

# USF Tracker - June 30, 2020

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## Commentary

Over three months into the coronavirus-related disruptions, the Universal Service Fund seems to be settling in to a new normal. The FCC acted quickly in March to waive many rules and extend deadlines. These moves brought some needed relief, particularly for schools and libraries that were subject to government disruptions. Moreover, the FCC has distributed over 75% of the funding available in the Telehealth program created by the CARES Act. Meanwhile, the FCC is pressing forward with the RDOF and exploring a 5G Fund for rural areas, a sign that reform of the programs is on-going. USF contributions of course still need reform, as yet another record high contribution factor demonstrates, but that seems to be a subject that will be delayed yet again. It appears the USF is prepared to ride out the summer fairly well. When fall arrives, we will see whether schools are ready to resume normal operations and the FY2021 competitive bidding process is ready to go. We also will be watching contributions in the fall, to see if coronavirus disruptions have reduced demand and/or led to higher uncollectible revenues and thus adversely affected the contributions base.

## Recent News

### General

- On June 12, the WCB issued a [Public Notice](#) (DA 20-617) announcing that the USF contribution factor for the third quarter of 2020 (beginning July 1) will be 26.5%. This is the highest the USF factor has ever been and is the second time in the past 12 months that the contribution factor exceeded 25%.
- On June 11, the WCB issued a [Public Notice](#) (DA 20-614) seeking comment to refresh the record in the *2012 Contributions Reform Further Notice of Proposed Rulemaking*. The FCC seeks on comment on whether it should exercise its permissive authority under section 254(d) to include in the contribution base revenues derived from the provision of “one-way” voice over Internet Protocol (VoIP) services. The FCC also seeks comment on whether such services should be required to pay other fees applicable to interconnected VoIP services. Interested parties should file comments in this proceeding on or before **July 13, 2020** and reply comments on or before **July 27, 2020**.

### Telehealth

- On June 25, the WCB announced via [Public Notice](#) (DA 20-667) that it will no longer accept new applications for funding from the COVID-19 Telehealth Program, noting that demand for funding exceeds available Program funds, based on applications received. This announcement comes after the [June 24 approval](#) of 77 additional applications and \$29.41 million in funding. To date, the FCC has approved 444 funding applications in 46 states plus Washington, D.C. for a total of \$157.64 million in funding. The program had a maximum of \$200 million in spending authorized.

## Lifeline

- On June 10, the WCB issued a [Public Notice](#) (DA 20-610) seeking comment on a petition for declaratory ruling filed by the National Lifeline Association (NaLA). NaLA requests that the FCC revoke the state of Texas's National Lifeline Accountability Database opt-out certification approval and other relief. Interested parties should file comments on or before **July 10, 2020**.
- [On June 1](#), the FCC's Wireline Competition Bureau (WCB) released an [Order](#) (DA 20-577) aimed at easing the [Lifeline program](#) application and enrollment process for consumers who reside in rural areas on Tribal lands and qualify for Lifeline benefits. Specifically, the WCB FCC's Wireline issued a temporary waiver to allow Lifeline carriers to begin providing Lifeline service to consumers in rural Tribal areas even if those consumers have not yet submitted certain documentation to complete their application. The FCC noted that consumers living in rural areas on Tribal lands already face difficulties in providing this documentation, and the pandemic has added to these hardships. Under the June 1 waiver, until August 31, 2020, a Lifeline eligible telecommunications carrier (ETC) may choose to immediately begin providing Lifeline service to a consumer living in a rural Tribal area who applies for Lifeline but is unable to provide the necessary documentation to resolve a failed automated eligibility check at the time of application. The consumer will have 45 days from the time of application to submit the documentation. If the applicant then does provide the necessary documentation within 45 days and is determined to qualify for Lifeline service, the Lifeline provider can go back and claim reimbursement for the discounted service provided during the 45-day period. The Lifeline provider may not apply for reimbursement until the applicant provides proof of eligibility. In addition, in the Order, WCB also extended its recent waivers of the Lifeline program's recertification, reverification, general de-enrollment, usage requirements, and three-month documentation requirements for income verification through August 31, 2020. Those waivers were set to expire at the end of June.
- [On June 1](#), FCC Chairman Ajit Pai and National Association of Regulatory Utility Commissioners (NARUC) President Brandon Presley issued a [joint letter](#) asking state officials to distribute [educational materials](#) regarding the federal Lifeline program to low-income consumers. The letter notes that Americans newly-unemployed or otherwise facing financial hardship as a result of the COVID-19 pandemic may not be aware that they are eligible for Lifeline service. The letter urges state officials to circulate the Lifeline education materials as widely as possible, especially to state agencies that administer Medicaid, SNAP, and unemployment benefits. The letter also highlights features of the federal Lifeline program, including [recent steps](#) taken to ease the application and enrollment process.

## High Cost/Connect America Fund (CAF)

- On June 15, the WCB issued a [Public Notice](#) (DA 20-629) seeking comment on a petition requesting a waiver of the requirement to reduce support on a per location basis (pro rata reduction) in situations where the total number of qualifying locations within a certain state is within 35% of the carrier's CAF Phase II Auction defined deployment obligation for that state (35% threshold). The petition was filed by the Connect America Fund Phase II Coalition (Phase II Coalition), a group of 14 carriers authorized to receive support through the CAF Phase II Auction program. Interested parties should file comments on or before the Comment Date of **June 29, 2020** and the Reply Comment date of **July 7, 2020**.
- On June 15, the WCB issued a [Public Notice](#) (DA 20-625) authorizing \$237.9 million in high-cost mobile support funding for certain eligible facilities-based mobile providers that elected to participate in Stage 2 of the Uniendo a Puerto Rico Fund and Connect USVI Fund. This includes the first Universal Service funding targeted specifically for 5G deployment. In the [PR-USVI Stage 2 Order](#), the FCC made available \$258.8 million in Stage 2 high-cost support over a three-year period to mobile providers in Puerto Rico and the U.S. Virgin Islands to restore, harden, and expand 4G LTE and 5G technology for voice and broadband service in the aftermath of Hurricane Irma and Hurricane Maria.
- On June 12, the WCB released an [Order](#) (DA 20-618) partially granting Redwire Inc.'s petition for waiver of the letter of credit requirement for the CAF Phase II auction (Auction 903), limited to the first twelve months of its support term. Redwire is a corporation wholly owned by the Otoe-Missouria Tribe of Oklahoma. The Order also granted Fond Du Lac Communications, Inc.'s (Fond Du Lac) petition for waiver of the letter of credit deadline for Auction 903.2. Fond du Lac is owned by the Fond du Lac Band of Lake Superior Chippewa. On June 4, the WCB, Rural Broadband Auctions Task Force, the Office of Economics and Analytics announced via Public Notice (DA 20-585) that they are ready to authorize CAF Phase II auction (Auction 903) support for the Auction 903 winning bids.
- On June 11, the FCC issued a [Public Notice](#) (FCC 20-77) establishing procedures for Phase I of the Rural Digital Opportunity Fund auction (auction or Auction 904). The auction will award up to \$16 billion over 10 years to service providers that commit to offer voice and broadband services to fixed locations in eligible unserved high-cost census blocks. Applications will be accepted **July 1 to July 15**. The bidding in the auction is now scheduled to begin on **October 29, 2020**.
- On June 8, the WCB released an [Order](#) (DA 20-601) granting a temporary waiver of the requirement for privately held rate-of-return (RoR) eligible telecommunications carriers (ETCs) that receive loans from the Rural Utilities Service (RUS) to file electronic copies of their annual RUS Operating Report for Telecommunications Borrowers filings by July 1. The RUS is a unit within the United States Department of Agriculture (USDA). In the *USF/ICC Transformation Order*, the FCC required all privately held rate-of-return ETCs to provide a full and complete

annual report on their financial condition and operations. The Order notes that it is “not in the public interest to require these carriers to submit a copy of a report that has not yet been required by or reported to the USDA.” These carriers must submit a copy of this report to USAC at the time it is due to USDA. The FCC still requires all ETCs, including those who are RUS loan recipients, to complete the remainder of their Form 481 filing and submit it to USAC by the July 1 deadline.

### Schools and Libraries (E-Rate)

- On June 15, the WCB issued its monthly [Public Notice](#) (DA 20-624) entitled *Streamlined Resolution of Requests Related to Actions by the Universal Service Administrative Company*. As its title suggests, the document announces summary dispositions of pending appeals, requests for review, requests for waiver, and petitions for reconsideration stemming from the actions of the Universal Service Administrative Company (USAC). This Public Notice features actions related to the E-Rate program. This newsletter periodically features a chart which summarizes the dispositions by type.
- [On June 8](#), the WCB and the Office of the Managing Director (OMD) issued a [Public Notice](#) (DA 20-598) notifying E-Rate program participants that the FCC Form 470 will remain unchanged for funding year 2021. Form 470 is the form that E-Rate program applicants use to solicit bids from service providers for eligible services.
- On June 8, the WCB and the Office of the Managing Director (OMD) sent a [letter](#) (DA 20-597) to USAC providing guidance regarding its application of the FCC’s E-Rate competitive bidding rules for funding year 2020. Specifically, the FCC reiterated instructions related to the treatment of applications for which the applicant mistakenly selected a drop-down menu option on its FCC Form 470 that did not fully reflect the services for which it intended to seek bids.

### Rural Health Care

- On June 12, the WCB’s Telecommunications Access Policy Division (TAPD) released an [Order](#) (DA 20-623) granting an emergency petition filed by GCI Communication Corp. (GCI) and Southcentral Foundation (SCF). The petition sought to waive certain provisions of the RHC Program’s rules to allow SCF’s Takotna Village Health Clinic to continue to receive Telecom Program support at a new, temporary site. The original site was damaged by fire on March 30, 2020.

## Awards Granted – COVID-19 Telehealth Program

The CARES Act, signed by President Trump on March 27, 2020, appropriated \$200M to the Federal Communications Commission for the purpose of providing health care providers funding to purchase eligible telehealth devices and services during the COVID-19 pandemic. On April 2, 2020, the Commission adopted an order establishing the COVID-19 Telehealth Program, which began accepting applications for up to \$1M in funding on April 13, 2020. As of June 29, 2020, the Commission has, in

seven twelve rounds, awarded just over \$150M of the \$200M appropriation to health care providers in 46 states plus Washington, D.C.

The [attached PDF](#) contains three charts. The first shows total award amounts by funding round, the second shows total award amounts by state, and the third is a list of all awardees so far.