



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU ANNOUNCES E-RATE AND RHC PROGRAMS' INFLATION-BASED CAPS FOR FUNDING YEAR 2023

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

Pursuant to sections 54.507(a)(3) and 54.619(a)(3) of the Commission's rules,<sup>1</sup> the Wireline Competition Bureau (Bureau) announces the E-Rate and Rural Health Care (RHC) programs' annual caps for funding year 2023.<sup>2</sup> The adjusted amounts represent a 7.0% inflation-adjusted increase to both programs' funding year 2022's annual caps.<sup>3</sup>

**E-Rate Program:** The E-Rate program funding cap for funding year 2023 is \$4,768,413,261.<sup>4</sup> This amount represents a 7.0% inflation-adjusted increase to \$4,456,460,992, the annual cap for the

<sup>1</sup> 47 CFR §§ 54.507(a)(3), 54.619(a)(3).

<sup>2</sup> 47 CFR §§ 54.507(a)(1)-(2); 54.619(a)(1)-(2) (requiring an adjustment of the E-Rate and RHC programs' annual caps for funding based on the gross domestic product chain-type price index (GDP-CPI) measure of inflation). *See also 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) (*2019 Promoting Telehealth Report and Order*). We also note that the E-Rate program is formally known as the schools and libraries universal service support program.

<sup>3</sup> National Income and Product Accounts Table, Bureau of Economic Analysis, revised Feb. 23, 2023, Table 1.1.4 (GDP-CPI), <https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=11#eyJhcHBpZCI6MTksInN0ZXBzIjpbMSwYLDNdLCJkYXRhIjpbWyJOSVBBX1RhYmxlX0xpc3QiLCI0Ii0sWyJkYXRIZ29yaWVzIiwU3VydMVSIIIldfQ==>. We calculate an increase of 7.0% in the rate of inflation based on the gross domestic product average across four quarters of 118.924 in 2021 and 127.225 in 2022. We note that the 2021 gross domestic product figure was revised upward by the Bureau of Economic Analysis (BEA) since the date the Bureau announced the E-Rate and RHC program annual caps for funding year 2022. *See, e.g., Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2022*, CC Docket No. 02-06, WC Docket No. 02-60, Public Notice, DA-22-271, n.3 (WCB Mar. 14, 2022) (*FY 2022 Inflation Funding Cap Public Notice*) (using a gross domestic product figure of 118.490 for 2021 to determine E-Rate and RHC programs' annual caps for funding year 2022).

<sup>4</sup> This amount represents a \$311,952,269 increase for the E-Rate program funding cap as a whole, including a \$233,378,830 increase for the category one services funding level and a \$78,573,439 increase for the category two services funding level. *See also* 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 E-Rate program's funding year 2023 runs from July 1, 2023, to June 30, 2024.

program last year.<sup>5</sup> In 2010, the Commission began adjusting the E-Rate program's annual cap based on the rate of inflation using the Gross Domestic Product – Chain-type Price Index (GDP-CPI) to help ensure funding keeps pace with the changing broadband and telecommunications needs of schools and libraries.<sup>6</sup>

RHC Program: The RHC program funding cap for funding year 2023 is \$682,361,586.<sup>7</sup> The internal cap for upfront payments and multi-year commitments in the Healthcare Connect Fund program is \$172,294,354.<sup>8</sup> Beginning in funding year 2023, the internal cap for upfront payments and multi-year commitments will apply only if RHC program demand exceeds available funding.<sup>9</sup> These new funding caps represent a 7.0% inflation-adjusted increase to the \$637,721,108 RHC program funding cap and the \$161,022,761 internal cap for the Healthcare Connect Fund program's multi-year commitments and upfront payments from funding year 2022.<sup>10</sup> The Commission began indexing the RHC program annual cap to inflation in 2018 to ensure that the RHC program funding keeps pace with the changing broadband and telecommunications needs of rural health care providers.<sup>11</sup> In 2020, the Commission also began indexing the internal cap on multi-year commitments and upfront payments to inflation to prevent inflation from eroding the purchasing power of health care providers requesting multi-year commitments and upfront payments through the Healthcare Connect Fund Program.<sup>12</sup>

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<sup>5</sup> See *supra* note 3; *FY 2022 Inflation Funding Cap Public Notice*.

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

<sup>7</sup> This represents a \$44,640,478 increase for the RHC program funding cap. The RHC program's funding year 2023 runs from July 1, 2023 to June 30, 2024.

<sup>8</sup> This represents a \$11,271,593 increase for the internal cap on multi-year commitments and upfront payments under the Healthcare Connect Fund Program.

<sup>9</sup> See *Promoting Telehealth in Rural America*, WC Docket No. 02-60, Order on Reconsideration, Second Report and Order, Order, and Second Further Notice of Proposed Rulemaking, FCC 23-6, para. 60 (rel. Jan. 27, 2023).

<sup>10</sup> See *RHC Program Funding Cap Order*, 33 FCC Rcd at 6584, para. 23; *2019 Promoting Telehealth Report and Order*, 34 FCC Rcd at 7401, para. 139; *FY 2022 Inflation Funding Cap Public Notice*.

<sup>11</sup> 47 CFR § 54.619(a)(1)-(2); *RHC Program Funding Cap Order*, 33 FCC Rcd at 6583, para. 21.

<sup>12</sup> 47 CFR § 54.619(a)(1)-(2); *2019 Promoting Telehealth Report and Order*, 34 FCC Rcd at 7401, para. 139.