FCC E-Rate Modernization Order Brief Outline

1. The dollars per student allocation for school Wi-Fi funding, and the similar dollars per square foot allocation for libraries, were adopted only for the first two years and will have to be revisited for FY 2017. The Wi-Fi budget floor for small schools and libraries was raised.

2. The maximum Category 2 discount will drop to 85%.

3. Elimination of eligibility for certain Category 1 services such as webhosting in FY 2015, and to begin to phase out the eligibility of voice services (POTS, cellular voice, and VoIP), remain in the Order.

4. Elimination of the technology plan requirement

5. New guidance on districtwide discount rates, multi-year applications, electronic-only filings, and new enforcement measures on the service provider Lowest Corresponding Price ("LCP") requirement.

6. Incentives for consortia and bulk-purchasing

7. Two other provisions in the Order — one favorable for applicants, one unfavorable:
   a. Direct applicant invoicing, presumably meaning that BEAR reimbursement payments will be made directly to applicants rather than flowing through the service providers.
   b. An increase in the record retention requirement period from five to ten years to be consistent with other USF programs.

Accompanying the Order will be a Further Notice of Proposed Rulemaking ("FNPRM") reportedly focusing on long-term funding needs, consortium-based purchasing, and alternative methods for allocating library Wi-Fi funding. The comment period for the FNPRM is expected to be 30 days.

Additional information will become available once the Order and FNPRM is formally released. Details on changes to the eligibility of "legacy" services may not be fully available until we see the Draft Eligible Services List for FY 2015, expected to be released separately for public comment later this month.