

USF

# Education Groups Opposed to E-Rate Bidding Portal

FCC insists it's necessary to prevent fraud.



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Photo of FCC Commissioner Anna Gomez at a House oversight hearing on Jan. 14, 2026 by Jose Luis Magana/AP

WASHINGTON, April 17, 2026 – Federal regulators are set to vote later this month on a change intended to simplify a \$2.5 billion-per-year telecom subsidy for schools and libraries. Groups representing the fund’s recipients are worried it will make things more complicated.

Members of the Schools, Health & Libraries Broadband Coalition and other groups met twice with Federal Communications Commission staff this week to say so, according to a [filing posted Thursday](#).

SHLB said the new E-Rate bidding portal contemplated in the public draft of the order “would create excessive burdens on applicants, service providers, and USAC personnel (which could deter program participation).” USAC, the Universal Service Administrative Company, is the nonprofit that administers E-Rate and the FCC’s other universal service subsidies.



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## Charts and Data

Currently, schools and libraries participating in E-Rate submit descriptions of the services they’re seeking to USAC, which then posts the forms publicly. Schools and service providers then reach deals and submit funding requests to USAC, which will cover a portion of the costs if it approves.

The FCC’s draft order would institute a bidding portal overseen by USAC, so the agency would have direct knowledge of bids instead of relying on self certifications. Schools would also have to submit their evaluations of the bids they receive.

The portal would go into effect July 1, 2027, when schools, libraries, and ISPs will start requesting funding for 2028..

In a [public draft](#) of the order, the FCC noted that a Government Accountability Office [report from 2020](#) found the lack of access to bid information created the potential for fraud, and that the Department of Justice had supported a USAC-run bidding portal after a 2021 inquiry.

“The GAO reported that, because of a lack of direct access to the bidding information, E-Rate participants, in their self-certification statements, could misrepresent facts concerning their circumventing or violating competitive-bidding rules or processes, and that this could occur without the Commission’s or USAC’s knowledge,” the agency wrote.

SHLB pointed to a [January GAO report](#) that found E-Rate was the only one of five federal programs surveyed that had all the anti-fraud measures GAO usually looks for. Those included regular audits and dedicated anti-fraud staff.

The group also cited an [October 2024 letter](#) from the FCC’s then-Managing Director informing the agency’s internal watchdog that improper payment rate for E-Rate fell to 1.29 percent in 2024, putting it below the 1.5 percent threshold at which programs are considered at significant fraud risk.

The FCC said in its draft order it was not convinced its portal would be too burdensome, or that current safeguards were enough to prevent fraud. The agency linked to six DOJ announcements related to E-Rate fraud convictions since 2020.

“In weighing the concerns about the competitive bidding portal against the benefits of limiting the risk for potential waste, fraud, or abuse, we conclude that the benefits weigh in favor of creating the competitive bidding portal and repository,” the agency wrote.

The draft continued: “While we acknowledge that there will be a change in the filing process, we disagree that using the competitive bidding portal will be significantly more complex than existing rules requiring the FCC Form 470 to be posted on USAC’s website or that a higher level of expertise will be required.”

The SHLB representatives met Monday with eight members of the FCC’s Wireless Competition bureau and on Tuesday with **Jonathan Uriarte**, policy and communications advisor for FCC Commissioner **Anna Gomez**.

They and other advocates said the FCC should at least require beta testing and push back the effective dat of the portal to ensure there would be as little disruption as possible.

An E-Rate fraud case dating back to 2002 was [recently settled](#) for \$55 million. A Wisconsin telecom auditor alleged an AT&T subsidiary overbilled E-Rate participants, which the company denied.

That settlement left partially unanswered the question of whether the False Claims Act, which provides heightened penalties for fraudulently seeking government cash, applies to E-Rate and the FCC’s other Universal Service Fund programs. The Supreme Court could only agree that a small portion of USF money is definitively government money, as the program is funded by fees on voice revenue.

FCC Chairman **Brendan Carr** has also highlighted fraud in the agency’s Lifeline program, a USF wireless subsidy for low-income households. The agency adopted a [proposal](#) to restrict Lifeline eligibility at its February meeting, and Carr previously revoked three states’ ability to verify participant identities with their own system rather than the federal verifier.

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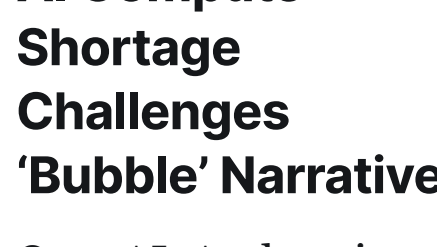
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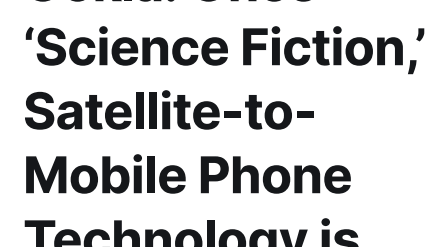
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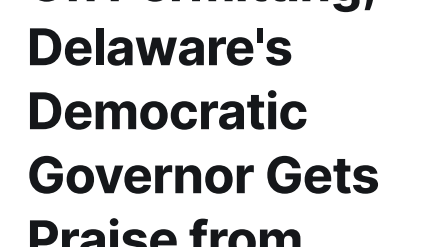
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