Oklahoma Universal Service Fund ("OUSF")

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OUSF and Lifeline History

- Oklahoma Telecommunications Act of 1997
  - Includes 17 O.S. §§ 139.102, 139.105, 139.106, 139.108, and 139.109.1
  - Oklahoma Corporation Commission Rules Title 165, Chapter 59
- Supports the availability of primary universal services at rates that are:
  - Reasonable
  - Affordable
  - Comparable to rates in urban areas
- Supports Special Universal Services
- Supports Lifeline Services
OUSF History

- Service Providers pay into the OUSF and may pass this cost on to their end-users
  - This may appear as a fee on end-users’ monthly phone bills
- E-rate and the Rural Healthcare programs (both federal programs) may cover a portion of the cost of eligible Special Universal Services
  - Oklahoma statutes allow the OUSF to fund the remaining cost of eligible services if all requirements are met
OUSF History

- Important fund that is critical for internet/broadband access for Oklahoma public schools, public libraries, and eligible healthcare entities including but not limited to:
  - Department of Mental Health and Substance Abuse Services
  - Oklahoma Department of Corrections
  - Oklahoma State Department of Health
  - Not-for-profit hospitals and Federally Qualified Health Centers
- Critically important program for rural areas of Oklahoma
  - Assists in maintaining primary services in higher cost areas
  - Supports installation of fiber throughout the service territory
OUSF Financial History

- Completed external audit and quarterly report (Current audit is pending and not available till later this year for posting.)

- Historical monthly payout reports
  - Last three months of payout

- Monthly disbursement for FY 2019-2020
  - Disbursement to each company

- Monthly OUSF financial and funding reports
  - Cash flows
  - Annual disbursements
  - OUSF monthly ending balance
Since its inception in 1997-

- From 1997- June 30, 2020
- **$412,056,393** has been disbursed for Primary and Special OUSF and Oklahoma Lifeline

**Total Disbursement**

- For FY 2019-2020- $47,370,458 which includes:
  - $9,254,756 for Special OUSF
  - $36,112,713 for Primary OUSF (reason for increase more primary OUSF causes and High Cost Fund causes)
  - $3,454 for Lifeline

- For FY 2018-2019- $24,942,793, which includes:
  - $11,370,871 for Special OUSF
  - $11,497,763 for Primary OUSF
  - $3,180 for Lifeline
High Cost Fund

- Abolished by the Oklahoma Corporation Commission in 2018
- Starting July 1, 2018-June 30, 2019: $2,321,798
- Starting July 1, 2019- June 30, 2020: $11,609,290
- Starting July 1, 2020- June 30, 2021: $20,897,085
- Starting July 1, 2021- June 30, 2022: $30,183,379
- Starting July 1, 2022- $37,148,755 per year
OUSF Successes and Improvements - Special Universal Services

- Decrease of 96.1% in cost per Mbps for Schools, from $182.70 to $7.09
- Average bandwidth—exceeds 1 Gbps
- The percentage of circuits with at least 100 Mbps increased from 32.4% to 96%
- The percentage of circuits with at least 1 Gbps increased from 2.7% to 42.3%
OUSF Successes and Improvements - Special Universal Services

- Decrease in costs since 2012 funding year when competitive bidding was enforced as a “Public Interest”
- 68% of Oklahoma School Districts—1 Mbps/Student
  - Approximately 20% higher than national average
  - FCC recommended bandwidth—1 Mbps/student

68% of OK school districts are at 1 Mbps/student

Progress toward the FCC recommended bandwidth goal

Since 2016, the cost of broadband in OK decreased by 80%

Median Cost per Mbps
OUSF Successes and Improvements-
Special Universal Services

- Of Oklahoma’s 511 school districts, three (3) districts still need fiber infrastructure
  - 99.7% of Oklahoma school districts have fiber infrastructure
- Healthcare Facilities connection prices decreased
  - 73% decreased from $5,000 in 2015 to $1,450 in 2019
  - Increased in the bandwidth
OUSF Successes and Improvements—Special Universal Services

- As a result of passage of House Bill 2616 in 2016,
  - OUSF will fund reasonable construction charges
  - Federal Universal Service Fund offer to match funds for special construction costs
  - Codified PUD processes for audits, competitive bidding, justification for non-selection of lower cost bids, and transparency.

- As result of public interest provision of the Telecommunications Act of 1997
  - Codified PUD processes to stop waste, fraud, and abuse. Some services were being selected at up to 7 times the cost offered by another bidder.

- As result of rule change in July 2019
  - OCC adopted changes in 165:59-3-64(c)
  - Added language to cover fiber as primary definition
OUSF Successes and Improvements- Special Universal Services

- Waiver of late filing issued by FCC for Oklahoma rural healthcare entities due to 2019 flooding
  - Comments filed by OUSF Administrator supporting waiver request
  - Resulted in $136,000 in federal funding

- COVID-19 pandemic
  - Immediate approval of bandwidth increase
  - 38 eligible entities requested and received immediate approval of bandwidth increases as of 9-11-2020
    - 31 eligible telemedicine facilities
    - One public library and six public schools (More locations requesting weekly)
OUSF Successes and Improvements-
Primary Universal Services

- Support for Primary Universal Service
  - Keeps rural Oklahomans connected to emergency services, to each other, and to the rest of the world
  - Supports the availability of critical network facilities to support economic development in rural Oklahoma
  - Supports the availability of critical wireline backhaul infrastructure necessary to carry some wireless services to and from rural Oklahoma
  - Supports critical network facilities that are key to the development of broadband and the goal of narrowing the Digital Divide in rural Oklahoma
OUSF Successes and Improvements - Primary Universal Services

- 16 cases were filed under 17 O.S. § 139.106(G) for FY 2019-2020
- 14 determinations were filed by June 30, 2020
- Funding request amount: $13,740,378
- OUSF approved amount: $12,409,955
- The OUSF Primary Audit team continues to audit the requests and has developed a process of remotely auditing the requested funding
OUSF Outreach

- Under-served beneficiaries
  - Reaching out to eligible healthcare facilities
  - Compiling a list of hospitals and mental health facilities
  - Informational and outbound calls to facilities
- Process improvements and training
  - Tutorial presentations and videos
  - Help service providers and beneficiaries to understand how to accurately complete requests
  - Provide easily accessible, step-by-step instructions
Thank you

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