Memorandum
September 15, 2025

To: The Universal Service Fund Working Group (Working Group)
Senators Deb Fischer, Ben Ray Luján, Shelley Moore Capito, Amy Klobuchar, Jerry Moran, Gary Peters, Dan Sullivan, and Jackie Rosen; and Representatives Richard Hudson and Doris Matsui

Re: Response of the Schools, Health & Libraries Broadband Coalition to the Universal Service Fund Working Group Request for Comment

Dear USF Working Group:

The Schools, Health & Libraries Broadband (SHLB) Coalition appreciates this opportunity to respond to the Working Group's request for comment, which aims to assess the current state and future of the Universal Service Fund (USF).[1] We commend the Working Group's interest in evaluating how each USF program can continue to deliver modernized and dependable support for universal connectivity.

SHLB is a broad-based public interest coalition of more than 320 organizations that share the mission of promoting open, affordable, high-quality broadband for community anchor institutions, which are largely supported by the USF. We believe that everyone in this country deserves to have affordable, robust internet access at school, the library, the rural health clinic, at home, or wherever they may be.[2] Our members represent many voices throughout the broadband landscape,[3] allowing us to provide you with a wide range of expertise and perspective when you consider future improvements to the USF. In light of the Supreme Court's recent decision in *Federal Communications Commission v. Consumers' Research* (consolidated with *Schools, Health & Libraries Broadband Coalition, et al. v. Consumers' Research, et al.*)[4] which upheld

[1] Universal Service Fund Working Group Request for Comment, *available at* https://www.fischer.senate.gov/public/index.cfm/usf.

[2] Unfortunately, gaps in broadband coverage and connectivity remain, especially in areas of rural and urban poverty, for smaller anchor institutions, Tribal lands, and within multi-dwelling units.

[3] SHLB members include schools, libraries, representatives of health care providers and telehealth networks, state broadband offices, private sector companies, state and national research and education networks, and non-profit organizations. For a current list of SHLB members, see https://www.shlb.org/shlb-members.

[4] *Federal Communications Commission, et al. v. Consumers' Research, et al.*, No. 24-354, 606 U.S. ___ (2025) Consolidated with *Schools, Health & Libraries Broadband Coalition, et al. v. Consumers' Research, et al.*, No. 24-422.

the constitutionality of the USF, we welcome the Working Group's initiative to refresh the record about how it can strengthen and modernize the fund.

At the outset, we cannot overstate how much the USF has been, and continues to be, a critical funding resource for anchor institutions (including schools, libraries, and rural health care clinics) and the rural and urban communities they serve. It is the largest, bipartisan federal funding program that provides consistent, predictable financial support to ensure that high-speed broadband is available and affordable to these critical community anchor institutions. Without this necessary funding, the communities they serve would be left behind: students lacking adequate broadband at home could not complete homework, apply for college or jobs, or otherwise prepare for their future; unconnected individuals, adult learners, and veterans would not be able to find employment, start their own businesses, or engage with essential services that define modern-day life;[5] and those residing in remote and Tribal areas would not have access to life-saving healthcare, remote education, and online resources provided by libraries.

To continue these vitally important services, the USF must be preserved and strengthened. While there are several ways that the fund and its individual programs can be improved and modernized, commitment to preserving the core principles of USF is essential if we are to continue our work at addressing the Digital Divide.

It is thus critical for Congress and the Federal Communications Commission (FCC) to take action to preserve the USF with a predictable and sustainable funding mechanism. In June 2025, the Office of Managing Director announced that the proposed universal service contribution factor for the third quarter of 2025 will reach 36.0 percent[6] (as compared to 29.2 percent this time two years ago when the Working Group first took comment about USF reform).[7] To alleviate the steady incline of the contribution factor, SHLB encourages Congress and the FCC to consider adding new revenue sources to those that currently fund the USF. Expanding the contribution base will stabilize the rate paid by current providers, offer a fairer approach for consumers, and ensure that schools, libraries, and rural healthcare providers have the funding they need to continue to serve as vital resources for their communities.

Next, we urge Congress and the FCC to recognize that the existing USF programs, including the Schools and Libraries (E-Rate) and Rural Health Care (RHC) programs, must keep pace in our dynamic broadband marketplace. For example, program rules should recognize and embrace the evolving and rapidly advancing nature of technology, support modern educational and health care needs, ensure that broadband networks are secure and resilient, and foster an application and funding process that is transparent, streamlined, fair, and reliable. In previous

[5] For example, the U.S. Department of the Treasury recently announced that the federal government will stop issuing paper checks for most federal payments, including for Social Security and Veterans benefits, requiring individuals to switch to an electronic, direct deposit payment method. *Treasury Announces Federal Government Will Phase Out Paper Checks on September 30th*, Press Release, *available at* https://home.treasury.gov/news/press-releases/sb0223 (Aug. 14, 2025).

[6] *Proposed Third Quarter 2025 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, DA 25-475 (OMD, June 11, 2025).

[7] *Proposed Third Quarter 2023 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, DA 23-507 (OMD, June 14, 2023).

filings, SHLB has outlined recommendations to the FCC that it believes would streamline the E-Rate and RHC application processes and enhance the programs' reach,[8] and we welcome this opportunity to suggest additional reforms that aim to achieve the goals listed above.

Finally, SHLB encourages Congress to consider adding policies and programs to the USF that continue to further the goal of making broadband accessible and affordable to all. This includes incorporating an affordability program (akin to the now defunct Affordable Connectivity Program (ACP)) into the fund on a permanent basis, expanding USF beneficiaries to include all types of community anchor institutions, and providing predictable, ongoing funding for work that supports digital literacy and skills training, which often happens at anchor institutions.

We are excited to have this chance to make the SHLB voice heard as the Working Group considers these, and many more, recommendations submitted in response to your request for comment. SHLB stands ready to provide additional information or clarification, and remains hopeful about preserving and enhancing the impact of the USF on all Americans. If you have any questions as you review our comments below, please do not hesitate to contact us.

Below you will find our answers to the questions listed in your request for comment. We list the question first and then provide a response directly thereafter.

1. How should Congress evaluate the effectiveness of each USF program in achieving their respective missions to uphold universal service?

SHLB Response: Community anchor institutions serve as the heartbeats of communities around the country. Schools, libraries, and health clinics are essential hubs where young and old alike can learn, gather, and seek care. Without high-speed internet access, anchors would simply not be able to meet the demands of their communities.

The E-Rate and RHC programs in particular offer predictable and essential funding to ensure that anchors have this high-speed connectivity, positioning their community members for success. The E-Rate program aims to ensure that students are afforded the same opportunities to access online educational materials and excel in their endeavors regardless of the affluence of their neighborhood. It also allows library patrons the opportunity to apply for jobs, receive workforce training, and connect with support groups, medical providers, friends, and family. The RHC program permits rural residents to seek medical care close to home, whether it be a preventative care check-up or emergency service following a car accident or heart attack. With

[8] *See generally* Comments and Reply Comments of the Schools, Health & Libraries Broadband Coalition (SHLB)*, Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 02-6, 96-45, and 97-21, Report and Order and Further Notice of Proposed Rulemaking, FCC 23-56, (filed Sept. 25, 2023 and Oct. 23, 2023) (*SHLB Streamlining Comments*) (*SHLB Streamlining Reply Comments*); *see also* Comments and Reply Comments of SHLB, *Delete, Delete, Delete*, GN Docket No. 25-133, *Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 02-6, 96-45, 97-21, *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, *Promoting Telehealth in Rural America*, WC Docket No. 17-310, *Rural Health Care Support Mechanism*, WC Docket No. 02-60 (filed Apr. 11, 2025 and Apr. 28, 2025) (*SHLB Delete Comments*) (*SHLB Delete Reply Comments*).

widespread connectivity of schools, libraries, and health clinics across the country, the E-Rate and RHC programs have ***proven effective and essential*** in helping the nation reach closer to the goal of having reliable universal service for everyone. And in 2025, connectivity needs continue to increase with the adoption of more sophisticated learning tools, medical equipment, and security standards–making access to high-speed broadband through anchor institutions as important as ever.

The statutory language in section 254 of the Communications Act (rightly) calls for universal service to be "evolving".[9] Congress recognized that the broadband marketplace is dynamic, and policymakers should evaluate the effectiveness of the USF by continually upgrading connectivity standards and gathering information about the nation's achievement of those standards every year. First, policymakers should recognize that USF programs like RHC and E-Rate must support the evolving needs of program applicants in relation to the growth and sophistication of broadband uses. For example, healthcare clinics are exploring more opportunities to serve patients with telemedicine practices like remote patient monitoring, mobile health communications, and teletriage. Many schools are also contemplating (and in many cases already implementing) artificial intelligence (AI) integration into their teaching methods and operations. Schools and libraries are implementing remote connectivity options for students and patrons, like school bus Wi-Fi and hotspot lending. If E-Rate and RHC policies don't accommodate these types of evolving needs and broadband uses, students would fall behind, the economy and workforce would suffer, and rural communities, seniors, and veterans would fail to receive life-saving medical care.

Second, policymakers should recognize that: i) the demand for broadband capacity increases on a regular basis to handle more sophisticated broadband uses (like those mentioned above), and ii) the quality of the broadband connection must improve over time to handle increasing volume on existing broadband networks. In other words, when evaluating broadband policy, it is inaccurate to simply declare that a location is "connected" and that the mission is accomplished. Congress, and especially the FCC, must continually monitor and track factors like broadband capacity, speed, latency, and network security when evaluating the effectiveness of the USF over time, and ensure program rules and goals meet the current and future connectivity needs of anchors.

Therefore, SHLB believes that Congress should also ask *how* we best align these effective and essential USF programs to our modern connectivity and technology requirements. As a recent Executive Order on AI explained, one of our goals must be to "invest in our educators and equip them with the tools and knowledge to not only train students about AI, but also to utilize AI in their classrooms to improve educational outcomes."[10] Whether it be AI or a number of other emerging technologies, success in the future will rest on our ability to ensure our communities have the broadband infrastructure and programs that meet our current and future connectivity needs.

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[9] 47 U.S. Code § 254(c)(1).

[10] *Advancing Artificial Intelligence Education for American Youth*, Executive Order, *available at* https://www.whitehouse.gov/presidential-actions/2025/04/advancing-artificial-intelligence-education-for-american-youth/ (Apr. 23, 2025) (*Advancing AI EO*).

2. How well has each USF program fulfilled Section 254 of the Communications Act of 1996?

SHLB Response: The E-Rate and RHC programs are two key pillars of the USF. E-Rate helps connect schools and libraries across the country to the Internet so that students and patrons can excel in their educational studies and professional endeavors. The RHC program helps modernize rural health clinics so that patients can receive optimum care and telehealth services no matter where they reside. Accordingly, both programs operationalize the principle of universal service by ensuring that all Americans, regardless of geography or income, have access to essential communications services via the anchors that serve their communities.

As we note herein, there are ways that Congress and the FCC can reform USF policies and rules so that each program continues to preserve and advance universal service in accordance with section 254.

3. Has the FCC adequately assessed each USF program against consistent metrics for performance and advancement of universal service?

SHLB Response: The FCC and the Universal Service Administrative Company (USAC) produce valuable resources that offer public data about each of the USF programs. For example, USAC publishes an annual report that reviews the "operations, activities, and accomplishments" of each of the four USF programs[11] and holds quarterly board meetings that are virtually broadcast[12] and releases materials including board minutes, reports, and slide decks for public review.[13] USAC also provides multiple tools through its Open Data portal that allow the public to access raw data submitted by universal service program participants.[14] The FCC provides policy oversight, and publishes an annual Agency Financial Report[15] and the annual Universal Service Monitoring Report, which provides certain data pertaining to each of the USF programs like industry revenues, funding commitment and disbursement dollar figures, how many institutions

[11] Universal Service Administrative Co. Annual Report, *available at* https://www.usac.org/about/reports-orders/annual-report/ (*USAC Annual Report*). USAC reports on data like authorized USF disbursement each year, its own operating expenses, and highlights from its work over each of the USF programs like training efforts and administration enhancements.

[12] USAC's quarterly board meeting schedule is available at https://www.usac.org/about/leadership/quarterly-meeting-schedule/.

[13] *See*, *e.g.*, USAC Schools & Libraries Committee Meeting Briefing Book, *available at* https://www.usac.org/wp-content/uploads/about/documents/leadership/materials/sl/2025/2025-07-28-SL-Briefing-Book-Public.pdf (July 28, 2025). Past board materials are available at https://www.usac.org/about/leadership/board-materials/.

[14] USAC Open Data tools can be found by visiting https://opendata.usac.org/.

[15] *See e.g.*, FCC Agency Financial Report Fiscal Year 2024, *available at* https://www.fcc.gov/sites/default/files/FCC-Agency-Financial-Report-FY-2024-508.pdf (*2024 FCC Financial Report*).

participate in E-Rate and RHC each year, percentage of high-speed internet subscribers by various characteristics, and broadband obligations and deployment to high-cost areas.[16]

While these resources are valuable, they only provide a snapshot of how USF funding advances universal service, especially in anchor institutions like schools, libraries, and health clinics. To capture a larger picture, SHLB recommends that the FCC should collect, evaluate, and report on data about: i) broadband infrastructure used–and needed–by schools, libraries, and health clinics (such as speed, bandwidth, and latency), ii) broadband programs and rules that reflect modern day consumer needs and emerging technologies (such as advanced cybersecurity protections for USF-funded networks as well as AI), and iii) broadband affordability and consumer adoption.[17] Doing so would provide a clearer understanding of how applicant and user needs are changing over time so that the FCC can shape effective policies that ensure the programs evolve accordingly and promote accountability.[18]

4. What reforms within the four existing USF programs would most improve their:
- **Transparency;**
- **Accountability;**
- **Cost-effectiveness;**
- **Administration; and**
- **Role supporting universal service?**

SHLB Response:

A. The E-Rate Program

Regarding schools and libraries support, **the E-Rate program has been enormously**

[16] *See*, *e.g.*, FCC Universal Service Monitoring Report, CC Docket No. 96-45, WC Docket No. 02-6, WC Docket No. 02-60, WC Docket No. 06-122, WC Docket No. 10-90, WC Docket No. 11-42, WC Docket No. 13-184, WC Docket No. 14-58, *available at* https://docs.fcc.gov/public/attachments/DOC-408848A1.pdf (rel. Jan. 15, 2025) (*2024 Monitoring Report*). Past reports are available at https://www.fcc.gov/general/federal-state-joint-board-monitoring-reports.

[17] We note that the FCC often already collects the type of data we mention here, which we support. For example, when the FCC adopted the Schools and Libraries Cybersecurity Pilot Program, it set data reporting requirements for initial, annual, and final reporting. The Commission concluded that "tracking and evaluating participants' cybersecurity progress over the course of the Pilot will be essential in helping us determine whether and how to fund schools' and libraries' cybersecurity needs through the E-Rate program or another universal service program on an ongoing basis." *Schools and Libraries Cybersecurity Pilot Program*, WC Docket No. 23-234, Report and Order, FCC 24-63, ¶ 110 (rel. June 11, 2024). The Commission also directed the Bureau to produce reports (one interim and one final) based on the data it collects from pilot applicants that evaluate the program's progress towards and success in meeting each of the pilot's performance goals and identify lessons learned. *Id.*, ¶ 112.

[18] We do not suggest, however, that additional data collection conducted by the FCC should place unnecessary burden on program participants through the application process. Rather, the Commission could conduct periodic, targeted surveys of program users.

successful. E-Rate is the largest federal educational technology program in the country, and it has helped schools and libraries acquire the broadband services that give students and library patrons the tools they need to meet their educational goals and that provide access to information to everyone.[19] Most eligible K-12 schools participate in the program (recent data reports that over 100,000 schools received E-Rate funding commitments out of an approximate 120,000 eligible K-12 schools nationwide).[20] The American Library Association estimates that about half of all public libraries (out of nearly 17,000 locations) participate in E-Rate.

At its core, E-Rate ensures that all students, regardless of whether they hail from a wealthy or underserved community, have the opportunity to flourish and learn at school and in their communities. Yet the need to ensure that community anchor institutions are connected to high-speed Internet, particularly in lower income communities, is greater than ever as technologies continue to emerge and schools and libraries pursue online learning platforms, digital collections, and virtual community programs. To incorporate such digital tools and maintain high-speed connections, E-Rate funding must remain strong and predictable for the tens of thousands of schools and libraries in rural and urban areas that rely on the fund.

Below are examples demonstrating how E-Rate support has given schools and libraries the connectivity students and patrons need to thrive in today's digital age:[21]

- The Fresno Unified School District, located in Fresno, California, launched its Personalized Learning and Innovations (PLI) program in 2016 that has transformed teaching and learning for over 900 teachers and 55 schools, and reaching more than 25,000 students each year. PLI integrates technology into classrooms to support instruction tailored to each student's needs through E-Rate funded programs, including high-speed internet and strong campus-wide Wi-Fi. E-Rate Category 2 funding also enabled Fresno's network modernization project in 2015, and ongoing network refreshes, which help to eliminate connectivity issues and ensure reliable access to digital resources. Without E-Rate funding, the district would not be able to afford network maintenance and upgrades, leading to slower, unreliable, and less secure networks. Without E-Rate, Fresno's workforce, and thus economy, would also suffer as students graduate without essential digital skills.

- Granite Public Schools, located in Oklahoma, has used E-Rate funds to upgrade its network, ensuring reliable access to digital tools, virtual interventions, and online

[19] Each year, Funds for Learning (FFL) conducts a survey of school and library applicants to gather feedback about the E-Rate program. Of those that responded to the FFL 2024 survey, the majority "reaffirmed that E-rate funding is crucial for schools and libraries" and that E-Rate "ensures equitable access to the internet and essential technology, helping bridge the digital divide, especially for rural and underserved communities." Funds for Learning 2024 E-rate Trends Report*, available at* https://www.fundsforlearning.com/e-rate-data/trendsreport/, at 11 (2024) (*FFL 2024 Trends Report*).

[20] This figure includes both public and private school participation. John Harrington, FFL, *E-rate Keeps Schools and Libraries Connected*, *available at* https://www.fundsforlearning.com/news/e-rate-keeps-schools-and-libraries-connected/ (Sept. 10, 2025).

[21] The examples included herein were developed by SHLB through a survey of its members. The full collection of stories is available at https://assets.noviams.com/novi-file-uploads/shlbc/SHLB_PROTECT_USF_-_Case_Studies__1_.pdf (*SHLB USF Case Studies Publication*).

assessments. Every classroom uses online learning platforms, and programs like state testing and academic interventions depend on a broadband connection. Granite Public Schools are also able to provide virtual field trips and secure online mental health support, so that students can receive help during school hours without long commutes to distant clinics. For many of Granite's rural students, E-Rate ensures that they have access to the same opportunities as their urban peers.

- In Ohio, E-Rate funded broadband helps libraries provide vital community support. For example, the Licking County Library's "In the Company of Heroes" uses broadband to enable veterans and their families to digitally preserve and share military records, fostering community engagement and historical preservation. The Jackson City Library became an important resource for community members following a major storm, providing residents with warmth, Wi-Fi, and charging stations. Additionally, thanks to E-Rate funding, the Ohio Public Library Information Network has been able to secure competitive statewide broadband contracts for libraries, reducing costs and significantly improving internet reliability and speed.

- The Casa Grande Public Library in Arizona uses E-Rate funds to offer reliable, high-quality broadband access to its community members, supporting job seekers, students, and individuals accessing government services. For example, the library saw one student in particular relying on the library's highspeed Wi-Fi and study rooms to complete online exams in pursuit of an undergraduate degree. Another patron, who originally arrived at the library unfamiliar with digital tools, learned to navigate job postings and create a résumé, eventually securing a high-paying position beyond his expectations.

Without continued E-Rate investment, schools and libraries would face challenges that could have significant consequences on students and patrons, in their educational endeavors and beyond. Such challenges include:

- Reduced access to technology: Schools and libraries might not be able to maintain or expand their technology infrastructure.[22] This leads to having fewer devices and services (including high-speed internet access) available to students and patrons.

- Disruption to learning: Educators will have a harder time integrating online tools and digital technology into lessons, which have become commonplace in the modern-day classroom setting.[23]

- Increased disparities: E-Rate funding helps bridge the digital divide, particularly for low-income or rural schools and libraries (since the E-Rate discount rate is based on the

[22] For example, advanced technologies such as AI require high-speed connections to tools and models in geographically dispersed data centers.

[23] According to a 2019 Gallup-New Schools Venture Fund study report, around "two-thirds of teachers (65%) say they use digital learning tools to teach every day" and "[m]ore than half of teachers (53%) report that their students use digital learning tools every day to learn." Gallup and New Schools Venture Fund Education Technology Use in Schools Student and Educator Perspectives, *available at* https://www.newschools.org/wp-content/uploads/2019/09/Gallup-Ed-Tech-Use-in-Schools-2.pdf., at 6 (2019).

poverty level of the student population and the school or library's urban or rural status). Without funding, socioeconomically disadvantaged students and patrons would have even greater difficulty accessing online learning resources, causing them to fall behind their peers who reside in more well-funded districts.

- Increased financial burden on families: Without school or library-provided Internet, families may have to shoulder the cost of home internet services.[24] This could be financially burdensome, especially for low-income families.

- School cuts elsewhere: Without E-Rate subsidies, schools and libraries must cover the entire cost of internet services. With tight budgets, they might need to cut other resources such as extracurricular activities or support staff.

- Negative impact on workforce readiness: Students could miss out on needed educational resources, resulting in a less prepared workforce.[25]

i) <u>Existing E-Rate Reforms that SHLB Urges Congress and the FCC to Maintain</u>

While schools and libraries have successfully used E-Rate funds to connect students, teachers, and community members to reliable, high-speed broadband, Congress and the FCC must recognize that program support also needs to reflect the modern-day digital needs of users in order to enhance universal service, and efforts should continue to be made to improve E-Rate.

Fortunately, the FCC took recent steps to modernize the E-Rate program to ensure that it remains aligned with evolving technology and broadband needs required by school and library staff, students, and library patrons. In particular, the Commission correctly recognized that learning often happens beyond the walls of the school or library. In 2023, the FCC adopted a Declaratory Ruling clarifying that E-Rate support is eligible for Wi-Fi on school buses.[26] Given that students may not have adequate Internet at home to complete online assignments and coursework, SHLB agreed that this effort was a positive step to equip students with a secure, reliable broadband solution, especially for those who have long commutes or class-sanctioned

[24] This is particularly problematic for students that must complete schoolwork via a digital device requiring an internet connection, and for library patrons that must conduct activities online such as banking, remote work, and applying for government services.

[25] The U.S. Departments of Labor, Commerce, and Education recently released a comprehensive plan to address the workforce needs of American companies. Notably, it analyzed how to better align education with workforce needs, suggesting that "[t]o meet industry skill needs of the future, the Departments will provide technical assistance and expand access to meaningful career exploration activities in K-12 education, beginning in 5th grade. Early career exposure starting in middle school will allow students to consider the full range of career options and ensure students remain invested in their interests, aptitudes, aspirations, and education and are prepared to transition into the workforce." U.S. Dept. of Labor, U.S. Dept. of Commerce, and U.S. Dept. of Education America's Talent Strategy: Building the Workforce for the Golden Age, *available at* https://www.dol.gov/sites/dolgov/files/OPA/newsreleases/2025/08/Americas-Talent-Strategy-Building-the-Workforce-for-the-Golden-Age.pdf (Aug. 12, 2025).

[26] *Modernizing the E-Rate Program for Schools and Libraries*, Declaratory Ruling, 38 FCC Rcd 9943 (2023).

trips.[27]

The FCC later adopted rules in 2024 to allow E-Rate funding to support hotspot lending by schools and libraries.[28] SHLB has been a longtime advocate for inclusive strategies to eliminate the "Homework Gap," which was highlighted by the COVID-19 pandemic. In fact, in 2021 we called on the FCC to allow E-Rate funding to support broadband for students and library patrons lacking Internet access at home.[29] While students are largely back to an in-person school setting, the Commission correctly recognized that the Digital Divide continues to persist and the digital nature of modern-day education requires students and library patrons to have access to the Internet at home. SHLB thus supported the hotspot lending program as a way to improve students' and patrons' ability to participate in remote learning and enrich their education online.[30] We saw this as an especially critical modernization given that the Emergency Connectivity Fund–a program we also strongly supported–was winding down and could abruptly cut off home Internet access to students across the country.[31]

Also in 2024, the FCC adopted a pilot program to fund cybersecurity equipment and services for participating schools and libraries.[32] Cyberattacks on our nation's most vulnerable institutions create a devastating and costly problem for any community. SHLB thus welcomed the Commission's decision to implement the pilot program as a way to acquire data that could be used to modernize E-Rate in the future and inform other federal cybersecurity policies and programs.[33]

SHLB remains committed to supporting these reforms, and they are a good example of

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[27] Comments of SHLB, *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, at 2 (filed Nov. 30, 2023).

[28] *Addressing the Homework Gap through the E-Rate Program*, WC Docket No. 21-31, Report and Order and Further Notice of Proposed Rulemaking, FCC 24-76 (rel. Jul. 29, 2024).

[29] SHLB, et al., Petition for Expedited Declaratory Ruling and Waivers Allowing the Use of E-Rate Funds for Remote Learning During the COVID-19 Pandemic, *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184 (filed Jan. 26, 2021).

[30] *See generally* Comments of SHLB and the Open Technology Institute at New America (OTI), *Addressing the Homework Gap Through the E-Rate Program*, WC Docket No. 21-31 (filed Jan. 17, 2024) (*SHLB and OTI Hotspot Comments*).

[31] The FCC's Emergency Connectivity Fund was authorized by Congress as part of the American Rescue Plan Act COVID relief programs, which allocated $7.2 billion to support remote learning for K-12 students and library patrons. The program officially ended on June 30, 2024.

[32] *Schools and Libraries Cybersecurity Pilot Program*, WC Docket No. 23-234, Report and Order, FCC 24-63 (rel. June 11, 2024). This pilot program is funded as part of the Universal Service Fund, but outside of the E-Rate program.

[33] Comments of SHLB, the Consortium for School Networking (CoSN), et al. Responding to the Commission's Proposal to Establish a Schools and Libraries Cybersecurity Pilot Program, *Schools and Libraries Cybersecurity Pilot Program*, WC Docket No. 23-234, at 2 (filed Jan. 29, 2024) (*SHLB, et al. Cybersecurity Pilot Comments*).

how the E-Rate program addresses the changing technology needs of schools, libraries, and the students and communities they serve. We believe the FCC has the statutory authority to sustain these efforts, and that they align with the goal of providing modern universal service. Unfortunately, the school bus Wi-Fi and hotspot lending programs are at risk of being overturned by the FCC under the current Administration,[34] despite the continued lack of reliable Internet at home for many students and library patrons.[35] The Homework Gap predated the pandemic and efforts to undo the school bus Wi-Fi and hotspot programs will only exacerbate this gap. If the FCC votes to reverse its prior adoption of these programs, SHLB stands ready to work with Congress on solutions that would restore these vital programs.

ii. Additional E-Rate Reforms that SHLB Urges Congress and the FCC to Consider

SHLB believes that there are further reforms that Congress and the FCC should implement to improve the E-Rate program's role in supporting modern universal service and enhancing the fund's administration and reach going forward.

First, all schools and libraries require secure, resilient broadband networks to fulfill their missions. The Commission recognized the importance of providing cybersecurity support through E-Rate when firewalls were first included as an eligible service, but since this adoption there have been dramatic changes to the technology landscape as cyber-related incidents grow more sophisticated. This results in schools and libraries having to dedicate more resources to cybersecurity services and solutions (that may not be currently eligible under E-Rate).[36]

Although the FCC's Schools and Libraries Cybersecurity Pilot Program is a step in the right direction to protect school and library networks, its temporary timeline and limited scope[37] does not address the urgent need for advanced cybersecurity protections to all E-Rate

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[34] *Carr Proposals Would End FCC's Unlawful Biden-Era Expansion of COVID Spending Program,* News Release, *available at* https://docs.fcc.gov/public/attachments/DOC-414268A1.pdf (Sept. 3, 2025). Specifically, the Commission is considering voting on both a declaratory ruling that would overturn school bus Wi-Fi and an order on reconsideration that would reverse the hotspot lending program.

[35] 70% of school and library survey respondents agreed that "insufficient Internet access to the home of students or library patrons is a significant issue in [their] community." *FFL 2024 Trends Report* at 21. Further, based on a recent survey of school EdTech Leaders regarding student home digital access, "[w]hile (18%) of districts report all their students have access to devices, only 7% report all their students have internet access at home, and only 10% report all their students have internet access that is adequate." CoSN 2025 State of EdTech District Leadership Report, *available at* https://www.cosn.org/wp-content/uploads/2025/05/EdTechLeadership_2025_F2.pdf., at 21 (2025) (*CoSN EdTech Report*).

[36] Surveyed applicants reported that cybersecurity continues to be a top priority, with a growing portion of their budgets dedicated to protective measures. *FFL 2024 Trends Report* at 16-17.

[37] The Schools and Libraries Cybersecurity Pilot Program is a three-year, $200 million program that funds cybersecurity equipment and services for a subset of schools and libraries. The FCC chose a total 707 applicants, consisting of schools, libraries, and consortia of schools and libraries to participate. *Wireline Competition Bureau Announces Selection of Cybersecurity Pilot Program Participants and Provides Additional Information Regarding Program Requirements*, WC Docket No. 23-234, Public Notice, DA 25-53 (rel. Jan. 16, 2025).

participants. As evidenced by the incredible applicant demand ($3.7 billion)[38] outstripping the supply of funding (only $200 million) in the pilot program, more opportunity should be provided to schools and libraries to fund advanced cybersecurity efforts.

For example, the types of (basic) firewalls currently supported by E-Rate may not adequately protect our most vulnerable institutions against the types of recurring cyberattacks we see today. They may also offer unworkable solutions for applicants, since standard network offerings in the current marketplace include advanced components and services such as next-generation firewalls that must be cost-allocated out of an E-Rate funding request. At a minimum, SHLB has suggested that the FCC can clarify the existing firewall definitions allowed under the E-Rate eligible services list now, by adopting a modern, broad and technologically neutral firewall definition that includes advanced or next generation-firewalls.[39] Clarifying these definitions would better serve today's technology needs while eliminating confusion over how to cost-allocate certain services–easing the burden for both the applicant and USAC and saving time and money.

Beyond support for advanced firewalls, SHLB looks forward to working with the Commission to continue to implement the cybersecurity pilot program as well as analyze lessons learned that can be used to address growing and evolving cybersecurity policies and programs.

Second, SHLB continues to support an expansion of the hotspot lending program that would allow E-Rate to support equipment and services that are *functionally equivalent* to commercially available hotspots and mobile wireless service. While we support the hotspot lending program adopted last year, it limited eligibility to equipment and service provided by traditional mobile wireless providers. Although mobile technology may work in certain areas, we are concerned that traditional hotspot service won't provide all users with the solution they need – whether they live in locations that lack access to mobile carriers, or in instances when a traditional mobile offering can't provide the bandwidth and speed users require to complete online coursework, testing, and other educational assignments.

To ensure that hotspot lending aids in alleviating the Homework Gap, the program should help schools and libraries explore other alternative technology solutions, in addition to mobile hotspots, to connect students and patrons at home. For example, there are schools and libraries that choose to deploy broadband service to the surrounding community using access to Wi-Fi or CBRS spectrum. Devices like subscriber modules and other types of customer premises equipment are often sent home to the user, which act as a functionally equivalent device to a traditional mobile hotspot. This option might not only provide a school or library with a more cost-effective and manageable network compared to maintaining and tracking traditional

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[38] *FCC Sees Strong Interest in the Schools and Libraries Cybersecurity Pilot Program*, News Release, *available at* https://docs.fcc.gov/public/attachments/DOC-407310A1.pdf (Nov. 8, 2024).

[39] *SHLB, et. al Cybersecurity Pilot Comments* at 9-11. We also suggested that the FCC can allow schools and libraries to apply for modern firewall funding within their established Category 2 budgets. This would allow applicants the ability to fund advanced firewalls without adding cost to the program and ensuring that traditional E-Rate cost-effectiveness safeguards remain in place (such as requiring the applicant to conduct a competitive bid and to pay its non-discounted share). *Id*. at 10-11.

hotspots,[40] but it can also offer students and library patrons with more robust service that is required to engage in remote learning. For example:

- The East Moline School District 37 (located in East Moline, Illinois) has about 2,300 students from Pre-K through eighth grade. The community speaks forty-four languages and has a high poverty rate (all students qualify for free and reduced lunch). The district created a one-to-one program so that all students could receive a laptop/device, but during the COVID-19 pandemic they discovered that many families could not afford Internet service. The district first turned to traditional mobile hotspots to solve the Homework Gap in its community. It found, however, that many student devices wouldn't work with hot spots due to poor mobile coverage and tower placement. Additionally, managing over 2,000 carrier hotspots was difficult for its six-person IT department, especially because they didn't control access and thus could not easily diagnose issues. East Moline subsequently obtained state and local foundation funds to install a mesh Wi-Fi network. It worked with SmartWAVE Technologies to purchase access points and placed them on top of existing infrastructure like streetlights. All student devices automatically connect to the network at no cost wherever they are situated, and filtering is done directly from the device. And unlike traditional hotspots (where the provider controls the network), the IT department can now control network access, diagnose problems, and "see" how the network is running and being used.[41]

SHLB asked the Commission to allow E-Rate funding to support cost-effective options such as the one described above that are functionally equivalent to commercially available mobile wireless services and hotspots within an applicant's established prediscount budget.[42] We

[40] In August of 2022, SHLB and the Open Technology Institute at New America (OTI) released a study by Dr. Raul Katz demonstrating the economic feasibility of broadband networks whereby an anchor institution extends wireless broadband signals to residences in a surrounding community. Dr. Raul Katz, *The "To and Through" Opportunity: An Economic Analysis of Options to Extend Affordable Broadband to Students and Households via Anchor Institutions, available at* https://assets.noviams.com/novi-file-uploads/shlbc/PDFs_and_Documents/SHLB_Research_and_Publications/Raul_Katz_Economic_Study1-281a0448.pdf (Aug. 2022). Dr. Katz found that deploying new wireless connections "to and through" an anchor institution using certain strategies "can often be the most low-cost and financially sustainable option to connect households in unserved and underserved areas." *Id*. at 3. In tandem with Dr. Katz's report, SHLB and OTI released a companion paper highlighting twelve case studies that describe variations of anchor-enabled broadband networks across multiple states. Matthew Marcus and Michael Calabrese, *The "To and Through" Opportunity: Case Studies of School and Community Networks Able to Close the Homework Gap for Good*, *available at* https://assets.noviams.com/novi-file-uploads/shlbc/PDFs_and_Documents/SHLB_Research_and_Publications/OTI_Case_Studies-72d84d35.pdf.(Aug. 2022).

[41] SHLB Ex Parte Filing, *Addressing the Homework Gap Through the E-Rate Program*, WC Docket No. 21-31 (filed Mar. 21, 2024).

[42] *See* SHLB Letter to the FCC, *Addressing the Homework Gap Through the E-Rate Program*, WC Docket No. 21-31 (filed May 16, 2024) (suggesting cost-control measures for E-Rate to support wireless technology and service that provides internet access to students and library patrons off-premises); *see generally SHLB and OTI Hotspot Comments; see also* Petition for Reconsideration by SHLB, OTI, et. al, *Addressing the Homework Gap Through the E-Rate Program*, WC Docket No. 21-31 (filed Sept. 19, 2024).

also asked the Commission to allow support for embedded devices (such as a cellular modem embedded in a student's laptop).[43] We continue to support such alternative technologies and solutions, alongside mobile hotspots.

Third, the FCC should set *multi-gigabit* connectivity goals for all anchor institutions. Recently, the FCC circulated a notice of inquiry to analyze data related to broadband characteristics like access and availability across the country.[44] Regarding schools and classrooms, the Commission proposes to continue using a previously established short-term speed benchmark goal of 1 Gbps per 1,000 students and staff while foregoing to establish a new long-term goal.[45] However, the Commission found that many school districts have already met this new short-term goal.[46] Further, with the integration of online learning tools and educational platforms into classroom settings,[47] the connectivity needs of anchor institutions have grown, and will continue to grow substantially. This is especially true if artificial intelligence is also integrated into classrooms, which is encouraged under the recent Executive Order (AI EO). Specifically, the AI EO calls on the United States to "provide our Nation's youth with opportunities to cultivate the skills and understanding necessary to use and create the next generation of AI technology" and "invest in our educators and equip them with the tools and knowledge to not only train students about AI, but also to utilize AI in their classrooms to improve educational outcomes."[48] Integration of such technology requires networks operating with increased speed and bandwidth and lower latency in schools as AI tools often rely on cloud based services to process data and provide real-time feedback, and require multiple devices to run on a network simultaneously. As such, Congress and the FCC should develop a long-term

[43] For example, some school networks utilize a model whereby a student device (like a laptop or tablet) automatically connects to the network without needing to first connect to a take-home hotspot device. In these scenarios, we did not suggest that the student laptop or tablet be a reimbursable cost item, only the cellular modem embedded in the laptop or tablet. Additionally, if the FCC did not want to fund the equipment itself, we also suggested that it could still allow support for the service to that equipment, under the same pricing and usage compliance rules. *SHLB and OTI Hotspot Comments* at 7-8; *see also* SHLB Ex Parte Filing, *Addressing the Homework Gap Through the E-Rate Program*, WC Docket No. 21-31, at 7 (filed July 11, 2024).

[44] *Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 25-223, Nineteenth Section 706 Report Notice of Inquiry (rel. Aug. 8, 2025) (*706 NOI*). SHLB recently filed comments in that docket, reiterating its suggestion included here for the FCC to establish multi-gigabit speed benchmarks for anchor institutions. Comments of the American Library Association (ALA) and SHLB, *Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 25-223 (filed Sept. 8, 2025).

[45] *706 NOI*, ¶ 14.

[46] *Id*. The Commission noted in last year's report that "74% of school districts had already met the new short-term goal of 1 Gbps per 1,000 students and staff, which was over a 57% increase since 2020," citing data presented in a 2023 Connected Nation report. *Id*., ¶ 14, n. 37.

[47] For example, schools may use online ed-tech tools, like those offered through Khan Academy, to enhance student educational experience and performance.

[48] *See Advancing AI EO*.

speed benchmark goal to reflect multi-gigabit connectivity for schools, libraries, and health clinics[49]

We also encourage the FCC to collect additional data from schools, libraries, and health clinics about their specific connectivity needs in order to set more realistic short-term and long-term goals going forward. While using data already collected through the E-Rate and RHC programs is a good place to start to measure and track progress toward the short-term goal, it only captures certain categories of information (such as bandwidth, but not speed and latency) and it does not reflect utilization.

Fourth, there are measures that the FCC can take to continue to streamline the E-Rate program's administration and enhance its reach for applicants, service providers, and users. We are grateful that the FCC took action in an Order to simplify the E-Rate program for Tribal and other applicants (*Streamlining Order*), adopted in 2023, to reform the application process and administration of funds for tribal libraries and other smaller school and library participants.[50]

Currently, the FCC has the opportunity to continue to improve the E-Rate program's application processes in response to an open rulemaking that was included in the *Streamlining Order*, and in response to the "Delete, Delete, Delete" initiative.[51] SHLB provided multiple recommendations in these dockets, from eliminating unnecessary forms to updating procedures that currently burden applicants and service providers.[52] For example, we suggested that the Commission should:

- Delete FCC Form 486
- Eliminate the "extraordinary circumstance" invoice deadline waiver standard
- Delete USAC post-audit "policies and procedures" requirement
- Delete statement that Demand Payment Letters cannot be appealed
- Eliminate program procedures that hinder transitioning between service providers
- Eliminate program procedures that disallow bandwidth increases
- Eliminate Form 470 drop-down menu categories confusion

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[49] According to EducationSuperHighway, school districts need to plan for internet bandwidth growth of 50 to 100 percent every year. EducationSuperHighway K-12 Bandwidth Goals, *available at* https://www.educationsuperhighway.org/upgrade/k-12-bandwidth-goals/ (last visited Sept. 4, 2025). While the *706 NOI* only asks speed benchmark goals for schools and classrooms, we think it is equally as important for the FCC to collect and analyze this data for libraries and health care clinics.

[50] *In the Matter of Schools and Libraries Universal Support Mechanism*, CC Docket No. 02-6, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45 and *Changes to the Board of Directors of the National Exchange Carrier Association, Inc*., Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 97-21 (Jul. 20, 2023) (*Streamlining Order) (Streamlining FNPRM*).

[51] *Delete, Delete, Delete*, GN Docket No. 25-133, Public Notice, DA 25-219 (rel. Mar. 12, 2025).

[52] *See generally SHLB Streamlining Comments* and *SHLB Streamlining Reply Comments*; *see also SHLB Delete Comments* and *SHLB Delete Reply Comments*.

- Gather information on whether participants, especially tribal, smaller, and more rural schools and libraries, would better utilize their Category Two funding if the application deadline ran on a rolling basis.[53]
- Ask whether further guidance is needed for applicants seeking redundant or resilient circuits provided by a single carrier.

The FCC is able to take action on these suggestions, and we encourage the Commission to do so as a way to modernize and streamline the program's application and administration.

Additionally, we urge Congress to clarify the statute of limitations for funding recovery in the E-Rate and RHC programs. While the FCC originally established a five-year limit on recovery in 2004, it later noted (in a 2017 E-Rate appeal decision) that its five-year recovery limit was a "policy" only and not a rule. While there is a statutory limit of one year on FCC penalties for "repeated and willful" rule violations, there is no limitation on recovery for any violations, including mistakes or errors, even those with no monetary impact on the fund. This means that schools, libraries, and healthcare providers can be liable for recovery of funds for any mistakes in their applications all the way back to the beginning of the program. This has the potential to create a chilling effect on the program. Statutes of limitations are well-established in federal law, even for fraud and wrongdoing. We thus encourage Congress to clarify the statute of limitations that applies to the E-Rate and RHC programs. One option would be for Congress to make clear that a current five year general statute of limitations that applies to the federal government[54] also applies to the E-Rate and RHC programs.

B. The Rural Health Care Program

Regarding the RHC program, **this funding continues to provide essential financial support to connect rural (and some urban[55]) hospitals and healthcare providers to high-quality broadband**. It goes without saying–but still requires emphasizing–that rural healthcare clinics are vital anchor institutions that provide life-saving services when every minute counts. Clinics in these areas are especially adept at meeting the unique challenges faced by rural populations. For instance, they are often the primary point of care (and first line of defense) for these communities, which can include patients who are older, poorer, and underserved. Rural

[53] The need for and timing of a school or library project may depend on multiple factors, such as building construction/repairs; City/District/County approvals at Council meetings; and IT personnel availability – all of which might not match up with the current E-rate cycle. A rolling Category Two application process could allow applicants to submit funding requests when the need arose or when they had available funding. It could also provide relief to USAC as all applications for both Category One and Category Two funding would not be filed at the same time.

[54] 28 U.S.C. § 2462.

[55] Under the RHC program, a typically ineligible site (like an urban clinic) can be eligible to receive program funding if it is part of a consortium and that consortium is majority-rural. *See* USAC What is a Consortium?, https://www.usac.org/rural-health-care/healthcare-connect-fund-program/what-is-a-consortium/ (last visited Sept. 4, 2025).

clinics can also positively affect the surrounding economy by creating local jobs and investing in healthy residents who are able to work, attend school, and participate in their communities.

The goal of the RHC program is to "improve the quality of health care available to patients in rural communities by ensuring that providers have access to telecommunications and broadband services"[56]–and the program has delivered on that promise. With RHC funding, rural clinics can do more than offer basic care; they are able to adopt and maintain modern technologies, enabling them to deliver high-quality care and telehealth services to patients, regardless of where they live. For example:[57]

- Providence Health operates multiple hospital sites across several rural regions in the Western U.S. With support from the RHC program, Providence was able to modernize its network delivery, allowing specialized services like 3D mammography to be conducted in rural hospitals. For breast cancer patients in remote communities, access to advanced diagnostic tools means earlier detection, better treatment outcomes, and ultimately saved lives. Additionally, thanks to RHC funding, Providence was able to secure service from an alternative provider that ensured uninterrupted broadband access for the only hospital in an area. Today, Providence maintains 99.999% uptime for wide-area network (WAN) services, a reliability level critical for emergency and specialized care.

- The University of Arkansas for Medical Sciences (UAMS), located in Little Rock, Arkansas, operates a statewide telemedicine network, UAMS e-Link, which has bridged connectivity gaps across 87+ hospitals, ensuring rural communities have 24/7 access to trauma, stroke, and high-risk neonatal specialists. UAMS began introducing telemedicine carts, which bring real-time video consultations to patients in emergency rooms, rural clinics, and small hospitals. These carts change the game when it comes to rural healthcare, as they enable local physicians and nurses to consult with specialists remotely, ensuring faster, more accurate diagnoses and life-saving interventions. For example, a woman in rural Arkansas rushed her husband to a critical access hospital after noticing stroke symptoms. Using a telemedicine cart, the ER physician connected instantly with a UAMS stroke specialist, enabling rapid clot-reducing treatment and significantly improving his recovery.

- The Colorado Hospital Association (CHA), located in Greenwood Village, Colorado, uses RHC funding to empower rural providers with the infrastructure needed to deliver telehealth, coordinate emergency transfers, and provide specialist consultations. At the height of the COVID-19 pandemic, CHA activated the Colorado Combined Transfer Center (CCTC), which allowed rural hospitals to step in to absorb patients when urban hospitals exceeded capacity, ensuring continuity of care across the state. Without high-speed broadband, real-time coordination between providers, patient data transfers, and remote consultations would not have been possible. This model remains in place as a standby emergency system, and used again in 2022 during the RSV surge when rural

[56] Summary of the Rural Health Care Program, https://www.fcc.gov/general/rural-health-care-program (last visited Sept. 4, 2025).

[57] *SHLB USF Case Studies Publication* at 21-26.

hospitals stood ready to provide additional capacity, alleviating the burden on urban centers.

Without continued RHC investment, rural providers would face challenges that could ultimately lead to severe consequences for patients living in these areas. Such challenges include:

- Reduced access to telehealth services: Rural healthcare clinics may struggle to offer telemedicine options (like virtual consultations) and remote monitoring tools that assist with health management.

- Reduced access to specialized care: Many rural clinics use telehealth to connect patients with specialists who are not physically available in rural areas. Without RHC funding, clinics may no longer be able to facilitate these connections, limiting patient access to critical, life-saving care.

- Difficulties with patient records: A provider might be unable to access or update electronic health records, complicating healthcare coordination and treatment.

- Increased travel burden: If rural clinics can no longer provide telehealth options, patients may need to travel longer distances to receive care. This places more burden on patients, particularly for those who lack access to affordable transportation.

- Increased strain on emergency services: Without access to telemedicine, patients may seek care in emergency rooms for non-emergency issues. This overwhelms emergency services and the resources of nearby hospitals.

- Reduced technological innovation: Hospitals may be unable to adopt new life-saving healthcare technologies like AI-driven diagnostics and telemedicine.

Accordingly, sustained support for rural clinics and their connection to high-speed broadband ensures that patients in rural areas have the same access to high-quality care as their urban counterparts, a vital effort to improve health outcomes across the country. The RHC program must thus remain a stable and predictable resource for patients nationwide who depend on its support to stay healthy and lead longer, more productive lives.

i) Additional RHC Program Reforms that SHLB Urges Congress and the FCC to Consider

While rural clinics across the country have successfully used RHC funds to improve patient care with reliable, high-speed broadband, SHLB believes that the FCC should implement certain reforms to the RHC program that would improve the program's role in supporting modern universal service and streamline the fund's administration going forward.

First, Congress and the FCC must recognize that cybersecurity considerations apply just

as much to healthcare facilities as they do to other vulnerable anchor institutions like schools and libraries.[58] Not only do cyber-attacks cause devastating loss of sensitive patient data and medical information, but they can also put patient safety squarely at risk. For example, because clinics often rely on digital systems for administering care, a cyber-attack that causes a system outage can delay or hinder treatment, resulting in often life-or-death consequences. Catastrophic cyber incidents can also cause a healthcare clinic to close its doors.[59] Unfortunately, small and rural hospitals often cannot defend themselves against increasingly sophisticated cyberattacks due to limited resources like staffing, funding, and infrastructure.[60] We thus urge Congress and the FCC to ensure that ample federal funding supports the types of cybersecurity protections clinics require to ensure patient safety and that comply with other federal regulations.[61]

Second, we recommend that Congress amend the statutory language in section 254 to allow urban and suburban healthcare sites that are not part of a rural consortia to be eligible for RHC funding, in addition to rural health care sites. For instance, many free healthcare clinics reside in urban areas but continue to serve the most vulnerable members of a community. Additionally, the COVID-19 pandemic led to an enormous increase in telehealth, but patients and doctors need high-quality broadband connections for telehealth to improve the quality of care. People in underserved urban communities need access to telehealth care just as much as rural communities. The fact is that many rural healthcare sites need to interconnect with specialists in urban markets, so allowing the program to connect more urban healthcare sites will

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[58] The FBI reported that the healthcare/public health industry experienced one of the highest amounts of cyberthreats (ransomware incidents and data breaches) in 2024 when compared to other critical infrastructure sectors. Federal Bureau of Investigation Internet Crime Report 2024, *available at* https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf, at 12 (2024).

[59] *See, e.g.* Steve Alder, The HIPAA Journal, *Wood Ranch Medical Announces Permanent Closure Due to Ransomware Attack*, https://www.hipaajournal.com/wood-ranch-medical-announces-permanent-closure-due-to-ransomware-attack/ (Sept. 30, 2019).

[60] For example, out of those small and rural healthcare facilities that were surveyed for cybersecurity readiness, "73% report inadequate cybersecurity infrastructure to guard against targeted cyberattacks, an increase from 61% in 2023," and "59% lack 24/7 threat monitoring or a dedicated security operations center (SOC), relying instead on untrained general IT staff for incident response." Black Book Research, *Hospitals at Cybersecurity Crossroads: Projected Medicaid Cuts Threaten 25% of U.S. Hospitals*, https://www.accessnewswire.com/newsroom/en/healthcare-and-pharmaceutical/hospitals-at-cybersecurity-crossroads-projected-medicaid-cuts-threate-1043388 (June 30, 2025).

[61] For example, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Security Rule "establishes a national set of security standards to protect certain health information that is maintained or transmitted in electronic form." U.S. Department of Health and Human Services (HHS), *Summary of the HIPAA Security Rule*, https://www.hhs.gov/hipaa/for-professionals/security/laws-regulations/index.html (last visited Sept. 4, 2025). In December 2024, the Office for Civil Rights (OCR) at the HHS issued a Notice of Proposed Rulemaking (NPRM) to modify the HIPAA Security Rule. The NPRM aimed to strengthen cybersecurity protections for electronic protected health information (ePHI), and proposed changes including the use of multi-factor authentication, vulnerability scanning, and penetration testing, and requiring separate technical controls for backup and electronic protected health information recovery. U.S. Department of HHS, *HIPAA Security Rule Notice of Proposed Rulemaking to Strengthen Cybersecurity for Electronic Protected Health Information*, https://www.hhs.gov/hipaa/for-professionals/security/hipaa-security-rule-nprm/factsheet/index.html (last visited Sept. 4, 2025).

also benefit rural health. Congress amended the RHC statute several years ago to include skilled nursing facilities,[62] and we believe Congress should consider a similar amendment to include non-rural healthcare sites as well.

Third, Congress and the FCC should consider raising the RHC program cap. While funding for healthcare clinics and telemedicine are a vital part of universal service, the RHC program remains the smallest of the USF programs, although demand continues to grow.[63] For example, most recently for funding year 2025, the FCC announced the program funding cap to be $723,892,841, while the estimated total program demand was $823.08 million.[64] Given that demand will likely continue to rise, we are concerned that many providers would go without adequate funding to support their critical network services. By raising the cap, however, the RHC program would not only better support advanced network infrastructure and telemedicine services for current participants, but it would also allow for expanded access to additional healthcare sites that could benefit from participating in the program. SHLB previously provided an in-depth analysis and cost estimates related to raising the RHC program cap,[65] and remains ready to work with Congress and the FCC to achieve this goal.

Fourth, similar to E-Rate, the FCC has the opportunity to continue to improve the RHC program's application processes. SHLB provided recommendations about ways to streamline RHC program processing in its "Delete, Delete, Delete" comments, including asking the Commission to delete rule section 54.605 – Methods 1, 2, and 3 for Telecom Program rural rates and to delete rule section 54.622(i)(3) – approval of "evergreen" contracts.[66] As previously noted, the FCC is able to take action on these suggestions, and we encourage the Commission to do so as a way to modernize and streamline the program's application and administration.

Additionally, we encourage the FCC to take steps to better clarify the equipment and services that are eligible for RHC funding. USAC offers applicants a document outlining "examples of products and services that are typically eligible for support in the RHC Healthcare Connect Fund (HCF) Program."[67] While this list serves as a useful starting point, it often does

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[62] *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Memorandum Opinion and Order, FCC 17-71 (rel. June 8, 2017).

[63] SHLB members note that while connectivity costs are generally decreasing, costs for equipment, network management and other advanced telecommunications services continue to rise proportional to the complexity of networks and the cost to manage and maintain them.

[64] *Wireline Competition Bureau Announces the Availability of Unused Funds to Fully Satisfy Demand for Rural Health Care Program Funding for Funding Year 2025*, WC Docket No. 02-60, Public Notice, DA 25-547 (rel. June 25, 2025).

[65] Comments of SHLB and Reply Comments of SHLB, *Promoting Telehealth in Rural America*, WC Docket No. 17-310, at 17-20 and at 1-4 (filed April 14, 2022 and May 16, 2022).

[66] *SHLB Delete Comments* at 2, 5-7.

[67] USAC, *Rural Health Care Program Healthcare Connect Fund (HCF) Program Examples of Common Products and Services*, https://www.usac.org/wp-content/uploads/rural-health-care/documents/handouts/HCF-Program-Examples-of-Common-Products-and-Services.pdf (last visited September 4, 2025).

not provide the clarity needed for applicants to fully understand the scope of eligible equipment and services, particularly when it comes to funding requests for cybersecurity and network protection.[68] We also note that the public process around eligible services in the RHC program varies greatly from the procedure adopted in the E-Rate program, whereby the FCC publishes an annual Eligible Services List (ESL) (which is a Commission generated document) that the public can review and comment on prior to its adoption.[69] Additionally, some SHLB members have encountered inconsistent or unclear eligibility determinations, further complicating the application process. Improved clarity and explanation around eligible equipment and services, like that provided in the E-Rate program's ESL, would be helpful.

As mentioned above (under the E-Rate section), we urge Congress to clarify the statute of limitations for funding recovery in the RHC program. As with the E-Rate program, while there is a statutory limit of one year on FCC penalties for "repeated and willful" rule violations, there is no limitation on recovery for any violations, including mistakes or errors, even those with no monetary impact on the fund. We thus encourage Congress to clarify the statute of limitations that applies to the E-Rate and RHC programs. One option would be for Congress to make clear that a current five year general statute of limitations that applies to the federal government[70] also applies to the E-Rate and RHC programs.

C. The High Cost Program

Regarding the High-Cost support program, SHLB believes there is a continued need for greater transparency. As we noted in our 2023 filing to the previous USF Working Group, the FCC does not collect and publish sufficient information to analyze the effectiveness of high-cost funding.[71] For instance, the 2024 Annual Report says that USAC only verified deployment to approximately 85,000 of the locations served by High-Cost Fund support.[72]

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[68] A healthcare provider reported being denied RHC funding that helps cover the costs of cybersecurity infrastructure, potentially delaying cybersecurity projects given other government spending cuts (such as reduction in Medicaid funding). Giles Bruce, Becker's, *Cybersecurity 'can't be eroded,' rural hospitals say amid Medicaid cuts*, https://www.beckershospitalreview.com/healthcare-information-technology/cybersecurity/cybersecurity-cant-be-eroded-rural-hospitals-say-amid-medicaid-cuts/ (July 14th, 2025).

[69] The 2025 E-Rate ESL is available at https://docs.fcc.gov/public/attachments/DA-24-1104A1.pdf.

[70] 28 U.S.C. § 2462.

[71] Responses of SHLB to the Universal Service Fund Working Group Request for Comment, *available at* https://assets.noviams.com/novi-file-uploads/shlbc/SHLB_Responses_to_Senate_USF_Working_Group_RFC_-_8_25_23.pdf (submitted Aug. 25, 2023).

[72] 2024 USAC Annual Report, *available at* https://www.usac.org/wp-content/uploads/about/documents/annual-reports/2024/2024_USAC_Annual_Report.pdf, at 10 (2024).

D. The Lifeline Program

Regarding the Low-Income support (also known as the Lifeline) program, the SHLB Coalition believes that it is valuable for those low-income families that need financial support for basic telephone service.

5. What reforms would ensure that the USF contribution factor is sufficient to preserve universal service?

SHLB Response: It is critical for Congress and the FCC to take action to preserve the USF with a predictable and sustainable funding mechanism. Without subsidies for internet connectivity, our nation's schools, libraries, and healthcare facilities would face significant challenges, impairing their ability to serve students, library patrons, and the broader community. Millions of people rely on these institutions for education, information, healthcare, and other essential services.

The USF contribution factor reached 36 percent for the third quarter of 2025, and will only continue to grow given the shrinking contribution base. To address this growing problem, we believe that expanding the contribution base will alleviate the steady incline of the contribution factor and stabilize the rate paid, offer a fairer approach for consumers, and ensure that schools, libraries, and rural healthcare providers have the funding they need to continue to serve as vital resources for their communities.

To ensure that the USF remains a sustainable and predictable funding source, we urge Congress to strengthen and improve the current contribution system with a fairer, modernized approach that broadens the base of funding and provides lasting support for essential USF programs, including E-Rate and the RHC program. This requires Congress (and in some cases the FCC, consistent with its current statutory authority) to consider adding a number of services to those that currently pay into the fund. As part of the Working Group's review, we encourage you to review a paper previously commissioned by SHLB, INCOMPAS and NTCA. That paper, entitled USForward, prepared by USF expert Carol Mattey, found that adding broadband services would be relatively easy to enforce (because broadband providers report their broadband revenues to Wall Street), and that the USF fee would drop from 30% to less than 4%.[73]

SHLB takes no express position on whether edge providers should be subject to USF fees. In reviewing what additional services should be assessed to modernize the contribution base, Congress should analyze the impact on consumers as well as on broadband deployment and investments in internet infrastructure.

Overall, the Working Group should keep "predictable and sustainable funding" as

[73] Carol Mattey, Mattey Consulting, LLC, USForward, *available at* https://assets.noviams.com/novi-file-uploads/shlbc/PDFs_and_Documents/SHLB_Research_and_Publications/FINAL_USForward_Report_2021_for_Release__1_-0ec23981.pdf (Sept. 2021) While some observers maintain that imposing a fee on broadband services would add a burden on broadband consumers, other studies have found that the size of this fee would be negligible and would not affect broadband adoption, and that the fee would be significantly fairer for low-income consumers of telephone services than the current system.

its guiding principle when reviewing the menu of options to modernize and expand the contribution base, so that the schools, libraries, and healthcare clinics that rely on E-Rate and RHC funding have the resources they need to serve their communities on an ongoing basis.

Regarding whether USF funding should be considered using an appropriations model, **SHLB believes that appropriations *fail* to provide specific, predictable, and sufficient funding that is required to provide stability to the USF on an annual basis**. We are particularly distressed about the risk of this funding becoming subject to lapses in government spending and the resulting inability of schools, libraries, and health clinics to properly plan their budgets. **In short, SHLB rejects *all* calls to subject *any* parts of the USF to the appropriations process**.

6. What reforms would reduce waste, fraud, and abuse in each of the four USF programs?

SHLB Response: The FCC previously asked for public comment about whether implementing a competitive bidding portal in the E-Rate program would alleviate waste, fraud, and abuse.[74] **SHLB strongly opposes this idea**, which would ultimately take authority away from local schools and libraries to make their own technology decisions. There are few examples of fraud in the E-Rate program over its nearly three decade history, which indicates that the existing program runs efficiently. In fact, the improper payment rate for the E-Rate program in Fiscal Year 2024 was below the threshold that would require Payment Quality Audits to be performed.[75] Additionally, the FCC and USAC already have a variety of controls in place to detect and prevent waste, fraud, and abuse. For example, E-Rate and RHC applicants are subject to frequent audits under USAC's Beneficiary and Contributor Audit Program (BCAP).[76] State and local agencies (K-12) also have annual audits relative to purchasing practices. Accordingly, there is no need for the FCC to adopt the proposed competitive bidding portal for E-Rate applicants.

7. What actions would improve coordination and efficiency among USF programs and other FCC programs, as well as broadband programs housed at other federal agencies?

SHLB Response: SHLB supports the increased level of collaboration between and among various federal agencies. For example, we believe it is important that the data concerning cyberattacks within vulnerable institutions like schools, libraries, and healthcare clinics should be analyzed and addressed by multiple facets of government, including the FCC (through E-Rate funding), the Cybersecurity and Infrastructure Security Agency (CISA), and the White House. As more agencies collaborate about broadband planning and buildout, however, transparency

[74] *In the Matter of Promoting Fair and Open Competitive Bidding in the E-Rate Program*, WC Docket No. 21-455, Notice of Proposed Rulemaking (Dec. 14, 2021).

[75] *2024 FCC Financial Report* at 100.

[76] USAC Beneficiary and Contributor Audit Program *(BCAP)*, https://www.usac.org/about/appeals-audits/beneficiary-and-contributor-audit-program-bcap/ (last visited Sept. 11, 2025).

must follow.

8. For any recommendations on reforms, does the Commission currently have the feasibility and authority to make such changes?

SHLB Response: Yes, the FCC currently has the feasibility and authority to make a number of changes recommended above regarding E-Rate and RHC programs reform that would support modern universal service and streamline administration going forward.

9. Is the USF administrator, the Universal Service Administrative Company (USAC), sufficiently accountable and transparent? Is USAC's role in need of reform?

SHLB Response: As noted above, each year, USAC publishes an Annual Report that reviews the "operations, activities and accomplishments" of each of the four USF programs and conducts quarterly board meetings that are virtually open to the public. Additionally, many SHLB members communicate with USAC about both the E-Rate and RHC Programs. From our perspective, USAC has made some progress in keeping open a direct line of communication with those that need assistance, especially with application processing. For example, USAC regularly requests feedback from SHLB members regarding programmatic features of the RHC program. The two groups ordinarily coordinate meetings to review this feedback and discuss questions and suggestions to further improve applicant knowledge about the program's processes.

Outside of these meetings, there are additional ways to ensure that USAC remains accountable to program applicants and transparent in its practices. Specifically, we recommend that USAC:

- Prioritize more training for both the E-Rate and RHC programs. In-person training should be accompanied by a virtual option for attendees who are unable to travel to the training destination. Virtual training platforms should allow attendees the option to ask and hear questions.

- Implement one training manual–or one location for all FCC rules and USAC processes–for each program. This information should be updated when USAC processes change and USAC should provide additional communication to program participants to relay recent program processing updates.

- Publish questions or program changes impacting functional application of FCC rules for public comment prior to implementation. This would allow applicants the opportunity to provide valuable insight and feedback on the front end rather than having to react to changes already in place.

- Publicly report applications or invoices that have not been resolved within six months. The FCC should be required to review those "holds" and determine when USAC must complete its work.

- Report various types of performance metrics outside of only those applications that are "workable." For example, USAC should also report metrics about funding requests that

have been processed versus those that have been committed. Additionally, rather than only reporting on the status of funding request at the funding request number (FRN) level, USAC should report on the number of processed/unprocessed *line items* and the associated gross funding with those line items. This is because funding requests often include many individual line items, which may remain unprocessed until the end of the approval process for a given fund year.

- Better clarify which equipment and services are eligible for RHC funding, particularly when it comes to funding requests for cybersecurity and network protection.

- Improve transparency around funding denials. Specifically, in the E-Rate and RHC programs, when USAC or the FCC denies a funding request, they should provide specific explanations/reasoning about those denials.

- Improve transparency regarding USAC system upgrades and improve collaboration with stakeholders prior to system changes (e.g., USAC changes to the RHC Telecom program invoicing process).

- Improving transparency by making USAC appeals and decisions public.[77]

10. Additional Comments

SHLB Response: SHLB suggests the following USF reforms, which would fall outside of the current USF programs:

First, while ubiquitous broadband access is an important step to closing the Digital Divide, having access to the physical infrastructure alone does not guarantee that people can use it. A critical factor remains as to whether that broadband connection is affordable. Congress aimed to address the affordability problem when it created the ACP, but this program was unfortunately financially exhausted without Congress providing additional appropriations to continue its operation. Without additional funding assistance aimed at keeping broadband costs affordable, millions of consumers are at risk of losing their internet connection, and the viability of new broadband networks funded through programs like the Broadband Equity, Access, and Deployment (BEAD), could be threatened if consumers simply cannot afford to adopt newly constructed broadband infrastructure.

Accordingly, Congress should expressly allow the FCC to incorporate an ACP-like program into the USF to provide stable and ongoing support for low-income consumers to obtain broadband connections. When creating the new program, we encourage Congress to take feedback from anchor institutions and other organizations that worked directly with consumers around ACP enrollment, as they are able to offer suggestions about program procedures to ensure

[77] All appeals and waivers of USAC decisions submitted to the FCC are publicly available through the ECFS system, but there is no corresponding way for parties to review appeals made directly to USAC. It would benefit E-rate participants to see the types of issues that are being appealed, and the specific facts involved in those appeals, so that they may better understand how to successfully navigate the process. This could result in fewer funding denials and fewer appeals to USAC and to the Commission. *SHLB Streamlining Reply Comments* at 15.

it runs efficiently going forward.[78] Within this new program, Congress should provide adequate financial support to allow low-income consumers to acquire devices (laptops and tablets) in addition to an affordable broadband connection, with funding for devices being decoupled from that for broadband service providers so that consumers could choose where to purchase devices. Congress should also provide grants (akin to the FCC outreach grants) to enable local enrollment assistance in addition to advertising and awareness marketing that can better target those that lack internet access and ensure they learn about the program.

Second, Congress should expand the base of USF beneficiaries to include a broader set of anchor institutions, in addition to schools, libraries, and rural health care providers. The Infrastructure Investment and Jobs Act (IIJA) defines a community anchor institution to mean "an entity such as a school, library, health clinic, health center, hospital or other medical provider, public safety entity, institution of higher education, public housing organization, or community support organization that facilitates greater use of broadband service by vulnerable populations, including low-income individuals, unemployed individuals, and aged individuals."[79] We encourage Congress and the FCC to explore ways for the USF to likewise support this wider suite of locations that serve as vital community centers around the country.

Third, another key barrier to closing the Digital Divide is broadband adoption. To encourage unconnected persons to connect to the Internet and know how to use it safely and efficiently, digital literacy training and other digital skills training (e.g. resume building and assistance with tech jobs) is vital. Regrettably, the current Administration cancelled $2.75 billion in Digital Equity Act funding. As such, Congress should consider USF funding as a possible mechanism to support digital opportunity activities, which includes putting a greater emphasis on promoting customer adoption and continued use.

Fourth, USF policies should reward or incentivize open access networks. Our USF policies should recognize that open access networks provide efficiencies by allowing multiple ISPs to operate over a single network and compete for the consumer's business.

Fifth, we note that the Supreme Court, in upholding the constitutionality of the USF in *Federal Communications Commission v. Consumers' Research* (consolidated with *Schools, Health & Libraries Broadband Coalition, et al. v. Consumers' Research, et al.*), remanded the case to the Fifth Circuit. SHLB remains an intervening party upon remand. Consumers' Research has indicated that certain issues remain in this case, citing a number of items mentioned in Justice Gorsuch's dissent, and that it intends to pursue further litigation.[80] SHLB will continue to intervene in future litigation and remains confident that the FCC has statutory authority to fully implement section 254. SHLB also stands ready to assist the Working Group should it need to further clarify the FCC's authority.

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[78] For example, SHLB members recommend streamlining the application process so that it is simple and easy to use. Additionally, there should be training materials that offer step-by-step manuals/videos, in various languages.

[79] 47 U.S.C. §1702(a)(2)(E).

[80] For example, Consumers' Research argues that the Court should hold that §§ 254(c)(3) and (h)(2) violate the nondelegation doctrine. It has also indicated that it intends to file suit challenging the Fourth Quarter 2025 Contribution Factor, likely in late September 2025, after the FCC issues it.

Regarding the first three suggestions above (incorporating an ACP-like program, expanding the base of USF beneficiaries, and using USF to fund ongoing digital opportunity efforts), we recognize that incorporating these new programs into the USF *without* contribution reform would raise the contribution factor significantly. This would further exacerbate the telecom market distortions already occurring and more importantly, increase the burden on telecom customers. As such, we reiterate the importance of USF contribution reform to clear a pathway for true program advancement within the USF.

Thank you for your consideration of these important matters. The SHLB Coalition and its members are grateful for this opportunity to share its expertise and experience regarding the USF and its programs. Please contact us if you have any further questions or if we can provide additional information.

Respectfully,

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