



# PUBLIC NOTICE

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## 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,<sup>1</sup> the Wireline Competition Bureau (Bureau) announces that the E-rate program funding cap for funding year 2016 is \$3,939,000,000.<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup> The new cap represents a 1 percent inflation-adjusted increase in the \$3.9 billion cap from funding year 2015.<sup>5</sup> 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.<sup>6</sup>

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<sup>1</sup> 47 CFR § 54.507(a).

<sup>2</sup> 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.

<sup>3</sup> *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*).

<sup>4</sup> *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).

<sup>5</sup> 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).

<sup>6</sup> *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).