

**Federal Communications Commission
Washington, D.C. 20554**

In the Matter Of	)	
	)	
Maximizing Efficiencies in Universal Service	)	WC Docket No. 26-173
Administration	)	
	)	

**COMMENTS OF THE
SCHOOLS, HEALTH & LIBRARIES BROADBAND (SHLB) COALITION AND THE
AMERICAN LIBRARY ASSOCIATION**

The Schools, Health & Libraries Broadband (SHLB) Coalition¹ and the American Library Association (ALA)² respectfully submit these recommendations in response to the Federal Communications Commission’s (Commission) Notice of Proposed Rulemaking (NPRM) requesting comment on the administration of the Universal Service Fund (USF) and the Commission’s oversight of the Universal Service Administrative Company (USAC).³ The USF remains a critical funding resource for anchor institutions (including schools, libraries, and rural health care clinics) via the E-Rate and Rural Health Care (RHC) programs. It is the largest, bipartisan federal funding program that provides consistent, predictable support to ensure that high-speed broadband is available and affordable to these critical community anchor institutions.

¹ 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.

² ALA is the foremost national organization providing resources to inspire library and information professionals to transform their communities through essential programs and services. ALA represents the nation’s 123,000 libraries, which includes 17,500 public libraries.

³ *Maximizing Efficiencies in Universal Service Administration*, WC Docket No. 26-173, Notice of Proposed Rulemaking, FCC 26-52 (rel. Aug. 7, 2026) (*NPRM*).

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; and those residing in remote and Tribal areas would not have access to life-saving healthcare, remote education, and online resources provided by libraries.

In welcoming the Commission's willingness to review and improve USAC's operations, SHLB and ALA note that USAC performs a vital function to ensure that programs like E-Rate and Rural Health Care are efficiently administered to schools, libraries, and rural healthcare clinics nationwide. We also recognize that, as confirmed by regular internal audits and reviews by the Government Accountability Office, USAC has received high marks for minimizing waste and, when problems have been identified, responding promptly to them.

EXECUTIVE SUMMARY

We appreciate the Commission’s efforts to oversee and streamline the administration and implementation of the USF programs to ensure that they remain accessible and efficient for the beneficiaries relying on their support. Our comments focus specifically on the administration of the E-Rate and RHC programs. Where relevant, we also incorporate comments we previously submitted to the Commission this year in response to the Wireline Competition Bureau (WCB) and Office of the Managing Director’s (OMD) Public Notice requesting comment on USAC operations and management (USAC PN Comments).⁴ Concurrent with this proceeding, the Commission is also seeking comments on various RHC program rules and procedures (RHC Third FNPRM).⁵ Where relevant, we also incorporate comments that SHLB is submitting to the Commission in that proceeding.⁶ Specifically, we offer the following recommendations:

- The Commission can take various measures to reduce administrative burdens and increase transparency, engagement, and support for program stakeholders. This includes clarifying confusing or burdensome rules; reducing certain competitive bidding requirements; increasing transparency into appeal decisions; offering stakeholders the opportunity to comment on USAC board meeting agendas; implementing an E-Rate and RHC program ombudsman position; creating a formal advisory forum with deep subject matter expertise for E-Rate and RHC programs; and leveraging AI to improve training resources. USAC should also improve program stakeholder outreach and transparency by enhancing in-person and virtual training; implementing system functionalities that increase user “visibility;” providing ample notice and guidance prior to instituting changes in review procedures; and increasing transparency through the Open Data tool.

⁴ Comments of the Schools, Health & Libraries Broadband (SHLB) Coalition and the American Library Association (ALA), *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket No. 97-21 (filed May 15, 2026) (*USAC PN Comments*).

⁵ *Promoting Telehealth in Rural America*, WC Docket No. 17-310, Third Further Notice of Proposed Rulemaking and Order, FCC 26-54 (rel. Aug. 7, 2026) (*RHC Third FNPRM*).

⁶ Comments of the Schools, Health & Libraries Broadband (SHLB) Coalition, *Promoting Telehealth in Rural America*, WC Docket No. 17-310 (filed Sep. 30, 2026) (*SHLB RHC Third FNPRM Comments*).

- USAC should improve transparency, predictability, and efficiency throughout the E-Rate and RHC application and review process, by providing applicants with more comprehensive and accessible information about the status of their applications, reviews, invoices, and information requests. The Commission should also work with USAC to establish benchmarks that improve program administration without compromising the quality of decision-making.
- The Commission can make the audit, payment, and recovery processes more efficient and predictable for E-Rate and RHC program participants by establishing a de minimis exemption from routine audits, avoiding adopting a “pay-and-dispute” approach, and clarifying ambiguous or burdensome audit and recovery requirements. USAC should also ensure that auditors receive adequate training to promote consistent application of program rules and reduce unnecessary burdens on applicants.
- Rather than imposing USAC’s budget to an arbitrary cost cap, the Commission should use the budgeting process to align funding with the needs of the USF, while strengthening oversight of USAC contractors to reduce inconsistent experiences, duplicative requests, and errors. The Commission and USAC should also restore and publicly release detailed management, contractor, audit, and other program data to enhance transparency, and hold some USAC Board meetings in person in Washington, D.C., to facilitate greater public and stakeholder engagement.
- The Commission should retain a permanent administrator and critically evaluate the substantial costs of bringing USAC functions in-house. USAC’s external status enables predictable fund administration on a year-round basis without exposure to limitations like government shutdowns and downsizing requirements.
- The Commission should maintain USAC Board input by a diverse array of program stakeholders, as they have particular experience and knowledge of the USF programs that remains valuable to program users. The Commission should also retain USAC’s Board Programmatic Committees, as they provide expert insight and are a vital link between USAC management and USF implementation.

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I. THE COMMISSION AND USAC SHOULD REDUCE ADMINISTRATIVE BURDENS WHILE INCREASING TRANSPARENCY, STAKEHOLDER ENGAGEMENT, AND PROGRAM SUPPORT.

The NPRM asks for insight about which “processes need streamlining or other improvement to promote transparency, accountability, and cost effectiveness in USF administration” and how does a lack of transparency “cause unnecessary confusion in program administration.”⁷ At the outset, SHLB and ALA appreciate the Commission’s efforts to streamline USF program efficiency and administration. Our organizations receive feedback from various types of program stakeholders who are directly involved in the E-Rate and RHC program application and funding processes. Their understanding of these programs offers us direct insight into which areas of administration are working, as well as those that could use improvement. Our recommendations below address certain questions raised by the Commission and discuss current challenges that program participants often face during the funding year when using USAC systems and navigating the application process generally. These challenges can lead to processing delays or funding denials.

To alleviate common administrative burdens, we recommend that the Commission can 1) clarify confusing or burdensome rules; 2) reduce certain competitive bidding requirements; 3) increase transparency into appeal decisions; 4) offer stakeholders the opportunity to comment on USAC board meeting agendas; 5) implement an E-Rate and RHC program ombudsman position; 6) create a formal advisory forum with deep subject matter expertise for E-Rate and RHC programs; and 6) leverage AI to improve training resources.

We additionally recommend that USAC should improve program stakeholder outreach and transparency by 1) enhancing in-person and virtual training; 2) implementing system

⁷ *NPRM* at 5, para. 11.

functionalities that increase user “visibility;” 3) providing ample notice and guidance prior to instituting changes in review procedures; and 4) increasing transparency through the Open Data tool.

A. The Commission Should Clarify Confusing, Ambiguous, or Burdensome Language, Rules and Procedures.

There are various rules and procedures governing both the E-Rate and RHC programs that have caused confusion or burden on program applicants over the years. We believe the following recommendations would assist the Commission and USAC in streamlining program administration.

First, the Commission should clarify the Form 470 drop-down menu categories in the E-Rate program.⁸ E-Rate applicants must use Form 470 to identify the services and equipment for which they are seeking bids from service providers. The descriptions of the requested services located in the form’s drop-down menus, however, have been unclear, causing applicants to select the wrong category and receive funding denials. Throughout the years, changes have been made to these service descriptions, but many still remain unclear. The Commission previously sought

⁸ Comments of the Schools, Health & Libraries Broadband (SHLB) Coalition, *Delete, Delete, Delete*, GN Docket No. 25-133, *Schools and Libraries Universal Service Support Mechanism, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the Board of Directors of the National Exchange Carrier Association, Inc.*, 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, p. 5 (filed Apr. 11, 2025) (*SHLB Delete Comments*); Reply Comments of the American Library Association (ALA), *Delete, Delete, Delete*, GN Docket No. 25-133, p. 2 (filed Apr. 29, 2025) (*ALA Delete Reply Comments*) (citing *SHLB Delete Comments*).

comment about how to clarify the drop-down menu,⁹ and it should move forward on adopting straight-forward service descriptions.

Second, the Commission could clarify certain E-Rate program competitive bidding requirements. In 2023, the Commission inquired about changes it should make to clarify the E-Rate competitive bidding process. Some of those questions remain pending. For example, the Commission asked how it can provide guidance to reduce confusion about when an applicant is required to restart the competitive bidding process and what types of examples USAC should consider as evidence of a legally binding agreement an applicant must obtain prior to requesting E-rate funding.¹⁰ SHLB, ALA, and other filers submitted recommendations on these issues,¹¹ and we believe that applicants would benefit from the Commission revisiting this proceeding and providing additional clarification.¹²

⁹ *Wireline Competition Bureau and Office of the Managing Director Seek Comment on Improving FCC Form 470 Drop-Down Menu*, WC Docket No. 13-184, Public Notice, 34 FCC Rcd 8719 (2019).

¹⁰ *Schools and Libraries Universal Service Support Mechanism; Federal-State Joint Board on Universal Service; Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 02-6, 96-46, 97-21, Report and Order and Further Notice of Proposed Rulemaking, 38 FCC Rcd 6842 (2023).

¹¹ Reply Comments of the Schools, Health & Libraries Broadband (SHLB) Coalition, *Schools and Libraries Universal Service Support Mechanism, Federal-State Joint Board on Universal Service, and Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 02-6, 96-45, 97-21, pp. 9-11 (filed Oct. 23, 2023) (*SHLB Streamlining Reply Comments*); Reply Comments of the American Library Association (ALA), *Schools and Libraries Universal Service Support Mechanism, Federal-State Joint Board on Universal Service, and Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 02-6, 96-45, 97-21, pp. 3-7 (filed Oct. 23, 2023) (*ALA Streamlining Reply Comments*).

¹² During the annual E-Rate workshop conducted on September 25, 2026, participants inquired about the issue of guidance for legally binding agreements. This signals that this issue remains an important topic for discussion and clarification, that should be answered by the Commission beyond an individual training session.

Third, the Commission should better clarify eligible equipment and services available for RHC program funding,¹³ and we are pleased that the Commission is taking this issue up in the *RHC Third FNPRM*. There, the Commission asks if program stakeholders are experiencing problems with specific equipment or service eligibility determinations, and whether the creation of an RHC-specific Eligible Services List (ESL) would resolve those challenges.¹⁴ SHLB members have reported various examples of uncertainty they face when determining if a type of service or equipment would be eligible for RHC program support. For example, members express increasing uncertainty about the application of the Commission’s “eligible equipment” rules for Healthcare Connect Fund (HCF) Program-supported technologies, particularly about how the rules apply to requests for cybersecurity and network protection equipment and services. As such, SHLB agrees that a more in-depth RHC-specific ESL could promote clarity about the equipment and services that are eligible for program support and better explain how the Commission applies its eligibility definitions to specific services and equipment that are not clearly described in existing guidance.¹⁵ Decreasing this ambiguity would help to streamline the funding process for both RHC program participants and USAC by bolstering an applicant’s competence and confidence in requesting funding and resulting in fewer processing delays and denials.¹⁶ We look forward to reviewing the *RHC Third FNPRM* record on this issue and working with the Commission to find ways to better clarify eligibility rules.

¹³ *USAC PN Comments* at 13-14.

¹⁴ *RHC Third FNPRM* at 16, para 39.

¹⁵ *SHLB RHC Third FNPRM Comments* at 13-16.

¹⁶ *Id.* at 16.

Fourth, SHLB members have indicated that there are other RHC program rules and filing procedures (outside of the eligibility determinations discussed above) that could use better clarification.¹⁷ For example, the Commission should better clarify the rules around disposal, including the resale and transfer of equipment and services and equipment end of life. While the application of these rules is clear in the E-Rate program, they are not for RHC participants. Additionally, the Commission should offer guidance regarding ministerial and clerical errors. Stakeholders share that there is often no resolution offered to RHC program applicants who made a ministerial or clerical error (such as choosing the incorrect expense type) after receiving a funding commitment letter. They have found that any appeal to correct this type of error will typically be denied, unless the applicant can point to an error on the part of USAC.

B. The Commission Should Reduce Competitive Bidding Requirements for Small-Dollar Requests.

SHLB and ALA have previously recommended that the Commission update E-Rate program competitive bidding exemptions for school and library applicants seeking small-dollar funding amounts as an additional way to streamline the application process.¹⁸ Specifically, we suggest that the Commission create a competitive bidding exemption for E-Rate funding requests under \$10,000 submitted by libraries, and expand its competitive bidding exemption for

¹⁷ *USAC PN Comments* at 14.

¹⁸ Comments of the Schools, Health & Libraries Broadband (SHLB) Coalition, *Schools and Libraries Universal Service Support Mechanism, Federal-State Joint Board on Universal Service, and Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 02-6, 96-45, 97-21, pp. 9-10 (filed Sep. 25, 2023) (*SHLB Streamlining Comments*); Comments of the American Library Association (ALA), *Schools and Libraries Universal Service Support Mechanism, Federal-State Joint Board on Universal Service, and Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 02-6, 96-45, 97-21, pp. 5-6 (filed Sep. 25, 2023) (*ALA Streamlining Comments*).

Category Two purchases of \$3,600 or less per funding year to apply to schools.¹⁹ Additionally, we asked that the \$3,600 bid exemption, which was established in FY 2015 initially for internet service, be adjusted for inflation. Data from the Bureau of Labor statistics shows that when this is done, \$3,600 in May 2015 would be equivalent to \$5,073.74 as of May 2026.²⁰

These actions would alleviate time consuming competitive bidding requirements for schools and libraries when seeking low amounts of program funding. Simplifying such requirements could ultimately encourage greater participation in the program, especially for small applicants.

C. Appeal Decisions Should be Published on the USAC Website to Increase Transparency of the Appeals Process.

The Commission asks several questions on whether making more appeal information publicly available would be useful.²¹ SHLB and ALA support making all appeal decisions easily available on USAC's website. USAC should have an appeal dashboard where basic information, like party appealing, succinct reason for appeal, status of appeal, etc., is readily available. And once USAC acts on an appeal the full text of that action should also be available.

As we noted in our *USAC PN Comments*, we also suggest that when an appeal is denied, in addition to citing rules or previous orders, that the denial should include an analysis of how those rules/orders apply to the specific facts the applicant has stated in its appeal.²² Doing this will not only be useful to the party appealing but will inform parties potentially considering an

¹⁹ *Id.*

²⁰ Calculated using the CPI Inflation Calculator from the U.S. Bureau of Labor Statistics, available at https://www.bls.gov/data/inflation_calculator.htm.

²¹ *NPRM* at 5, para. 12.

²² *USAC PN Comments* at 17.

appeal on the same basic issues. We also suggest that citing rules, previous Orders and the need to provide analysis for any granted or denied appeal be specifically incorporated into the Code of Federal Regulations (CFR).²³

Additionally, SHLB and ALA note that all appeals and waivers of USAC decisions submitted to the Commission are publicly available through the ECFS system, but there is no corresponding way for parties to review appeals made directly to USAC.²⁴ It would benefit E-Rate and RHC program participants to see the types of issues that are being appealed to USAC, and the specific facts involved in those appeals, so that they may better understand how to successfully navigate their own funding request process. This could result in fewer funding denials and fewer appeals to USAC and to the Commission.

D. The Commission and USAC Should Improve Outreach By Increasing Individualized Information Sharing, Actively Engaging Applicants in Changes and Updates, Offering Stakeholders the Opportunity to Publicly Comment on Board Meeting Agenda Items, and Establishing a USAC Ombudsman Position.

The NPRM asks “whether there are any changes that can be made to USAC’s current outreach processes in its administration of the USF programs to enhance the efficiency of that outreach.”²⁵ First, E-Rate and RHC program participants frequently express concerns and frustration stemming from limited visibility into the status of pending form, application, and invoice reviews. Currently, USAC does not provide individualized, transparent outreach that would enable filers to anticipate application and invoice review timelines. This leads to a lack of clarity regarding delays when the application remains dormant for a significant period of time

²³ See NPRM at 5-6, para. 13.

²⁴ USAC PN Comments at 17.

²⁵ NPRM at 6, para. 14.

with little to no update from the USAC reviewer. When applicants experience such delays, they express that they must reach out to USAC for an informal status update. Applicants may experience further frustration if the application has been assigned to a new reviewer without prior notification.

Accordingly, we support the need for 1) clear status indicators in USAC's filing systems that show the current stage of review; 2) enhanced individual outreach efforts regarding the status and foreseeable delays related to E-Rate and RHC form, application, and invoice reviews; and 3) notifications that inform applicants when their application has been reassigned to a new reviewer. Additional outreach from USAC during the application process would increase administrative transparency so that applicants can anticipate delays, reach out to the correct point of contact if they require further information, and better align USAC's processes with participants' deadlines and future planning.

Second, USAC should actively engage with E-Rate and RHC program stakeholders about system updates to forms and review processes before, after, and during implementation. Changes or enhancements to the E-Rate and RHC filing systems can create unintended user challenges and application processing delays. While traditional training sessions help program participants understand the application process policies and procedures, many users experience form-related issues, filing and application processing delays, and other system-specific challenges that are not typically addressed in these settings. Early stakeholder engagement is thus imperative for USAC to identify potential challenges, improve system functionality, and ensure that updates align with the operational realities applicants and service providers face. Likewise, ongoing stakeholder engagement throughout and after implementation also promotes better transparency and allows USAC to address concerns in a timely manner. Accordingly, we suggest that USAC implement

ways to better engage with E-Rate and RHC program stakeholders before, during, and after implementing system updates and changes, including the following recommendations:

- USAC should publish proposed system changes and enhancements for public comment prior to implementation. This would allow program stakeholders an opportunity to provide valuable insight and feedback upfront rather than having to react to changes already in place, which can result in administrative burden and funding delays.
- USAC should allow program participants to beta test system changes or updates in order to quickly identify filing challenges and other issues that USAC can resolve prior to implementation.
- Commission forms and instructions should be available outside of USAC filing systems. We also recommend that those forms and instructions be subject to public comment (as is the case for the FCC Form 499).

Another challenge frequently encountered by program filers during the funding year involves changes or updates to form, application, and invoice review procedures that result in unexpected administrative burden. For example, RHC program participants have experienced:

- Changes affecting FCC Form 463 invoicing reviews, including requests for additional amounts of supporting documentation.
- Requests for new verifications of expense type, even if the service has not changed and is an eligible service.
- Requests for filers to highlight service/circuit charges for every bill (rather than just a sample).

When new requirements are introduced without sufficient advance notice and clear guidance, program participants may experience confusion, increased administrative time and burdens, and delay in the application review and funding process timeframe. Accordingly, we recommend that USAC communicate form, application, and invoice review changes clearly and proactively through multiple channels, including through its website, newsletters, webinars, and training sessions, and provide participants with adequate time to prepare for implementation. Such communication should also detail the reasons for the change being made.

Third, USAC's board meetings and procedures should remain open and transparent to E-Rate and RHC program stakeholders. We also recommend that the Commission and USAC offer stakeholders the opportunity to publicly comment on board meeting agenda items. This could include the submission of written comments in advance of meetings or participation in public listening sessions. Providing stakeholders with meaningful opportunities for input would not only increase transparency and trust in E-Rate and RHC administration, but help ensure that decisions are informed by the experiences and operational realities of program participants.

Fourth, SHLB and ALA recommend that it would be beneficial for the Commission to establish a USAC ombudsman position for the E-Rate and RHC programs. The individual(s) in this role could serve as a neutral resource who reviews specific filing and/or application challenges or disputes and presents a recommended path toward resolution to the program participant and USAC staff.

E. USAC Should Enhance Comprehensive In-Person and Virtual Training Opportunities.

USAC's in-person training sessions promote an ideal environment for stakeholders to gain a deeper understanding of the nuances associated with the filing process. These settings enable participants to ask questions (and follow-up questions) without the typical time constraint associated with shorter, virtual webinars. Participants can also interact and engage with their peers in attendance, often learning from shared experiences and insights gained through others' questions and discussions. To ensure that in-person opportunities bring the highest value to program participants, we suggest the following recommendations:

- All in-person training sessions should be accompanied by a virtual option for those who cannot travel to the on-site location.

- Virtual attendees should be able to ask questions live during the seminar. Currently, virtual attendees can only see and hear the seminar, but cannot actively participate.
- In-person and virtual attendees should have the option to submit questions beforehand for USAC to answer during the seminar.
- In-person and virtual attendees should have the option to submit filing and system challenges beforehand for USAC to address during the seminar.
- Questions asked and answers provided should be subsequently published to USAC's website, along with the recording of the seminar, so that stakeholders can easily find them later. Webpages with such guidance should include cites to Commission rules/orders.
- USAC should consider offering additional in-person training sessions that focus on certain program stakeholders (i.e. first-time filers, service providers, smaller/more rural applicants, consortia applicants, etc.).

For virtual sessions to better serve program participants, we suggest the following recommendations:

- Virtual training platforms should be more interactive. For example, USAC should make attendee questions visible to participants, even if the submissions remain anonymous. Similar to in-person training sessions, attendees can derive benefit from knowing the questions and concerns raised by others. In virtual settings, however, questions submitted are not visible, leaving attendees unaware of what was asked.
- Attendees should have the option to submit questions beforehand for USAC to answer during the webinar.
- Attendees should have the option to submit filing and system challenges beforehand for USAC to address during the webinar.
- Questions asked and answers provided should be subsequently published to USAC's website, along with the recording of the webinar, so that stakeholders can easily find them later. Webpages with such guidance should include cites to Commission rules/orders.

In addition to ample in-person and virtual training opportunities, we suggest that USAC's website could be more effectively utilized to help participants navigate program policies and

procedures. For example, USAC should configure and publish one training manual – or one location for all Commission rules and associated USAC processes and procedures – for each program. USAC should update this information when processes change and relay those updates to participants using various types of communication (via the website, newsletter, training sessions, and webinars for example).

F. The Commission Should Leverage the Usability of the Open Data Tool and Improve User Interfaces to Provide Greater Insight for Applicants and Service Providers.

The Commission asks “[i]s there information regarding applications that could be shared on the [O]pen [D]ata platform to provide service providers or applicants with greater insight into the status of the review?”²⁶ At the outset, we recognize that there are currently several different sources of data on the E-Rate and the Rural Health Care programs. For example, there are quarterly and annual reports that USAC submits to the Commission.²⁷ We find that the most comprehensive data, however, is compiled through USAC’s Open Data tool. We suggest that additional information could be made available in Open Data to help to ensure that the E-Rate and RHC programs remain transparent, efficient, and responsive to the communities they serve. We also think a more uniform interface for many related data sets will be helpful to users.

For the RHC program, we suggest that USAC report additional data in its Open Data tool. Specifically, the RHC program’s Open Data tool currently lacks meaningful application status data for funding years after 2021. For example, rather than identifying whether an application is submitted, under review, processed, withdrawn, or otherwise pending, many

²⁶ *NPRM* at 6, para 14.

²⁷ In relation to the Annual Report, we ask below that detailed E-Rate data, which appeared in reports prior to 2017, be compiled and linked to the report. *See infra* Part IV.C.

applications are generically labeled as “submitted” or “processed,” requiring stakeholders to infer status information based on commitment amounts. We recommend that the RHC Open Data tool report FCC Form 462 application status (for example, the E-Rate Open Data tool includes application statuses such as initial review, final review, quality assurance, etc.) and decision explanations. We also suggest that the RHC Open Data tool provide a list of healthcare providers (HCP) and report related HCP/FCC Form 460 information.

For the E-Rate program, we recommend that USAC have the same user interface for various data sets whenever possible. Currently, in the Open Data tool there is an “E-Rate FCC Form 470 Download Tool” data set and an “E-Rate Open Competitive Bidding” data set. These two data sets have different interfaces. From the user perspective it takes time to learn the details and options for each data set. Additionally, the Form 471 data set has a different user interface than the Form 470 data sets. And there are six different data sets with Form 471 information. We think some, like the two data sets regarding funding requests specifically, can be offered as one data set. And finally, some of the data sets include a link to a data glossary and some sets have no link. We encourage the Commission to direct USAC to have a link to a data glossary for all data sets.

G. Performance Reviews Should Not Adversely Affect Applicant Support and Include Applicant Feedback.

The Commission asks whether a high-level performance review of USAC’s administration, beyond current Commission oversight processes, would be beneficial to ensure “USAC is administering the universal service support mechanisms in an efficient, effective, and

competitively neutral manner.”²⁸ We agree that a third-party comprehensive formal review of USAC could be beneficial, as long as it does not adversely affect timely and efficient applicant support. For example, should these reviews be administratively burdensome to USAC and require extensive administrative support, we are concerned that this could increase USAC’s administrative costs and/or adversely impact applicant support because USAC staff would be diverted to working on the external formal review process. Should the Commission implement a high-level performance review, we strongly urge the Commission to ensure that USAC resources are not diverted from program stakeholder support, and recommend that stakeholder input could be included during the review on a voluntary basis. We additionally note that the Commission could implement a voluntary, annual survey regardless of whether it implements a formal, high-level USAC review as suggested in the *NPRM*. This could measure stakeholder satisfaction, identify what is working well, identify user pain points, create a feedback loop that demonstrates the Commission’s and USAC’s responsiveness to stakeholders over time, and provide a formal, predictable way for stakeholders to raise concerns. Such a process could provide another level of oversight and support continuous improvement. Survey results and action plans should be incorporated into USAC’s annual report and be made available in the Open Data tool.

Finally, we recognize that, while a high-level performance review of USAC may not have been completed, the GAO has conducted various studies of the E-Rate program. In a 2025 report for example,²⁹ the GAO studied various federal funding programs regarding nine requirements to oversee and prevent fraud, waste, and abuse. E-Rate was the only program

²⁸ *NPRM* at 6, para. 15.

²⁹ Government Accountability Office (GAO), *Federal Awards: Selected Programs Did Not Fully Include Identified Practices to Enhance Oversight and Fraud Prevention*, GAO-26-10744, at 3 (2025), available at <https://www.gao.gov/assets/gao-26-107444.pdf>.

studied that had documented procedures for all nine areas.³⁰ A 2024 GAO report also concluded that USAC’s processes for managing its operating budget and expenditures align with selected Commission requirements and the MOU.³¹ As part of this study, the GAO was asked to review several aspects of USAC’s governance, including “USAC’s efforts to (1) establish and report on its goals in the last 6 years, (2) manage its operating budgets in accordance with selected FCC requirements, including recent trends in its expenditures, and (3) maintain an ethics policy consistent with FCC requirements.”³²

H. The Commission Should Create Formal Advisory Forums With Deep Subject Matter Expertise for E-Rate and RHC Programs.

The Commission references establishing an informal stakeholder forum for overseeing USF program administration.³³ SHLB and ALA support this proposal and believe there should be two advisory forums, one for the E-Rate program, and a second for the RHC program. Current methods of input (e.g., sending a letter to the Commission), while helpful, do not gather a more focused, coordinated input that could be provided by official program forums. The USAC Board also offers a venue for program input, but the board does not always have individuals with in-depth knowledge of the E-Rate or the RHC programs. And it is such knowledge that we envision would be a requirement for members of the forums. Having “on the ground experience” with the E-Rate or RHC programs would be most beneficial to the Commission, USAC and

³⁰ *Id.* at 12.

³¹ Government Accountability Office (GAO), *Telecommunications: Administration of Universal Service Programs is Consistent with Selected FCC Requirements*, GAO-24-106967, at 15 (2024), available at <https://www.gao.gov/assets/gao-24-106967.pdf> (GAO 2024 USAC Report).

³² *Id.* at 2.

³³ *NPRM* at 7, para. 16.

ultimately applicants and service providers too. We also suggest that the two stakeholder forums be given serious responsibilities and authority, rather than being just “informal” groups.

We noted in our *USAC PN Comments* that “[e]arly stakeholder engagement is thus imperative for USAC to identify potential challenges [and] improve system functionality,”³⁴ but this is just one example of a wide variety of areas where the forums could be useful. In addition, the stakeholder forums could make recommendations on form changes, program timetables, website enhancements, user outreach, training, etc. We suggest that each forum should include individuals who represent a cross-section of the program’s constituent groups. To further discuss how these two groups would be structured, we ask the Commission to work with SHLB, ALA, and other stakeholder groups to make these two forums a reality.

I. The Commission Can Leverage AI to Improve Staff and Applicant Training and Enhance Access to Program Guidance Information, But AI Should Not Replace Human Interaction and Assistance.

The Commission asks whether there are operational inefficiencies that could be improved using artificial intelligence (AI).³⁵ SHLB and ALA suggest that AI could be used to aid USAC in developing better training scenarios. For example, USAC could use AI technology to identify trends within the feedback it receives from program stakeholders. This could include “scraping” helpdesk requests, FAQs, chat boxes during online webinars, and other data collection methods USAC might use to retain questions from stakeholders to identify the issues that are most prevalent. This would enable USAC to better plan for future training opportunities and ensure they are offering timely guidance.

³⁴ *USAC PN Comments* at 7.

³⁵ *NPRM* at 7, para 17.

Additionally, members suggest that USAC’s website could incorporate an AI “chat box” function to assist program stakeholders, and the public, to quickly find program guidance on a certain topic. This chat box could also connect the user with the USAC hotline or program assistance tools if the website doesn’t clearly answer the user’s question.

SHLB and ALA note that while USAC could incorporate AI functionality into certain processes, we strongly urge the Commission not to replace meaningful human interaction where it is needed most. For example, members express extreme concern about using AI in application and PIA review, where incorrect determinations could further delay the review process and increase likelihood of potential funding denials.

II. USAC SHOULD IMPROVE TRANSPARENCY AND TIMELINESS THROUGHOUT THE APPLICATION REVIEW PROCESS.

The Commission asks for feedback and insight into what metrics they should implement concerning USAC’s processing of applications, including ways it could ensure timely administrative functions and whether establishing deadlines would increase transparency and efficiency of USAC operations.³⁶ To improve transparency, predictability, and efficiency throughout the application and review process, we recommend that USAC should provide applicants with more comprehensive and accessible information about the status of their applications, reviews, invoices, and information requests. The Commission should also work with USAC to establish benchmarks that improve program administration without compromising the quality of decision-making.

³⁶ See generally *id.* at 7-8, paras. 18-22.

A. USAC Should Publicly Report Comprehensive Information Concerning the Status of Application, PIA, Invoice, and Information Request Reviews.

The Commission asks for insight about what types of metrics stakeholders would find helpful for USAC to report concerning its decision-making and processes.³⁷ Relatedly, it also asks for comment on a proposal to require USAC to publicly report turnaround times or other metrics regarding responsiveness.³⁸ SHLB and ALA support the Commission's idea for USAC to publicly report on both USAC's anticipated turnaround times and its direct responsiveness to applicants about pending review for things like application, PIA, invoice, and information request reviews. Setting these reporting metrics would increase visibility into USAC's performance and set realistic expectations for program applicants.

First, E-Rate and RHC program stakeholders would benefit from consistent, comprehensive reporting on USAC's anticipated turnaround times for completing application, PIA, and invoice reviews for a given funding year. Currently, during board meetings USAC publicly reports on generic data points related to its progress in reviewing "workable" applications. For example, it often reports on the percentage of workable applications it has completed to date based on funding request number (FRN) level data, rather than reporting the number of processed versus unprocessed line items and the associated gross funding represented by those line items. SHLB members note that reporting progress solely at the FRN level can be misleading, as individual funding requests may contain numerous line items that remain unprocessed until later in the approval process for a given fund year. For instance, if USAC reports that 75% of requests have been funded at the FRN level, the percentage of funding

³⁷ *Id.* at 7-8, para 18.

³⁸ *Id.*

processed at the line-item level could be substantially lower. This distinction is significant and should be reflected in public reporting to provide stakeholders with a more accurate picture of the funding that has been processed versus the funding that remains pending. In addition, we urge USAC to provide greater transparency and reporting regarding what makes a pending application “workable” and, conversely, the circumstances that would cause an application to be considered “unworkable.” This would better assist applicants to understand and anticipate common filing mistakes so they can take steps to resolve those issues in the future.

Second, E-Rate and RHC program stakeholders would benefit from consistent, comprehensive reporting about USAC’s *responsiveness* to items pending review. As we previously stated, many applicants express frustration when their application or response to an information request lingers for a substantial period of time without any known movement from USAC. Accordingly, in addition to improving USAC’s individualized outreach to applicants as suggested above, we urge the Commission and USAC to establish public reporting on USAC’s responsiveness to applicants about the status of pending application, PIA, and invoice reviews; responses to information requests; and responses to inquiries made to the helpdesk.

Third, we suggest that USAC also report on particular challenges and trends it has encountered that are impacting the review process for a given funding year. This could include information related to changes in application volume, new program requirements, and issues with system functionalities. Such reporting could help program applicants and other stakeholders anticipate emerging issues and offer them a holistic understanding of the factors affecting application processing and potential sources of delay.

We suggest that it would be helpful for USAC to report such detailed information consistently, including during its quarterly board meetings. Frequent reporting would help

program users better understand where their applications stand and when they can reasonably expect action. USAC should also post these trend reports in the Open Data tool for program stakeholders to easily access over time.

B. Shot Clocks and Deadlines Should Increase Applicant Understanding of the Process, But Strict Deadlines Shouldn't Adversely Impact the Decision-Making Process.

The Commission asks if it would be beneficial for the Commission to establish deadlines or “shot clocks” for specific USAC processes.³⁹ At the outset, SHLB and ALA generally agree that establishing consistent deadlines and shot clocks could provide applicants with a better understanding about expected USAC processing time. Members share concern, however, about setting strict deadlines that could inadvertently harm applicants if proper application review is not afforded simply because a reviewer is under pressure to meet that deadline. Instead, we suggest that it would be more helpful for USAC to establish benchmarks to complete application, invoice, information request, and appeal review processes, and increase transparency about the status of their review to applicants along the way.

To define these benchmarks, we recommend that the Commission should first review how long it typically takes USAC to review applications and resolve issues in relation to different types of applicants and funding requests. While we understand that processing times can vary depending on these factors, establishing an expectation about average processing times for each type of review would better inform the Commission about what timelines are appropriate. It would also allow the Commission better insight into whether it thinks USAC should aim to resolve certain reviews or functions more timely.

³⁹ *Id.* at 8, paras. 19-20.

C. Expanding and Improving In-person and Virtual Training Options, Consolidating Software-based and Remote Services Requests as Internal Connections, and Adding New Tools to the RHC Connect Filing Process Have Increased Efficiencies and Consistencies for Applicants and USAC.

The Commission requests examples of efficiencies that USAC has put in place that reduced delay or burdens on USF program participants.⁴⁰ E-Rate stakeholders express success around some changes made to USAC's training measures. For example, expanding in-person training options to include accompanying virtual opportunities have allowed for greater attendance and an opportunity for stakeholders who are unable to travel to the in-person training location to hear the discussion and questions asked/answers given. Stakeholders have also noted that USAC has made training sessions more "flexible" and responsive to attendee needs. For example, USAC extended the time for training to make sure instructors were able to answer all of the questions attendees shared.

E-Rate stakeholders also support the Commission's recent decision to consolidate software-based and remote services requests as Internal Connections, rather than being split between Internal Connections and Basic Maintenance of Internal Connections (BMIC).⁴¹ Stakeholders believe that this change will increase consistency in treatment of these requests and reduce the amount of application errors.

RHC stakeholders express that new tools in the RHC Connect filing system have been helpful to make application submission faster and review processes more transparent and efficient. For example, USAC is implementing new functionality into RHC Connect whereby

⁴⁰ *Id.* at 8, para. 22.

⁴¹ *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, DA 25-1069 at 3-5, paras. 5-8 (rel. Dec. 17, 2025).

applicants can easily import information from a prior year's form directly into a new one. Additionally, stakeholders have noted that, rather than only sending out email notifications, USAC reviewers are adding more communications into the system itself.

III. THE COMMISSION AND USAC SHOULD STREAMLINE AUDIT AND RECOVERY PROCESSES WHILE REDUCING UNNECESSARY BURDENS ON PROGRAM PARTICIPANTS.

The Commission asks how it can streamline or make the audit and funding recovery process more efficient.⁴² To make the audit, payment, and recovery processes more efficient and predictable for E-Rate and RHC program participants, the Commission should establish a de minimis exemption from routine audits, avoid adopting a “pay-and-dispute” approach, and streamline and clarify ambiguous or burdensome audit and recovery requirements. USAC should also ensure that auditors receive adequate training to promote consistent application of program rules and reduce unnecessary burdens on applicants.

A. The Commission Should Establish a De Minimis Exemption from Routine Audits.

Regarding audits, the Commission acknowledges that some commenters have recommended establishing a de minimis amount under which applicants and service providers would be exempt from routine audits,⁴³ or would be audited only under extraordinary circumstances. SHLB and ALA support this and do not think there are any legal barriers preventing the Commission from establishing an exemption.

⁴² See generally *NPRM* at 10-13, paras. 25-38.

⁴³ *Id.* at 10, para. 26.

The Commission asks “[w]hat should be the dollar amount of USF support received to qualify for a *de minimis* exemption?”⁴⁴ While not a direct comparison, in its *Delete, Delete, Delete* comments, ALA recommended that E-Rate applications of less than \$10,000 be exempt from the Commission’s competitive bidding rules.⁴⁵ For audits we now recommend that libraries, schools and service providers receiving less than \$10,000 for specific E-Rate funding requests (i.e., Funding Request Numbers, FRN) or RHC requests in a given funding year be exempt from audits. Regarding the exact dollar figure that would apply in these scenarios, we suggest that the Commission could also pull data about how many applicants or service providers are routinely audited for less than this amount. Even if our recommendation is not adopted, we ask the Commission to direct USAC to release detailed information on audits, including the funding amount being audited, so that both applicants and service providers can get a more accurate picture on this important program area.

B. The Commission Should Not Adopt a “Pay-And-Dispute” Approach for the E-Rate and RHC Programs.

The Commission seeks comment on the timing of recovery of funds in the E-Rate and RHC programs.⁴⁶ Specifically, the Commission asks whether it should revise the current rule, perhaps by requiring applicants and service providers to pay any alleged recovery after a finding by the Wireline Competition Bureau (Bureau) but before the filing of a petition for

⁴⁴ *Id.*

⁴⁵ Comments of the American Library Association (ALA), *Delete, Delete, Delete*, GN Docket No. 25-133, pp. 2-3 (filed Apr. 11, 2025) (*ALA Delete Comments*). We also noted in our comments that for FY 2023 a majority of libraries (69.6%) sought less than \$10,000 support for both Category 1 and Category 2 services.

⁴⁶ *NPRM* at 12-13, paras. 33-35.

reconsideration by the Bureau or application for review by the full Commission.⁴⁷ We strongly urge the Commission to retain the current rule that allows timely appeals and judicial proceedings to stay the recovery process for USF program participants and to not adopt a “pay-and-dispute” approach for the E-Rate and RHC programs.

The Commission notes that this process “delays the return of improperly disbursed funds.”⁴⁸ However, to the contrary, the process ensures that due process is afforded participants in the program before funds are recovered. Other policy reasons weigh against the adoption of such a rule. First, any delay is completely within the Commission’s own control, as it decides when it rules on submitted appeals, petitions for reconsideration, and applications for review. If the Commission wants to accelerate this process, it can do so – it currently has the incentive to review and decide on petitions for reconsideration and applications for review. However, it can still take months and often many years for those decisions to be issued.⁴⁹ Second, the current process by which the Commission issues denials through a public notice each month sometimes does not result in the correct decision.⁵⁰ This is evidenced by the fact that the Bureau had reconsidered and reversed its own decisions more than 50 times in the past five years in the E-Rate and RHC programs alone. Also, the beneficiaries of the E-Rate and RHC programs have

⁴⁷ *Id.* at 12, para. 34.

⁴⁸ *Id.*

⁴⁹ *See, e.g.*, Application for Review filed by Mansfield Independent School District, CC Docket No. 02-6, <https://www.fcc.gov/ecfs/document/10130092595526/1> (Jan. 30, 2019).

⁵⁰ It is also often difficult for petitioners to understand how the Bureau reached its conclusions for denials when the Bureau does not provide a comprehensive analysis or explanation.

already received the funds, so the programs are not relying on the Commission's immediate receipt of any funds prior to its final determination that funds would need to be recovered.

On a related issue, the Commission should return to its rule that existed prior to 2014, which allowed applicants to seek review of USAC's decisions from USAC but did not require it.⁵¹ Such "administrative reviews" could help efficiently address minor errors while allowing petitioners to go directly to the Commission for time-sensitive matters, appeals on the merits and also include a request for waiver, and substantive issues that USAC has made clear it will not reconsider.

Finally, the Commission seeks comment on whether it should adopt additional practices to protect against waste, fraud, and abuse with respect to holding funds "[w]hen there are either known or highly suspected instances of alleged misuse of funds."⁵² SHLB and ALA believe the Commission has robust review practices and procedures to prohibit improper payments. We would appreciate, however, if the Commission obtained approval from its Office of General Counsel and provided notice to applicants and service providers when it or USAC has decided to hold funds, consistent with the Commission's current directive.⁵³

⁵¹ *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870, at para. 250 (2014).

⁵² *NPRM* at 13, para. 36.

⁵³ *See Standards and Process for Holding Disbursements to Beneficiaries and Service Providers*, FCC Directive, FCCINST 1038.2 (Sep. 2024).

C. The Commission Should Streamline and Clarify Ambiguous and Onerous Audit and Recovery Processes.

The Commission generally asks if there are other changes to the audit and recovery process that may streamline or make the audit and funding recovery process more efficient.⁵⁴ Regarding audits, we recommend that the Commission reconsider the post-audit “policies and procedures” requirement in the E-Rate program, whereby program applicants prepare and submit “policies and procedures” documents for approval after the conclusion of an audit⁵⁵ even though there is no requirement in the E-Rate rules that applicants create or maintain such documents.

Regarding recovery of funds, we recommend clarification regarding the statute of limitations for funding recovery in the E-Rate and RHC programs. While the Commission 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 Commission 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 program participants can be liable for recovery of funds for any mistakes in their applications all the way back to the beginning of the program, which has the potential to create a chilling effect on program utilization. Statutes of limitations are well-established in federal law, even for fraud and wrongdoing. We suggest that one option would be to make clear that a current five year general statute of limitations that applies to the federal government also applies to the E-Rate and RHC programs.

⁵⁴ *NPRM* at 13, para. 37.

⁵⁵ USAC School and Libraries Program Administrative Procedures, 32-33 (Oct. 31, 2023), available at <https://www.fcc.gov/ecfs/document/11021884723696/1>.

Additionally, SHLB previously commented on ways that the Commission should revise its current recovery process, including recommending that the Commission: review and outline a specific process and timeline that takes into account the current recovery process and other rule changes since its 2000 Order; identify what should be included in USAC's letter notifying applicants and service providers of its proposed recovery; and reexamine its decision to dismiss pending E-Rate submissions if a participant is on red light status.⁵⁶

D. USAC's Auditors Require Adequate Training in Order to Streamline the Process for Applicants.

The NPRM asks whether USAC's auditors receive adequate training.⁵⁷ E-Rate program stakeholders have reported delays potentially resulting from auditors' limited expertise in school and library environments. For example, audit questions are at times difficult to understand because they do not reflect the common policies and vocabulary used within the school and library space. One audit involving USAC's internal audit team has lasted 20 months due to incorrect findings by the auditors. In this case, the lead auditor had only four months of E-Rate experience, and similarly, the backup auditor had just one year of E-Rate experience. The incorrect findings led to repeated rebuttals that an inexperienced applicant might not have known how to contest. We recommend that USAC's auditors receive adequate training in order to streamline the process for applicants. In addition, we suggest that the schools and libraries being audited be provided with a person in USAC's audit unit to contact when there are issues with the outside auditors.

⁵⁶ *SHLB Streamlining Comments* at 25-31.

⁵⁷ *NPRM* at 13, para. 38.

IV. THE COMMISSION SHOULD ENSURE THAT USAC’S BUDGET ALIGNS WITH THE NEEDS OF USF ADMINISTRATION, WHILE STRENGTHENING CONTRACT OVERSIGHT, TRANSPARENCY, AND PUBLIC ACCOUNTABILITY.

The Commission asks for stakeholder feedback concerning USAC’s budget, including whether it should be subject to a cap and or other specific limitations.⁵⁸ Rather than imposing arbitrary cost caps, we suggest that the Commission should use the budgeting process to align funding with the needs of the USF, while strengthening oversight of USAC contractors to reduce inconsistent experiences, duplicative requests, and errors. The Commission and USAC should also restore and publicly release detailed management, contractor, audit, and other program data to enhance transparency, and hold some USAC Board meetings in person in Washington, D.C., to facilitate greater public and stakeholder engagement.

A. Instead of Capping Costs Arbitrarily, the FCC Should Use the Budgeting Process to Ensure It Aligns with the Needs of the USF Program.

The NPRM asks whether USAC’s budget should be subject to a cap,⁵⁹ “caps for specific purposes within USAC’s budget,” or “guidelines or limits on what percentage of the budget can be spent on specific resources.”⁶⁰ Instead of capping costs arbitrarily, the Commission should use the budgeting process to ensure the budget aligns with the needs of the USF program.

Administrative costs are a small share of the overall budget but are essential to the responsible stewardship of USF funds. Skilled, experienced, well-trained staff are necessary to identify, investigate, and prevent waste, fraud, and abuse. They are also essential to ensuring the program is efficiently administered. Weak oversight, due to a lack of staff or inexperienced staff,

⁵⁸ *Id.* at 14, paras. 40-41.

⁵⁹ *Id.* at 14, para. 40.

⁶⁰ *Id.* at 14, para. 41.

increases the risk of improper payments, fraud, or later recovery, all of which are often far more expensive than the cost of the original oversight. In addition, software development, upgrades and maintenance, the technology infrastructure, and cybersecurity require ongoing investment. Ongoing training for both staff and applicants is necessary to ensure program integrity, reduce errors, increase compliance, and streamline program administration. During budget cuts, however, training is usually one of the first costs to be cut.

The current practice of developing an operational budget annually allows the budget to adjust and address the current program needs. It also allows funding to keep pace with inflation and shifting priorities (fraud risks, changing programmatic priorities, software changes, IT modernization needs, evaluation requirements, etc.). While USAC develops the budget, it submits the budget to the Commission for approval. USAC also submits a quarterly budget projection to the Commission. A 2024 GAO report also found that USAC manages its operating budget in accordance with selected Commission requirements.⁶¹

B. USAC's Use of Contractors Can Result in Inconsistent Experiences, Duplicative Requests and Incorrect Outcomes.

The applicant experience with third-party contractors is mixed. From the E-Rate perspective, applicants have direct interaction with contractors when their application (i.e., the submitted Form 471) is reviewed and when applicants are audited. Overall, some common complaints from past years – like PIA (Program Integrity Assurance) requesting the same information from applicants multiple times – do not appear as prevalent in more recent years. However, there are cases where PIA reviewers arbitrarily make changes to an application and then notify the applicant only after the changes are made. The changes are not always correct,

⁶¹ See GAO 2024 USAC Report at 12.

which then requires numerous exchanges between the reviewer and the applicant to correct the error. We recommend that no changes be made to an applicant's forms without the PIA reviewer first consulting with the applicant.

C. The Commission Should Reinstate and Make Publicly Available Reports Covering Management Analysis, the List of Contractors, Auditor Data, and Other Detailed Data Published Prior to 2017 to Support Program Transparency.

On the issue of reporting, the Commission asks if there are changes to USAC's annual report that would be beneficial.⁶² Since 2017, USAC's annual reports have been fairly high-level and average about 20 pages in length. Prior to 2017, the reports included much more additional information covering management analysis, a list of contractors, auditors data, a section of detailed statistics, etc. In the reports since 2017, there has been a link to auditor's data but no link to this other information. We ask that this additional information be compiled by USAC and then provided as a link, like the audit data, in the annual report.

D. The Commission Should Host Some USAC Board Meetings in Person in Washington D.C.

The NPRM proposes "modifying section 54.703(e) to remove the requirement that all USAC board meetings be held in Washington D.C.," and asks if this would "enable Board meetings to be conducted in a more cost-effective manner."⁶³ First, we would like to recognize the Board of Directors, who volunteer their time, expertise, and experience for free to ensure stakeholders are represented in the leadership and guidance of USAC's administration of universal service. While moving some meetings online-only would reduce costs, there are

⁶² NPRM at 15, para. 44.

⁶³ *Id.* at 16, para. 45.

benefits to in-person meetings that are more difficult to quantify, but remain as equally important. Therefore, we do not endorse moving all meetings online-only. In-person meetings provide an ideal environment for board members to engage more deeply with the agenda and the nuances of the various topics. In addition, board members have more opportunities to interact with one another and with USAC and Commission staff, which makes it easier to build trust that is hard to build in an online-only environment and provides more insight into the inner workings of the program's operations, improving board conversations and decisions. Finally, complex discussions and decision-making benefit from sustained focus, which is easier to achieve when members have a place to engage with one another, free from the distractions of their other responsibilities. Instead of modifying section 54.703(e) to remove the requirement that all USAC board meetings be held in Washington, D.C., we recommend changing the rule to a minimum number of meetings in Washington, D.C. per year.

V. THE COMMISSION SHOULD RETAIN A PERMANENT USF ADMINISTRATOR.

The Commission asks for stakeholder feedback about whether it should continue to maintain a permanent administrator of the USF, or if there are alternative solutions “that would increase efficiency, cut costs, and streamline USF administration.”⁶⁴ Additionally, it asks “whether there is any benefit to having the Commission handle specific functions of USF administration,” like bringing portions of USF administration “in-house.”⁶⁵ We caution against the suggestion to “eliminat[e] USAC’s role in billing and collection for USF contributions and

⁶⁴ *Id.* at 16, para. 46.

⁶⁵ *Id.* at 16, para. 47.

instead bring all contributions functions inside the Commission.”⁶⁶ USAC currently enables efficient billing and collection for USF contributions, which an in-house program cannot provide due to the unique challenges of operating within the federal government. We encourage the Commission to critically evaluate the substantial costs of bringing these administrative functions in-house.

USAC’s external status enables predictable fund administration on a year-round basis, consistent with applicants’ needs. Bringing USF billing and collection in-house would expose the program to federal government limitations like government shutdowns and downsizing requirements. USAC continues to operate during government shutdowns, which insulates the local provision of essential school, library, and rural healthcare services from challenges at the federal level of government. During the Fall 2025 government shutdown, for example, USAC continued to process applications and administer funds, offer web training, and provide other valuable services.⁶⁷ Vital administrative operations would likely stop if USAC was brought in-house, unless these services were considered “essential.” In addition, USAC is not subject to arbitrary federal downsizing requirements. This enables the organization to maintain a consistent staff of experienced employees to serve USF recipients.

We anticipate the Commission will face steep logistical and personnel challenges in moving certain USAC capacities in-house. The Commission has not historically been used for the administration of program funds in this capacity, and is not highly involved in day-to-day operations, tools, and processes. Developing the internal capacity to carry on effective USF administration will be a costly and time-intensive process. This will come at the expense of

⁶⁶ *Id.*

⁶⁷ The shutdown did stall appeals and any questions that had to refer back to the Commission.

program participants, particularly if there is a lengthy transition. For example, E-Rate participants noted that they experienced delays and other challenges when USAC changed contractors for application review in 2019.

If the Commission decides to move forward with bringing USAC functionalities in-house, we urge it to consider the following questions:

- What are the costs and benefits of moving administrative capacity in-house?
- What does the Commission anticipate in cost savings?
- How nimble will the FCC be in building a staff and expertise?
- How much time will it take to transition between USAC and the Commission?
- What impact will lapses in government funding have on these contemplated changes?

VI. THE COMMISSION SHOULD RETAIN USAC’S DIVERSE BOARD OF DIRECTORS STAKEHOLDER REPRESENTATION AND PROGRAMMATIC COMMITTEES.

The NPRM requests comment regarding the composition of the USAC Board of Directors, including whether it should be modified to include members with “expertise in administrative areas such as financial management, audits, information security, and program administration,” in addition to USF stakeholders.⁶⁸ The NPRM also seeks comment on “the extent to which the Board Programmatic Committees are influencing and improving USAC’s administration of the four USF programs,” and whether to eliminate Board Programmatic Committees and create committees focused only on audits and on USAC governance and risk.⁶⁹ We strongly urge the Commission to maintain Board input by a diverse array of program

⁶⁸ *NPRM* at 19, para. 58.

⁶⁹ *Id.* at 20, para. 63.

stakeholders, including representatives for Tribal communities. We additionally strongly support retaining USAC’s Board Programmatic Committees.

A. USAC’s Board Should Continue to Include Diverse Members With Extensive Knowledge and Experience in the E-Rate and RHC Programs.

We remain steadfast that USAC Board composition should include a diverse array of stakeholders who possess knowledge of the E-Rate and RHC programs. SHLB previously commented on this issue and we reiterate the importance of diverse board composition.⁷⁰ Specifically, we stated that the E-Rate and RHC programs are uniquely situated funding programs within the USF that invoke participation by various stakeholders and beneficiaries. Accordingly, we believe that it is imperative that the composition of the USAC Board continue to include members of the community who possess meaningful knowledge of and experience with the E-Rate and RHC programs. Board members with direct familiarity of program operations are well positioned to ask informed and appropriate questions, identify emerging challenges, evaluate the practical impact of policy and system changes, and promote transparent and effective program administration. This ultimately enables the board to effectively fulfill its oversight responsibilities while considering forward-looking program administration and policy development. We also reinforce support for ensuring that board membership reflects the diversity of stakeholders participating in the E-Rate and RHC programs, including members representing schools, libraries, rural health care providers, service providers, and Tribal communities.

The Commission also asks about whether it should merge or eliminate certain constituency categories, and in doing so retain USF stakeholder “representatives from schools,

⁷⁰ *USAC PN Comments* at 19.

libraries, or rural areas, service providers, consumer advocates, or state representatives.”⁷¹ We notice that this proposal does not maintain representation for Tribal communities.⁷² Tribal communities are among the diverse USF stakeholders who should maintain their current level of board representation. Precluding their representation on the board does not align with the Commission’s initiatives to ensure adequate Tribal participation in USF.⁷³ We support maintaining Tribal community representation on the board, should the Commission decide to modify the constituency categories for USF stakeholders.

Proper management of USF programs requires input from representatives with program area expertise. Any modification to board composition should preserve representation by USF stakeholders to enable diverse, transparent, and effective program administration. Should the Commission decide to include on the board qualified individuals with management and administrative expertise, these positions should not come at the expense of maintaining board positions for experts with E-Rate and RHC programmatic experience. Since USF programs are highly regulated and prescribed by Commission regulations, the board must include members with the necessary programmatic experience to ensure that day-to-day USAC administration will continue to support program beneficiaries in an efficient and transparent manner.

⁷¹ *NPRM* at 19, para. 59.

⁷² Currently, 47 CFR §54.703(b)(13) requires that “[o]ne director shall represent Tribal communities.”

⁷³ The Commission established the Tribal Library E-Rate Advocacy Program (T-LEAP) to ensure Tribal libraries have the necessary resources to learn about, apply for, and participate in the E-Rate program. *See* Universal Service Administrative Co. (USAC), *Tribal Library E-Rate Advocacy Program (T-LEAP)*, available at <https://www.usac.org/e-rate/tribal-e-rate-advocacy-program/>.

B. The Board's Programmatic Committees Provide Expert Insight and are a Vital Link Between USAC Management and USF Implementation.

Board Programmatic Committees enable USAC's administration of the four USF programs. Currently, Board Programmatic Committees have the best input in relation to the issues closest to the program the committees represent. Because of their firsthand experience with the application process, board members possess expert insight into how the programs are run, and can lead discussion about efficient allocation of resources. Board Programmatic Committees provide a vital link between USAC management and USF implementation.

In considering any modifications to the Board Programmatic Committees, the Commission should seek to preserve stakeholder input on USAC's administration of the four USF programs. We strongly oppose eliminating Programmatic Committees. This would impede program oversight, efficient administration, and day-to-day operations. We do not oppose the Commission's proposal to create a committee providing oversight over USAC's internal administration, to ensure efficient and cost-effective administration of the four USF programs. However, additional committees should not reduce input from USF stakeholders. Similarly, if the Commission chooses to reduce the USAC Board size, it should take steps to ensure board members continue to represent library, school, and healthcare stakeholders.

VII. CONCLUSION

SHLB and ALA appreciate this opportunity to offer recommendations to streamline E-Rate and RHC program administration and implementation.

Respectfully submitted,

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