

CARES Act Provisions That Impact Telecommunications Industry

March 29, 2020

While focused on broader efforts to shore up the economy, the CARES Act contains several provisions specifically of interest to telecommunications providers, including \$375 million in new funding for telecommunications-related programs across the government. These are the key provisions of the act that affect telecommunications providers:

FCC Rural Health Care Program: The act appropriates \$200 million for the FCC to use to respond to the coronavirus, including for use by healthcare providers offering telehealth services during the coronavirus emergency. FCC Chairman Ajit Pai has announced his intention to dedicate the funding to telehealth under its Rural Health Care Program. The FCC currently has budgeted about \$600 million for the program, so if all of the funds are devoted to rural telehealth, the budget would increase by about one-third. The healthcare providers subsidized by this program choose their providers for the subsidized services.

Rural Utilities Service Broadband Deployment Pilot Program: The act appropriates \$100 million for additional grants under the RUS's broadband deployment pilot program, originally created in 2018 with \$600 million in funding. To qualify for this additional funding, 90% of the households covered by the project must be in a rural area that does not have access to internet with 10 Mbps download and 1 Mbps upload speeds, and no funding is available to overbuild facilities owned by any entity that has received a loan from the RUS. Current grantees that are eligible as a result of changes in eligibility requirements will be given priority. It is likely that the vast majority of this funding will go to rural telephone companies.

Rural Utilities Service distance learning and telemedicine: The act appropriates \$25 million to be added to the budget for the RUS Distance Learning, Telemedicine and Broadband Program to be used for telemedicine and distance learning in rural areas. This appropriation increases the budget for this program by about one-third. The entities eligible for these funds include state and local governmental entities, federally recognized tribes, nonprofits and businesses.

Veterans Administration mental health services: The act permits the Veterans Administration to enter into short-term contracts with telecommunications providers to provide temporary service to isolated veterans (either free or subsidized by the VA) to support expanded mental health services through telehealth or VA Video Connect. The VA is required to give priority to veterans living in unserved areas, veterans living in rural areas, low-income veterans and other veterans at high risk for suicide or mental health concerns.

Museum and library digital network funding: The act appropriates \$50 million for the Institute of Museum and Library Services (IMLS) for response to the coronavirus, which can be used for grants to states, territories and tribes to expand digital network access, purchase internet-accessible devices and provide technical support services. Unlike many IMLS grants, no matching funds will be required. The act does not give preferences to rural or underserved communities for this funding.

Small Business Administration loan forgiveness: The SBA loans authorized by the bill can be used to cover the costs of utility services, including telephone and internet access. The loan forgiveness provision includes utility costs among the costs that can be included in forgiven loans.

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