SMALL COMPANY COALITION
SCC
WE BUILT IT. WE MAINTAIN IT. WE VALUE IT!

October 13, 2025

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

Dear Chairman Carr:

The Small Company Coalition (SCC) is comprised of small, rural, and Tribal telecommunications companies that have a long history of building and maintaining broadband facilities throughout the rural areas of the country. Over the years, the SCC has offered to work together with the FCC to improve the effectiveness and efficiency of the regulatory process in order to minimize any unnecessary and burdensome regulations, and thus enable the small companies to focus more of their limited resources on closing the digital divide.

On behalf of the SCC, I want to commend you for your commonsense approach in leading the FCC in the effort to improve the efficiency and effectiveness of the regulatory process. Additionally, your openness to ideas on broadening the USF contribution base so that all users of the broadband network pay for such usage is very much appreciated. This issue has been at the core of the SCC members' concerns since its formation nearly fourteen years ago. The SCC has long sought to bring awareness to the ill-calibrated practice of using telephony revenues to pay for broadband deployment. Along these lines, in the SCC's comments submitted to the Congressional USF Working Group (the "Working Group") in September, we referenced your quote that appeared in the May 24, 2021, issue of Newsweek, in which you likened the practice to "taxing horseshoes to pay for highways." Also, in our letter to you dated June 15, 2021, in response to this article, we pointed out that "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." As you know, the contributions factor has reached a new record level of 38.1% for the fourth quarter of 2025. As the factor continues to rise, it's only a matter of time before the mechanism fails.

Furthermore, the SCC has offered to assist the FCC in its effort to eliminate unnecessary, outdated, and burdensome regulations. As indicated in the SCC's April comments filed in connection with the FCC's "Delete, Delete, Delete" initiative, an improved and more effective regulatory process would enable small rural broadband providers to focus their limited resources on fulfilling the mandate of providing high-speed Internet services to the unserved/underserved residents living in the rural parts of the country. Also, as noted in the SCC's "Delete, Delete, Delete" comments and as previously discussed with your staff and others at the FCC, and also reiterated in our comments filed with the Working Group, it is the SCC's belief that significant efficiencies and savings could be realized by streamlining USAC's operations. In particular, we believe that tightening up the effectiveness of USAC's audit process would not only yield savings, but it would also enable small rural broadband providers to focus more of their limited resources in doing what they do best, which is building and maintaining rural broadband facilities. Another topic covered in the SCC's Working Group comments pertains to the Lifeline program. We believe the program should be reevaluated to determine whether the cost to administer the program is worth the benefit to the recipients. Especially

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in light of the higher levels of inflation in recent years, realistically speaking, the $9.25 received by the majority of Lifeline recipients is insignificant and not enough to make a meaningful difference on a customer's bill. While one could counter this argument by saying that the $9.25 is better than nothing, this miniscule discount doesn't outweigh the cost of the program (i.e., $943 million in 2024) along with the burden of administering it.

Changing topics, I was pleased to read the following quote in a blog you posted earlier in the month with respect to the FCC's October 28th meeting: "We will vote on a notice that would reexamine broadband nutrition labels so that we can separate the wheat from the chaff. We want consumers to get quick and easy access to the information they want and need to compare broadband plans (as Congress has provided) without imposing unnecessary burdens." As you may know, this effort is consistent with the following verbiage included in the SCC's comments filed in April in connection with the FCC's "Delete, Delete, Delete" initiative: "…we understand that the broadband nutrition labels fulfill a Congressional mandate, and as such, it falls within their prerogative to sustain or remove them. However, while they persist, we believe that the FCC would be well-advised to simplify the requirements for these labels as much as possible. Any new reporting requirements should be viewed from a value-added perspective and evaluated against the time they take to complete. For example, we contend that the broadband nutrition labels offer little value to the end-user, who already has access to all relevant information containing their broadband connection. In the event the Commission wishes for companies to continue providing pricing, speed, and bundled packages information to customers, the Coalition recommends sending out a bi-annual billing insert outlining these options and/or recommending customers visit the company's website for this information. This would accomplish the same purpose."

As a reminder, the SCC is more than willing to assist the FCC and act as a resource in its ongoing effort to improve the regulatory process. With this in mind, as a starting point we:

- Request that the FCC issue a Notice of Proposed Rulemaking on USF contribution base reform.
- Urge the Commission to convene a multi-stakeholder working group including SCC and other organizations representing the small telecommunications providers to help shape contribution reform.
- Call for the Commission to set a timeline for reviewing USAC's audit procedures to ensure resources are used efficiently.

The FCC has certainly been moving in the right direction under your leadership, and the SCC is readily available to assist the effort to implement common sense improvements to the regulatory process. I will close by respectfully requesting a meeting with your staff in November to discuss the content of this letter in more detail along with other potential regulatory reforms as well as any other matters of interest. Thank you again for your initiative and leadership, and know that we very much appreciate your efforts.

Sincerely,

James J. Kail
Executive Committee Member