

# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU ANNOUNCES E-RATE CATEGORY TWO FUNDING FLOORS AND MULTIPLIERS FOR NEXT FUNDING CYCLE

**WC Docket No. 13-184**

Pursuant to section 54.502(d)(5) of the Commission’s rules,<sup>1</sup> the Wireline Competition Bureau (Bureau) announces the category two multipliers and funding floors for the upcoming five-year cycle that will begin funding year 2026 and run through funding year 2030.<sup>2</sup> The adjusted amounts represent a 20.7% inflation-adjusted increase to the category two multipliers and funding floors for the next five-year funding cycle from the prior funding cycle that began in funding year 2021.<sup>3</sup>

The E-Rate program’s eligible equipment and services (collectively “eligible services”) are divided into category one and category two services. Category one services provide connectivity to the schools and libraries, while category two services provide connectivity within schools and libraries.<sup>4</sup> For category one services, the Commission has not set a budget, however, for category two services, there is a five-year, pre-discount budget up to which applicants may request funding.<sup>5</sup>

<sup>1</sup> 47 CFR § 54.502(d)(5). The E-Rate program is formally known as the schools and libraries universal service support program.

<sup>2</sup> 47 CFR § 54.502(d)(5) (requiring an adjustment of the category two funding floor and multipliers based on the Gross Domestic Product Chain-type Price Index (GDP-CPI) measure of inflation). *See also Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order, 34 FCC Rcd 11219, 11235, paras. 42-43 (2019) (*Category Two Report and Order*). In July 2023, the Commission increased the category two funding floor for Tribal libraries to \$55,000. *See Schools and Libraries Universal Service Support Mechanism, et al.*, CC Docket Nos. 02-6, 96,45, 97-21, Report and Order and Further Notice of Proposed Rulemaking, 38 FCC Rcd 6842, 6852, para. 22 (2023) (*July 2023 E-Rate Report and Order*) (increasing the category funding floor from \$25,000 to \$55,000 for Tribal libraries).

3 National Income and Products Accounts Table, U.S. Bureau of Economic Analysis, revised May 29, 2025, Table 1.1.4, [https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey&\\_gl=1\\*14yafjt\\*\\_ga\\*NTA2OTA0NDM0LjE3MDg2MjQwMDQ.\\*\\_ga\\_14698JNNFT\\*MTcwODYyNDIxNy4xLjEuMTcwODYyNTkyMy4lNC4wLjA.#eyJhcHBpZCI6MTkslnN0ZXBzIjpbMSwyLDMsM10sImRhGEiOlTbImNhdGVnb3JpZXMiLCJTdXJ2ZXkiXSxbIk5JUEFfVGFGibGVFTGlzdCIsIjQlXSxbIkZpcnN0X1llYXIiLCIyMDE5Iiw0sWyJMYXN0X1llYXIiLCIyMDI1Iiw0sWyJTY2FsZSIsIjAiXSxbIlNlcmlcyIsIiEiXV19](https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey&_gl=1*14yafjt*_ga*NTA2OTA0NDM0LjE3MDg2MjQwMDQ.*_ga_14698JNNFT*MTcwODYyNDIxNy4xLjEuMTcwODYyNTkyMy4lNC4wLjA.#eyJhcHBpZCI6MTkslnN0ZXBzIjpbMSwyLDMsM10sImRhGEiOlTbImNhdGVnb3JpZXMiLCJTdXJ2ZXkiXSxbIk5JUEFfVGFGibGVFTGlzdCIsIjQlXSxbIkZpcnN0X1llYXIiLCIyMDE5Iiw0sWyJMYXN0X1llYXIiLCIyMDI1Iiw0sWyJTY2FsZSIsIjAiXSxbIlNlcmlcyIsIiEiXV19). See also *Category Two Report and Order*, 34 FCC Rcd at 11235, para. 43 (specifying how to calculate the inflation adjustment). We calculate an increase of 20.7% in the rate of inflation based on the latest four quarters of data on the GDP-CPI (Q2 2024 through Q1 2025 averaged to 126.044) compared to the equivalent quarters from the beginning of the five-year funding cycle (Q2 2019 through Q1 2020 averaged to 104.39875). The calculation is  $((126.044 - 104.39875) / 104.39875) * 100$  which equals 20.7% when rounded to the nearest 0.1%. *Id.*

<sup>4</sup> 47 CFR § 54.502(a)(1)-(2).

5 47 CFR § 54.502(b)-(d); *see also* *Category Two Report and Order*, 34 FCC Rcd at 11224-25, para. 15 (making the category two budget approach permanent); *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket (continued....)

In 2019, the Commission adopted the *Category Two Report and Order*, which set a fixed five-year funding cycle for category two funding.<sup>6</sup> As part of this Order, the Commission set the category two funding floor, or minimum funding available for smaller schools and libraries, to a pre-discount level of \$25,000, meaning that all applicants could receive funding on purchases of at least \$25,000 over a five-year period.<sup>7</sup> At the same time, the Commission also set the pre-discount budget multiplier of \$4.50 per square foot for all libraries,<sup>8</sup> and set the pre-discount budget multiplier at \$167 per student for all schools over a five-year period.<sup>9</sup> The current five-year funding cycle, which began in funding year 2021 is set to end in funding year 2025.<sup>10</sup> For future funding cycles, the Commission directed the Bureau to upwardly adjust by the rate of inflation and announce the updated multipliers and funding floors prior to the start of each subsequent five-year funding cycle.<sup>11</sup>

Accordingly, this Notice applies a 20.7% inflation rate adjustment and announces the category two funding floors and multipliers for the next five-year funding cycle that will run from funding year 2026 through funding year 2030 (the FY 2026-2030 cycle). For the FY 2026-2030 cycle, the category two funding floor is adjusted from \$25,000 to \$30,175. For Tribal libraries, the category two funding floor is adjusted from \$55,000 to \$66,385.<sup>12</sup> For the FY 2026-2030 cycle, the school and school district category two multiplier is adjusted from \$167 per student to \$201.57 per student. For the FY 2026-2030 cycle, the library and library system category two multiplier is adjusted from \$4.50 per square foot to \$5.43 per square foot. Applicants will be required to validate their student counts or library square footage in the first year they apply for category two support during the FY 2026-2030 cycle and their category two budget will be set for the five-year period.<sup>13</sup>

For further information, please contact Kate Dumouchel, Wireline Competition Bureau at (202) 418-7400.

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No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870, 8898-8922, paras. 76-133 (2014) (*First 2014 E-Rate Order*); *Modernizing the E-Rate Program for Schools and Libraries; Connect America Fund*, WC Docket Nos. 13-184, 10-90, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538, 15571-78, paras. 77-81 (2014) (*Second 2014 E-Rate Order*).

<sup>6</sup> See *Category Two Report and Order*, 34 FCC Rcd at 11226, para. 20.

<sup>7</sup> 47 CFR § 54.502(d)(4); see also *Category Two Report and Order*, 34 FCC Rcd at 11230-31, paras. 29-30; *July 2023 E-Rate Report and Order*, 38 FCC Rcd at 6852, para. 22.

<sup>8</sup> See *Category Two Report and Order*, 34 FCC Rcd at 11232-34, paras. 34-39 (setting the library multiplier). Libraries calculate square footage by providing “the total area for all floors, in square feet, of all areas enclosed by the outer walls of the library outlet and occupied by the library, including those areas off-limits to the public.” 47 CFR § 54.502(d)(3).

<sup>9</sup> 47 CFR § 54.502(d)(2); see also *Category Two Report and Order*, 34 FCC Rcd at 11231-33, paras. 31-33 (setting the school multiplier).

<sup>10</sup> 47 CFR § 54.502(d)(1).

<sup>11</sup> *Id.* § 54.502(d)(5); see also *Category Two Report and Order*, 34 FCC Rcd at 11235, para. 43.

<sup>12</sup> See *supra* note 7.

<sup>13</sup> See *Category Two Report and Order*, 34 FCC Rcd at 11236, para. 44 (requiring “applicants to validate their student counts or library square footage for each school or library in the district or library system in the first year that an applicant applies for category two support during the relevant five-year cycle”).