

May 17, 2018

The Honorable Ajit V. Pai, Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai:

We write to raise concerns about your stewardship of the broadband deployment programs administered by Federal Communications Commission (FCC), and specifically your delay in addressing a 15 percent cut to the program that brings internet access to the most rural and hard to reach parts of the country (the Legacy Rate of Return Program). While we appreciate your willingness to give voice to the importance of rural broadband, your actions do not seem to reflect the same urgency to connect people in rural America. In the end, your actions have spoken louder than your words.

Broadband internet access is critical for participating in everyday life and serves as the engine of America's modern economy. In your first address to FCC officials after assuming the title of Chair in January 2017, you rightly noted that closing the digital divide must be a "core priority" of the Commission. We were pleased to hear that you would focus the FCC's attention where it belongs.

Yet your actions so far do not match your rhetoric. You have overseen the imposition of broadband funding cuts to the Rural Healthcare Program that helps fund the broadband necessary to support telehealth at rural health centers. You have sought to dismantle the Lifeline program that helps provide broadband for struggling families and veterans. And now, you delayed action that could have prevented slashing 15 percent of the FCC's support to areas where broadband is most desperately needed.

Rather than taking responsibility for fixing this looming problem, we were troubled that after spending over 15 months as Chairman, you still resort to blaming previous administrations. If you truly feel as strongly about rural broadband as you claim, you should have had time to mitigate and correct for the current cut to rural support. Instead you waited nearly a year to even begin consideration of a fix to this cut.

We therefore request answers to the following questions about your decision to allow a 15 percent cut to rural broadband deployment.

1. You issued a statement claiming that the upcoming cut to the Legacy Rate of Return Program was due to decisions made several years ago. How long after this years-old decision was made did you or your staff first realize that it would lead to a cut in funding to rural carriers? Please provide all supporting documentation.

The Honorable Ajit V. Pai

May 15, 2018

Page 2

2. How long after this realization did you instruct your staff to act to correct this problem?
3. When you learned of the cut, did you or your staff undergo any effort to inform Congress of the forthcoming shortfall? Please provide all supporting documentation.
4. What specific mechanisms does the Commission employ for monitoring the uptake in use of broadband support programs administered by the FCC? Please provide explanations of such mechanisms and all supporting documentation.

We appreciate your attention to this important matter. Please provide responses to this letter within three weeks of sending.

Sincerely,



Ben Ray Lujan
Member of Congress



Peter Welch
Member of Congress



Federal Communications Commission
Washington, D.C. 20554

July 23, 2018

The Honorable Peter Welch
U.S. House of Representatives
2303 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Welch:

Thank you for your letter concerning the Universal Service Fund. Closing the digital divide is one of my top priorities. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those American communities struggling to stay afloat.

Rural Americans deserve the same digital access as those living in urban areas. Simply put, we need more deployment in sparsely populated rural areas if we're going to extend digital opportunity to all Americans. The Commission's several recent changes to the USF programs are designed to incentivize providers to continue to operate and further deploy broadband networks in rural areas efficiently.

Like you, I was concerned by the cuts to funding for rural broadband deployment in the legacy rate-of-return program. As you may know, those cuts were a result of the *2016 Rate-of-Return Reform Order*, and I was the only Commissioner to dissent from that order even in part. The full impact of those cuts did not become clear until fully implemented in 2017. Once staff identified these impacts, I directed staff to begin developing an order that could address these cuts and garner majority support at the Commission.

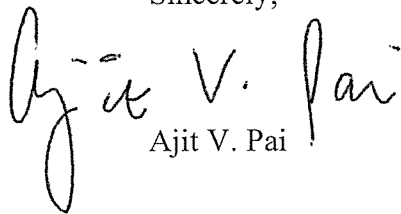
In January 2018, I circulated an order to mitigate the impact of these cuts and address other inefficiencies in the rate-of-return system. That order was a big win for rural communities that want high-speed Internet and are served by rate-of-return carriers. For legacy rate-of-return carriers in particular, the order provided \$180 million in one-time funding to mitigate the effect of the budget control mechanism for the prior funding year. It also dedicated new funding to model-based carriers. The accompanying *Notice* sought comment on ways to improve and simplify the funding system so that carriers have predictable support and the right incentives to efficiently invest in broadband connectivity. My colleagues voted to approve that order in March 2018, and I am grateful to Commissioner O'Rielly for engaging in good faith and working with me on edits that improved the item.

Of course, this is not the only order that we have advanced to encourage broadband deployment in rural America and aid small carriers struggling to serve their communities. Just last month, the Commission increased the cap for the Rural Health Care Program by \$171

million a year, eliminating funding cuts that would have impacted rural healthcare providers nationwide. Also in June, we eliminated the rule that targeted one and only one class of broadband providers—rural carriers that offer certain broadband Internet access transmission services—to pay universal service taxes on those offerings. In April, we corrected another problem created by the *2016 Rate-of-Return Reform Order* by amending a rule that had a disproportionate impact on broadband deployment in rural Tribal lands. In November 2017, we amended our Tribal Lifeline program to target carriers reinvesting those funds in their Tribal communities and direct Tribal Lifeline support to areas where it is needed most, which in turn will improve the availability and affordability of advanced communications services in rural Tribal areas. And in May 2017, we suspended for two years increases in the “rate floor”—a policy adopted by the prior Administration designed to increase rates in rural America despite the struggles many rural Americans face.

In short, I put the agency’s highest priority on closing the digital divide, and have focused many of the FCC’s initiatives toward advancing that cause. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai



Federal Communications Commission
Washington, D.C. 20554

July 23, 2018

The Honorable Ben Ray Lujan
U.S. House of Representatives
2231 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Lujan:

Thank you for your letter concerning the Universal Service Fund. Closing the digital divide is one of my top priorities. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those American communities struggling to stay afloat.

Rural Americans deserve the same digital access as those living in urban areas. Simply put, we need more deployment in sparsely populated rural areas if we're going to extend digital opportunity to all Americans. The Commission's several recent changes to the USF programs are designed to incentivize providers to continue to operate and further deploy broadband networks in rural areas efficiently.

Like you, I was concerned by the cuts to funding for rural broadband deployment in the legacy rate-of-return program. As you may know, those cuts were a result of the *2016 Rate-of-Return Reform Order*, and I was the only Commissioner to dissent from that order even in part. The full impact of those cuts did not become clear until fully implemented in 2017. Once staff identified these impacts, I directed staff to begin developing an order that could address these cuts and garner majority support at the Commission.

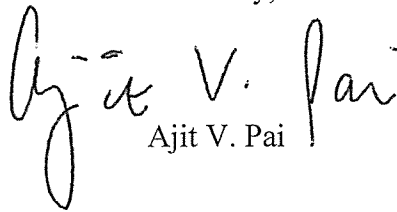
In January 2018, I circulated an order to mitigate the impact of these cuts and address other inefficiencies in the rate-of-return system. That order was a big win for rural communities that want high-speed Internet and are served by rate-of-return carriers. For legacy rate-of-return carriers in particular, the order provided \$180 million in one-time funding to mitigate the effect of the budget control mechanism for the prior funding year. It also dedicated new funding to model-based carriers. The accompanying *Notice* sought comment on ways to improve and simplify the funding system so that carriers have predictable support and the right incentives to efficiently invest in broadband connectivity. My colleagues voted to approve that order in March 2018, and I am grateful to Commissioner O'Rielly for engaging in good faith and working with me on edits that improved the item.

Of course, this is not the only order that we have advanced to encourage broadband deployment in rural America and aid small carriers struggling to serve their communities. Just last month, the Commission increased the cap for the Rural Health Care Program by \$171

million a year, eliminating funding cuts that would have impacted rural healthcare providers nationwide. Also in June, we eliminated the rule that targeted one and only one class of broadband providers—rural carriers that offer certain broadband Internet access transmission services—to pay universal service taxes on those offerings. In April, we corrected another problem created by the *2016 Rate-of-Return Reform Order* by amending a rule that had a disproportionate impact on broadband deployment in rural Tribal lands. In November 2017, we amended our Tribal Lifeline program to target carriers reinvesting those funds in their Tribal communities and direct Tribal Lifeline support to areas where it is needed most, which in turn will improve the availability and affordability of advanced communications services in rural Tribal areas. And in May 2017, we suspended for two years increases in the “rate floor”—a policy adopted by the prior Administration designed to increase rates in rural America despite the struggles many rural Americans face.

In short, I put the agency’s highest priority on closing the digital divide, and have focused many of the FCC’s initiatives toward advancing that cause. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, reading "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai