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March 25, 2009

0405

Ms. Bernadette McGuire-Rivera
Associate Administrator
National Telecommunications
and Information Administration
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, D.C. 20230

Mr. James R. Newby
Acting Administrator
Rural Development
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250-3201

The Honorable Michael J. Copps
Acting Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Ms. McGuire-Rivera, Mr. Newby, and Chairman Copps:

The recently enacted American Recovery and Reinvestment Act (ARRA) provides $7.2 billion to the National Telecommunications and Information Administration (NTIA) and Rural Utility Service (RUS), in consultation with the Federal Communications Commission (FCC), to expand broadband deployment and use, and for broadband mapping projects. The legislation also directs the FCC to create a national broadband plan.

Broadband technology has the potential to create jobs, fundamentally alter our economy and improve the quality of life for many Americans. While we applaud President Obama's focus on this type of transformational infrastructure, we fear that the haste with which the legislation was drafted and enacted, and the short timeframe the respective agencies are afforded to accomplish their tasks, may prevent the agencies from achieving these worthwhile goals as

effectively as might otherwise have been possible. The very real risk, of course, will be that taxpayer dollars are once again wasted on another ineffective government program.

We hope to minimize the likelihood of that happening. Accordingly, we ask each of you to please provide written answers to the following questions by March 31, since your respective agencies have all been tasked to participate in this collective endeavor:

1. Shouldn't ARRA funds be prioritized for projects in States where broadband mapping has been completed, and allocated based on the information gathered? Nationwide broadband mapping provided for in previous legislation and in the ARRA would have been instrumental in identifying where the broadband funds might have the greatest impact, but may not be complete before the ARRA requires funds to be awarded. Maps have already been completed in a number of States, however, and maps in other States may also be finished before all of the ARRA funding has been spent. By identifying the areas that currently lack broadband service, the agencies will be better equipped to make decisions on how to best spend taxpayer money. The likelihood of waste, fraud, and abuse increases if you act before having the benefit of this information. Prioritizing funding for projects in States where mapping is complete will also help ensure requests are well thought out, and provide a valuable incentive to complete maps in the remaining States as thoroughly and quickly as possible. Moreover, our understanding is that ARRA funding will be allocated in three phases, enabling the agencies to prioritize funds to projects in States with complete broadband maps, while maps in other States are being finished.

2. Shouldn't unserved areas be prioritized over underserved areas? Underserved areas, by definition, already have at least one provider and a market for broadband service. Allocating funds to underserved areas before unserved areas would let some areas get back in line for "seconds" before other areas have had a chance to get "firsts." Allocating funds to underserved areas is also more likely to distort the marketplace, either because companies will wait for government funding rather than go forward with their own investments, or will be forced to compete with a government subsidized competitor. Thus, it may be best to address underserved areas after unserved areas.

3. If funds are allocated to underserved areas, shouldn't they be directed to stimulating demand rather than stimulating supply? Again, by definition, underserved areas already have at least one provider. Broadband supply, therefore, may be less of a concern than broadband demand.

4. Shouldn't the criteria for allocating ARRA funds be technologically and competitively neutral? It is not the role of government to put a finger on the scale or pick winners and losers.

5. Shouldn't the allocation of ARRA funds include criteria based on whether a project will be sustainable without additional government funding? Our understanding is that some potential ARRA applicants view the Universal Service Fund as a potential source of

continued funding for ARRA projects once the ARRA funds have been spent. However, the Universal Service Fund is a bloated and inefficient program that already costs subscribers $7 billion per year.

6. In order to fund the most cost-effective projects, shouldn't allocation of ARRA funds be based on competitive criteria, so that projects that have the most impact for the least amount of taxpayer dollars are funded before less efficient projects?

We look forward to your responses. If you have any questions please contact Mr. Neil Fried or Ms. Amy Bender with the Republican Committee staff at 202-225-3641, or Mr. Matt Mandel in Mr. Stearns's office at 202-225-5744.

Sincerely,

Joe Barton
Ranking Member

Cliff Stearns
Ranking Member
Subcommittee on Communications,
Technology, and the Internet

cc: The Honorable Henry A. Waxman, Chairman
The Honorable Rick Boucher, Chairman
Subcommittee on Communications, Technology, and the Internet