

**QFR Responses from Greg Hale – E&C Subcommittee on Communications and Technology hearing
titled “Fixing Biden’s Broadband Blunder”**

The Honorable Doris Matsui

1. Reliable, high-speed broadband access is a fundamental pillar of modern life. From rural broadband deployment to vital programs like Lifeline and E-Rate, the Universal Service Fund has been a savior for millions of Americans.

That’s why I’m co-leading the bipartisan, bicameral group U-S-F Working Group to find solutions and ensure U-S-F remains resilient for years to come.

That’s also why I joined a bipartisan Congressional amicus brief to the Supreme Court defending the constitutionality of U-S-F.

Mr. Hale, why is it so critical for Congress to modernize U-S-F to secure broadband affordability for Americans and complement programs such as BEAD?

- a) *First, thank you Congresswoman for your leadership and commitment to universal service. Your work on the USF Working Group and support for the bipartisan Congressional amicus brief has been invaluable towards sustaining the fundamental and essential mission of universal service. To achieve and sustain core statutory and related public policy objectives related to universal service, it is essential that policymakers act to ensure: (a) that contribution responsibility is shared reasonably and equitably among all users of the underlying networks that universal service seeks to promote; and (b) that all those that benefit from broadband networks help to recover the costs of deploying and operating them.*

Without modernizing USF for future needs there will be no broadband in many areas. Some Americans will never receive broadband, many existing networks will cease to exist, and services over the networks that remain will become increasingly unaffordable. If we do not modernize USF, it will eventually fail in its mission to provide ongoing UNIVERSAL service. USF support is necessary so that existing networks may be sustained and services kept affordable. If executed properly, the BEAD program should help build new and adequate networks in remaining unserved areas, but USF will likely still be required in some of these areas in the future to maintain them and keep them affordable – and there are many networks in areas today that were not built leveraging BEAD or other grant programs. We must modernize USF to make sure all Americans can afford to participate in our economy, participate as a citizen, and receive all the educational, health, quality-of-life and other benefits that now require robust broadband.

The Honorable Kathy Castor

1. Mr. Hale, can you speak to us for a few moments about the threats to USF, where they come from, and the potential impact on consumers in Florida if the program goes?

a) *Currently, the biggest threat to USF is the Fifth Circuit decision that USF is unconstitutional and the Supreme Court's review of that decision. Should a negative ruling be decided, it would have substantial adverse impacts on the state of connectivity in rural America, and rural Floridians. NTCA recently conducted a survey of its members to determine how a negative decision might affect the rates paid by their consumers, future broadband investment plans, and the viability of rural networks. Among the key findings of the survey were:*

- *If USF support were eliminated, rural Americans' broadband rates could skyrocket.*
- *If USF support were eliminated, broadband network investments could drop significantly in the coming years.*

Additional threats come from those that simply do not believe that all Americans deserve adequate, reliable and affordable broadband. However, we all know that our government must be involved in helping build adequate infrastructure across our country for our country to be prosperous. This happens each day with electricity, water, energy and transportation and broadband is just as important.

If USF support were eliminated, there is substantial potential for default on outstanding network construction loans, including many held by the federal government – which would translate to a negative impact on the federal budget in the event of such defaults. Many existing networks would be in jeopardy of failing and enhancing the digital divide. Many Americans would be left out of the modern economy and disadvantaged in their participation in government, education, health-care opportunities and many more services that only broadband can effectively provide.

Due to many areas in Florida having a good number of citizens, High-Cost Universal Service receipts are relatively low compared to more rural states but are critically important to the Florida companies that receive high-cost support to maintain their networks and keep them affordable. High-Cost receipts in Florida were around \$27 million in 2024. However, Florida receives approximately \$150 million per year in E-rate funding that helps schools afford connectivity. If this funding was lost it would have a devastating impact on school budgets across the state. Low-income consumers in Florida also receive benefits of almost \$34 million total annually, which helps keep phone or broadband services more affordable for those that are at lower household income levels.

The Honorable Greg Landsman

1. Mr. Hale, your company operates in a footprint that some of the bigger providers wouldn't try to serve, but clearly you have built a business that serves your community with a durable, reliable, fiber-based network. Do you, and other rural providers like LTC, want to keep expanding deeper into rural communities? Or are they ready to cede the territory to Starlink?

- a) *The mission of LTC Connect and other community-based broadband providers has always been to try and bring sufficient and affordable communications to as many rural Americans as possible. I believe rural providers constantly look for ways to make broadband expansion into areas with unserved customers possible. Almost all these providers have made the decision to deploy fiber in most locations while also using alternative technologies when necessary. When we look at the current and future needs of customers and consider the reduced capital and maintenance costs over the next several decades the fiber solution shines. When we add the connectivity requirements for businesses that bring great jobs to our communities, fiber is just a beginning for economic development. When we see the need for fiber at the base of every wireless communications tower it becomes clear. While there may be some extremely high-cost locations where fiber cannot be deployed, I personally believe we should try and find solutions for fiber deployment first, and then seek other solutions when fiber is deemed impossible. In my opinion fiber is the best long-term solution when fiber deployment is possible – it's the best long-term investment for the community, and it provides the best long-term return on the private and public capital that is going to pay for it.*

Small, rural broadband providers look forward to participating in any funding programs that may help build a successful, long-term business plan for bringing adequate broadband service to new locations without imposing unnecessary regulatory burdens on the participant. States know best the local challenges they face, and we believe states should be allowed flexibility to decide what providers and technologies work best for their unique circumstances.