



NEWS

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See MCI v. FCC, 515 F.2d 385 (D.C. Circ 1974).

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Connect America Fund Offers Carriers Nearly \$1.7 Billion to Expand Broadband to Over 8.5 Million Rural Americans

Carriers Have Four Months to Accept or Decline Offers on State-Level Basis

Washington, D.C. – Taking a major step to close the rural broadband gap, the Connect America Fund today offered carriers nearly \$1.7 billion to expand and support broadband service in rural areas where market forces alone cannot support deployment.

The offer to the rural operations of the largest telecom providers – known as price cap carriers – would provide ongoing support for networks that can deliver broadband at speeds of at least 10 Mbps for downloads and 1 Mbps uploads to nearly nine million rural residents nationwide. The funding represents a 71% increase from current funding for these areas, but is accomplished without increasing the size of the Universal Service Fund – or increasing ratepayer fees.

“Today’s offer of \$1.675 billion for rural broadband deployment will connect millions of rural Americans who lack access to modern high-speed Internet service,” said FCC Chairman Tom Wheeler. “The Connect America Fund is tackling the rural digital divide so that all Americans can have access to the jobs, education and opportunities provided by broadband, no matter where they live.”

Carriers now have 120 days to determine whether or not to accept the funding on a state-by-state basis. In states where carriers decline the offer, the subsidies will be offered to providers on a competitive basis.

Like telephone service in the 20th Century, broadband has become essential to life in the 21st Century. But, according to the FCC’s latest Broadband Progress Report, nearly one in three rural Americans lack access to 10/1 broadband, compared to only one in 100 urban Americans.

The FCC’s traditional universal service program succeeded in ensuring telephone network coverage in rural America. In late 2011, the FCC modernized the program to support networks capable of providing broadband and voice services, and created Connect America to efficiently and effectively administer that support.

Since then, Phase I of Connect America has provided \$438 million to expand broadband to nearly 1.7 million people in over 637,000 homes and businesses in 45 states and Puerto Rico. Over the next six years, Phase II of Connect America will provide more than \$10 billion to expand broadband-capable networks throughout rural America.

Funding in Phase II is targeted to census blocks (a) where the cost of providing service according to our cost model exceeds \$52.50 a month, and (b) that are not served by unsubsidized competitors offering

service at speeds of at least 4 Mbps downloads/1 Mbps uploads. Carriers receiving this support must build out broadband to 40% of funded locations by the end 2017, 60% by end of 2018, and 100% by the end of 2020.

Overall, the FCC's Universal Service Fund allocates \$4.5 billion annually through various universal service programs for high-cost areas to support voice- and broadband-capable networks in rural America.

A Public Notice providing the annual amount offered each carrier is available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-15-509A1.pdf

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