

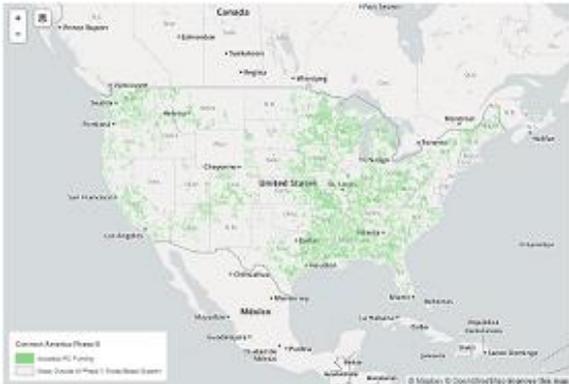
## Connect America Fund Phase II FAQs

The Connect America Fund (CAF) – a part of the Universal Service High-Cost program – is an FCC program designed to expand access to voice and broadband services for areas where they are unavailable. Through CAF Phase II, the FCC provides funding to service providers to subsidize the cost of building new network infrastructure or performing network upgrades to provide voice and broadband service in areas where it is lacking.

CAF is a multi-year program, comparable to extending electricity and phone service to rural America early in the twentieth century, and building the interstate highway system in the 1950s and '60s. To ensure CAF support is used efficiently, the FCC has focused on geographic areas that are clearly unserved or underserved by unsubsidized service providers.

CAF Phase II support is being allocated in two stages. First, the funding was offered to primarily larger local telephone companies (“price cap carriers”) on a state-by-state basis in certain high-cost unserved and underserved areas in exchange for those companies offering voice and broadband services meeting certain requirements to a required number of locations in eligible areas. Second, in areas where the support was declined and in certain other high-cost unserved and underserved areas located in the price cap carriers’ service territories, support was allocated through the CAF Phase II auction. Service providers including electric cooperatives, wireless Internet service providers, cable operators, telecom carriers, and a satellite company — competed to receive funding in exchange for offering voice and broadband services meeting certain requirements to a required number of locations in the eligible areas covered by their winning bids.

### Will broadband be offered in my area through CAF Phase II?



For a map of the areas where price cap carriers have accepted and will receive the first stage of CAF Phase II support over the course of the six-year program, visit [fcc.gov/reports-research/maps/caf-2-accepted-map](http://fcc.gov/reports-research/maps/caf-2-accepted-map).

The price cap carriers that accepted CAF Phase II support have committed to adding service for more than 3.6 million homes and businesses in 45 states and the Northern Mariana Islands.

However, in some states and areas, the price cap carriers declined the offered funding. They may continue to have an obligation to provide voice services to new locations, but they do not have the CAF Phase II obligation to provide broadband services to new locations.

For a map of the areas where service providers won support through the CAF Phase II auction and are eligible to receive support over the course of the 10-year program, visit [fcc.gov/reports-research/maps/caf2-auction903-results](http://fcc.gov/reports-research/maps/caf2-auction903-results).

At the conclusion of the CAF Phase II auction, 103 bidders won \$1.49 billion over 10 years to provide fixed broadband and voice services to over 700,000 locations in 45 states.

Prior to authorizing a winning bidder or its assignee to receive support, Commission staff evaluates whether the service provider is technically and financially capable of meeting its service obligations. Once the service provider is authorized, it begins receiving the financial support that it won in the auction. For a list of the CAF Phase II auction support recipients that have been authorized to receive support so far and the census blocks covered by their winning bids, visit [fcc.gov/auction/903](http://fcc.gov/auction/903) and view the “Authorized Auction 903 Long-Form Applicants” file under the “Data” tab.

### **What is the timetable for broadband access through CAF Phase II?**

Companies that accepted CAF Phase II support have six years to plan and offer broadband to consumers. Price cap carriers that accepted CAF Phase II support must complete their deployment by the end of 2020.

If you live in an area where a service provider won support through the CAF Phase II auction, the timing for when voice and broadband service will be offered will vary based on when the service provider is authorized to receive support. Authorized service providers have six years to plan and offer broadband to consumers from the date of their authorization.

For both stages of CAF II support, the deployment schedule is determined by the service provider, not the FCC. Moreover, not every household that is located in an area where the service provider is eligible for the support is guaranteed access. While service providers must offer voice and broadband services to a required number of locations within the covered areas, they have the flexibility to choose which locations will be offered service.

### **What are the minimum requirements for broadband services under CAF Phase II?**

The price cap carriers that accepted the first stage of CAF Phase II support must meet the following requirements for voice and broadband services:

- **Speed:** Service providers must offer broadband at speeds of at least 10 megabits per second (Mbps) downstream and 1 Mbps upstream.
- **Latency:** Service providers’ network latency cannot be higher than 100 milliseconds round trip. Latency is the time it takes for a data packet to travel back and forth through a network.
- **Usage Allowance:** Service providers must offer at least one plan with a minimum usage allowance of at least 150 gigabytes (GB) per month or a monthly usage allowance that reflects the average usage of a majority of fixed broadband customers as announced by the Wireline Competition Bureau annually, whichever is higher. Alternatively, service providers have the option of offering a usage allowance that is at or above the usage level for 80 percent of their broadband subscribers if it is at least 100 GB.
- **Pricing:** Service providers must offer service at rates reasonably comparable to rates in urban areas.

For the CAF Phase II auction, the requirements for voice and broadband services vary. Bidders had the option of submitting bids in four different performance tiers with varying speed and usage allowances, and specified whether they would offer a lower or higher latency service. Authorized support recipients must offer voice and broadband services that meet the performance requirements applicable to the performance tier(s) and latency associated with their winning bids.

The CAF Phase II auction results map shows which performance tiers and latency are applicable to the areas covered by winning bids: [fcc.gov/reports-research/maps/caf2-auction903-results](http://fcc.gov/reports-research/maps/caf2-auction903-results).



- **Performance Tiers:**
  - Minimum: broadband speeds of at least 10 Mbps downstream and 1 Mbps upstream; a monthly usage allowance of at least 150 GB
  - Baseline: broadband speeds of at least 25 Mbps downstream and 3 Mbps upstream; a monthly usage allowance of at least 150 GB or a monthly usage allowance that reflects the average usage of a majority of fixed broadband customers as announced by the Wireline Competition Bureau annually, whichever is higher
  - Above-Baseline: broadband speeds of at least 100 Mbps downstream and 20 Mbps upstream; a monthly usage allowance of at least 2 terabytes (TB)
  - Gigabit: broadband speeds of at least 1 Gigabit downstream and 500 Mbps upstream; a monthly usage allowance of at least 2 TB
  
- **Latency:**
  - Low latency: Service providers' network latency cannot be higher than 100 milliseconds round trip
  - High latency: Service providers' network latency cannot be higher than 750 milliseconds round trip, and with respect to voice performance, they must demonstrate a score of four or higher using the Mean Opinion Score, a voice quality measure
  
- **Pricing**: All service providers receiving CAF Phase II auction support, regardless of the applicable performance tier and latency, must offer service at rates reasonably comparable to rates in urban areas

### **What are the plans for broadband deployment beyond CAF Phase II?**

In August 2019, the Commission proposed a framework for the Rural Digital Opportunity Fund, which would direct up to \$20.4 billion to expand broadband in unserved rural areas. The Commission has proposed making eligible for this program areas in price cap carrier service territories that remain unserved with broadband at speeds of 25 Mbps downstream and 3 Mbps upstream, including areas unawarded in the CAF Phase II auction.

Certain areas are served by another group of service providers, primarily smaller local telephone companies ("rate-of-return carriers") that were not eligible for CAF Phase II support. These service providers receive support through other mechanisms and are usually subject to broadband obligations. For more information about rate-of-return carriers, please visit [fcc.gov/general/rate-return-resources](http://fcc.gov/general/rate-return-resources).

The FCC will monitor progress and consider additional ways to ensure access to broadband service for unserved and underserved consumers.

For more details about CAF, please visit [fcc.gov/general/connect-america-fund-caf](http://fcc.gov/general/connect-america-fund-caf).

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