



**Testimony of Jonathan Spalter
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Before the Subcommittee on Communications and Technology
House Committee on Energy and Commerce
“Closing the Digital Divide: Broadband Infrastructure Solutions”
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Introduction

Chairman Blackburn, Ranking Member Doyle, and other distinguished Members of the Subcommittee, thank you for the opportunity to testify at this important hearing. My name is Jonathan Spalter and I am the President and CEO of USTelecom.

USTelecom is the nation's leading trade association representing the interests of broadband service providers and suppliers for the telecom industry. Our diverse membership ranges from large publicly traded communications corporations to small companies and cooperatives – all providing advanced communications services to markets both urban and rural and everything in between.

We applaud the subcommittee for conducting today’s hearing. Closing the digital divide should be one of our nation’s top priorities, and addressing certain challenges related to the deployment of broadband infrastructure is critical to narrowing the gap between broadband deployment in urban and rural areas. As Congress works to develop broadband infrastructure legislation, this hearing presents a timely opportunity to discuss the key components that will speed the deployment of broadband infrastructure to rural communities.

The Importance of Closing the Digital Divide

We all agree that addressing our nation’s infrastructure needs, including our digital infrastructure, is an important national priority. We also know that the ones and zeros of broadband are neither red nor blue. We all need to work together toward legislation that is good for the country and for your constituents. This Committee’s bipartisan focus on removing barriers to infrastructure buildout,



supporting and encouraging innovation, and strengthening the public safety benefits that result from access to broadband is exemplary and should be continually strengthened.

Earlier this month, the Administration’s Rural Prosperity Report from the Department of Agriculture signaled that our government is focused on ensuring that our rural areas do not get left behind in the nation’s accelerating transition to an interconnected, digital economy. I was similarly encouraged to see a recent letter from the bipartisan House Rural Broadband Caucus outlining why broadband connectivity and closing the digital divide is so important: “Rural communities must have adequate broadband infrastructure to attract and retain businesses and human resources, close the homework gap for students and teachers, open innovative and convenient pathways to telemedicine for seniors and providers, and help farmers increase efficiencies in their barns and on their land.”

We could not agree more and USTelecom’s members are working hard to deploy networks and invest in and connect communities from coast to coast. But we cannot do this alone.

Broadband service is no longer a luxury; it is an essential component of our national infrastructure and economic success. Many Americans in urban areas use broadband for a variety of purposes: communicating with loved ones, accessing health care and educational resources, expressing their views on social media, shopping for goods and services as well as making their own goods and services available to others throughout the country and the world. But for too many Americans living or working on our farms or ranches and along our mountain valleys, our forests, tundra and plains, the promise and potential that connectivity can bring remains elusive.

In addition, many Americans in rural areas do not have immediate access to health care and educational resources that broadband connectivity could supplement if such connectivity is available. By the end of the decade, there could be 45,000 fewer rural doctors, making the need for connected care even more critical. And more than 5 million rural students will be pursuing online degrees.



While we face some deployment obstacles in rural parts of the country, we also must do more to accelerate adoption in urban areas. Every citizen, whether living in rural or urban areas benefits from connecting to the internet ecosystem. Our member companies are consistently looking for new and creative ways to serve their existing customers and attract new ones. The ability to offer innovative new pricing and service options to further increase adoption in both urban and rural areas is an important factor in today's highly competitive broadband market. USTelecom's member companies are working to lower barriers to adoption and to deploy high speed connections as far and wide as possible.

Key Components of Broadband Infrastructure Legislation

Broadband providers are on the front line in the effort to close the digital divide investing \$1.6 trillion of their own capital to upgrade and expand the nation's digital infrastructure since 1996. As a result, over the past decade, broadband in rural homes has risen 117 percent.

Despite these efforts, there is more work to be done. Many of USTelecom's member-companies, family-owned businesses in small towns serving American's rural heartland, can testify to how expensive it can be to expand or upgrade networks in rural areas. While the Executive Orders signed by the President are a welcome first step in addressing this issue, Congressional action is also critical to address this gap. We need bipartisan legislation to (1) ensure sustainable and direct federal funding to support rural broadband deployment and (2) reduce regulatory barriers, both of which will also incentivize more private investment.

Direct Federal Funding for Rural Broadband Deployment

There is a clearly demonstrated need for federal funding for broadband infrastructure in rural areas where there is no business case to deploy next-generation networks. And, for the reasons I previously discussed, broadband deployment is too critical to merely be an option for larger spending

initiatives; broadband must have its own specific funding allocation, a position with which the co-chairs of the Rural Broadband Caucus recently agreed.

In addition, broadband deployment's significant multiplier effect, which directly contributes to job creation, economic growth, advances in health care delivery, improved educational outcomes, enhanced access to government services, and other societal benefits, means that monies allocated directly to broadband deployment will be leveraged for these other important priorities. Given this, Congress should ensure that brick and mortar infrastructure projects funded by federal dollars are future proofed by integrating broadband connectivity. We must commit not only to closing the digital divide which exists between our communities, but also the broadband gap which exists between many of our nation's physical infrastructure assets. When traditional infrastructure is equipped with broadband, we know it is not only smarter, but also safer, more resilient, and more cost effective.

Investing in rural wireline broadband infrastructure is also critical to ensuring that rural Americans can avail themselves of the opportunities associated with the wireless 5G revolution which will depend on enhanced fiber deployments. Small cells rely on fiber to deliver wireless traffic back to the network.

Further, any increase in direct spending should be administered by the Federal Communications Commission through an increase in high-cost universal service fund support, or through a direct appropriation from Congress. Time is of the essence. We should look to existing programs that are well equipped to get additional resources out to the communities as quickly as possible. And to maximize finite resources to really bridge the digital divide, any increase in direct spending for broadband deployment should be targeted to ensure that funding to unserved areas is prioritized.

Permitting Reform

Congress needs to pass legislation that standardizes and streamlines permitting necessary to deploy broadband infrastructure which would help speed deployment. When scarce capital is being allocated to increase broadband connectivity, state and localities should not impede that deployment by delaying the granting of permits or insisting upon non-cost-based fees for access to rights-of-way and other conduit. The same principle applies to federal lands, which is why the Administration's recent Executive Orders covering deployment on federal lands are so important, as are the bills under consideration today. Bills like Representative Mimi Walters' "Communications Facilities Deployment on Federal Property Act of 2018," Representative Paul Tonko's "ACCESS BROADBAND Act," and Representative John Shimkus' "Streamlining Permitting to Enable Efficient Deployment of Broadband Infrastructure," are vital to tackling this issue with streamlined, responsible solutions. So too are the principles put forth by the numerous resolutions that should guide any infrastructure effort moving forward in this body. Thank you to Representative Bob Latta for emphasizing parity via technical neutrality and consistent rules, and Vice Chairman Leonard Lance for keeping our focus tailored on the truly unserved areas in our country. As we continue the sprint toward the next generation of communication networks, these principles will expedite the realization of a fully connected future.

Pole Attachment Reform

Just as states and localities can impede broadband deployment by making it more difficult to deploy broadband infrastructure in rights-of-way and other conduit, pole owners can also slow broadband deployment and make it much more costly. Congress should fix the disparities in Section 224 of the Communications Act, eliminating not only the exclusions for municipalities and co-ops, but also treating the Commission's rate formula as a ceiling, rather than a floor, and providing that all attachments should be treated alike for rate purposes.

Conclusion

The challenges associated with rural broadband connectivity require an enduring private and public sector effort. USTelecom and its member-companies stand ready to work with this subcommittee, Congress, and the Administration to enhance broadband connectivity in rural areas. We commend the members of this subcommittee who have introduced legislation to address the problems associated with broadband deployment, and we look forward to working with all of you to help close the digital divide.

A sustained effort will take time and resources, but is essential if rural Americans are going to have the opportunity to benefit from the digital revolution. Thank you again for the opportunity to testify before you today.