

The Future of School Broadband: How Proposed E-Rate Rule Changes Endanger K-12 Operations

The FCC's \$3 billion annual E-Rate program provides up to 80% discounts on broadband utility costs and internal network infrastructure for K-12 schools and libraries. Under a proposed FCC Notice of Proposed Rulemaking (Docket 26-133), federal regulators are evaluating strict funding caps, mandatory student screen-time limits, or sunseting the program entirely

Why E-Rate is Critical to Molalla School District

Direct Financial Subsidies: Molalla receives \$68,000 annually in Category 1 funding to cover 80% of ongoing monthly internet utility costs, along with about \$375,000 every 5 years in Category 2 funding for network hardware, broadband connections, and basic maintenance.

Immediate Budget Deficit: If E-Rate funding is reduced or eliminated, Molalla School District faces an out-of-pocket expense increase of \$138,000 annually to maintain Category 1 and Category 2 services. Absorbing this cost would shift local funds away from classrooms, forcing potential cuts to staff and student support services.

Disruption to Core School Operations: High-speed connectivity supports vital day-to-day operations across Molalla's schools. Losing subsidy support puts critical services at risk, including state-mandated online testing, digital attendance tracking, emergency bus tracking, dual-enrollment college coursework, ELL translation tools, and remote speech and occupational therapy.