Accordingly, this decision has my full support.