

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

April 24, 2012

Re: Connect America Fund, WC Docket No. 10-90

Dear Chairman Genachowski:

As you know, Congress recognized the vital relationship of broadband to economic growth in American Recovery and Reinvestment Act of 2009 (ARRA) provisions aimed at increasing broadband deployment. The ARRA further directed the Federal Communications Commission (Commission) to develop a National Broadband Plan (NBP) to ensure that every American has “access to broadband capability.” The Commission has since adopted regulations, and proposed additional rules, intended to implement the NBP. Unfortunately, those Commission steps conflict with ARRA intent to increase broadband deployment, and will ultimately undermine job creation and retention gains envisioned by the ARRA.

The signatories to this letter are service providers and manufacturers for the telecommunications industry. Collectively, we employ more than 2,000 people and generate annual revenues exceeding \$265 million in both rural and urban areas. Our firms provide network construction and maintenance, engineering and environmental services, software and systems development, and accounting and financial services. We are precisely the types of firms that create and retain jobs as intended by the ARRA.

Many of our clients operate in rural areas where ARRA broadband funding programs promised a significant boost in economic activity and investment in broadband-capable networks. Together with our clients, we are part of the rural communications industry that generates \$14.4 billion and supports more than 70,000 jobs each year.*

Unfortunately, we are seeing economic activity in this sector slow, and in many cases stall altogether, largely as a result of changes and lingering regulatory uncertainty arising out of recent Commission actions. Specifically, the Commission has instituted cutbacks to essential programs – universal service and intercarrier compensation – that otherwise enable broadband deployment and operation in rural areas. The Commission has also proposed additional restrictions that will reach a decade into the future. The already-adopted reductions, combined

* Hans Kuttner, *The Economic Impact of Rural Telecommunications: The Greater Gains*, Hudson Inst., at 6, 8 (Oct. 11, 2011).

with proposed future cutbacks, are undermining market confidence in continued rural broadband investment.

And, it is not only rural broadband providers and their customers who are affected by Commission policies: \$9.5 billion in economic activity and more than 32,000 jobs created by rural telecom accrue to urban areas each year.* As the ARRA confirmed, and as the president has observed many times, the availability of robust rural broadband is a *national* concern.

In contrast, the cuts and constraints generated by Commission actions are stimulating uncertainty and causing our clients and their investors to either scale downward or eliminate entirely new deployment initiatives and, consequently, the material inputs they require from us. In sum, Commission measures are discouraging economic growth, limiting broadband investment, and stalling job creation. These “anti-stimulus” results conflict directly with the ARRA and other public infrastructure programs that have been touted as great successes elsewhere by the administration.

We trust the Commission did not intend these results. We urge the Commission to temper swiftly those adverse measures already adopted, and defer action on pending items until the impact of new requirements is evaluated and absorbed. If broadband is, as the Commission says, truly this century’s electricity, it is essential that the Commission carefully coordinate its efforts across all agencies to connect *all* of America.

Sincerely,

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