

***“Moving America’s Infrastructure Forward” Hearing***

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Before the  
United States House of Representatives  
Committee on Small Business  
Subcommittee on Contracting and Infrastructure

Chairman Golden, Ranking Member Stauber, and other distinguished Members of the Subcommittee, thank you for the opportunity to testify at this important hearing on how federal infrastructure investment can support small business job creation and increased connectivity in the United States.

I am Mike Saperstein, and I represent USTelecom – The Broadband Association, the nation's premiere trade association for the broadband providers, suppliers, and innovators bringing high-speed internet and future-focused connectivity to families, communities and enterprises here in America and around the globe. Our diverse membership ranges from large publicly traded global communications providers, manufacturers, and technology enterprises, to local and regional companies and cooperatives – all providing advanced communications services to customers nationwide – urban, rural and everything in between.

Thank you for focusing this hearing on how investing in infrastructure impacts the small businesses, entrepreneurs, and startups that are the backbone of the American economy. USTelecom shares Congress’s goal to connect every single American to the internet – the 21st century’s indispensable resource – no matter their zip code. A meaningful infrastructure bill will recognize there are numerous factors that must be addressed to narrow the digital divide. It will support robust and targeted broadband deployment via direct funding and also make regulatory changes to remove barriers to broadband deployment. Smart, connected solutions must be an integral part of every mile of American infrastructure constructed or reconstructed in the coming years. By investing in America’s broadband infrastructure today, Congress can set the foundation for generations of commercial growth.

Many members of our association are actually multi-generational local businesses from our nation’s heartland with a history of entrepreneurship and innovation that have underpinned economic growth and job creation in the communities they serve.

Silver Star Communications, a telephone and internet service provider in Wyoming and Idaho, is one such small business that traces its roots to 1948 when they connected rural farmers over telephone wires atop a barbed wire fence. The company once shared: “Service outages happened when a farmer moved the cows and forgot to reconnect the jumper at the gate.”

Infrastructure and technology may have changed, but today that small business serves nine rural counties across 17,000 square miles and was the first provider in the state to deliver gigabit internet service to residential customers over a fiber optic network.

My point is this: small companies and digital connectivity businesses are not mutually exclusive. In fact, modern economic opportunity is fundamentally dependent on access to the greatest American innovation of the past century, the internet. With 50% of small businesses based out of the home,<sup>1</sup> we have an imperative to enable the next generation of entrepreneurship by making sure all Americans have access to broadband wherever they may work or live. The Small Business Administration (SBA) estimates that “the industries in which businesses are most likely to be home-based are information (70.0%), construction (68.2%), and professional, scientific, and technical services (65.3%),” all of which rely on broadband connections and some of which are completely dependent upon them. As internet-based applications continue to skyrocket, so too has the potential for commerce. There has never been a greater need for robust, secure and reliable internet access to connect with potential customers and business partners around the globe.

### The Moving Forward Framework

Broadband is as critical to America’s global competitiveness as reliable roads, bridges, water and energy systems. Indeed, broadband offers the possibility to connect Americans from all corners of the country with the click of a button bypassing roads and bridges altogether. We agree with the bipartisan belief that connecting unserved parts of America will require a smart and sustained partnership between government and broadband providers that prioritizes funding to communities on the wrong side of the digital divide. The Moving Forward Framework is a bold example of a game-changing down payment and, if implemented, would be an exemplary piece of legislation that targets many of the multifaceted challenges to universal broadband access and adoption.

The Framework’s investment of \$80 billion over five years to deploy resilient high-speed broadband infrastructure is a bold and necessary deposit to bring future-proof internet access to parts of the country where there may not be a viable business case to deploy next-generation networks. When combined with the \$76 billion-plus annual private investment from broadband providers<sup>2</sup>, these finite government dollars would better enable and deploy infrastructure to sparsely populated and geographically challenging communities.

Public-private partnerships, like the Framework proposes, are the most effective way to bridge the digital divide, and can be accomplished on the macro and micro level. The Federal Communications Commission’s (FCC) Connect America Fund (CAF) has taken on the same challenge of universal broadband service and enlisted the help of experienced internet service providers to do so. By the end

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<sup>1</sup> U.S. Small Business Administration, Office of Advocacy, Frequently Asked Questions About Small Businesses (2018), <https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>.

<sup>2</sup> USTelecom—The Broadband Association, U.S. Broadband Investment Continued Upswing in 2018 (July 31, 2019) <https://www.ustelecom.org/research/u-s-broadband-investment-continued-upswing-in-2018/>.

of this year, CAF Phase II deployment, largely by USTelecom's members, will have brought high-speed connections to over 3.6 million homes and small businesses in 24 states and one U.S. territory.<sup>3</sup> The FCC's recently adopted Rural Digital Opportunity Fund will allocate \$16 billion in funding to unserved areas over the next 10 years via a competitive auction by the end of 2020. These are substantial steps towards a more connected nation that harness the power of American businesses by providing a direct subsidy to support broadband in areas that are otherwise uneconomic to serve. Indeed, many of America's broadband providers that will be tapped for this challenge are small businesses themselves.

On a local level, we have seen communities taking innovative approaches to public-private partnerships to enhance their connectivity. Last year, the town of Brooklin, Maine and Consolidated Communications developed a public-private partnership to creatively tackle broadband deployment to the coastal community.<sup>4</sup> The community and Consolidated will share the cost of the incremental network build that will add fiber capacity, upgrade equipment and provide network back-up provisions, resulting in significantly faster and more reliable broadband connectivity. We have another similar success story in Chesterfield, New Hampshire.<sup>5</sup> Public-private partnerships of all sizes, pairing willing governments and experienced broadband service providers as indispensable partners should be incentivized wherever feasible. These relationships provide the sustained commitment, technical know-how, operational expertise, and financial wherewithal necessary for successful deployment and maintenance of life changing communications infrastructure.

The details of the Framework's disbursement are critically important, and the new program it creates should be administered primarily by the FCC, the expert agency with experience developing and distributing targeted funding for broadband deployment. This year's Rural Digital Opportunity Fund can serve as a blueprint for awarding broadband funding in an efficient, competitively neutral manner.

Federal broadband funding should be targeted first to areas of the country truly unserved by broadband and not used to construct duplicative networks that overbuild a provider's existing infrastructure. We commend this subcommittee for already holding a hearing on broadband mapping this Congress, which we view as the first critical step to identifying who is served, and more importantly, who remains underserved in our country. Congress, the FCC and the Administration have recognized this as well and have made updating our country's mapping data a top priority.

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<sup>3</sup> Universal Service Admin. Co., CAF Phase II, <https://www.usac.org/high-cost/funds/caf-phase-ii/> (last visited Feb. 25, 2020).

<sup>4</sup> Consolidated Communications, Press Release, Consolidated Communications Collaborates with Rural Maine Town on Creative Approach to Delivering High-Speed Internet Access to the Community (Apr. 8, 2019) <https://www.consolidated.com/about-us/news/article-detail/id/663/consolidated-communications-collaborates-with-rural-maine-town-on-creative-approach-to-delivering-high-speed-internet-access-to-the-community>.

<sup>5</sup> Consolidated Communications, Press Release, Consolidated Communications Turning Up High-Speed Broadband Network in Chesterfield, N.H., (Oct. 23, 2019) <https://www.consolidated.com/about-us/news/article-detail/id/705/consolidated-communications-turning-up-high-speed-broadband-network-in-chesterfield-nh>.

USTelecom recently completed its Broadband Mapping Initiative,<sup>6</sup> a pilot program conducted in Virginia and Missouri that harnessed big data and new technology to provide more visibility into the number and location of homes and businesses that remain outside the lines of our broadband economy. We found a margin of error up to 38% on the current federal methodology. In human terms, that's up to 445,000 homes inaccurately marked served in the two pilot states. We also found one in four unserved physical locations were misplaced on maps by more than a football field's length. That's a big difference as companies consider the cost of laying fiber to these locations.

Additionally, because the cost of delivering resilient and reliable broadband connectivity naturally varies (depending on factors like geography and population), legislation should establish reasonable and realistic service parameters for speed, latency and cost—and allocate funding accordingly. The goal should be to connect as many Americans as possible to fast and capable broadband that will allow them to communicate with their families, run their businesses from their home office, and utilize the next generation of applications. With our current limited resources we are continually mindful of the trade-offs between investing in future-proof, but more costly, networks, and ensuring all Americans have a baseline level of connectivity. The \$80 billion proposed in the Framework would fundamentally alter this calculation and provide a future-proof network in many of the areas where it has previously been unattainable.

USTelecom also appreciates the Framework's focus on adoption and digital equity. Our members' experience shows that broadband adoption, particularly in rural areas, can lag even once the connection is available. Allocating over a billion dollars in two different programs to promote digital equity at the state level and otherwise promote digital inclusion activities to catalyze adoption among covered populations is an important endeavor. The Framework understands that states and localities can perform a critical, more personal, role in allowing people to become comfortable and proficient using devices to access more information than ever before.

If the goal is to promote the next generation of small business entrepreneurs, we need to make sure they are fully proficient in the digital economy. This can include training on how to get online, what types of devices are best suited for their needs, and how to go about accessing key resources that may have previously been unknown—including the SBA's vast trove of offerings designed to help start-up businesses access capital, counseling and contracting. In the process, we are also providing an on-ramp to educate the next generation of start-ups. As more and more schools begin assigning homework via the internet, this focus is now critical to help students learn how to be citizens of the digital future as well as help their parents and grandparents familiarize themselves with new internet-connected capabilities. Digital learning does not stop at the classroom door.

The Framework also correctly incentivizes efforts to implement Next Generation 9-1-1 (NG 911) services so that our emergency response networks are as accessible, efficient and effective as possible. By issuing

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<sup>6</sup> USTelecom—The Broadband Association, Action Center: Broadband Mapping Initiative, <https://www.ustelecom.org/broadband-mapping-initiative-action-center/> (last visited Feb. 25, 2020).

\$12 billion dollars in grants for NG 911, Congress is taking an important step towards promoting a resilient life-saving network that will better enable our nation's first responders to reach those in need.

#### Continued Need to Remove Barriers to Deployment

An influx of \$86 billion for broadband investment would indeed be a transformative boost to American communications capabilities, but at the same time, Congress, state and localities need to focus on modernizing existing regulations to ensure infrastructure companies can physically deploy their networks as efficiently as possible when armed with this new capital. We risk precluding the next small business from meaningfully connecting to their clients or customers if common-sense modifications to railroad rights of ways or local permitting obstacles continue to stall deployment. State and local rights of way issues can impede the efficient deployment of broadband, therefore federal legislation should include a coordinated federal government effort to standardize and streamline permitting for wired broadband, wireless backhaul and tower connectivity. We must also be mindful to ensure that the rules of the road reflect today's changed and competitive marketplace and spur *continued investment* beyond the next five years in fiber to increase speeds and resiliency on existing networks. A holistic look at the deployment lifecycle will better connect everyone and every community in this country to the full potential of broadband—for local jobs and economic growth, for health care, for education, and for public safety.

Discordant pole attachment rates are another outdated regulatory structure in need of modernization. Poles are necessary infrastructure to broadband deployment, particularly in rural areas. Providers of telecommunications services attach network components such as fiber, coaxial cables, and wires to utility poles, which are typically owned and operated by electric or power utilities. The FCC has taken numerous steps to drive competitively neutral pole attachment rates, including most recently via a 2018 Order designed to remove barriers to wireline broadband deployment. Still, some pole attachment rates are not within the FCC's jurisdiction—particularly those owned by municipalities and cooperatives—and those entities continue to charge pole attachment rates significantly higher than in the areas under the FCC's control. These excessive pole attachment rates serve as a barrier to broadband deployment as money spent on pole attachments necessarily diverts from money spent on fiber facilities.

#### What this Investment would mean for the Future

In order to future proof this investment into American connectivity, Congress would be wise to prioritize terrestrial broadband infrastructure that will pave the way for a 5G future. Rural 5G connectivity cannot exist without a ubiquitous fiber backbone, and the faster we can deploy that essential component to both wireline and wireless communications, the sooner Americans living outside of urban areas will benefit from contemporary applications and services. 5G technology is only "wireless" for the last mile. So prioritizing investment in fixed broadband will be absolutely necessary to bring 5G and future iterations of communications technology to rural communities by laying a large amount of fiber infrastructure.

Universal internet access will level the playing field for all types of innovators and small businesses. Emerging 5G technology will be a critical driver of economic growth and job creation in the years ahead, especially for small businesses and sole proprietorships, unleashing a wave of new innovation that we cannot yet imagine. The global winner in this race will be the country that proves its commitment to innovation in the form of digital health, Artificial Intelligence, and the next groundbreaking application or disruptive process improvement brought to market by a small business in your district.

This connected future includes the Internet of Things and gives us the opportunity to consider how to make infrastructure like roads and bridges “smart” in the process. We should build terrestrial “broadband once” to make our infrastructure withstand the test of time.

#### Federal Leadership Is Necessary

There is broad agreement that major investment in our national infrastructure is long overdue. The Moving Forward Framework is a tremendous first step to a national infrastructure bill that narrows the digital divide to rural and other underserved communities, supports broadband deployment, modernizes networks and gets more Americans connected to the internet. As the Committee and Congress does its work, we must ensure the bipartisan drumbeat remains to ensure that every dollar you devote is used most efficiently, avoiding duplication, and targeted to the areas that are truly unserved.

The opportunities associated with accelerating rural broadband connectivity require an enduring public - private partnership. USTelecom and its member companies stand ready to work with this Committee, Congress, and the Administration to continue making significant steps to close the digital divide. A sustained effort will take time and resources, along with partnership, imagination and innovation, but these are essential if all Americans are going to have the opportunity to fully benefit from our nation’s global digital leadership.

Thank you again for this opportunity.