Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515–6315

MEMORANDUM

TO: Members, Subcommittee on Underserved, Agricultural, and Rural Development
FROM: Rep. Jared Golden, Chairman
DATE: June 16, 2021
RE: Subcommittee Hybrid Hearing: "Supporting Small Entities through Investments in the National Infrastructure: Broadband"

The Committee on Small Business Subcommittee on Underserved, Agricultural, and Rural Development will meet for a hybrid hearing titled, "Supporting Small Entities through Investments in the National Infrastructure: Broadband." **The hearing is scheduled to begin at 10:00 A.M. on Wednesday, June 16, 2021 in person in 2360 Rayburn House Office Building, and virtually via Zoom platform.**

Access to reliable and affordable broadband service is imperative to not only the success of small businesses, but the overall economic development of the nation. Unfortunately, many parts of the country lack reliable access to broadband at benchmark speeds. As Congress debates an infrastructure plan, investing in the nation's broadband must be part of the conversation. At this hearing, members will examine broadband as a critical part of the nation's infrastructure and strategies to reduce the digital divide, including how the American Jobs Plan allocates $100 billion to reach full broadband coverage.

Panel:

- Ms. Peggy Schaffer, Executive Director, ConnectMaine Authority, Augusta, ME
- Mr. Dan Sullivan, President, Downeast Broadband Utility, Calais, ME
- Mr. Matt Dunne, Founder and Executive Director, Center on Rural Innovation, Hartland, VT
- Mr. Tim Waibel, President, Minnesota Corn Growers Association, Burnsville, MN

Background

Universal service was a cornerstone of the Communications Act of 1934, the law that established the Federal Communications Commission (FCC).[1] To achieve universal service, the FCC and federal government have shaped telecommunications regulations and made strategic investments to ensure that telephone services are available at reasonable prices throughout the country. Today, the federal government recognizes that high speed internet is a critical telecommunications

[1] Communications Act of 1934, as amended, Pub. L. No. 73-416, 48 Stat. 1064 (1934).

technology. The Telecommunications Act of 1996 expanded the traditional goal of universal service to include advanced services, such as high-speed internet.[2]

High speed internet, known as broadband, enables users to send and receive high volumes of data required for modern communication.[3] Significantly faster than dial-up connections, the FCC currently has a speed benchmark of 25 megabits per second (Mbps) for download speed, and 3 Mbps for upload speed.[4] With 25 Mbps, users can participate in virtual learning, conferencing, and Ultra HD 4K video streaming.[5] Broadband can be provided to users through Digital Subscriber Line (DSL), cable modem, fiber, wireless, or satellite; each varies by speed, price, and service availability.[6] Without these platforms and required physical infrastructure, there is no broadband.

Digital Divide

Broadband subscriptions continue to grow; however, rural and tribal areas lag behind urban and suburban areas in broadband deployment.[7] It is more challenging to build broadband networks in rural areas because there are low population densities, rugged terrain, and fewer subscribers with which to spread deployment costs. This discourages investment from private companies.[8]

Percentage of Americans with Access to Fixed Terrestrial Broadband at Speeds of 25 Mbps/3 Mbps[9]

	2014	2015	2016	2017	2018	2019
All U.S.	89.4%	89.9%	91.9%	93.5%	94.4%	95.6%
Urban	96.4%	96.7%	97.7%	98.3%	98.5%	98.8%
Rural	60.4%	61.5%	67.8%	73.6%	77.7%	82.7%
Tribal	57.2%	57.8%	63.1%	67.9%	72.3%	79.1%

Source: Federal Communications Commission, *2021 Broadband Deployment Report*, January 19, 2021, p. 20, available at https://docs.fcc.gov/public/attachments/FCC-21-18A1.pdf.

Small Business Access to Broadband

Small firms need access to high-speed broadband to grow and survive. From connecting with consumers to fulfilling orders, a broadband connection is essential to day-to-day operations of many Main Street businesses. However, there is a competitive disadvantage for rural firms that do not have access to the same connectivity as their counterparts in urban areas. In 2010, the Small Business Administration (SBA) Office of Advocacy released a report titled, "The Impact of

[2] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).
[3] Colby Leigh Rachfal, CONGRESSIONAL RESEARCH SERVICE, THE DIGITAL DIVIDE: WHAT IS IT, WHERE IS IT, AND FEDERAL ASSISTANCE PROGRAMS 1(Mar. 2021), [hereinafter Digital Divide], *available at* https://www.crs.gov/reports/pdf/R46613.
[4] U.S. DEP. OF COMMERCE, FEDERAL COMMUNICATIONS COMMISSION, BROADBAND SPEED GUIDE (Feb. 5, 2020), https://www.fcc.gov/consumers/guides/broadband-speed-guide.
[5] *Id.*
[6] U.S. DEP. OF COMMERCE, FEDERAL COMMUNICATIONS COMMISSION, GETTING BROADBAND Q&A (Feb. 5, 2020), https://www.fcc.gov/consumers/guides/getting-broadband-qa.
[7] Digital Divide, *supra* note 2, at 6.
[8] *Id.*
[9] *Id* at 3.

Broadband Speed and Price on Small Business." It found that while rural and urban businesses have the same need for high speed broadband access, there were significant differences in availability, performance, and price of broadband options.[10] Rural and urban access inequalities persist eleven years later, but there is no official data that tracks small business access to broadband.[11] More accurate data about household, business, and community anchor institution access is necessary to fully measure deployment.[12]

Small rural businesses are impacted as both consumers and as small broadband service providers. As providers, government assistance is needed to secure infrastructure investments. As more communities become served and subscription rates increase, small rural carriers will have a greater return on investment (ROI).

COVID-19 Switch to Virtual

The digital divide was exacerbated by the COVID-19 crisis. Americans with reliable access to high speed internet were able to make the switch to online activities such as telemedicine, distance education, and telework.[13] For those that did not have access to broadband, the disadvantages of being disconnected became significant obstacles to everyday functions.

There are specific barriers to digitization for small businesses. To be connected and utilize digital tools (defined as services, platforms, and marketplaces), business owners must consider the ROI, privacy risks, costs, and usability.[14] The COVID-19 crisis made technology adoption critical to business survival. In a recent survey, the Connected Commerce Council found that 72 percent of small businesses increased use of digital tools during the COVID-19 crisis, and 48 percent utilized a new digital tool.[15] Of all digital tools, video conferencing (38 percent) and social media (31 percent) had the highest usage increase.[16]

Federal Broadband Investment

Lack of access to high-speed broadband has a devastating impact on economic growth and individual success in education, wealth, and access to opportunities.[17] To bridge this gap, the federal government has launched efforts to fund broadband deployment in areas where the costs are too high, and the ROI is too low to commercially provide affordable service. The FCC's

---

[10] U.S. SMALL. BUS. ADMIN, OFFICE OF ADVOCACY, THE IMPACT OF BROADBAND SPEED AND PRICE ON SMALL BUSINESS 1(Nov. 2010), *available at* https://www.sba.a/sites/default/files/rs373tot_0.pdf.

[11] The FCC measures broadband deployment at the census block level as reported by internet service providers on Form 477. Service may not be available to every establishment within a covered census block. The FCC does not verify the location or quality of service reported by the provider. U.S. GOV'T ACCOUNTABILITY OFF., GAO-21-24, TELECOMMUNICATIONS: FCC SHOULD ENHANCE PERFORMANCE GOALS AND MEASURES FOR ITS PROGRAM TO SUPPORT BROADBAND SERVICE IN HIGH-COST AREAS 21-22 (Oct. 30 2020), https://www.gao.gov/assets/gao-21-24.pdf.

[12] *Id.*

[13] Digital Divide, *supra* note 2, at 7.

[14] CONNECTED COMMERCE COUNCIL, *Digitally Driven 2021* 56(Mar. 17, 2021), *available at* https://connectedcouncil.org/wp-content/uploads/2020/09/Digitally-Driven-Report.pdf.

[15] *Id.* at 28.

[16] *Id.* at 29.

[17] Michael Minges, *Exploring the Relationship Between Broadband and Economic Growth*, WORLD BANK, (2015), http://pubdocs.worldbank.org/en/391452529895999/WDR16-BP-Exploring-the-Relationship-between-Broadband-and-Economic-Growth-Minges.pdf.

Universal Service Fund (USF) and US Department of Agriculture's Rural Utilities Service (USDA RUS) programs have assisted rural carriers to defray these costs.[18]

FCC's Universal Service Fund (USF)

FCC USF preexisting programs include the High-Cost Program[19], Connect America Fund (CAF), Lifeline Program, Rural Health Care Program, and Schools and Libraries Program. The Coronavirus Aid, Relief, and Economic Security Act (CARES) (P.L. 116- 136) established a new $200 million COVID-19 Telehealth Program, it was appropriated an additional $250 million by the Consolidated Appropriations Act, 2021 (P.L. 116-260).[20] The 2021 Appropriations Act also included $3.2 billion to provide emergency broadband discounts to eligible households.[21]

US Department of Agriculture's Rural Utilities Service (USDA RUS)

USDA RUS has five preexisting telecommunications and broadband programs including the: Community Connect Program, ReConnect Broadband Pilot Program, Rural Broadband Access Program, Telecommunications Infrastructure Program, and Distance Learning and Telemedicine Program. COVID-19 legislation did not include any new RUS broadband programs.

US Department of Commerce National Telecommunications and Information Administration (NTIA)

The NTIA has a variety of preexisting programs designed to increase broadband access and adoption across the country. The BroadbandUSA program provides technical assistance to broadband connectivity and digital inclusion efforts.[22] In coordination with the FCC, NTIA hosts the National Broadband Availability Map (NBAM) which currently represents data from thirty states and four federal agencies.[23] The 2021 Appropriations Act established three new programs: Broadband Infrastructure Deployment Grant Program, appropriated $300 million; Tribal Broadband Connectivity Grant Program, appropriated $1 billion; and Connecting Minority Communities Pilot Program, appropriated $285 million.

The American Jobs Plan

The Biden Administration's American Jobs Plan proposes a $100 billion investment in the nation's digital infrastructure, with the goal of bringing "affordable, reliable, high-speed broadband to every American."[24] Specifically, the plan will: build high-speed "future proof" broadband infrastructure to reach 100 percent coverage, promote transparency and competition between public and private internet providers, reduce the overall cost of internet service, and promote

---

[18] Patricia Moloney Figliola, et al., CONGRESSIONAL RESEARCH SERVICE, FEDERAL UNIVERSAL SERVICE FUND AND OTHER SELECTED FEDERAL BROADBAND PROGRAMS: A PRIMER (JAN. 28, 2021), [hereinafter Primer], *available at* https://www.crs.gov/Reports/IF11748.

[19] The High-Cost Program is being phased out and replaced with the CAF. For more details on each program see https://www.crs.gov/reports/pdf/IF11748.

[20] Primer, *supra* note 16, at 2.

[21] *Id.*

[22] *Id.*

[23] The participating agencies include: US Department of Agriculture (USDA), the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC) https://broadbandusa.ntia.doc.gov/resources/national-broadband-availability-map.

[24] Fact Sheet: The American Jobs Plan whitehouse.gov (March 31, 2021) https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/.

widespread adoption.[25] To achieve these targets, Congress and the Biden Administration must work closely with state and local stakeholders be willing to invest the necessary resources.

Conclusion

Access to high-speed Internet ensures that businesses thrive, and communities connect to economic and educational opportunities. Digital infrastructure expansion must be incorporated into any broader infrastructure plan so that the U.S. can achieve its target of 100 percent reliable high-speed broadband coverage. By alleviating the digital divide, the country can reach its full potential.

[25] *Id.*