



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

March 31, 2009

The Honorable Joe Barton  
Ranking Member  
Committee on Energy and Commerce  
2322-A Rayburn House Office Building  
Washington, DC 20515-6115

The Honorable Cliff Stearns  
Ranking Member, Subcommittee on Communications  
Technology, and the Internet  
Committee on Energy and Commerce  
2322-A Rayburn House Office Building  
Washington, DC 20515-6115

Dear Congressmen Barton and Stearns:

Thank you for your letter dated March 25<sup>th</sup>. I am pleased to provide responses to the questions in your letter regarding the implementation of the broadband initiatives in the American Recovery and Reinvestment Act of 2009 (Recovery Act).

**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 funding 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.**

It is important to have useful, reliable data in order to implement a comprehensive national broadband plan that promotes deployment to all Americans. I want to first thank you for your efforts in support of legislation to improve the broadband data collected by the Commission in order to move us toward a better understanding of the broadband market. I am also pleased that the Commission finally has decided to collect more detailed broadband subscribership data, which carriers filed with the Commission for the first time on March 16 and which the Commission is currently reviewing. State-developed broadband data and the mapping provided for in the Recovery Act will also be valuable tools for ensuring the effectiveness of the government's broadband initiatives over time. Under the Recovery Act, NTIA and RUS are responsible for deciding how best to prioritize and allocate Recovery Act funds. I would note that I do not expect that Recovery Act funds will be able to bring broadband to all corners of the country (that is why a national broadband plan is so important). That being the case, I expect that there will be no short supply of communities in the country who can demonstrate their need for broadband and where bringing broadband quickly can have a real and significant impact.

**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.**

The Recovery Act provided the FCC with a consultative role, particularly regarding the definitions of terms such as unserved area and underserved area. The Commission currently is seeking comment on these definitions. The extent to which these definitions are relied upon as part of the eligibility criteria is by statute the prerogative of NTIA and RUS as the grant and loan-making agencies. I would note that while many people throughout this nation enjoy an array of benefits derived from broadband – education, news, health care, entertainment, and innovation to name a few – we need to work to bring these benefits to those Americans who remain out of reach of these services, whether they are in rural or urban areas, and to those Americans for whom the services are not adequate or not affordable. A case could be made that America as a country is an underserved area. That is why it is so important for the Commission to move forward, as required by statute, to develop a plan to ensure that all Americans have access to affordable, high-speed broadband. To this end, at its meeting next week, the Commission will consider the adoption of a Notice of Inquiry to formally initiate the development of a national broadband plan.

**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.**

The Recovery Act specifically left to NTIA and RUS decisions about where ultimately to direct Recovery Act funding, but identified a consultative role for the Commission, particularly regarding the definitions of terms such as “underserved” area. Accordingly, I defer to these agencies on how they ultimately choose to implement their programs. Nevertheless, as we consult with NTIA and RUS regarding the definition of underserved area, we may take into consideration important factors in addition to the number of providers in an area, such as affordability, competition, ubiquity of service (*e.g.*, is only part of an area served?), quality of service (*e.g.*, is available broadband of insufficient speed or quality to meet needs?), and how other policies could improve broadband availability or encourage further deployment in an area. I agree that stimulating demand for broadband is an important component of promoting the deployment and utilization of broadband, including programs that involve computer training or improving digital and media literacy. That is why I expect that programs that stimulate demand will receive significant attention as we develop the national broadband plan.

**4. Shouldn't the allocation of 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.**

The Recovery Act specifies that as NTIA determines which types of entities are eligible for grants: “the Assistant Secretary shall to the extent practicable promote the purposes of this section in a technologically neutral manner.” Recovery Act § 6001(e)(1)(C). Congress provided additional guidance, elaborating on this point in the Conference Report as follows: “[i]n defining ‘broadband service,’ the Conferees intend that the NTIA take into consideration the technical differences between wireless and wireline networks, and consider the actual speeds that broadband networks are able to deliver to consumers in a variety of circumstances.” H.R. Conf. Rep. No. 111-16, at 776. Thus, while technological and competitive neutrality is important, I also recognize that different technology platforms can bring different features and benefits, and that a national plan for broadband deployment should not limit the full potential of a particular platform.

**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.**

The role of Universal Service in the deployment of broadband is an important issue. You raise a critical distinction between supporting the upfront broadband deployment costs and the recurring costs of maintaining a broadband network or service. This question was of substantial concern to

Page 4—The Honorable Joe Barton  
The Honorable Cliff Stearns

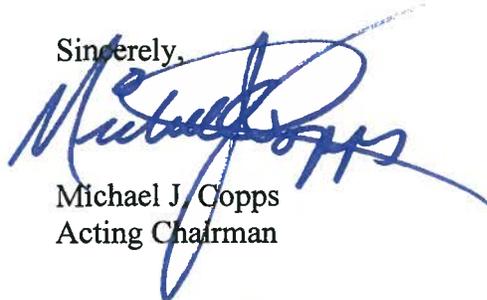
the FCC's Federal-State Joint Board on Universal Service as it considered its recommendations on how to reform Universal Service. Accordingly, I expect that the Commission will consider questions about the proper role of the Universal Service Fund as it develops a national broadband plan. Here, too, a one-size-fits-all approach may not be the best recommendation.

**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?**

I agree that the grant programs under the Recovery Act should be implemented in the most effective manner possible to achieve the goals set forth by Congress. While the Commission is limited to a consultative role in the development of the grant programs, the Commission will be examining the most efficient and effective mechanisms for the deployment of broadband to all Americans as it develops a national broadband plan.

I appreciate your views on this matter and I will make your letter a part of the record in the Commission's open docket on its consultative role on broadband initiatives in the Recovery Act. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael J. Copps", written over the typed name and title.

Michael J. Copps  
Acting Chairman