



June 15, 2021

The Honorable Brendan Carr
Commissioner
Federal Communications Commission
45 L Street NE
Washington, DC 20554

Dear Commissioner Carr,

We write to you on behalf of the Small Company Coalition (SCC), a consortium of incumbent local exchange carriers and vendors serving rural and Tribal territories across the United States.

We would like to offer our profound support for the sentiments expressed in your May 24 article published in Newsweek. The SCC has long sought to bring awareness to the ill-calibrated practice of using telephony revenues to pay for broadband deployment, a practice you aptly describe as “taxing horseshoes to pay for highways.”

This topic lies at the core of SCC members’ concerns. We understand that in order to serve our communities with high-speed broadband—and thus to provide them with equal access to educational, economic, and telemedicinal opportunities as our urban counterparts—support mechanisms must be “sufficient and predictable.” Implicit in this “sufficient and predictable” clause is the notion that such support should be *sustainable*.

Unfortunately, the current method of increasing the contributions factor, which has recently reached a record level of 33.4%, from a dwindling telephony base to support burgeoning data/broadband usage is destined to fail.

The SCC has built an extensive record in advocating for contributions reform, specifically calling for the FCC to require all users of the telecommunications and broadband network to pay for said usage. Specifically, the SCC has drawn attention to the very issue which you identified in your Newsweek article; namely, that Big Tech has strangely received a free pass to utilize these networks that are built from telephony-based pools, thus driving network traffic to all-time highs while leaving end-users to foot the ever-increasing bill. For example, refer to our responses to items 6 and 8 in the document found at this link: www.smallcompanycoalition.com/wp-content/uploads/2017/10/SCC-House_White_Paper_Comments_9-19-14.pdf. Additionally, regarding our more recent efforts to bring light to this crucial issue, please refer to Part 3 of the four-part video series designed to educate customers, legislators, and regulators on the Universal Service Fund and the currently broken contributions model which undergirds it, found at this link: www.smallcompanycoalition.com/videos/.

We thank you again for your initiative and leadership on this front, and it would be our pleasure to discuss the matter with you in further detail at your earliest convenience.

Sincerely,

James J. Kail
Executive Committee Member