

## **The Honorable Randy Weber**

- 1. I think we all agree that ACP, in the ideal sense, is a good thing. But I believe the program still needs reforms to address concerns about wasted taxpayer dollars and to be sure, we are sending those dollars where they are needed most. How can Congress address the issue of eligibility for the program and ensure that only those with need receive the subsidy?**

The ACP is a program that's working, but that doesn't mean it can't be improved. The FCC has taken many steps to protect the integrity and the success of the program—like improving IT systems to better detect improper enrollments and stepping up enforcement and audit efforts. There are 1,300 providers participating in the ACP and we cannot let a few bad actors keep more than 21 million low-income households from accessing the connectivity they need to succeed in our digital economy.

Enrollment processes and eligibility requirements are things Congress may choose to examine, but Congress should act now to replenish the ACP with enough funding to bridge the gap until a sustainable long-term funding solution can be applied. Not only is the ACP helping millions of Americans connect to the Internet, it is also empowering these customers to make choices about the right Internet plan for their needs. More than 21 million families are realizing the power and promise of broadband through the ACP—for everything from education to searching for jobs to accessing telehealth. But the success of the ACP could be in jeopardy as your constituents could lose their funding for this program sometime next year.

There is a two-step process to solving the funding shortage. First, stop-gap funding is needed to sustain the program until a permanent, long-term funding solution is in place. Second, that long-term funding solution is to include the ACP in the Universal Service Fund with an expanded base of contributors. It is time that those who benefit the most financially from the Internet contribute to connectivity, affordability, and accessibility through the USF.

## **The Honorable Rick Allen**

- 1. Can you talk about your experiences dealing with different agencies? Are they communicating with each other and how can that be improved?**

To stretch broadband funding dollars as far as possible, all Federal and State agencies should rely on the FCC's new broadband map as the consolidated, single source for determining which projects to fund. This single data source approach will ensure that all Federal agencies are aligned in their purpose and goals.

In addition, given that some federal broadband funding is distributed by the States, like ARPA funding, federal agencies should require States to report where they are making awards and when the award is made, as opposed to when the project is ultimately complete. Otherwise, we risk duplicating or wasting public funding.

**2. Currently, the U.S. federal courts system is deciding whether the funding mechanisms for the FCC’s Universal Service Fund are unconstitutional. How should congress respond if the courts decide that these funding mechanisms are unconstitutional?**

Congress’ direction to the FCC in the 1996 Act to collect contributions supporting universal service programs is constitutional. A ruling otherwise—more than 25 years later—would be a *force majeure* for our nation’s commitment to universal connectivity. It would deny the benefit of affordable broadband to millions of Americans living in hard-to-reach, rural and remote areas. Investment would cease in these areas without this government partnership.

Congress must ensure that universal service support continues. We simply cannot afford to allow the program, which supports broadband in rural America, for low-income consumers, and schools, libraries, and health care providers, to collapse. And to ensure the Universal Service Fund’s sustainability for the future, Congress must expand the base of contributors to include those companies that benefit the most from broadband connectivity.

**The Honorable Russ Fulcher**

**1. Telehealth is very important to my constituents, who may be afar from a hospital or health center. We spend a lot to improve access to telehealth in recent years. Can you discuss how we can continue to support this important service?**

Like roads and bridges, broadband infrastructure must be maintained, repaired, and upgraded to keep pace with the ever-increasing demands placed on these networks. Broadband providers are equipped to use their own capital investment to meet these needs in the areas where the network is self-sustaining. However, USF provides support for the operational expenses necessary to maintain, repair, and upgrade these networks in the hardest-to-serve areas of the country, or in other words, those places that rely on telehealth the most.

**2. Which broadband program has been the easiest to work with and what lessons can we take from how it operates?**

The FCC’s Universal Service Fund has been vitally important for the deployment and maintenance of broadband networks in truly unserved areas. To sustain the Universal Service Fund for the future, the contributions base should be expanded to include those companies that benefit the most from broadband connectivity, specifically dominant tech companies that drive the vast majority of Internet traffic but do not contribute to the Fund.

Additionally, under current law, all broadband grants, including those in the BEAD program, the ARPA’s Capital Projects Fund, and USDA rural deployment funding, must be treated as taxable income. This means that roughly \$1 in every \$5 flowing to communities for infrastructure must be returned to the IRS. But closing the digital divide, particularly in the hardest-to-reach rural communities, will require maximizing federal infrastructure dollars. Congress should pass legislation to make clear that these resources should remain in the communities they aim to

serve—rather than be taxed back to Washington. Congress should also extend tax incentives such as immediate depreciation of assets to spur greater broadband deployment.

### **3. What have you seen in different programs that help small providers?**

Recently, the Commission's ACAM action to provide rural providers with additional funding in exchange for increased speed and deployment obligations supports good policy. First, it provides essential support for rural carriers dependent on USF, which have been serving these communities for decades to sustain their operations. Second, it better targets BEAD funding in these areas.

### **4. Smaller broadband providers can rely on subcontractors to lower the cost to bid on projects, making them more competitive. Small broadband providers are crucial in my state. They also have knowledge of the local needs and challenges with getting broadband installed. Other ideas include simplifying the process, and not imposing Davis-Bacon and other prevailing wage rules on contractors like we have seen in manufactured housing and in the trailer markets. Can we keep this limited, given BEAD requirements?**

USTelecom represents providers of all sizes, including some of the smallest providers in the country. Each day I see the merits of their hard work and witness the adept way they navigate the unique challenges they face in their service territories. I agree with you, that all of our members will need to have all available skilled workers' at the ready to deploy broadband as quickly as possible. NTIA should ensure states do not attempt to impose more stringent requirements, like Davis-Bacon, that are not included in the IIJA.

### **The Honorable August Pfluger**

### **1. In your written testimony, you discuss ways to minimized burdensome requirements in BEAD to make them consistent with thither broadband infrastructure programs, like RDOF, and maximize private capital's ability to invest in the future of buildouts. From my understanding, the letter of credit requirement was put in place to protect against fraud, but presented challenges to some providers. Could you please briefly describe your member's concerns with the letter of credit requirement for BEAD funding?**

#### **a. Could this requirement sideline some of our best-positioned providers from competing in BEAD?**

The 25% letter of credit requirement could certainly reduce provider participation and reduce the amount of broadband deployed in the next few years using private capital. The fees to banks for the letter of credit could exceed \$2 billion—that money should be going to deploy broadband, not to banks. And the \$10+ billion in provider capital used for letters of credit will, in effect, sit in banks and be unavailable to build fiber to homes and businesses in rural America that need it. Instead, NTIA should adopt alternatives to a letter of credit to vet the financial wherewithal of BEAD applicants, such as a parent guarantee or a bank reference letter.