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WIRELINE COMPETITION BUREAU ANNOUNCES E-RATE AND RHC PROGRAMS' INFLATION-BASED CAPS FOR FUNDING YEAR 2021

CC Docket No. 02-6
WC Docket No. 02-60

Pursuant to sections 54.507(a) and 54.619(a) of the Commission's rules,¹ the Wireline Competition Bureau (Bureau) announces the E-Rate and Rural Health Care (RHC) programs' funding caps for funding year 2021.² The new caps represent a 1.2% inflation-adjusted increase in each program cap from funding year 2020.³

E-Rate Program: The E-Rate program funding cap for funding year 2021 is \$4,276,833,965.⁴ The new cap represents a 1.2% inflation-adjusted increase in the \$4,226,120,519 cap from funding year 2020.⁵ The Commission began indexing the funding cap to inflation in 2010 to ensure that E-Rate

¹ 47 CFR §§ 54.507(a), 54.619(a).

² The Commission's rules require an adjustment of the E-Rate and RHC programs' annual funding caps based on the gross domestic product chain-type price index (GDP-CPI) measure of inflation. See *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan For Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Order, 25 FCC Rcd 18762, 18782, para. 39 (2010) (*E-Rate Sixth Report and Order*); *Promoting Telehealth In Rural America*, WC Docket No. 17-310, Report and Order, 33 FCC Rcd 6574, 6580, para. 13 (2018) (*RHC Program Funding Cap Order*); *Promoting Telehealth in Rural America*, WC Docket No. 17-310, Report and Order, 34 FCC Rcd 7335, 7400-02, paras. 138-140 (2019) (*Promoting Telehealth Report and Order*); 47 CFR §§ 54.507(a)(1)-(2), 54.619(a)(1)-(2). The E-Rate program is more formally known as the schools and libraries universal service support program.

³ National Income and Product Accounts Table, Bureau of Economic Analysis, revised Feb, 25, 2021, Table 1.1.4, <https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=3&isuri=1&1910=x&0=-99&1921=survey&1903=4&1904=2015&1905=2017&1906=a&1911=0> (GDP-CPI table; based on gross domestic product average across four quarters of 112.318 in 2019 and 113.630 in 2020, we calculate an increase of 1.2%). Note that the 2019 gross domestic product figure has been revised downward by the Bureau of Economic Analysis (BEA) since the Bureau announced the E-Rate and RHC program funding caps for funding year 2020. See *Wireline Competition Bureau Announces E-rate and RHC Programs' Inflation-Based Caps for Funding Year 2020*, CC Docket No. 02-06, WC Docket No. 02-60, Public Notice, 35 FCC Rcd 2062, n.3 (WCB 2020) (*2020 Inflation Funding Cap Public Notice*) (using a gross domestic product figure of 112.347 for 2019 to determine E-Rate and RHC programs' funding caps for funding year 2020).

⁴ This represents a \$50,713,446 increase for the E-Rate program funding cap as a whole, including a \$37,939,922 increase for the category one services funding level and a \$12,773,524 increase for the category two services funding level. See 47 CFR § 54.507(a)(3) (noting that the Bureau will release a public notice "announcing any increase of the annual funding cap including any increase to the \$1 billion funding level available for category two services based on the rate of inflation"). The 2021 funding year runs from July 1, 2021 to June 30, 2022.

⁵ See *supra* note 3; *2020 Inflation Funding Cap Public Notice*.

program funding keeps pace with the changing broadband and telecommunications needs of schools and libraries.⁶

RHC Program: The RHC Program funding cap for funding year 2021 is \$612,016,418.⁷ The internal cap for upfront payments and multi-year commitments under the Healthcare Connect Fund Program is \$154,532,400.⁸ These new caps represent a 1.2% inflation-adjusted increase in the \$604,759,306 RHC Program funding cap and the \$152,700,000 internal cap on multi-year commitments and upfront payments from funding year 2020.⁹ The Commission began indexing the RHC Program funding cap to inflation in 2018 to ensure that RHC Program funding keeps pace with the changing broadband and telecommunications needs of rural healthcare providers.¹⁰ It began indexing the internal cap on multi-year commitments and upfront payments to inflation in 2020 to prevent inflation from eroding the purchasing power of health care providers requesting multi-year commitments and upfront payments under the Healthcare Connect Fund Program.¹¹

For further information, please contact James Bachtell, Wireline Competition Bureau at (202) 418-7400.

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⁶ *E-Rate Sixth Report and Order*, 25 FCC Rcd at 18781, para. 36. The Commission did not increase the funding cap in funding year 2015 pursuant to section 54.507(a)(1) of the Commission's rules. 47 CFR § 54.507(a)(1).

⁷ This represents a \$7,257,112 increase for the RHC program funding cap. The 2021 funding year runs from July 1, 2021 to June 30, 2022.

⁸ This represents a \$1,832,400 increase for the internal cap on multi-year commitments and upfront payments under the Healthcare Connect Fund Program.

⁹ See *supra* note 3; *RHC Program Funding Cap Order*, 33 FCC Rcd at 6584, para. 23; *Promoting Telehealth Report and Order*, 34 FCC Rcd at 7401, para. 139; *2020 Inflation Funding Cap Public Notice*, 35 FCC Rcd at 2063.

¹⁰ *RHC Program Funding Cap Order*, 33 FCC Rcd at 6583, para. 21; 47 CFR § 54.619(a)(1)-(2).

¹¹ *Promoting Telehealth Report and Order*, 34 FCC Rcd at 7401, para. 139; 47 CFR § 54.619(a)(1)-(2).