Perspectives from FSF Scholars
August 31, 2026
Vol. 21, No. 36

Yes To an E-Rate Reality Check

by

Michael O'Rielly *

For more than thirty years, American communications users — really, American consumers — have been charged roughly $1 billion to $3 billion a year to subsidize Internet and related services for schools and libraries through the government's E-Rate program, which is one component of what's called the "Universal Service Fund." That is a lot of compulsory generosity. Yet only now are policymakers asking the obvious question: Is this money helping students learn — or is it doing harm?

Some treat that question as out of bounds. It is not. It is exactly the kind of review the Federal Communications Commission (FCC) is empowered — and expected — to conduct. Credit the Trump Administration acting through the FCC for demanding answers and accountability. If E-Rate is not delivering, or worse, if it is hurting students, then it should be curtailed or ended.

For context, in June, the FCC adopted a Notice of Proposed Rulemaking titled "Ensuring Children's Safe Use of Screens and E-Rate-Funded Services." This is the start of an inquiry, not the final word. The Commission asks whether E-Rate-funded Internet connectivity services, such as fiber, cable, hotspots, and the like, which enable students to access computers, tablets, or phones, are improving educational outcomes, keeping children safe online, and whether the program should be narrowed or reoriented now that its core connectivity goals have largely been met. The item also spotlights a striking disconnect: children's technology use in schools has soared, while reading and math scores have slipped. Perhaps not surprisingly, many schools are now reversing course by limiting screens in class. If schools are locking up devices and cutting screen time, taxpayers and communications ratepayers deserve to know whether E-Rate dollars are still being spent wisely.

An Authorized and Overdue Examination

Americans should expect government agencies to prove that spending programs work. Any program drawing from families' hard-earned income deserves regular, serious scrutiny. With the national debt over $40 trillion and annual deficits still massive, Washington already takes too much from household budgets — money that could cover food, housing, energy, savings, or other priorities. Programs that fail to deliver measurable results, miss expectations, or invite waste, fraud, and abuse should be fixed or ended. E-Rate is no exception. Universal Service Fund fees are real money, and every dollar collected is a dollar families cannot spend elsewhere. If E-Rate is ineffective, overbuilt, or harmful, it crowds out better uses of limited resources.

On point, there should be little debate that the Commission has ample authority to examine and decide the future of E-Rate. The statutory provisions the agency used to create the program, particularly within section 254 of the Communications Act, have long been read (disappointingly) to give the agency broad power to establish and manage it. With little recourse for aggrieved parties, the FCC has steadily expanded E-Rate's size and scope, covering more school and library spaces, and adding more reimbursable services. And its budget has steadily increased. By the same token, nothing in the law prevents the agency from testing the program's effectiveness and pursuing needed reforms. E-Rate funding is not an entitlement. No school or library, no child or family user community, no public advocate, and no other constituency has a vested right to the money or to the program's continued existence. Consequently, the Commission's power to dramatically reshape E-Rate remains intact unless or until Congress says otherwise.

Does E-Rate Even Achieve Positive Results?

When created, E-Rate advocates claimed that Internet technology could reduce educational inequities and open doors for students to a wealth of information. By subsidizing communications technology associated with the learning experience, the hope – then speculative – was that students and the educational process would thrive, allowing access to knowledge materials to reach further than ever before. Skeptics countered that technology may be very important but serves only as a tool; education requires strong, interesting teachers and a solid curriculum. Thirty-plus years later, discovering E-Rate's role in improving educational outcomes is a valid purpose for the FCC item. E-Rate can point to invoices paid, connections funded, routers installed, and Wi-Fi upgraded. What's clearly worth exploring in greater detail is student learning improvements, assuming that remains the intent. Would test scores have increased or dropped further without the program? It's clear in reading the item that the educational success side could use more input.

That matters because the broader storyline looks upsetting to many American families and local school districts. National reading and math results remain troubled, while children's time online has risen. Teachers increasingly report distraction and disengagement. States and local school leaders are responding by restricting phones, limiting devices, and trying to rebuild focused classroom time. To some degree, there seems to be a collective acknowledgment that students' conceptual understanding and retention may be reliant on written books and putting pen to paper.

In other words, the education world is moving toward less online screen dependence while E-Rate continues to subsidize at the existing levels.

Despite this, no one is disputing the value of broadband access or the wealth of good information available online. Students and libraries should not be stranded without basic connectivity. That is not at issue. The relevant question that the agency rightly focuses its attention on is whether today's E-Rate spending is still targeted, disciplined, and tied to positive results, if it ever was. A program created to close access gaps should not be allowed to function on autopilot long after those gaps, for the most part, have been closed – as determined by the agency. That justifies asking legitimate questions about whether continued subsidies are producing educational benefits. At a minimum, it means schools can and should ensure proper-size capacity purchases to better align program costs and minimize technology overexposure.

The FCC has it right. Beyond the testimonials, slogans, and anecdotes, the agency seeks compelling data and facts against the backdrop of school districts returning to basic educational teaching techniques. Parents are clamoring to know whether school technology efforts are improving achievement or hindering the educational process.

In the end, E-Rate should not get a forever pass because it began with good intentions. The FCC's item appropriately asks whether the program still fits today's realities and whether consumers should keep paying for it. That is just good government.

* Michael O'Rielly, a former FCC Commissioner, is an Adjunct Senior Fellow at the Free State Foundation, an independent, nonpartisan free market-oriented think tank located in Potomac, Maryland. He is the host of the "TMT With Mike O'Rielly" videocast. The views expressed in this *Perspectives* do not necessarily reflect the views of others on the staff of the Free State Foundation or those affiliated with it.