



# SCHOOLS AND LIBRARIES PROGRAM

**T**he E-rate Modernization Orders of 2014 created aggressive goals for the Schools and Libraries (E-rate) Program, and 2015 was a critical year for bringing this modernization to fruition.

The Orders charged USAC to support the three goals of E-rate modernization:

1. Ensure affordable access to high speed broadband
2. Maximize cost effectiveness to make the funds go further
3. Simplify E-rate Program processes

Ensuring USAC is doing its part to help the E-rate Program meet these goals required us to improve our processes, systems, and communications dramatically, putting the program on track to more effectively provide broadband funding for millions of school children and library patrons.

### ENSURE AFFORDABLE ACCESS TO HIGH SPEED BROADBAND

The E-rate Modernization Orders focus on broadband to and within schools and libraries to support a modern and dynamic learning environment for all students. Under the FCC’s new program rules, schools and libraries now have more flexible options for purchasing Wi-Fi and a set budget to ensure cost-effective purchasing of Wi-Fi services needed for education today.

USAC’s role was to adjust our application processes and outreach support to ensure that schools and libraries are able to understand and apply for these services.

As of December 30, 2015, USAC committed \$23.7 million of FY2015 E-rate Program funding for Wi-Fi and another \$1.1 billion for broadband connectivity to schools and libraries (100 megabytes and above).

### MAKE FUNDS GO FURTHER

The FCC Modernization Orders required USAC to provide pricing transparency for products and services beginning in FY2015. In 2015, we focused on data integrity and transparency to help schools and libraries make more cost-effective decisions in the future. Through a robust data cleanup effort conducted by USAC, we substantially improved the quality of the data associated with FY2015 applications. We also built an online reporting tool that allows users to download application information from the FCC Form 471 including state, equipment, connectivity levels, and product and service pricing. By using this information to compare offers, our stakeholders can make more efficient use of E-rate Program funds.

Through more rigorous financial analysis, USAC also identified \$1.575 billion of unused funds available from previous years, and made these funds available in FY2015.

### SIMPLIFY E-RATE PROCESSES

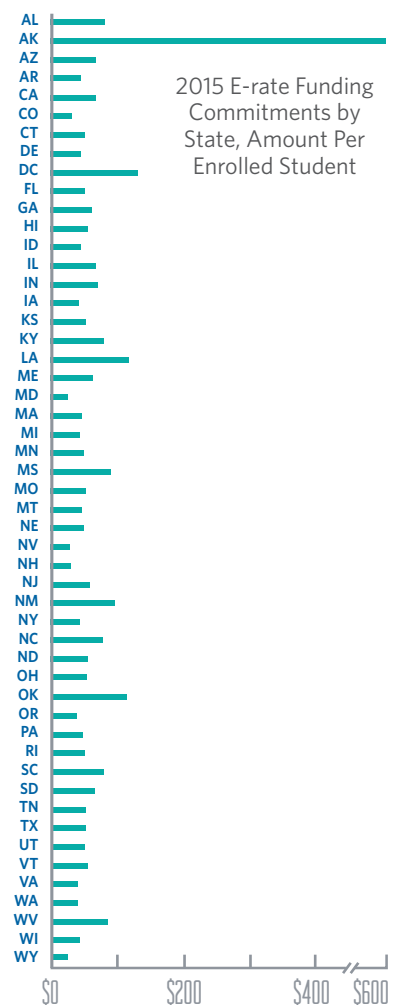
In 2015, USAC tackled one of the most challenging E-rate Program processes—the application system for the program. In June 2015, we launched a new account and application management portal called the E-rate Productivity Center (EPC). Applicants, consultants, and service providers use this tool to manage program processes, file forms, and communicate with USAC. In its end-state, EPC will guide applicants more intuitively through the application process, allow USAC to speed up application processing, and make funding decisions more quickly.

Our roll-out is an iterative process. In July, the FY2016 FCC Form 470 launched in EPC. We recognized the need to engage stakeholders

more fully in the development of FCC Form 471 application process, so stakeholders gave feedback in several rounds of user testing. They helped us identify critical usability issues, which have been addressed in both system changes and outreach. We will continue to evolve the system and make improvements in 2016 and beyond, to simplify and streamline the process for applicants.

In 2016, we will continue to focus on these three goals. By doing so, we will make a meaningful impact on schools and libraries across the United States and territories through access to affordable broadband connectivity. ■

### CURRENT STATE OF E-RATE PROGRAM DISBURSEMENTS





# 2015 UNIVERSAL SERVICE PROGRAM STATISTICS

The following pages contain data from the four universal service programs administered by USAC. To better understand the data, please note the difference between authorized support and funding commitments as well as funding year versus calendar year.

## FUNDING YEAR

For the Rural Health Care and Schools and Libraries programs, a funding year runs from July 1 to June 30 of the following year.

## CALENDAR YEAR

The High Cost and Lifeline programs disburse funds on a calendar year basis. Data in these tables are for calendar year 2015.

## AUTHORIZED SUPPORT

Authorized support represents funding that has been approved for disbursement for January through December 2015. It does not include recoveries from audits, appeals, or other enforcement actions during that timeframe.

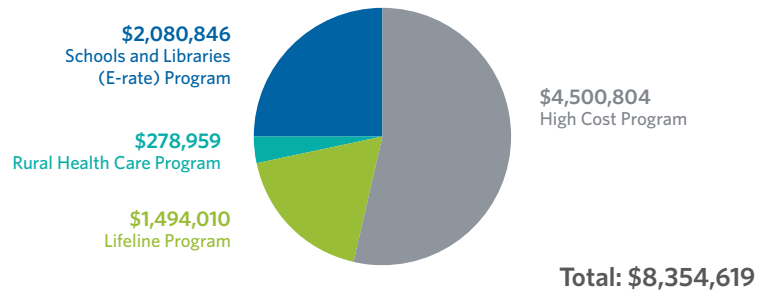
## FUNDING COMMITMENTS

Funding commitments are not disbursements. Funding commitments are issued by the Rural Health Care and Schools and Libraries programs via commitment letters that approve what will be funded through support for a particular funding year.

Commitments made in calendar year 2015 may be for applications filed during previous funding years and/or the current funding year.

## 2015 AUTHORIZED SUPPORT BY PROGRAM

Unaudited (in thousands)



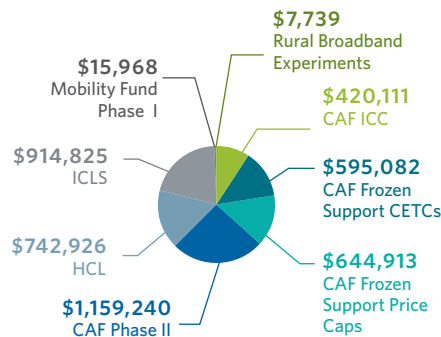
## HIGH COST PROGRAM

Authorized Support By Year



## 2015 High Cost Authorized Support

(in thousands)



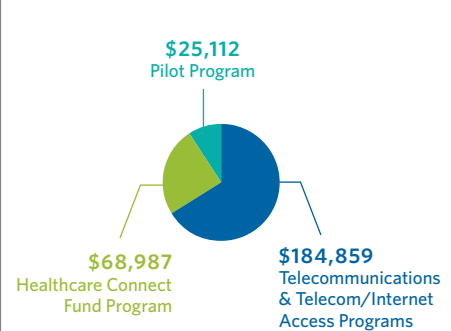
## RURAL HEALTH CARE PROGRAM

Authorized Support By Year



## 2015 Rural Health Care Authorized Support

(in thousands)

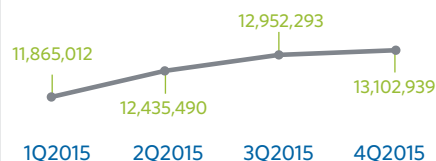


## LIFELINE PROGRAM

Authorized Support By Year



Subscribers Supported



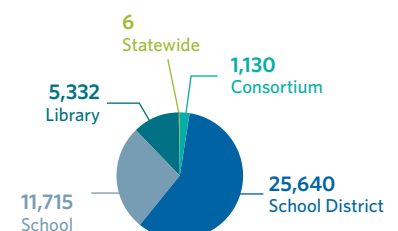
Note: Quarterly numbers are averages.

## SCHOOLS AND LIBRARIES PROGRAM

Authorized Support By Year



Applications Funded, Funding Year 2015



**SCHOOLS AND LIBRARIES PROGRAM** Commitments and Authorized Support, 2015 (Unaudited | in thousands)

| State                    | COMMITMENTS         |                     |                             | AUTHORIZED SUPPORT <sup>1</sup> |                     |                                      |
|--------------------------|---------------------|---------------------|-----------------------------|---------------------------------|---------------------|--------------------------------------|
|                          | Funding Year 2015*  | Calendar Year 2015  | Total Commitments 1998-2015 | Funding Year 2015*              | Calendar Year 2015  | Total Support <sup>2</sup> 1998-2015 |
| Alabama                  | \$ 61,247           | \$ 61,950           | \$ 729,151                  | \$ 6,063                        | \$ 37,499           | \$ 572,795                           |
| Alaska                   | 72,140              | 95,839              | 532,311                     | 5,389                           | 57,810              | 405,542                              |
| American Samoa           | 1,601               | 1,601               | 38,344                      | 0                               | 1,809               | 30,048                               |
| Arizona                  | 69,166              | 73,869              | 1,083,638                   | 4,527                           | 46,407              | 776,013                              |
| Arkansas                 | 22,064              | 43,696              | 436,264                     | 2,724                           | 21,853              | 282,626                              |
| California               | 413,521             | 456,082             | 6,299,140                   | 36,341                          | 302,143             | 4,446,499                            |
| Colorado                 | 26,615              | 28,140              | 405,598                     | 2,361                           | 20,278              | 303,552                              |
| Connecticut              | 27,042              | 27,695              | 440,089                     | 2,080                           | 15,912              | 343,294                              |
| Delaware                 | 5,981               | 6,322               | 41,131                      | 76                              | 1,703               | 28,170                               |
| District of Columbia     | 8,319               | 9,888               | 221,368                     | 144                             | 5,636               | 138,525                              |
| Florida                  | 110,320             | 113,895             | 1,419,503                   | 9,425                           | 68,089              | 1,104,452                            |
| Georgia                  | 101,345             | 105,735             | 1,422,278                   | 14,495                          | 68,992              | 1,113,817                            |
| Guam                     | 712                 | 712                 | 27,413                      | 8                               | 687                 | 19,717                               |
| Hawaii                   | 10,111              | 12,784              | 94,142                      | 1,191                           | 3,154               | 46,725                               |
| Idaho                    | 11,772              | 12,329              | 133,266                     | 1,830                           | 7,975               | 93,663                               |
| Illinois                 | 137,338             | 142,121             | 1,872,641                   | 7,487                           | 86,682              | 1,360,521                            |
| Indiana                  | 73,498              | 76,638              | 648,233                     | 15,930                          | 51,656              | 442,778                              |
| Iowa                     | 20,441              | 21,001              | 241,473                     | 3,826                           | 15,517              | 176,883                              |
| Kansas                   | 26,103              | 26,119              | 306,968                     | 3,542                           | 18,052              | 231,859                              |
| Kentucky                 | 53,408              | 58,904              | 694,999                     | 6,933                           | 32,065              | 487,681                              |
| Louisiana                | 81,957              | 84,747              | 898,200                     | 16,664                          | 47,747              | 696,494                              |
| Maine                    | 11,498              | 11,507              | 136,107                     | 1,395                           | 7,441               | 102,307                              |
| Maryland                 | 20,374              | 20,680              | 395,927                     | 751                             | 25,540              | 298,475                              |
| Massachusetts            | 43,046              | 43,858              | 599,781                     | 6,401                           | 30,057              | 432,740                              |
| Michigan                 | 54,112              | 55,401              | 1,039,122                   | 4,815                           | 40,140              | 762,254                              |
| Minnesota                | 42,731              | 42,869              | 487,676                     | 5,296                           | 29,450              | 365,178                              |
| Mississippi              | 43,599              | 43,699              | 621,162                     | 2,621                           | 23,282              | 453,452                              |
| Missouri                 | 46,781              | 79,711              | 752,197                     | 4,864                           | 49,638              | 556,911                              |
| Montana                  | 6,011               | 6,011               | 81,998                      | 1,541                           | 5,189               | 64,731                               |
| Nebraska                 | 15,483              | 15,576              | 165,108                     | 3,934                           | 11,174              | 136,383                              |
| Nevada                   | 7,312               | 11,965              | 122,220                     | 331                             | 5,989               | 80,254                               |
| New Hampshire            | 5,395               | 5,395               | 47,454                      | 167                             | 3,037               | 31,949                               |
| New Jersey               | 73,852              | 84,756              | 1,076,863                   | 3,696                           | 56,449              | 755,970                              |
| New Mexico               | 33,416              | 47,566              | 684,218                     | 1,766                           | 24,114              | 470,624                              |
| New York                 | 110,646             | 126,125             | 4,588,117                   | 7,876                           | 100,846             | 2,938,001                            |
| North Carolina           | 117,371             | 117,719             | 1,100,351                   | 20,137                          | 78,161              | 848,939                              |
| North Dakota             | 5,580               | 5,581               | 74,823                      | 1,110                           | 3,355               | 58,358                               |
| Northern Mariana Islands | 1,300               | 1,300               | 17,776                      | 50                              | 737                 | 13,954                               |
| Ohio                     | 86,005              | 94,086              | 1,386,585                   | 8,696                           | 75,440              | 1,022,735                            |
| Oklahoma                 | 77,465              | 78,169              | 945,196                     | 12,490                          | 49,259              | 697,339                              |
| Oregon                   | 21,626              | 21,645              | 275,504                     | 1,125                           | 16,200              | 203,949                              |
| Pennsylvania             | 83,421              | 85,531              | 1,367,425                   | 11,295                          | 63,814              | 1,077,338                            |
| Puerto Rico              | 28,053              | 104,863             | 502,524                     | 3,723                           | 21,912              | 275,338                              |
| Rhode Island             | 6,730               | 6,977               | 125,516                     | 1,251                           | 6,395               | 101,233                              |
| South Carolina           | 60,791              | 61,286              | 805,194                     | 4,505                           | 39,443              | 603,710                              |
| South Dakota             | 8,367               | 8,435               | 102,860                     | 689                             | 3,112               | 68,152                               |
| Tennessee                | 47,058              | 52,779              | 951,241                     | 7,188                           | 39,556              | 711,909                              |
| Texas                    | 264,874             | 368,416             | 4,306,020                   | 22,690                          | 201,931             | 3,185,603                            |
| Utah                     | 29,159              | 29,270              | 337,078                     | 184                             | 19,570              | 206,010                              |
| Vermont                  | 5,217               | 5,250               | 45,150                      | 345                             | 3,567               | 29,257                               |
| Virgin Islands           | 365                 | 365                 | 84,847                      | 37                              | 2,419               | 74,039                               |
| Virginia                 | 48,590              | 48,603              | 600,303                     | 5,443                           | 35,764              | 468,677                              |
| Washington               | 41,547              | 49,802              | 528,645                     | 2,389                           | 33,505              | 392,250                              |
| West Virginia            | 22,193              | 22,679              | 260,508                     | 669                             | 18,993              | 177,187                              |
| Wisconsin                | 36,147              | 42,653              | 547,372                     | 2,595                           | 41,847              | 409,525                              |
| Wyoming                  | 2,004               | 2,100               | 63,903                      | 222                             | 1,853               | 46,997                               |
| <b>Total</b>             | <b>\$ 2,842,819</b> | <b>\$ 3,262,696</b> | <b>\$ 43,212,923</b>        | <b>\$ 293,324</b>               | <b>\$ 2,080,846</b> | <b>\$ 31,223,382</b>                 |

\* Funding Year data as of 12/31/2015. Funding Year 2015: July 1, 2015 - June 30, 2016.

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for calendar year 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.

<sup>2</sup> Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

**SCHOOLS AND LIBRARIES PROGRAM** Commitments by Discount Band, Funding Year 2015\* (Unaudited | in thousands)

| Discount Band | CATEGORY ONE      |                   |                   | CATEGORY TWO         |                                     |   | Total               | % of Total     |
|---------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|---|---------------------|----------------|
|               | Telecom Services  | Internet Access   | Voice Services    | Internal Connections | Managed Internal Broadband Services | Basic Maintenance of Internal Connections |                     |                |
| 1-19%         |                   |                   | \$ 14             |                      |                                     |   | \$ 14               | 0.00%          |
| 20-29%        | \$ 275            | \$ 1,163          | 14,018            | \$ 339               | \$ 19                               | \$ 9                                      | \$ 15,824           | 0.56%          |
| 30-39%        | 31                | 0                 | 21,198            | 0                    | 0                                   | 0   | 21,229              | 0.75%          |
| 40-49%        | 13,018            | 27,053            | 38,443            | 20,004               | 439                                 | 231                                       | 99,187              | 3.49%          |
| 50-59%        | 30,827            | 33,651            | 25,148            | 42,530               | 415                                 | 430                                       | 133,001             | 4.68%          |
| 60-69%        | 67,443            | 52,596            | 153,715           | 80,955               | 897                                 | 743                                       | 356,348             | 12.54%         |
| 70-79%        | 98,981            | 63,997            | 169,508           | 47,112               | 1,070                               | 970                                       | 381,639             | 13.42%         |
| 80-89%        | 234,605           | 223,196           |                   | 863,700              | 20,962                              | 23,750                                    | 1,366,213           | 48.06%         |
| 90%           | 235,921           | 233,444           |                   |                      |                                     |   | 469,365             | 16.51%         |
| <b>Total</b>  | <b>\$ 681,100</b> | <b>\$ 635,100</b> | <b>\$ 422,044</b> | <b>\$ 1,054,640</b>  | <b>\$ 23,801</b>                    | <b>\$ 26,133</b>                          | <b>\$ 2,842,819</b> | <b>100.00%</b> |

Note: Numbers may not add due to rounding.

\* Funding Year data as of 12/31/2015. Funding Year 2015: July 1, 2015 - June 30, 2016.

**SCHOOLS AND LIBRARIES PROGRAM** Commitments by Applicant Type, Funding Year 2015\* (Unaudited)

| Applicant Type  | Applications Funded | Commitments (in thousands) | % of Applications | % of Total     |
|-----------------|---------------------|----------------------------|-------------------|----------------|
| Consortium      | 1,130               | \$ 250,512                 | 2.58%             | 8.81%          |
| Library         | 5,332               | 99,007                     | 12.17%            | 3.48%          |
| School          | 11,715              | 180,890                    | 26.73%            | 6.36%          |
| School District | 25,640              | 2,294,010                  | 58.51%            | 80.69%         |
| Statewide       | 6                   | 18,401                     | 0.01%             | 0.65%          |
| <b>Total</b>    | <b>43,823</b>       | <b>\$ 2,842,819</b>        | <b>100.00%</b>    | <b>100.00%</b> |

Note: Numbers may not add due to rounding.

\* Funding Year data as of 12/31/2015. Funding Year 2015: July 1, 2015 - June 30, 2016.

**SCHOOLS AND LIBRARIES PROGRAM** Rollover from Unused Funds, as of December 31, 2015 (Unaudited | in thousands)

|   | FY2010              | FY2011              | FY2012              | FY2013              | FY2014              |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Amount Authorized and Collected                   | \$ 2,270,250        | \$ 2,290,680        | \$ 2,338,790        | \$ 2,380,310        | \$ 2,413,820        |
| Rollovers from Previous Funding Years             | 1,150,000           | 850,000             | 1,050,000           | 450,000             | 200,000             |
| <b>Total Funds Available</b>                      | <b>\$ 3,420,250</b> | <b>\$ 3,140,680</b> | <b>\$ 3,388,790</b> | <b>\$ 2,830,310</b> | <b>\$ 2,613,820</b> |
| Amounts Rolled Over Into Subsequent Funding Years | \$ 668,570          | \$ 595,810          | \$ 295,120          | \$ 18,000           | \$ 0                |
| Additional Amounts Available for Future Rollover  | 4,310               | 17,000              | 540,000             | 850,000             | 290,000             |
| <b>Total Amounts Not Used</b>                     | <b>\$ 672,880</b>   | <b>\$ 612,810</b>   | <b>\$ 835,120</b>   | <b>\$ 868,000</b>   | <b>\$ 290,000</b>   |

Note: There are several reasons why applicants may not use the full amount of their commitment. Applicants may overestimate the cost of the services requested, change the scope of a project after a commitment has been issued by USAC, or turnover leads to lack of staff expertise in filing requirements.