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Support and Recommendations
for USDA Rural Development Broadband Programs

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Introduction

Chair Welch, Ranking Member Tuberville, and members of the Subcommittee, good afternoon and thank you for the opportunity to testify before you about rural broadband, specifically as it relates to the current United States Department of Agriculture broadband programs and their future in the 2023 Farm Bill.

My name is Christa Shute. I am the Executive Director of NEK Broadband. I have a juris doctorate and master of laws and I served as Director of Business Development and Financing for the Vermont Telecommunications Authority, a former quasi-state entity charged with bringing broadband to the unserved from 2009 to 2015. My remarks today are on behalf of NEK Broadband, a Communications Union District, with the support of the Vermont Communications Union Districts Association, or VCUDA. These districts are special purpose regional municipalities formed by two or more towns. Our district is formed from the 56 northeastern towns and comprises 2091 square miles with a population of 65,216 people. It's an exceptionally beautiful, if rugged, area of mountains, hills, rivers and lakes that is commonly referred to as the Northeast Kingdom.

The purpose of my testimony today is to share with you (1) the ongoing importance of these USDA broadband programs, (2) a concern that the Consolidated Appropriations Act of 2023 has jeopardized the viability and usefulness of the ReConnect program in remote areas like Vermont's Northeast Kingdom, (3) our experience with the programs and recommendations for making them more effective and equitable for low density communities across the country, and (4) to share my thoughts on the importance of public infrastructure.

NEK Broadband is a Communications Union District (CUD)

In 2015, the Vermont State Legislature enabled the formation of Communications Union Districts (CUDs) as municipal, inherently non-profit, organizations of two or more towns that join together for the delivery of communications services under 30 V.S.A. Chapter 82. The legislative Act identified the need of this special purpose municipality stating: "Communications union districts (CUDs) were created by the State to coordinate and implement creative and innovative solutions in their respective territories, particularly where existing providers are not providing adequate service that meets the needs of their residents and businesses while ensuring public accountability." (From Act 71 sec. 1. Findings and Intent). CUDs are thus positioned to be the unofficial "provider of last resort" for broadband and ensure public accountability for serving all Vermonters within their respective service territories.

Communications Union Districts in Vermont do not have the power to levy taxes and cannot access the property taxing or assessment authority of member towns. Rather, we raise funds through grants, donations, borrowing, and customer revenue. As a municipality, borrowing can be accomplished through the municipal bond market using revenue bonds. As a telecommunications provider borrowing may also be done through the U.S. Department of Agriculture's Rural Utilities Service (RUS) ReConnect programs, but not currently through the RUS Telecommunications Program which is reserved for the incumbent provider.

CUDs are community driven organizations governed by boards with voting representatives from each member town. Our mission is to provide affordable universal high speed internet access in our rural region. Much like cooperatives that helped complete rural electrification, CUDs reinvest every dollar earned back into either the system or the community

through affordability programs and lowering rates. How a CUD accomplishes this task is dependent on the governing board. At NEK Broadband, we have chosen to own public infrastructure and to partner with a local, family owned Internet services provider, Waitsfield and Champlain Valley Telecom, who is also testifying here today. As our partner, Waitsfield and Champlain Valley Telecom provides network operations and retail services to our NEK Broadband customers. In our contract with Waitsfield we have reserved the future ability to develop this expertise in-house if it helps us lower rates for our customers.

Our Districts partner with each other and through the Vermont CUD Association to leverage resources and experience. We work with the Vermont Community Broadband Board, an arm of state government that drives the state planning activities to ensure every Vermonter has access to truly high-speed internet. NEK Broadband also works with existing providers to find solutions by wholesaling our infrastructure and services to make the most effective use of grant dollars by limiting the amount of unnecessary duplication in our area.

We primarily operate where private for-profit businesses have not focused their capital expenditures or in some cases, have refused to build the infrastructure necessary for broadband. Grants and low-interest loans are a necessity for the construction phase of our operations. The communications union district model enables us to invest these public dollars into public infrastructure so that revenues are reinvested in the community through a continued build to every last household with electricity, affordability programs to increase access, and lower rates as appropriate to a viable operation.

The development of ongoing affordability programs to ensure that ALL have access is essential to the success of our communities and our network. We must get this basic necessity to EVERY household, and to that end it must be as simple as possible for those who need assistance to access subsidy programs such as the Affordable Connectivity Program.

Why is ReConnect important to the most rural of rural America?

The USDA broadband programs are critically important to the economic vitality and even existence of our most rural communities. *First*, by providing grant funding focused on the true need at the true cost, these programs create the safety net that ensures the most rural areas and the smallest towns also have access to broadband through grant funding. They will complement the BEAD investments and together we will truly have the opportunity to bring universal broadband service to every address with electric utility service. *Second*, the USDA programs have focused on a long-term infrastructure investment in these communities, not a short-term fix. Fiber-optic based service ensures that these infrastructure investments are valuable far into the future as technology develops. Today, our fiber network can provide the 100/100 Mbps minimum standard as well as 1,000/1,000 Mbps (1 Gig) symmetrical speeds and is capable of 10 Gig. Since information is transmitted over the fiber-optic cable itself at the speed of light, the infrastructure we build today can be upgraded with new equipment for many decades to come to achieve faster speeds as the technology and demand evolves.

The ReConnect and Community Connect programs are a critical component to successfully solving rural high-speed internet problems because they meet a need which other funding sources do not. The BEAD program will not obviate the need for these programs. While BEAD will invest over $40 billion in broadband infrastructure, there is no chance it will be sufficient to reach universal service to every address. BEAD, like many other programs, focuses on how many addresses can be served with the finite dollars available. We all want

federal dollars to go as far as possible and help as many people as possible. However, in favoring lower costs per address, BEAD favors the more populated rural areas that are on the fringe of areas already served with cable and fiber.

Our most rural areas tend to have long roads with low population; they have hundreds of miles of cooperative and municipal electric poles and wires that were built off of the road through fields that have now become forests. In the NEK Broadband District we have eight different electric companies: one investor owned utility, two cooperatives, and 5 municipal electric departments. Delayed preventive maintenance and vegetation management can result in higher costs to make the poles ready for construction of the infrastructure and because the poles and wires were originally built using the straightest line from one customer to another - the costs of going across fields that are now woods significantly increases the construction costs.

As a result, the competitive allocation rules in BEAD are likely to exacerbate the problem by requiring prioritization of projects that cost less per address. This means that once again those in the most rural of rural areas are likely to be marginalized as providers seek to bring the most competitive project forward. In addition, the BEAD rules are problematic for smaller community entities because it requires both a 25% non-federal match AND a 25% letter of credit. Without programs like ReConnect and Community Connect the most difficult and costly places to build will be left behind.

In Vermont, the State chose to invest nearly $200 million of ARPA funds in the development of fiber-optic broadband infrastructure through Communications Union Districts and their partnerships with private companies. This leverages the benefit of public infrastructure with the expertise of private companies for a quick to market but long-term solution. Under BEAD the state will receive the $100 million minimum plus some additional amount likely between $25 million and $150 million. Yet the combined business plans of the Communications Union Districts throughout Vermont anticipate a need of nearly $700 million to reach those without a wired connection of more than 25 Mbps/3 Mbps with a fiber-optic cable - future proof infrastructure.

The USDA Rural Utilities Service broadband programs must continue to provide the support needed so that the most rural areas have access to funding which will allow us to provide the same level of high-speed internet available in urban areas. We don’t expect to get the entire project grant funded. However, the areas we are building are by definition the areas that lack the internal rate of return required by shareholders and in some areas even have a negative return on investment. The USDA RUS broadband programs are critical to our success in creating equitable access to what has become a fundamental necessity of life.

Why is ReConnect Important to NEK Broadband?

The Northeast Kingdom of Vermont is the most rural part of Vermont with the lowest median income. 54 of the 56 towns have fewer than 5,000 residents. In more than 35 towns less than half the population has access to a minimum 25/3 Mbps wired service; in 22 towns less than 25% have such access. We have 10% of the state's population but we have 40% of the statewide addresses with less than 4 Mbps up / 1 Mbps down service; and 33% of the addresses with less

than 25 Mbps/3 Mbps down. We estimate that we will need to construct around 2,500 miles to reach every unserved address. That means a $200 million project or more depending on future increases in labor, material costs, and interest rates.

We applied to ReConnect 3 and ReConnect 4 for assistance in our most rural area. The project has less than 5 people per square mile and encompasses most of Vermont's FAR4 or Frontier and Remote area as defined by the U.S. Government. I was given permission to share with you that NEK Broadband has received an offer of award from USDA to be the recipient of a $17.5 million grant from the USDA ReConnect 4 program for a $23.5 million project in the most rural part of Vermont's Northeast Kingdom. As we all know, nothing is final until the ink is dry, so our official announcement will await the signed contract which is expected to be in mid-June.

I applaud and appreciate the staff of the USDA that work on Rural Development and the ReConnect program. They have been helpful, responsive, and fair. For example, in ReConnect 4, they implemented a series of webinars to provide opportunities along the way to ask questions and better understand the process. We applied for both ReConnect 3 and ReConnect 4 grants - so my testimony today comes from those experiences. Some of the challenges in the ReConnect 3 application process were addressed in ReConnect 4. However, the process remains challenging. The application, particularly the financial reporting, is onerous, and complicated with requests for information that are not required. We couldn't have done it without outside consulting support. Much of it is a necessary burden if you have a chance of success. Later I provide recommendations on how to ease this burden while maintaining the oversight and accountability necessary.

The Continued Importance of USDA Broadband Programs.

As we all know, true high-speed internet is fundamental for effective participation in our nation's economy, healthcare, education, personal job success, as well as access to federal and state services, the political process, and community engagement. In some ways, world-class high-speed internet access offers more benefits to the most rural areas. Rural areas are, by definition, more challenged by distance and inefficiencies. Often there is only one choice, if any, for essential services such as health care and school systems - and where services exist they can be many miles from home and miles apart. The lack of internet access in such a high percentage of our rural towns makes other issues more acute. During the pandemic the importance of broadband became evident. I offer the examples below directly from health care and education professionals, to demonstrate the particular importance to our most rural areas and why we cannot leave anyone behind by not reaching them and why we cannot squander the opportunity to build infrastructure for the future by building technologies of the past.

- Lack of access to broadband in our region was devastating for children during the pandemic. Teachers have remarked on the dramatic and heartbreaking difference between those that were able to continue learning and those that were not due to lack of broadband access. Rural schools also have difficulty attracting the talent and instructors necessary for a quality education. This makes access to broadband even more critical.
- Ironically, the massive shift over the last several years in school districts to educational environments that make digital learning possible is further exacerbating the student gap between the broadband "haves" and "have nots". Going to a one-to-one computing model (where each student is assigned a laptop or device) and the use of tools like Google Classroom (suite of online tools that allows teachers to set assignments, have work

submitted by students, to mark, and to return graded papers), requires reliable internet access outside the classroom. Those students that do not have broadband at home, need to find it somewhere in the community, or risk falling behind.

- Consider the opioid crisis. There is a dearth of health care professionals in small towns and rural areas. When a person has to drive many hours to get the physical treatment, success is dependent on follow-up support services. Therapy sessions to help an addict transition and succeed are unavailable without broadband because people in recovery can't afford to drive hours each way multiple times a week and public transportation is non-existent. Many of these patients have additional transportation challenges – they no longer have a vehicle, their driver's license has been revoked, and they have burned enough bridges with family members and friends that could otherwise be an option for getting them to appointments. With the end of the pandemic emergency, Blue Cross Blue Shield has stopped reimbursing for all telephone visits but they still allow telehealth/virtual visits. Other insurance companies are anticipated to follow suit. Imagine how different this equation would look if we knew these households had world class broadband available.
- Similarly for the mental health crisis. Behavioral health visits have taken off with the pandemic and are highly popular with patients. Telehealth plays a critical role in providing a medium that enables patients to open up about their issues and concerns from their safe place – the comfort of their home. In addition, patients get more reliable & consistent treatment as they do not encounter the transportation challenges or additional time commitments of traveling to a distant office or healthcare facility.

USDA ReConnect - Observations and Recommendations

This testimony has outlined the continuing importance of the USDA broadband programs and the need to move them past the pilot stage with funding and guidance through the Farm Bill. Below are my observations and recommendations on this critical program.

1. **Permanent Program**: USDA ReConnect should move beyond a pilot program to be an *ongoing program in the USDA rural development tool kit*.
2. **Different Types of Rural.** From our perspective the most important correction to the existing ReConnect program is the definition of rural. Currently there is a qualification status of rural and there are rurality points. There are different types of rural areas throughout the country. Currently ReConnect heavily favors midwest states over states with mountainous and hilly terrain by giving points for areas that are either (a) at least 100 miles from a city or town with a population of greater than 50,000 people or (b) with less than 6 people per square mile. There is a large portion of the eastern seaboard that has little areas that is 100 miles from an urban area. None of Vermont qualifies under section (a) and our ReConnect project was the only area of Vermont that could qualify under section (b). Yet, terrain can be as or more challenging than the distance a crow flies. "You can't get there from here" is a common New England expression because it can be complicated to get from one point to another due to topography, terrain, and weather. Similar challenges are experienced all through the Appalachian Mountain Range. *Provide rurality points based on the population per town - for example towns with less than 5,000 people per jurisdiction. With the influx of BEAD funds, the current ReConnect definition of rural for defining eligible areas may be able to shift downwards*

from populations of 20,000 to a smaller number. Other items for consideration of rurality are the miles of state and town highway to reach the nearest emergency room or medical facility; or the number of medical facilities in an area; or the distance to the nearest highschool or library that is open more than 30 hours per week.

3. **Continue to fund the three ReConnect options: grant, loan, grant/loan.** All three types of USDA ReConnect program options are critical:
    a. **The grant option** is critical for those with the highest need and can also raise the 25% non-federal match requirement.
    b. **The loan/grant 50/50 combination** is very important for those that cannot otherwise provide a non-federal match. Currently the loan portion must be spent in full prior to receiving any grant. *The loan portion should be able to be spent proportionally to the grant portion.*
    c. **The loan only option** is especially critical in light of the BEAD funding. These USDA ReConnect loans are eligible as a match for BEAD. For entities such as NEK Broadband this is critical to being able to apply and compete for BEAD funds.
    d. **Invest in interest rate buydowns in order to continue to offer a low interest rate fixed by rule** as an option for loan only applications to entice entities to apply for loans rather than a grant or grant/loan. Loan only option should stay at a fixed interest rate at or below market. Having an interest rate that is fixed eliminates the uncertainty of what market rates are going to do over the course of the construction project. *Having a lower interest rate motivates applicants to apply for a loan only and therefore extends the government's ability to continue investing in rural America until the job is done.*
4. **The Congressional action that funded ReConnect 5 must be corrected or else the <u>Appropriations Act of 2023 will unintentionally disqualify many rural states from any participation in ReConnect 5.</u>**
    a. **Defining Existing Broadband**. If Congress wants to define broadband for ReConnect, then define broadband as a minimum of 100/20 Mbps to maintain consistency with other federal programs in identifying eligible areas for funding.
    b. **Eligibility Areas.** *USDA should be permitted to define the eligibility areas. Allow USDA to create a sliding scale point system based on the percentage of the project that does not have 100/20 Mbps or a fixed wired 25/3 Mbps connection rather than statutorily dictating a percentage for disqualification that does not match the reality on the ground*. To get to the unserved we need to be able to build the network. USDA should evaluate whether the network that needs to be built to access the unserved is an efficient use of grant dollars, and important to the vitality and economic development of the community.
        i. **Reconnect 3** eligibility was based on areas where "at least 90 percent of the households in the PFSA must lack sufficient access to broadband, defined as at least 100 Mbps downstream, and 20 Mbps upstream service." (ReConnect Round 3 Application Guide)
        ii. **Reconnect 4** eligibility was based on areas where at least 50 percent of the households lack "sufficient access to broadband is defined as "fixed terrestrial broadband service at 100 megabits per second (Mbps) downstream and 20 Mbps upstream." (ReConnect Round 4 Fact Sheet)

There was also a separate grant category for projects serving areas where 90% of households lack sufficient access to broadband.

iii. **The Consolidated Appropriations Act of 2023 (2023 CAA)**, where $363,512,317 was appropriated for ReConnect 5, has regressed the standard to before ReConnect 3. The Act dictated eligibility areas as 90% of the households have insufficient access to broadband, defined as 25 Mbps down and 3 Mbps up.

iv. **Many states will have little to no eligible area under the 2023 CAA.** This is because the rural mountainous portions of states such as Alabama, Georgia, Kentucky, Pennsylvania, Vermont and West Virginia to name just a few, have fixed wireless service that is not uniform and where real-world coverage and connection speed cannot be reliably predetermined because of terrain, weather, and equipment capacity. Yet addresses where wireless services are claimed based on a propagation study would become ineligible.

v. Vermont is the Green Mountain State, full of hills and valleys and twisty turns. The fixed wireless coverage and mobile coverage is spotty at best. There may be households with coverage across the street from households with no coverage. There may be coverage in the winter but not in the summer with foliage, or when it is raining. *Because of intermittent and sporadic wireless "coverage" there are few if any places that will qualify at the stringent level set by the 2023 CAA and yet forty-four percent 44% of premises in our district lack access to wired internet with speeds of at least 25 Mbps down and 3 Mbps up.* We have attempted to find areas that meet the 25/3 definition for our Community Connect grant. We found two small sections of adjoining towns.

vi. *Congress should find an appropriate avenue to correct the prescriptive requirements in the 2023 CAA that will disqualify many states from participating in a time frame that enables competition for loans that can qualify as needed match funds for BEAD*.

c. **Defining the Build Standard of Broadband.** *100 Mbps symmetrical using fiber-optic cable should be the build standard because it provides an infrastructure that can be upgraded with equipment to speeds that vastly exceed what we can imagine today.* In addition, many of the cable companies have already started upgrading to fiber seeing the inevitability of the future. Infrastructure built for 100 Mbps symmetrical can be upgraded in the future to 1Gbps or 100 Gbps and beyond. The speed of light of fiber-optic cable is only limited by the equipment we develop for it. *Give USDA flexibility to set the build standard, starting at 100 Mbps symmetrical with adjustments over time as needed to keep pace with consumer needs*. Both ReConnect 3 and ReConnect 4 required that a project "may only be used to fund projects proposing to build facilities capable of delivering 100 Megabits per second (Mbps) symmetrical service to every premises in the PFSA at the same time." (Round 3 and 4 Application Guides)

5. **Continue to provide priority to municipalities and cooperatives.** These entities redistribute the profits to the community rather than distributing it to shareholders.

Having public infrastructure creates accountability and can still enable private company participation. Broadband has become critical infrastructure and in areas that support only one provider, public infrastructure should be prioritized so that rural Americans are protected from an unregulated monopoly where no entity will ever be able to invest in a second set of infrastructure to compete. We need to enable all willing and able providers that have demonstrated a commitment to their community.

6. **Onerous Application Process**
    a. **Application Timeline Guidance.** The application guide should be released 30 days before the application window so that applicants can prepare – releasing the application guide concurrent with opening the window favors applicants with large staff or deep pockets to pay for grant writing resources. Alternatively, lengthen the application window.
    b. **Application Financial Reporting**. The financial reporting in the application is very difficult to use as it is very challenging to track changes caused by entries in other parts of the application. In addition, the financial reporting is very much based on a typical telecommunications provider and not necessarily to a cooperative or municipality. *USDA should create forms that are based on the type of entity applying - or provide clear direction on how to manipulate a for-profit based system to reflect a municipal accounting reality.* It is reasonable to ensure that the potential awardee has the financial, technical and managerial wherewithal to be fiscally responsible with the grant funds. However, the hurdles put in place to prevent a fly by night entity should not disqualify the very governmental and cooperative entities that can most help our rural areas in the same way that occurred under rural electrification.
    c. Two Step Application Process. Rather than have entities invest hundreds of thousands, or significant volunteer hours in resource-strapped rural communities, to create these complicated applications there should be a two-stage competitive process. The first stage should be a questionnaire that provides the high level answers that will roughly determine the points and the cost of the project. Then a subset of applications that meet a certain level, say 150% of the dollars available, gets invited to complete a full application and compete for the grant funds. This would enable smaller entities to participate and only invest precious dollars and time if there was a reasonable chance of success. This is also a way to limit the number of full applications that USDA staff need to process to increase administrative efficiency without trying to do so through artificial rules (such as 90% without 25/3 Mbps) that favor certain regions of the country over others.
7. **Government entities should be exempt from CIAC tax for broadband as they now are under the IIJA for water and wastewater.** When our Districts pay a local electric utility for the work they need to do to get their poles ready for our fiber, they now charge us a tax fee. It is not a sales tax that we are exempt from as municipalities, it is a recovery of federal income tax the utility will have to pay on the money we pay them. That's because under regulatory accounting these costs are treated under federal tax law as 'contributions in aid of construction' (CIAC) and taxable as income to the utility. The 2017 Tax Cut and Jobs Act eliminated the tax-free treatment of capital contributions if made by governmental entities. In 2019, Sen. Shaheen and Sen. Murkowski led an effort to reverse this for water and wastewater related CIAC. It was ultimately included in the

Infrastructure Investment and Jobs Act, and was effective retroactively to 1/1/2021. We need to do the same for broadband-related CIAC and it should have the same retroactive effect. This will ensure that ARPA, BEAD, and USDA Broadband dollars are not being spent in a way that simply recycles them back into the tax system for a different distribution and will help immensely in getting the job of reaching every unserved address completed. Paying hundreds of thousands of dollars in CAIC taxes in Vermont reduces the funds available to connect the underserved.

8. **Allowing government and cooperative entities to build networks that get to the unserved even where it means incidental overbuild of cable or grants to private companies.**
    a. Many grants are based on the concept that we just need to entice the private sector to go a little further down the road - the classic cable extension. But in many of our rural areas we are not just building a home or two at the end of cable. If cable is offered it is generally in the center of town. The cable forms the hole in the proverbial donut. In more populated areas the hole is quite large and there is just a little on the edges. But in our more rural towns the donut hole is much smaller and to reach all the areas outside of the served we need to build through the area. Particularly for government and cooperative entities working on these rural areas with small donut holes, projects should be allowed to build through an area to get to the served on the other side and in doing so enable greater infrastructure for the future to all members of the community.
    b. As a Communications Union District, we find ourselves building amongst unbusinesslike contortions trying to build to every unserved address without being allowed to form a comprehensive network. Our District is a checkerboard of RDOF awards, yet we cannot get to the unserved areas without building through the RDOF award winner area. Infrastructure that is controlled by the people (through government or cooperative governance) should be permitted to access funds for getting to these unserved in a way that allows them to compete for customers along the fiber they must build through the served area. Unless the RDOF/BEAD award winner is willing to make a commitment to serve the pockets of unserved on the other side of the served area, we need the ability to build through the area. It is reasonable for the grant to provide points for offering wholesale access to those fiber builds to other grant awardees to push for more economic efficiency. *USDA should be permitted to make these judgment calls on what is best for our most rural communities rather than be limited by the permission of other entities such as the FCC/NTIA*.

Community Connect Grants.

This grant program is such a wonderful concept. It pushes towns to expand digital access to its residents by increasing the time, space, and equipment available in community facilities. However, the program needs an overhaul to become usable for small towns. Here are my concerns and some suggestions:

1. The program is almost impossible to leverage anywhere that has anyfixed wireless coverage because it disqualifies any project with a SINGLE address that is above 25/3 Mbps within the polygon. *The program should either (a) allow holes in the service area around the served addresses but allow the distribution infrastructure to proceed through;*

or (b) base its point system on a sliding scale based on the percentage of unserved addresses.

2. The application process is complicated and exacerbated by conflicting guidance and rules. The Technical Broadband Assistance Program can be of great assistance - but the deadline for that grant is the same deadline as the Community Connect deadline. While the USDA should ensure that every applicant has the technical and financial wherewithal to fulfill the grant obligation, it creates a lift for an application that is daunting for a community relative to the maximum award potential. *There should be the same two step application process as outlined above for ReConnect* so communities are only investing the massive amount of volunteer, paid, and consulting time to complete an application if there is a chance of success.
3. *Staff should conduct workshops through all states to get feedback on the application process, the guidance provided, and the needs of the community.* For example, does the 25/3 Mbps rule only apply to residents or also to businesses and community anchor institutions (CAAs)?. So many grant programs over the decades have worked to get CAAs to 25/3 Mbps that building a community center based grant application that doesn't hit a 25/3Mbps address is nearly impossible.
4. The "Community Center" aspect of the grant – offering a free, connected space to the public 7 days a week – addresses a real need in providing accessibility to those that cannot afford it or are outside their home. That being said, many rural towns have the best candidates for this type of facility (i.e., libraries, community buildings, schools) in the higher density, already served segments of town (i.e., the village or downtown). Constructing or launching a new facility poses real problems/challenges for rural communities to execute and staff/manage, thus bringing additional burdens on already resource-strapped communities. Ideally, this requirement would make it easier for rural communities to leverage existing facilities and utilize this grant to take them to the next level in terms of serving the community (i.e., additional open hours and staffing, more and better equipment, enhancements to facilities, etc.).

Broadband Technical Assistance Program

This is a new and valuable program that addresses some of the issues described in ReConnect and Community Connect. However, some of the same issues apply. The application process is significant, this time for a smaller grant amount, with no knowledge of whether there is a competitive chance of receiving funds. The same quick form two step process could alleviate this issue.

Distance Learning & Telemedicine Grants

These grants remain valuable. As technology changes and progresses, organizations find the need to upgrade or put in new infrastructure to meet the new internet demand challenges of modern medicine and education. However, the most critical need at this time is ensuring that the most rural and poorest households can actually access broadband services and afford to pay for the services and the devices that can connect them to distance learning and telemedicine. This can be accomplished through programs such as BEAD, ReConnect, and Community Connect. USDA can also assist by allowing these distance learning and telemedicine grants to work with

providers to find ways to help connect those with no access because of devices or affordability so they can access the services provided by the institution.

Telecommunications Infrastructure Loans & Loan Guarantees

Under the Rural Development program there are Telecommunications Infrastructure Loans & Loan Guarantees. However, to be eligible for these loans the area must either be without telecommunications facilities or in an area where the applicant is the recognized telecommunications provider. *Eligibility for these loans should be expanded to include not just the incumbent local exchange carrier but also a cooperative or communications union district providing 100 Mbps symmetrical broadband in areas that are not getting service from the recognized telecommunications provider or a competitive provider.*

Public Infrastructure.

Fiber-to-the-home in our most unserved and underserved areas can only be affordably built just once. Public funds must be used to build public infrastructure for the public good. Communications Union Districts as non-profit municipalities and cooperatives are accountable to the people they serve and service. CUDs and cooperatives are in the best position to determine how service is to be provided, by themselves, another single provider, or by multiple providers.

Some people advocate for open access in order to promote competition. The reality is that creating a viable business model is so difficult in these unserved and underserved rural areas that one FTTP provider needs to be provided the opportunity to hit critical mass and a sustainable business. If you directly fund a shareholder driven, for-profit FTTP provider to build and own the infrastructure in an area then you have created monopolistic control in an unregulated industry. Further, if you just grant them the money outright there is no commitment to providing universal service that will continue to keep up with technology. They will have built an asset that they can now turn around and sell to a company that may decide servicing retail customers is too costly and shift to using the infrastructure only to provide services to businesses and anchor institutions. Or perhaps worse, if the provider fails you have funded infrastructure that may no longer be usable for its intended purpose. Now, you have to build that infrastructure all over again when there will likely be no more available funding sources.

Public funds should prioritize projects with public infrastructure that either develop or leverage the expertise of private companies. Through control of public infrastructure the body politic or cooperative can prevent its residents from being held captive by the whims, successes, or failures of a profit making entity. Public-private partnerships done correctly provide a way for our tax dollars to be reinvested in our communities year over year, while also capitalizing on the benefits and expertise of our local companies.

Conclusion

I appreciate your time as I have explained the importance of the USDA Rural Development broadband programs. I hope that my recommendations are seen as constructive and helpful as we seek to make the programs available to all parts of the country in a way that efficiently uses the minimal resources of our most rural areas. There is value in each of the programs identified

above and they address different needs throughout the country, from different perspectives. Specifically, I would ask that you move the ReConnect program from a pilot to an ongoing program, ensure that all programs are building infrastructure that can be upgraded for the future, and alleviate unnecessary application burden by providing a two step process. Thank you for your time and consideration.