



Broadband Policy Update

The Quilt

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Agenda

- 2019 Quilt activities
- 2020 possible agenda items
- Net neutrality update
- Spectrum highlights
- Federal universal service programs (E-rate, RHC)



Federal Broadband Policy Agencies

- Rural Utilities Service (RUS) – United States Department of Agriculture (USDA)
 - ReConnect Program, Community Connect Grants, Distance Learning & Telemedicine Grants
- National Telecommunications and Information Administration (NTIA) – Dept. of Commerce
 - Government spectrum management policy
 - Internet Policy Task Force
 - National Broadband Availability Map pilot (<https://broadbandusa.ntia.doc.gov/map>) (8 states)
 - BroadbandUSA Newsletters, Webinars, Workshops
- Federal Communications Commission
 - Universal Service Programs
 - FCC Precision Agriculture Connectivity Task Force
 - Private sector spectrum policy
- Federal Trade Commission
 - Consumer protection (unfair and deceptive trade)
 - Competition (anti-trust)

2019 Activity Highlights

- House “Lift America Act” (\$40 billion for broadband)
 - The Quilt provided feedback directly to Committee staff on draft legislation (April 2019)
 - Open to non-commercial entities through competitive grant program (not reverse auctions)
 - The Quilt influenced the direction SHLB took in its Lift America comments

- The Quilt in Washington (March 2019)
 - Capitol Hill
 - Meetings with Senate Minority and Majority Committee Staff and House Majority Committee staff
 - Positioned as neutral, expert technical resource; discussed potential hearing role
 - Meeting with National Governors Association
 - Challenges in providing ubiquitous broadband access for K-12 students and the role of R&E networks in the states’ broadband landscapes
 - Role of R&E networks as trusted conveners and partners in their states and communities to address community broadband gaps.

2019 Policy Highlights

➤ **USDA launches ReConnect 2020**

- \$550 million total: grant only, 50/50 grant/loan, loan only; up to \$200 million available in each category
- Pure grants available in areas where **90%** of households unserved by 10/1 broadband.
- Deadlines: *All applications due March 16*

➤ **FCC launches Precision Agriculture Connectivity Task Force**

➤ **2.5 GHz Rural Tribal Priority Window (formerly EBS)**

- Open now; closes August 3

➤ **Other FCC Spectrum Proceedings**

- 5.9 Ghz NPRM; CBRS (3.5 Ghz) rules; 3.1-3.55 Ghz NPRM

➤ **RHC Reform Order**

➤ **E-rate Category 2 Order**

➤ **Net Neutrality**

- DC Circuit: *Mozilla v. FCC* decision issued (October); petition for Re-Hearing *En Banc* (December)

2020 Possible Agenda

- New House Infrastructure Push: \$760 billion; \$86 billion for broadband.
- FCC
 - Suspension and Debarment NPRM
 - Possible E-rate petition for rulemaking to cover network security as an eligible service.
 - SHLB Rural Health Care program cost study
 - C-Band (3.7-4.2 Ghz) Auction NPRM
 - TV White Spaces NPRM

Net Neutrality

➤ Congress

- No activity; maybe after 2020 election

➤ Courts

- Mozilla Corporation, et al. v. FCC – DC Circuit Court of Appeals challenge to the 2017 Restoring Internet Freedom Order.
 - Decided October 2019; petition for rehearing *en banc* pending.
 - Qualified FCC victory; FCC generally receives great deference as expert agency; **Court upheld Title I reclassification; reversed on blanket preemption of states; remanded Lifeline and pole attachments issues.**
 - **Robust ongoing debate on significance of preemption holding.**
- Eastern District of California – Challenge to SB 822, the California Internet Consumer Protection and Net Neutrality Act of 2018 by the Department of Justice and several industry groups (in a separate suit); stayed pending outcome of *Mozilla* case.
- Vermont District Court – Challenge to Vermont’s net neutrality law and executive order by industry associations; stayed pending outcome of *Mozilla*.

Spectrum

- **C-Band (3.7-4.2 GHz)**
 - Current broadcast satellite operations to be reorganized into 200 MHz and protected with a 20 Mhz buffer;
 - Public auction of open 280 MHz expected (NPRM expected soon)
 - Some auction proceeds (billions) may be available for broadband deployment.
- **3.1-3.55 GHz**
 - Recent NPRM for Facilitating Shared Use in the 3.1-3.55 GHz Band.
 - Currently used by the Department of Defense (DOD) for fixed and mobile radar as well as secondary non-federal amateur and experimental users.
 - Goal to relocate non-federal users to clear as much as 100 MHz spectrum for commercial 5G.
- **Citizens Broadband Radio Service (CBRS) (3.5 GHz)**
 - Spectrum is being used for naval radar; unused spectrum away from the coasts
 - Recently reorganized to allow licensed use (through PALs), and General Authorized Access (GAA) -- unlicensed use managed through a Spectrum Access System (SAS).
 - Priority access licenses (PALs) auction scheduled to begin in June.

Spectrum

- **5.9 GHz band**
 - Promoting Innovation in the 5.9 GHz Band NPRM approved
 - Reorganize spectrum previously reserved for Dedicated Short Range Communications to support development of next generation “Cellular Vehicle to Everything” (C-V2X) technology as well as allow unlicensed use.
 - Department of Transportation and some auto safety interests have expressed opposition to the plan.
- **TV White Spaces NPRM expected soon**
 - SAS-facilitated unlicensed use of unutilized spectrum
- **2.5 GHz Rural Tribal Priority Window (formerly EBS)**
 - Any federally recognized Tribe or Alaska Native Village may apply for spectrum, including consortia that are controlled or majority owned by eligible entities. Licensed areas can be designated by the applicant, so long as the area is rural Tribal land where the tribal entity has a local presence.
 - Up to three channels of spectrum in the 2.5GHz band are available: one 49.5 MHz channel, one 50.5 MHz channel, and one 17.5 MHz channel; must not be currently licensed; overlay rights available.
 - Eligible entities automatically qualify for a license for available spectrum; however, must meet buildout requirements and cannot sell or transfer their license; spectrum leasing allowed and the service provided by the lessee can count towards the buildout requirement.

Universal Service

Revenues Subject to USF Contribution	2010	2011	2012	2013	2014	2015	2016	2017	2018
Billed interstate and international retail (end-user) revenues (includes Universal Service Surcharge) ²	\$72,293	\$70,323	\$70,122	\$68,399	\$66,846	\$63,930	\$60,181	\$55,733	\$53,098
less revenues for international-to-international services ³	469	452	638	589	579	361	174	150	198
international revenues of international-only filers and international revenues that were excluded because of the LIRE Exemption ⁴	3,373	3,095	2,836	2,957	2,811	2,669	2,031	1,916	1,615
less interstate and other international revenues for filers who are de minimis or otherwise exempt from universal service support requirements	27	24	21	24	26	26	26	27	28
less uncollectible contribution base revenues ⁵	960	786	712	605	530	470	427	355	330
e equals	\$67,464	\$65,966	\$65,914	\$64,224	\$62,900	\$60,403	\$57,524	\$53,284	\$50,928

Disbursements and caps/budgets - Calendar Years 2014 through 2018 (in Billions of Dollars)²⁷

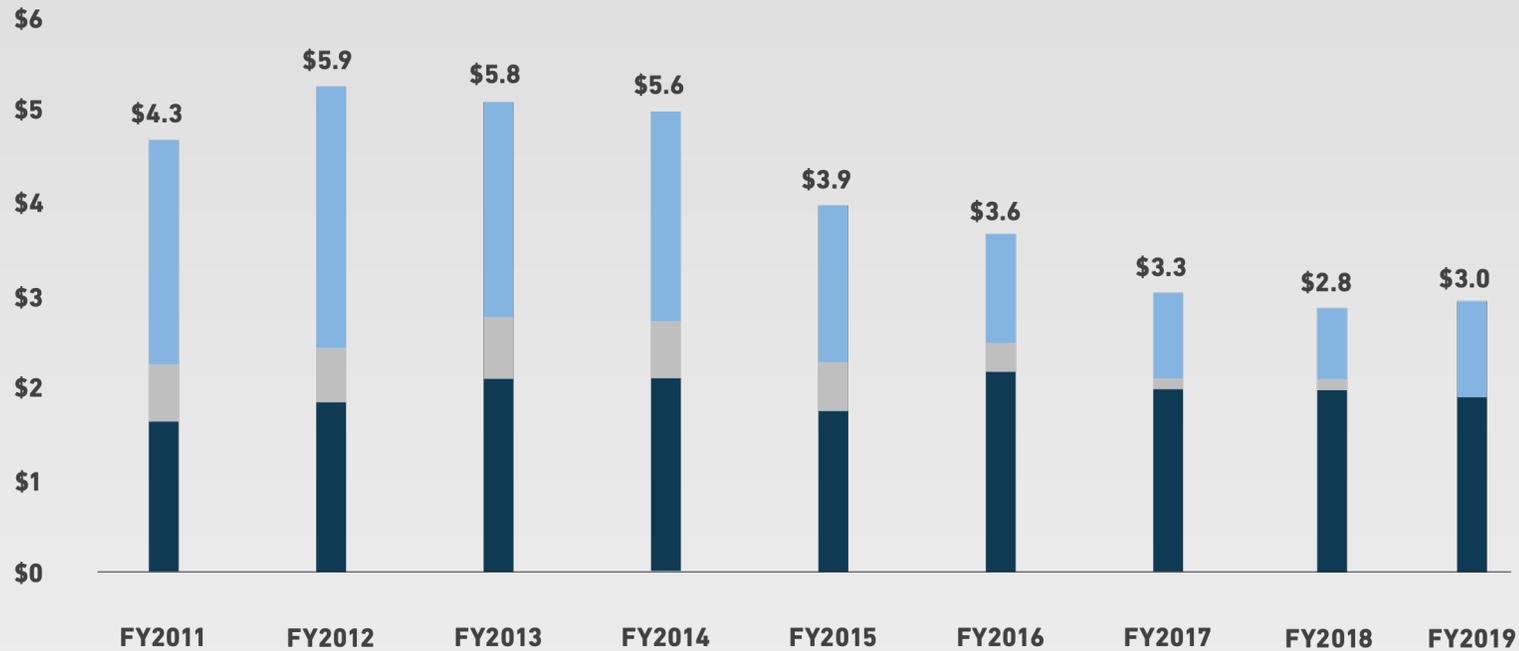
Calendar Year	High-Cost Budget	High-Cost Disbursements	Lifeline Budget ²⁸	Lifeline Disbursements	RHC Cap	RHC Disbursements	E-Rate Cap	E-Rate Disbursements	TOTAL Budget/Cap ²⁹	TOTAL Disbursements
2014	\$4.500	\$3.733	n/a	\$1.660	\$0.400	\$0.193	\$2.414	\$2.269	\$8.974	\$7.855
2015	\$4.500	\$4.499	n/a	\$1.514	\$0.400	\$0.279	\$3.900	\$2.080	\$10.314	\$8.372
2016	\$4.500	\$4.490	n/a	\$1.537	\$0.400	\$0.298	\$3.939	\$2.387	\$10.376	\$8.711
2017	\$4.500	\$4.692 ³⁰	\$2.250	\$1.263	\$0.571	\$0.262	\$3.990	\$2.650	\$11.311	\$8.867
2018	\$4.500	\$4.685 ³¹	\$2.279	\$1.143	\$0.581	\$0.299	\$4.06	\$2.205	\$11.42	\$8.332

E-rate Update

E-rate Discounts Requested (FY2011-FY2019)

(IN BILLIONS)

■ Broadband ■ Voice Services ■ On-Campus

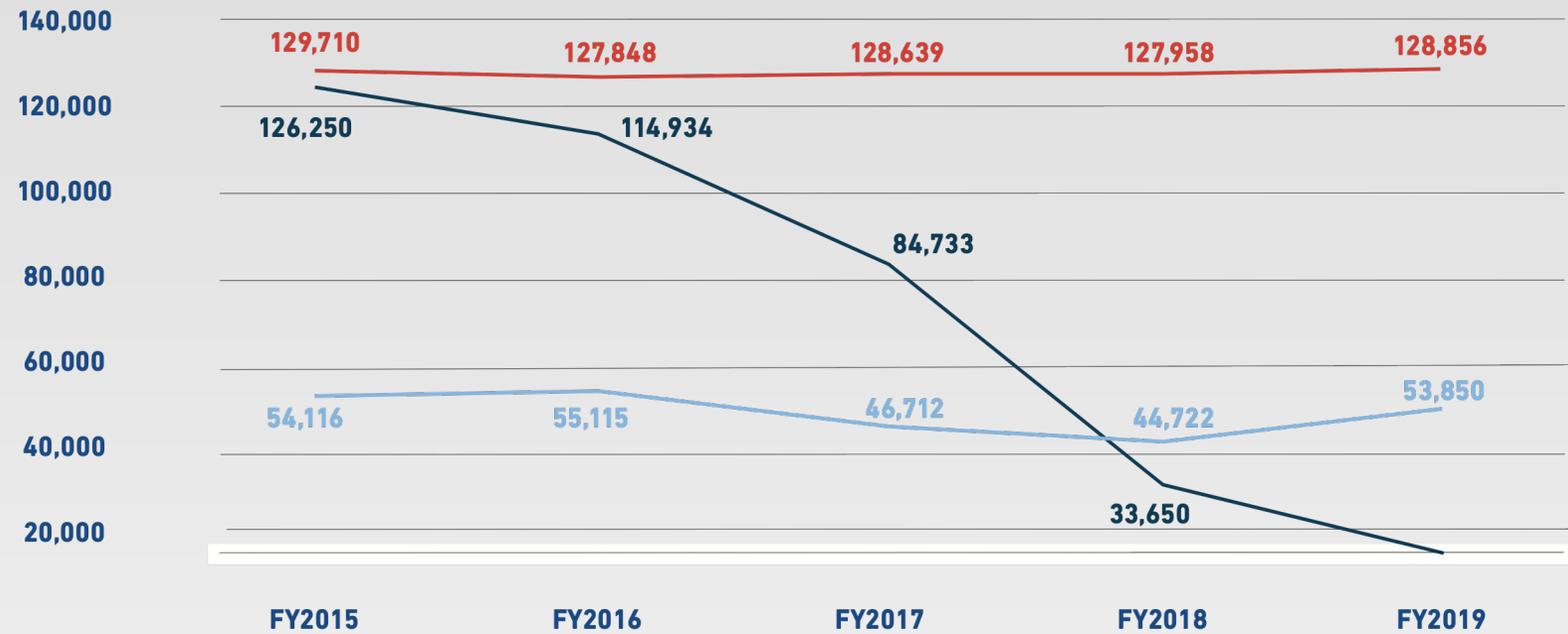


Graphic courtesy Funds For Learning, 2019 E-rate Trends Report
<https://ecfsapi.fcc.gov/file/108010655418094/FY2019TrendsReport-ExParte2019-07-30.pdf>

E-rate Update

Count of Sites Receiving E-rate Discounts

■ Data/Internet ■ Voice Services ■ On-Campus



Graphic courtesy Funds For Learning, 2019 E-rate Trends Report
<https://ecfsapi.fcc.gov/file/108010655418094/FY2019TrendsReport-ExParte2019-07-30.pdf>

E-rate Update

- Amortization of Non-Recurring Charges made permanent (Jan 2020)
 - Since 2000, upfront, non-recurring charges of \$500,000 or more must be amortized over a 3-year period
 - 2014 Modernization Order suspended requirement until 2018
 - The FCC permanently extended the 2014 suspension of the rule
- Category 2 budgets extended, revised, and made permanent (Dec 2019)
 - Existing 5-year trial period for school budgets = \$153.47 per student (pre-discount); libraries based on square footage; extended through FY 2020 for transition.
 - Revised system has new budget factors; inflation adjusted; fixed for five-year cycles:
 - \$167.00 per student for schools (counting full-time students only).
 - \$4.50 per square-foot for libraries (regardless of locale code).
 - \$25,000.00 minimum budget per entity.
 - Reconsideration is being sought for how NIFs handled.
- Texas Carriers' E-rate Rulemaking Petition on "Overbuilding" – *Pending*

RHC Update

- RHC Reform Order passed
 - Some overdue improvements; many concerns
 - New prioritization system for when cap exceeded; consortia with non-rural participation will face cuts first
- Petitions for Reconsideration filed
 - New rules go into effect unless Commission takes further action
 - Commission need not respond to petitions
- Petitions lay foundation for future advocacy
 - SHLB cost study
 - Potential efforts with Congress
 - Future FCC
- Funding for FY 2019
 - \$581 million plus \$83 million in rollover funds (DA 19-540) = \$664 million
 - Old cap rules in effect for FY 2019

FCC Rural Health Care Programs (current)

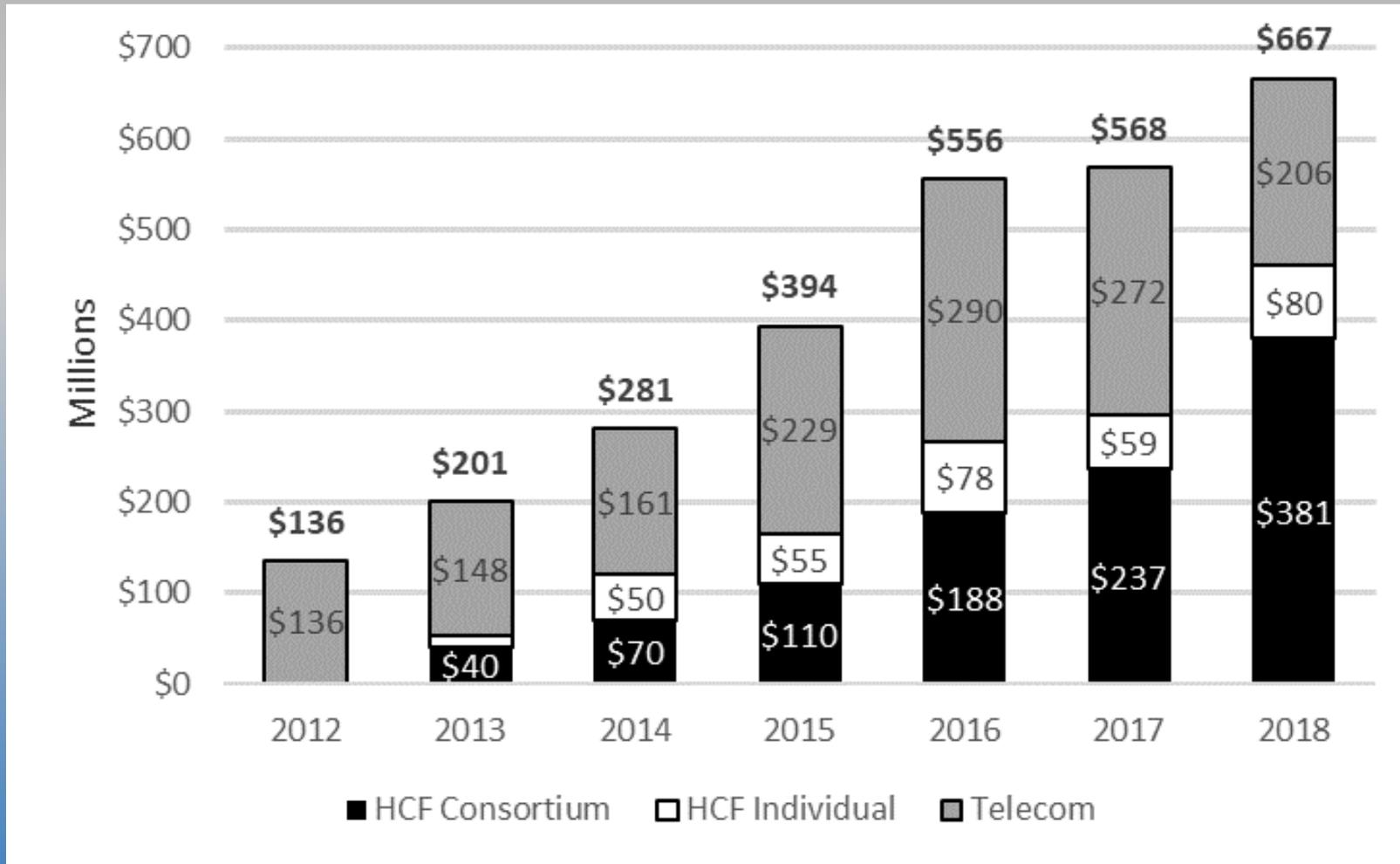
Program	Telecommunications Program	Healthcare Connect Fund
Authority	47 U.S.C. section 254(h)(1)(A)	47 U.S.C. section 254(h)(2)(A)
Discount	Urban-rural differential (cost parity)	65% flat rate subsidy
Eligibility	<ul style="list-style-type: none"> Eligible <u>rural</u> health care providers 	<ul style="list-style-type: none"> Eligible rural health care providers and consortia <u>Non-rural</u> if part of a <i>majority-rural consortium</i>
Eligible services	<ul style="list-style-type: none"> Telecommunications (<i>i.e.</i> common carrier services) Customary installation charges 	<ul style="list-style-type: none"> Broadband services and equipment Customary installation charges (\$5K) Additional options for consortia <ul style="list-style-type: none"> Multi-year funding commitments Network services & equipment (NOCs) Upfront costs: IRUs, Long Term Leases, Network construction (in some situations)
<i>Ineligible services</i>	<ul style="list-style-type: none"> “Private carriage” Special construction (infrastructure) End-user equipment (VOIP systems, etc.) 	
Vender Eligibility	<ul style="list-style-type: none"> Telecommunications providers only 	<ul style="list-style-type: none"> Any vendor that provides eligible services
2017 Spend	\$155 million	\$225 million

Funding Cap: \$664 million for FY 2019 (\$150 million sub-cap for HCF upfront and multi-year support)

RHC Update

- RHC Reforms enacted
- Cap Headaches Expected to Continue
 - FY 2018: delays and \$150 million sub-cap exceeded but FCC takes remedial action (May 2019) to avoid cuts
 - FY 2019: delays and concerns \$150 million sub-cap again exceeded; *repeat of FY 2018?*
 - FY 2020: new prioritization rules in effect
- Proposed \$100 million “Connected Care” Pilot Program
 - NPRM released August 2019; comment period technically still open; rules next.
 - Focus: health care providers treating low income populations and veterans in their homes for conditions that require at least several months to treat (behavioral health, drug dependency, chronic diseases, and high-risk pregnancies).
 - 85% subsidy for broadband connectivity needed by patients or health care providers;
 - Proposing not to fund: Services funded by RHC program; internal connections; end-user devices, administrative expenses; could possibly fund “information services” which might include applications or software supporting telehealth platforms.
 - Reconsidering whether to fund 20 projects at \$5 million each.

Fig. 2: Gross Demand by Program and Funding Year²⁴



Implementation Schedule (HCF edition)

Date	Rules
Immediate	<ul style="list-style-type: none"> • Consortia must be 51% rural • Additional certifications for funding requests (including new gift rules)
<i>Start of 2020 Funding Year (FY) – July 1, 2020</i>	<ul style="list-style-type: none"> • HCF cap inflation adjustment • New funding prioritization scheme • New service delivery and invoicing deadlines (120 days)
<i>Start of FY 2021 Competitive Bidding – July 1, 2020</i>	<ul style="list-style-type: none"> • Competitive bidding starts July 1 (not January 1) • Expanded consultant registration; service specificity requirement*; bid evaluation criteria and disqualification factors disclosure*; declaration of third-party assistance*; details of aggregate purchase arrangements* <p>* OMB PRA approval pending</p>
January 1, 2021	<ul style="list-style-type: none"> • New filing window (ends no later than April 1)
Start of FY 2021 – July 1, 2021	<ul style="list-style-type: none"> • New invoice certifications (3rd party assistance to service providers) • New service delivery and invoice extensions requests permitted

Overall RHC Program: Major Changes

- **Disclaimer:** *Do not use this limited summary as a substitute for reviewing the RHC Report and Order yourself; it is very detailed and comprehensive.*
- **Funding Prioritization (FY 2020)** – New scheme based on rurality and whether medically underserved:
 - Rurality tiers based on existing RHC program definitions of “rural”
 - MUA/P = Medically Underserved Area or Population (for primary care)
 - Maintained by HRSA

Health Care Provider Site is Located in:	MUA/P	Not in MUA/P
Extremely Rural Tier	<i>Priority 1</i>	<i>Priority 4</i>
Rural Tier	<i>Priority 2</i>	<i>Priority 5</i>
Less Rural Tier	<i>Priority 3</i>	<i>Priority 6</i>
Non-Rural Area ³⁵¹	<i>Priority 7</i>	<i>Priority 8</i>

- If cap exceeded, each priority category will be fully funded until funding is exhausted; pro-rata reductions within final funded priority category.

Fig. 6: Map Showing Prioritization Areas in the Continental U.S., Alaska, Hawaii, and Puerto Rico³⁵²

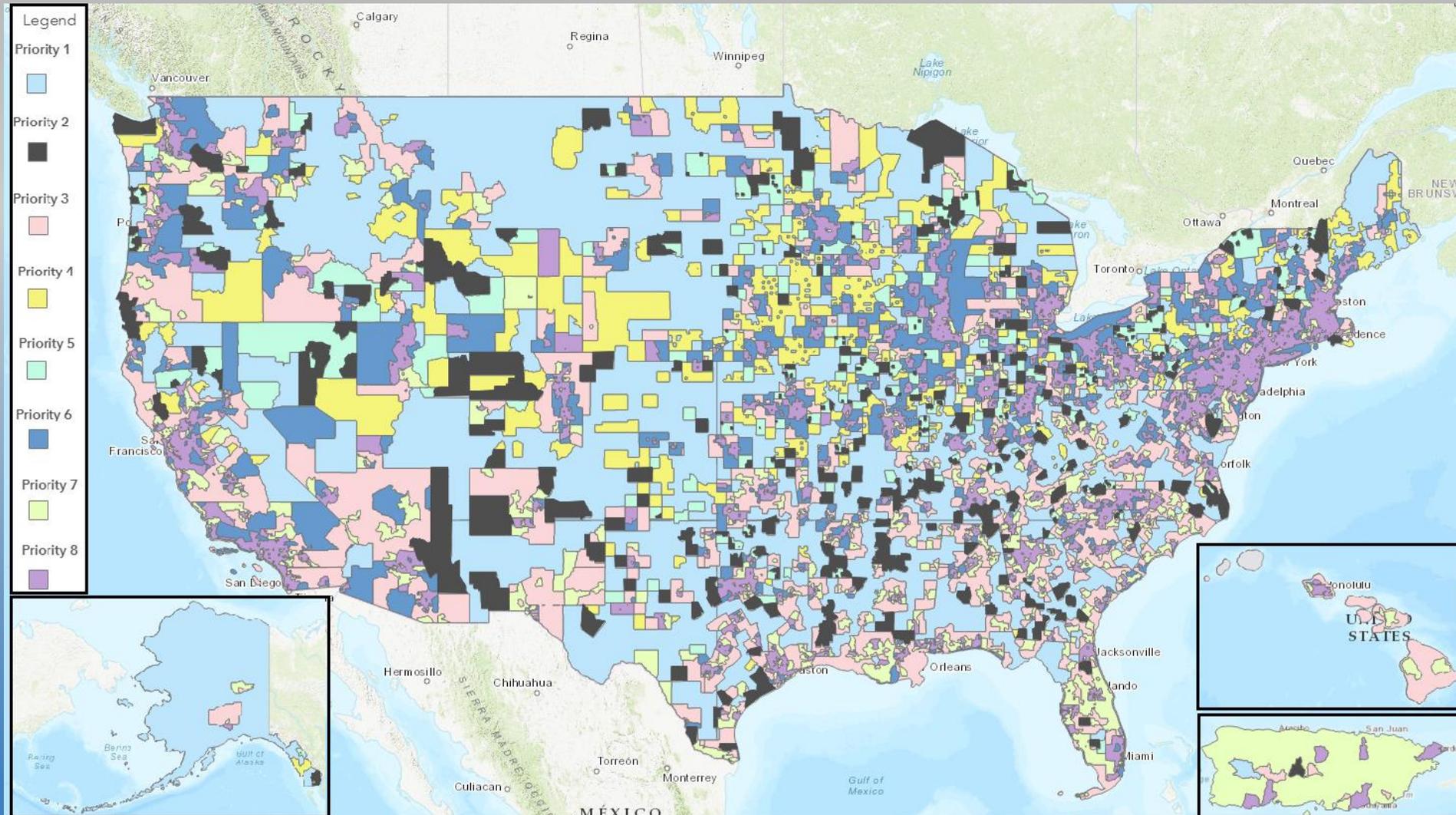


Table 3: Allocation of Funding Year 2017 Commitments in Prioritization Categories³⁸⁵

HCP Site is located in:	MUA/P	Number of HCP Sites	Committed Funding Amount	Not in MUA/P	Number of HCP Sites	Committed Funding Amount (\$)
<i>Extremely Rural Tier</i>	<i>Priority 1</i>	2,782	\$139,495,781	<i>Priority 4</i>	701	\$20,254,621
<i>Rural Tier</i>	<i>Priority 2</i>	955	\$27,694,946	<i>Priority 5</i>	716	\$17,789,469
<i>Less Rural Tier</i>	<i>Priority 3</i>	1,200	\$36,501,369	<i>Priority 6</i>	828	\$20,283,456
<i>Non-Rural Areas</i>	<i>Priority 7</i>	831	\$47,308,989	<i>Priority 8</i>	1,311	\$70,544,242

Overall Program: Major Changes

- Competitive bidding (FY 2020)
 - Request for services must specify actual services needed (*e.g.*, Internet, bandwidth), not functions (*e.g.*, transmit x-rays);
 - Must identify disqualification criteria;
 - Harmonized HCF and Telecom Program bidding rules;
 - E-rate Gift Prohibitions implemented for RHC
 - Permitted: Modest refreshments; conference gifts (\$20 value or less; not to exceed \$50 annually); charitable contributions not intended to circumvent competitive bidding.
 - New rules for consultants
 - Registration; utilization and identification by service providers and applicants
- New Filing Window: 90 days before start of funding year (April 1)
- New Invoicing Deadlines (same as E-rate)
 - 120 days after funding year ends
 - One extension allowed; *must be requested before deadline expires.*

Healthcare Connect Fund: Major Changes

- Changes for Consortia with Non-Rural Participants (FY 2020)
 - Elimination of grace period: must be majority rural at time of application for funding.
 - Increase in min. rural percentage in years in which cap exceed; no grace period.
 - 5% each year cap exceeded, up to 75% rural percentage maximum.
- Extensions of Service Delivery Deadlines (FY 2020)
 - Service-delivery deadline always June 30 rather than contract-end date; must still notify USAC if contract extended beyond contract end-date.
 - USAC authorized to grant one-year extensions for non-recurring services (*e.g.*, dark fiber, special construction, equipment). (FY 2021)
 - Automatic in certain situations (*e.g.*, funding commitment received on or after March 1);
 - Request must be submitted before June 30.
- Additional Time to Complete Competitive Bidding (FY 2021)
 - Bidding initiation can start July 1 instead of January 1 (current HCF deadline).

Questions?

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