

## E-Rate: 10 Years and \$22 Billion Later

Posted At : July 30, 2008 1:24 PM | Posted By : Schalene Dagutis

Related Categories: Grants, Forecasts & Spending, Education, State & Local, Policy & Legislation

*E-Rate has likely reduced the digital divide between rich and poor students, provided the funding required for all public schools to have access to the Internet, and dramatically reduced the number of pupils per classroom computer, but at a cost of over \$22 billion. Is it worth it and does the need for E-Rate still exist?*

The Telecommunications Act of 1996 required telecommunications providers to make discounted services available to schools and libraries. In 1998 the [Universal Service Administrative Company](#) (USAC) began distributing E-Rate (Education Rate) funding to schools and libraries. Since then, \$22.7 billion has been doled out over 326,000 times to education facilities for Internet access, telecommunications services, and internal connections such as routers, hubs, network file servers, and wireless local area networks.

The program has little oversight and has been rated as **not performing** by the Office of Management and Budget. There has been plenty of misuse of E-Rate funds. Just this month a North Chicago school board member and school district employee **pled guilty to mail fraud** and a Montgomery, Alabama-based E-Rate consulting firm **settled two lawsuits** by agreeing to pay \$750,000 to a Florida school system.

Despite E-Rate's problems, I think we can deduce from the [National Center for Education Statistics](#) (NCES) *Digest of Education Statistics*, that E-Rate may be a prime reason the digital divide is not as deep as it was 15 years ago. In 1993 there was a 19% gap in classroom computer use between students from families making less than \$5,000 and those from families making over \$75,000. By 2003, that gap had been reduced to 6%. The same NCES report indicates that 89% of all public elementary and secondary schools had access to the Internet in 1998. As of 2003, all 82,480 public schools were reported to have access to the Internet. During that same period the number of school students per instructional computer dropped from 12.1 students to 3.8.

The larger question is: does the need for the E-Rate program still exist? It's certain the Bush Administration won't answer that question, but a new president should. USAC could redirect E-Rate funds to its three other programs. Or Congress could direct the FCC to stop requiring providers to pay into the fund.