

**Remarks by Shirley Bloomfield
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Thank you so much, Rick, and thanks to all of you because this was kind of a schlep today, and between the heat and the chaos, I'm really impressed that you all want to hear about rural broadband. And I'm particularly delighted that I've got a number of my members who are also in town who came to join us.

I just want to start off by sharing a couple of things. You know, at the start of the pandemic, school children in North Dakota were sent home right away to learn remotely, as they were everywhere across the country. The real difference was, in this state, which is incredibly vast, 97 percent of that vast geography is served by community-based providers, NTCA members. And what those folks did is they immediately gathered together, and between the state fiber network that they all owned, between the North Dakota Department of Education, when those students went home, within four weeks, these 15 companies were able to get 99.8 percent of all those school children connected to the internet because they were able to figure out where those kids had access and where they didn't.

I just start off with that because I think that gives you a feel for who my membership is, what they do and how they think about the service that they provide. We are celebrating our 70th anniversary this year. And as Rick had noted, we consider ourselves to be the leading advocate and the voice for rural communications providers and the work that they're doing. And as Rick mentioned, 850 community-based providers are a mix of locally held, community-held cooperatives and they cover 44 states and about one third of the land mass of this country. So, when you think about rural, when you think about remote, those are the areas that my folks tend to serve.

Interestingly, people tend to think about communications in these areas, and we're thinking a lot about it here in Washington these days. But our most recent member survey showed that 84 percent of NTCA member customers have access to, on average, downstream speeds of over 100 megabits and 70 percent of their customers have access to gig service. So, when I think of the rural divide, when we talk about the digital divide, I think there's a little bit of a rural/rural divide that goes on. Because for the folks that are serving their neighbors, it's a really different experience.

And then just to give you a little bit more context, as we think about what we do as a trade association, we think a lot about the tools that we can give to our member companies. For example, we run a group health trust and a pension plan and a savings plan that are actually member run and led through those ways to get them access to different tools.

We also have CyberShare, which is the ISAC for the rural broadband industry, and it really serves as a platform for our folks to be able to share information with government agencies, with one another and to think about how they can mitigate cybersecurity strategies with one another. We also have initiated a Smart Rural Community program. This is a program that really gives tools to the communities themselves to think about ways to innovate and to celebrate the fact that they are served by a fiber-fed community provider and what kind of economic prosperity comes with that kind of service.

We've also just very recently rolled out a new initiative nationwide where we are partnering with an organization called the Guardian Group that is encouraging and training our ISPs on how to combat sex trafficking in their rural communities. So, we really try to think very holistically about what we can do because our members themselves are incredibly community minded. They live and they raise their families in the communities where they are providing service. They've really got their finger on the pulse of what is happening in these rural communities.

One of the things that I think has been interesting is watching rural America grow. The population is growing. We can talk about all kinds of things that came out from the pandemic, but certainly the idea that people are seeking quality of life where they're not running across the street, waiting to be struck by the 47 different motorcycles out there.

But you know that is all due to the fact that you've got internet access. I don't know how many of you have ever looked at job postings recently, but where you see, "This job can be remote but requires internet access." That is really such a driver when we think about the economy.

When I think about rural America, obviously we know that agriculture and energy resources, natural resources really account for so much of rural America's impact on the GDP. But honestly, we're seeing so many of these communities now home to great tech jobs where folks are able to do this work remotely, and a lot of other industry service sector positions. So, the whole point being that I think that is focusing on what can really be driven through our economy by rural America.

Our Foundation for Rural Service actually had done a study recently which showed that 15 percent of all consumer internet transactions are conducted in rural America. So again, thinking through that this isn't just a place that you fly over or drive by, but it really matters to the U.S. economy.

And because you've all had a light lunch, I now get to regale you a little bit about some thoughts on universal service. So hopefully you've had your coffee here, as we think about what really matters to these providers and what do these things look like? Sharing with you that obviously the companies that I represent serve really remote parts of the country. They've got really unique challenges and situations that are out there, and it should be no surprise to anybody that the cost of providing service to these areas is pretty high. It's pretty expensive. You're talking about just a handful of customers per mile of infrastructure, but the infrastructure is no different than what we have here in Washington, D.C. And not only is it expensive to connect them, but it's expensive to maintain that service and make sure that they are able to continue to evolve their networks.

So, you know, I think of it every time I'm in an airplane and, I don't know about you, but you're in the middle of the country and you look down and you're like, "Wow, there is infrastructure below us there." There has to be, and that is how we're all connected. But you know it's important. The more people that are connected to the network, the more valuable the network itself actually is.

So right now, here in Washington, we're talking about a lot of grant programs. People are very excited about some of the shiny new toys coming out. They're going to help those folks who are unconnected. The numbers vary in terms of how many folks are actually unconnected. These programs are going to be really important. But I have to highlight what I think has been the most successful rural broadband initiative that has ever existed that flies a little bit under the radar. And that has been the federal High-Cost universal service program. Even as I sit in this room and I think about, you know, there's a lot of different viewpoints in this room, and I know that. But I look at somebody like Mike O'Rielly, who really actually was willing to spend a lot of time thinking about why this was so important and why it mattered.

When I think about universal service, it's the reason that a state like North Dakota is consistently cited by industry experts as the best-connected state in the country. That is astounding when you think about it. It has more fiber assets than anywhere else in the country. Universal service is the reason the small rural providers, like the ones who belong to our association, have made the kind of progress that I cited earlier, where over 80 percent of their customers have access to speeds that are comparable to what we are seeking in these new grant programs.

So, the question is, what really is universal service? The Communications Act of 1934 was one of those provisions that codified and said that all Americans should have access to rapid, efficient, nationwide communication service at reasonable charges. And then the '96 Act, which, as you were counting the math, Rick, I was thinking, "Well, I think it's been even longer than 30 years because I worked on the '96 Act," expanded that concept to provide predictable and sufficient financial support for the High-Cost program and several other USF programs. And it's in the wake of these programs that were actually created out of the '96 Act and that have been updated overtime that has really ensured that we have made such great progress as a country.

At NTCA, just sharing our perspective, our focus has always been on a couple of things. First of all, ensuring that the Universal Service Fund is stable. Second of all, that universal service will support and promote affordable service. And third, that USF provides the best possible voice and broadband networks for every American, regardless of your income level, regardless of where you live. So, I think of the High-Cost USF program as really being key to elevating the high cost of serving these rural areas. It's really kind of a cost recovery mechanism. Without it, and again, I point to the folks that are here in the room, without this program, their customers would not be able to afford the service that they offer. It would be unreasonably expensive.

I think when we think about affordable broadband and we think about why that matters, I think about how you can put a network in place, but if people can't afford to take the service, then I'm not quite sure what we have accomplished. And one of the things that I think has been really top of mind for a lot of people these days has been the Affordable Connectivity Program, or the

ACP, which came out in the Infrastructure Act. It's been in the news a lot lately. This program is not part of the Universal Service Fund, but it serves very much the same purpose that that program does because it really is trying to figure out how we make sure that people connected can afford that service.

So just to be clear, ACP is different than the High-Cost USF fund. ACP ensures that broadband service is affordable for low-income consumers specifically. It is very, very clear on that. NTCA members were very active, as were a number of others of you in this room, in terms of getting folks connected under the ACP program. And the program was very poised to be a very critical part of what we're going to be seeing next in terms of BEAD and the infrastructure money coming out underway. Whereas on the other hand, you've got the High-Cost USF program that helps to make broadband affordable for every consumer in deeply rural communities and certainly in urban communities as well.

Without ACP, which recently just expired, low-income consumers are going to be paying more than \$30 more a month for the service. Without the High-Cost USF program, it's been estimated that rural consumers will pay more than \$100 more per month.

So, when we think about all of this and we address that affordability puzzle, all of these pieces are going to be very, very important. And thinking about how we solve this universal service challenge, how do we get people connected? How do we keep people connected?

And that's why I think it was really disappointing to see all of these efforts that so many in this room were really focused on, making sure that we could see ACP continue to be funded. Those efforts have failed. Things are so political. We all know this. We are in July. November is coming. Nothing will happen. But we also look at this as kind of a "canary in the coal mine," because we saw what happened when you appropriate funding, it becomes at the whim of Congress. And that becomes a very dangerous thing to have happen because it creates a lot of uncertainty.

So, we've obviously as an organization supported all the different pieces of legislation that are out there that will look to extend this program. But I think at the end of the day, what it shows is that we need to find a better way for paying for the ongoing mission of universal service.

Fortunately, the smart pathway for that was actually paved by Congress when they did the Act in 1996. We just need some updates. So let me just take a minute to kind of explain what we're looking at. In 1996, Congress decided that trying to fund universal service through an annual appropriation process just wouldn't work. Imagine that you are a network provider, and every year you are thinking, "Will I have this money appropriated? Can I make this investment? Can I do cost recovery?" But every year it becomes a question. And then administrations change. Congress changes. It certainly wasn't a way that Congress knew to build any of these networks. So instead, what they did is they created a framework that would support the various USF programs by collecting contributions from those who benefited from nationwide universal connectivity. In 1996, these beneficiaries were telecom providers, right? They were entities that sold services to end users—and who wanted to place calls and transmit data to anyone, anywhere. Obviously, we've got a really different environment today. Our networks in 2024 look

very different, but the principle of universal service remains timeless. Those who use or benefit from these networks and services should be the ones contributing to help support their availability and their affordability.

So, what does that mean in 2024 as we look around us? It means that we need to be looking at who that new group of users actually are. Long distance telephone carriers are a thing of the past, and now when we talk about this, we talk about last mile networks. We talk about middle mile networks, transit and peering networks, internet backbones, content providers, edge providers. All of these play just as big a role in today's online ecosystem and they benefit from a more connected user base. So, all of these entities should therefore share in an obligation to support universal service. Unfortunately, that's not the case today, and the USF contribution mechanism is sadly, really outdated and needs to be repaired and put back into kind of a more common-sense approach, given where we are today.

The current contribution factor is 34% and rising. That's really high. That's unsustainable. As fewer customers buy legacy telecom services, the burden on a handful of companies and consumers actually increases, and this is not sustainable. And frankly, it's also not equitable. So those entities whose services result in the greatest use of these networks get a free ride while selling their own products. You know, the example that I always think of is Netflix. They used to pay postage to be able to get their content to the customers. Now it is the ISPs who are essentially covering the cost of the postage for them.

That's not to say, however, that content providers should bear the obligation all by themselves. The whole point is we need an equitable system in which all users and all beneficiaries actually contribute. So, we need to update the USF contribution mechanism. Regardless of where you are on this issue and regardless of your own feelings about it, I think we probably all agree that taking a fresh look is going to be really important. Because that timeless principle that prompted Congress to create it in the first place really boils down to how do we make sure that these services are available and that they are affordable for all Americans.

So, the big question is, in Washington, as always, all right, so how do you do that? One of the things NTCA supports is obviously broadening the contribution base to make sure that we share this obligation equally and widely and as reasonably as possible. We support including ISPs in the base and we support including edge providers in the base. We are equal opportunity. There are certainly bills that are pending right now that would implement pieces of these different solutions and we support all of these measures. We've also seen reports, as I know all of you have as well, about bipartisan working group efforts that are up on Capitol Hill looking to really dig deep into these efforts. I don't know, maybe I'm bullishly optimistic on this one. But you know, I look at these folks who are putting their minds together, and this is a pretty tough problem, but I am really grateful and very supportive of their efforts. And we eagerly wait to see whatever they are able to do in that closed room. And hopefully it'll be a constructive outcome.

But in the end, again, just to share that NTCA supports all of these different initiatives, we think contribution responsibility is shared reasonably and equitably among all underlying users of the network and that those who benefit from the network also help to contribute. So, you know, one of the things that comes out is that some folks have said, "Well, if you would address or assess

one group and not another, you know, it's going to really suppress the use of broadband." And I will share that I think on the face of that, that rings hollow to me because who's going to stop buying broadband because there's a charge of a dollar that's attached to their broadband bill to support universal service? Who's actually going to cancel their streaming subscription because of a small surcharge?

We've recently taken a deeper dive. We've done some studies. We've actually worked with some different organizations to take a look at what those implications really would be. And we have found that, really, it doesn't move the needle in terms of what folks will do. One of the studies that was done by the Berkeley Research Group found that a per connection charge would add about \$0.83 to \$0.86 per month to most consumers' bills. That number would come down even lower to about \$0.69 or so per month due to the estimated growth of voice broadband connections. So, I think one of the things when we think about price elasticity, it's important to realize what drives consumers and what is a way to kind of fund this network going forward. Because again the more connections, the more we can ensure access for all, the more valuable these connections are for all of us.

So just sharing very quickly what NTCA is doing is, with all of these different reform proposals on the table, we are looking to hopefully get some action, hopefully seeing somebody move somewhere on this. And we've really led the charge in terms of respect to USF sustainability and the contribution reform discussion with a wide variety of stakeholders, everyone from our peers in the industry to public interest groups to consumer groups and certainly trying to get policymakers to understand what we're talking about.

We've been promoting contribution reform discussions up on Capitol Hill, continuing to encourage the work of the bipartisan USF Working group on Capitol Hill. What a treat to see a bipartisan working group on something here in Washington. And the other thing that we did last year is we kicked off our Broadband Built to Last campaign. And what we tried to do with this is, USF is really complicated, I mean, I'm giving you the 30,000-foot level. But it is a very complicated topic, and we are trying to get policymakers to understand what this program does and the critical role that for the public to understand what USF does in terms of actually providing service, keeping rural consumers connected, how that's important and what high quality broadband service actually means.

But you know, I think we've all kind of seen the quality of service and why that's important. So, we've also shared a little bit more to that and about what technology is important to be thinking about. We are very future forward, and we really believe very strongly in building networks right the first time. So, we also started a campaign called Fiber Delivers to really educate about the value of fiber. My friends in the wireless industry know that wireless needs wires too. There are fiber connections and backhaul wherever you go, so thinking through, when I think about like the voracious nature of all of us as consumers, for data, for content, for access, for speed, you know, whatever we're doing today is going to simply be blown out the door when we look at three to five years down the road.

We also know that there will be no additional funding for infrastructure once we get past this last tranche. And we also know that advocacy doesn't just happen here in Washington, D.C. We can

talk to policymakers all we want and, you know, what we find is what is most impactful for policymakers is when they go back home. So, one of the things we've done is we've created a "strike force" of our members to be able to share stories of what universal service has meant for their consumers, for their networks, for the people that they're serving back home. And taking those stories back this summer when members of Congress are back home. And what I'm really looking forward to is seeing some photos of some members of Congress out there in some fiber splicing trucks and rolling up those sleeves and actually seeing what it takes to build some of these networks. Until you're out in the field, you don't really have a sense of appreciation for what it really takes. So, you know, I think that will be a big focus for us as an organization.

But everybody's thinking about broadband these days. There's a couple of other things that I just wanted to share some thoughts on because we think all the time about what is it really going to take to bridge the digital divide, how are we really going to get all Americans connected? As I noted, figuring out where that broadband availability is has probably never been more important. And I give the FCC a bunch of credit because they have been developing and refining the National Broadband Map, and that is no easy task because honestly, as we all know, once you complete a map, the second you complete it it's already out of date.

The whole intent behind this map is to really show where that availability is, location by location throughout the country. Our members take this obligation very seriously, and I know, again, a number of you in the room do as well. They take the obligation to report accurately where they're serving, who they're serving, what kind of services they are providing. But what we're finding as we're going through this mapping exercise is that not everybody takes that obligation quite the same way. What we're finding is that what consumers on the ground are seeing doesn't necessarily match the data that the FCC has. So, we think there's some systematic issues with what the FCC is doing on the mapping front. I understand they were feeling the time crunch, but looking at things like limited standards for reporting without sufficient documentation really means that marketing instead of technical standards is really driving what is showing up on these maps.

The other thing that we're finding through the challenge process is that it's really tough to make these challenges and what the FCC is saying is that providers are having to challenge each individual location. And the FCC's process is actually not built to handle these overstatements on a widespread basis.

So, while we're dealing with all of these systematic issues, NTCA has been encouraging the FCC to strengthen the reporting verification efforts and to consider changes to how they do these reporting standards. And again, I give the FCC a lot of credit. I know the funding came out late for the work that they were doing. They've been trying hard to create these better maps. But more has to be done soon before bad decisions are actually locked in. Because once this map gets locked in, these issues are going to have yearslong implications, not only for the existing broadband programs that are out there, but certainly any upcoming programs coming down the road. Without this kind of accuracy, existing services are at risk and unserved customers, frankly, just won't get served. And at the end of the day, I think that's the goal that we all have if that is truly what we're thinking about when we think about bridging the digital divide.

So finally, I'd be remiss if I didn't just share a couple of thoughts from NTCA on the BEAD program, because that is obviously very top of mind for everybody in terms of how that is moving towards implementation. I was really delighted, probably a career highlight, to be in the Rose Garden during the signing of that. I am extremely bullish about this opportunity, really excited about this once-in-a-generation ability to have this kind of investment made in broadband infrastructure. I look at NTCA members and small community-based providers have a truly long-standing commitment to deploying the best networks and delivering the best services. These are folks who are running into their customers at church or the grocery store, so you cannot hide if you are not providing that top service. They know that it's the way they keep their communities alive, by having the opportunities that come with that service. So, it's no surprise that they've already actively been engaging in all the different things that are out there, the ReConnect program through USDA and the state programs that came out either through ARPA or the Treasury program. And our members are actually very eager to continue working on tackling the digital divide.

I look at it now and I think, you know, my companies have served what I would have already said would be the highest hanging fruit, but it was their service territories. Other providers serve the areas that made economic sense for them. We are now, when we look at BEAD, we are at the highest hanging fruit. We are at the unserved, underserved areas that are, frankly, just the hardest to serve. It's the reason they're still not served. So, as we think about BEAD moving forward, there's a couple of concerns that we have. I would love to see my members at the table. I would love to see my members at the forefront of looking for some of this funding. But we've had the opportunity to share some of our concerns with NTIA and I just want to share them with all of you because I do think there are some obstacles that are out there and that we might not be the only provider representatives that are concerned about some of these things.

First of all, it's the size of the project areas and, I get it. There's a sense that efficiency means do the biggest area possible. But when I look at the history of how we have seen some of these state programs work most effectively, it is when my providers have been able to say, "This area makes sense, and this area makes sense, and I'm going to go and provide and fill in this pocket." You know, looking at these right sized project areas has been really successful. Large service areas pretty much mean that it's only going to be big providers that are going to be able to win those areas. And we've seen some of the shortcomings of that approach time and again. I think there's a concern about repeating some of what is happening. And again, it means that if some folks will look at some areas and say, "I can't do a whole county," then that county may just not get served.

Second of all, the prescription of rates. One of the things BEAD has is a low-cost requirement. Really great intent and it really made a lot of sense when you had an ACP program. Without ACP, that really means that you were prescribing a rate, you were telling providers they are going to have to offer that low-cost rate even if they don't have the economic wherewithal to be able to do that. That is going to be very important. Another reason why we need to think about how we get universal service reformed, how we pull ACP into that program, how we think holistically about affordability going forward.

Third is the excessive weight of matching funds. One of the requirements in BEAD is that there will be matching funds. Who comes to the table with the ability to put some cash in? That's very tough for small companies and what we're finding, what I've been seeing, and my companies would probably have their own stories of, is a lot of folks in the private equity space looking to be willing to make up some of that gap. But the story that they're then getting is, "we'll work and we'll partner with you. And then in five years, we'll flip this network." It's not the way my community-based providers roll. So, thinking about how that is weighted. And we'd really love to see NTIA follow programs that are more similar to what folks over at USDA and the ReConnect program are doing, where they are emphasizing the quality of the application over the lowest cost bidder.

And then I would say again, the persistently incorrect maps that we are seeing. As I mentioned, we've got to make sure that we do this right and I'm not sure that we've got the time available. I know that NTIA has been very, very willing to engage. They take these issues very seriously. They also know that community-based providers have a really long, rich history of service, and they're exactly the type of providers that NTIA would like to see come to the table. But I really do fear that without changes to some of these things, we're going to be finding ourselves at the end of BEAD with many Americans still on the wrong end of the digital divide.

So, in closing, I just would like to leave you with why I think what I shared today is really important to all of us here. In this room today, I have folks from member companies, as I mentioned, and one of them is not only a member company but also a Smart Rural Community provider: CTC, a 75-year-old communications cooperative from Brainerd, Minnesota. This company has a fully fiber network and what they've done after they built out that in their network, they proactively reach out to other utilities, to municipalities, to tribal entities to see what they can do to partner, to continue building fiber networks out for these other folks and these un- and underserved parts, not only in their states, but beyond.

When the workforce issues in their rural community made it tough to find employees, they partnered with their local YMCA to open up and expand a daycare center. When they saw a need for mental health support for young people, they started their own Smiles for Jake Foundation. And for those of you who may have seen that viral video of that young man going up while his friends were doing Ding Dong, Ditch, he came up to the camera and said, "You matter. I see you. I hope you have a good day." That was a young person trained by the Smiles for Jake Foundation. I was really proud to see that kind of work in action.

And when their growth saw a squeeze in affordable housing for their community, they partnered in discussions with local developers to think about building multi-income fiber-fed housing for their community. That focus, that commitment, that loyalty and that spirit of service is what I think all Americans, especially those who are still waiting for connectivity, deserve when it comes to what broadband can actually empower.

So, thank you for letting me share some thoughts here today. Nobody really wanted a tutorial on universal service. But really, more than delighted to kind of share those thoughts and greatly appreciate just that recognition, again, when you're out in real America, when you're flying across the country and knowing that these community providers exist because again, it's so easy.

And my friends at Verizon, we all know Verizon, you know, do you know Blue Valley? Do you know some of the companies that are around in some of these areas? If any of you want to do a field trip, we would be delighted to take you out there, and they'll probably take you out for some fiber splicing as well.