

Telecommunications Program

Urban and Rural Rate Database: Methods & Procedures

In the RHCTelecommunications (Telecom) Program, support for eligible telecommunications services is calculated based on the difference between the rates available for identical or similar services in rural and urban areas in a state. Beginning in FY2021, USAC will determine the median urban and rural rates for each eligible service in each state and include the rates in a database publicly available on its website. Telecom Program applicants generally will use the rates from the [publicly available database](#) to complete their FCC Form 466 (Funding Request Form).

The requirements for the rates database announced in FCC Report and Order 19-78 and a follow-up letter to USAC¹ are summarized below.

Rural Rate

The rural rate will be determined using the following tiers in which a health care provider (HCP) is located:

- *Less Rural*: areas in a Core Based Statistical Area that contains an Urban Area with a population of 25,000 or greater, but are within a specific census tract that itself does not contain any part of a Place or Urban Area with a population of greater than 25,000;
- *Rural*: areas within a Core Based Statistical Area that do not have an Urban Area with a population of 25,000 or greater;
- *Extremely Rural*: areas entirely outside of a Core Based Statistical Area; and
- *Frontier* (for HCPs located in Alaska only): areas outside of a Core Based Statistical Area that are inaccessible by road as determined by the Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs.

If a rural tier includes no available rates for a particular service, USAC will use the available rate for that service from the tier next lowest in rurality in the HCP's state. For example, USAC will use rates from the rural tier if no rates are available in the Extremely Rural tier.

The rural rate will be the median of all available rates for the same or functionally similar service offered within the rural tier, applicable to the HCP's location within the state.

HCPs must use the lower of the rural rate available in USAC's database or the rate included in the service agreement that the HCP enters into with the service provider when requesting funding.

Median Rate

A median-based approach has been implemented for the rural and urban rates rather than averaging rates to account for outliers that could skew rates higher or lower. A median denotes the value that lies at the midpoint of a range of values. For example, if you have seven rates and you order them from lowest to highest, the median is the middle rate. Example: The median rate of seven values of the same or functionally similar services with rates of \$70, \$85, \$95, \$100, \$120, \$280, and \$300, the median would be \$100.²

¹ On June 20, 2020, the Federal Communications Commission Wireline Competition Bureau issued [a letter](#) to USAC containing detailed instructions developing the rates database.

² FCC Report and Order 19-78 Footnote 106

Urban Rate

The urban rate will be the median of all available rates identified by USAC for functionally similar services in all urbanized areas of the state where the HCP is located to the extent that urbanized area falls within the state. HCPs must use the urban rate available in USAC's database. Safe harbor urban rates will no longer be used or available.

Rates Information

Applicants will search using two broad categories of eligible services: data and voice. All eligible data-based services such as T1s/T3s, Ethernet, microwave, MPLS, etc. will be grouped under data and all voice services will be grouped under voice. Within these categories, users will choose whether the services they receive are dedicated or best efforts services. USAC will treat rates data as follows:

- Similar services³ are those that are functionally similar as determined from the end user's perspective.
 - Services are considered functionally similar if the advertised speed is 30% above or below the speed of the requested service.⁴
- Rates are identified as "dedicated" or "best-efforts."
- Rates for services with term and volume discounts will not be separately identified as the discounts have no bearing on whether a service is functionally similar from the end user's perspective.
- Single and multi-line voice services will be treated as similar services.
- Data used from E-Rate and RHC Programs will be from the most recent three funding years.
- E-Rate Program data will be normalized to correct inconsistencies that could skew median rates; e.g., exclude data involving school districts and consortia with more than three member sites.
- Rate information on tariffs that are currently in effect will be included regardless of when they were filed.
- Rates posted on service provider websites will only be used if it's possible to determine a rate, eligible service, bandwidth and geographic area where the rate is offered.
- Line item charges for additional fees such as network access fees, access recovery charges, USF fees, and state and local taxes will not be included when identifying a rate.
- Sources of all identified rates related to the median rate calculation will be displayed.

Dedicated vs. Best Efforts Services

[FCC Report and Order 19-78](#) directs USAC to calculate median rates for dedicated and best efforts services. To distinguish between dedicated and best efforts services, we will consider the following:

- Dedicated Services
 - All Telecom Program rates
 - HCF rates that include information about service level agreements (SLA)
 - T1/T3 (DS1/DS3) services in RHC and E-Rate Programs
- Best Efforts Services
 - E-Rate Program rates except for services that are intrinsically dedicated (e.g., T1/TE services)
 - HCF rates that do not include information about service level agreements (SLA)

³ See 47 U.S.C. § 254(h)(1)(A).

⁴ FCC Report and Order 19-78 para. 15