

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

July 15, 2018

To: Subcommittee on Communications and Technology Democratic Members and Staff
Fr: Committee on Energy and Commerce Democratic Staff
Re: Hearing on “Realizing the Benefits of Rural Broadband: Challenges and Solutions”

On **Tuesday, July 17, 2018 at 10:00 in room 2123 of the Rayburn House Office Building**, the Subcommittee on Communications and Technology will hold a hearing titled, “Realizing the Benefits of Rural Broadband: Challenges and Solutions.”

I. BACKGROUND

Broadband service increasingly is a necessary component of everyday life. Ensuring timely broadband service deployment and accessibility is essential. The most recent data from the Federal Communications Commission (FCC) in its 2018 Broadband Deployment Report indicates that progress continues to be made on widespread Internet connectivity.¹ However, the Report also demonstrates that the digital divide among Americans persists. Thirty percent of Americans in rural areas (and 35 percent of Americans living on Tribal lands) lack access to baseline broadband service.² For many Americans, cost is a barrier to Internet adoption. A 2018 Pew Research Center survey on Internet use found that more than 19 percent of Americans who do not use the internet cite the expense for internet service or a computer as the reason.³ This

¹ Federal Communications Commission, *Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 17-199 (Feb. 2, 2018) (“FCC 2018 Broadband Deployment Report”).

² 2018 Broadband Deployment Report at ¶ 50.

³ Pew Research Center, *11% of Americans Don’t Use the Internet. Who Are They?* (March 5, 2018).

lack of connectivity deprives people and overall society of educational opportunities, medical advancements, and economic development, among other things.⁴

II. BROADBAND INFRASTRUCTURE INVESTMENT

Recent efforts to increase broadband deployment into both rural and urban areas include private investment, Federal grant programs, and FCC programs. A report by a former FCC official estimated that it would take \$40 billion to build out fixed broadband service to 98 percent of the U.S., with cost estimates rising to \$80 billion to reach 100 percent of the population.

Private Investment: According to USTelecom, cable, wireline, and wireless companies spent \$76 billion in 2016, with a total of over \$1.6 trillion spent since 1996.⁵ CTIA's annual survey found that wireless providers had \$25.6 billion in capital expenditures in 2017.⁶

Rural Utilities Service (RUS) loan and grant programs: The Department of Agriculture's RUS administers three programs that provide loans and grants to finance broadband infrastructure. In FY 2016, these programs collectively provided approximately \$720 million in loans and grants.⁷ The Consolidated Appropriations Act of 2018, enacted in March of this year, provided RUS with an additional \$600 million for rural broadband deployment.⁸

FCC programs: The FCC funds broadband deployment to rural areas through four different programs: (1) In 2017, the FCC's Rural Health Care Program provided \$313 million in funding to health care providers for the broadband services necessary to deliver modern medical care. (2) The Lifeline Program provided \$1.3 billion in subsidies to support low-income individuals access to phone or internet service. (3) The E-Rate program provided \$1.7 billion in broadband funding for schools, libraries, and other anchor institutions. (4) The High Cost Fund provided \$4.5 billion in support to residential broadband deployment in rural and insular areas.

⁴ *Rural Areas Feeling Left Behind in Race to Expand Broadband*, Roll Call (Feb. 6, 2018).

⁵ USTelecom, *Broadband Investment Continues Trending Down in 2016* (Oct. 31, 2017).

⁶ CTIA, *New CTIA Annual Survey Shows Beginning of Evolution to Next-Generation Networks* (July 10, 2018) (press release).

⁷ Government Accountability Office, *Rural Broadband Development: Improved Consistency with Lending Practices Could Enhance Management of Loan and Grant Programs*, GAO-17-301 (Apr. 2017).

⁸ Pub. L. No. 115-141 (2018).

III. LEGISLATIVE INITIATIVES

In May 2017, House Energy and Commerce Democrats, led by Ranking Member Frank Pallone, Jr. (D-NJ), introduced H.R. 2479, the LIFT America Act. This comprehensive infrastructure proposal authorizes \$40 billion for deployment of secure and resilient broadband.

Rep. Tonko (D-NY) and Rep. Lance (R-NJ) introduced H.R. 3994, the ACCESS BROADBAND Act. This bill creates an Office of Internet Connectivity and Growth within the National Telecommunications and Information Administration (NTIA), to coordinate and streamline management of federal broadband resources across multiple agencies. The legislation was favorably reported by the full Committee on July 12, 2018.

Rep. Lujan (D-NM) introduced H.R. 4287, the Broadband Infrastructure Finance and Innovation Act (BIFIA). Under BIFIA, public-private partnerships may apply for low-interest secured loans, lines of credit, or loan guarantees to build out broadband. The bill also includes provisions to ensure the federal government takes on lowered credit risks from project borrowers and affords discretion to NTIA to streamline application processes for smaller projects.

Rep. Doyle (D-PA) and Lance (R-NJ) introduced H.R. 4953, the Advancing Innovation and Reinvigorating Widespread Access to Viable Electromagnetic Spectrum Act (AIRWAVES Act). The bill requires NTIA and the FCC to identify spectrum that can be used for unlicensed and licensed commercial use and require the FCC to auction certain spectrum for wireless use, including setting aside a portion of the proceeds for expansion to unserved and underserved areas.

Rep. Eshoo (D-CA) introduced H.R. 4814, the Community Broadband Act of 2018. The legislation prohibits states from enacting legislation that would hinder the ability of state or local governments, or Indian tribes, to provide advanced telecommunications services to public or private entities. To date, no action has been taken on this legislation.

Rep. Welch (D-VT) and Rep. McKinley (R-WV) introduced H.R. 2903, the Rural Reasonable and Comparable Wireless Access Act. This bill requires the FCC to establish a national standard for whether broadband in rural areas is reasonably comparable to broadband in urban areas.

Rep. Eshoo (D-CA) and Rep. McKinley (R-WV) introduced H.R. 4858, the CLIMB ONCE Act, to ensure that federal laws cannot impede states and localities from establishing and implementing “climb once” policies and programs should they so choose. It also directs the FCC to establish best practices and model policies that states and local governments may use to shape their own one-touch-make-ready implementation.

IV. WITNESSES

Justin Forde

Senior Director of Government Relations
Midco

Tom Stroup

President
Satellite Industry Association

John C. May

President, Ag Solutions and Chief Information Officer
Deere & Company

Jenni Word, RN

Associate Administrator and Chief Nursing Officer
Wallowa Memorial Hospital

Claude Aiken

President & Chief Executive Officer
Wireless Internet Service Providers Association

Suzanne Coker Craig

Former Commissioner, Town of Pinetops
Managing Partner, CuriosiTeens of Pinetops