

October 13, 2021

The Honorable Jessica Rosenworcel  
Acting Chairwoman  
Federal Communications Commission  
445 12th street, SW  
Washington, DC 20554

Dear Acting Chairwoman Rosenworcel,

We write to you on behalf of the Small Company Coalition (SCC), a consortium of incumbent local exchange carriers (ILECs) and vendors serving rural and Tribal territories across the United States. As small telecommunications companies, SCC members provide connectivity to communities whose livelihoods rely on it, now more than ever as our nation continues to emerge from post-COVID protocols.

In March of 2020, FCC Chairman Ajit Pai issued the "Keep Americans Connected" pledge, requesting cooperation from broadband companies and seeking their pledge of support to:

- (1) not terminate service to any residential or small business customers because of their inability to pay their bills due to the disruptions caused by the coronavirus pandemic;
- (2) waive any late fees that any residential or small business customers incur because of their economic circumstances related to the coronavirus pandemic; and
- (3) open its Wi-Fi hotspots to any American who needs them.

SCC members eagerly complied, many of whom formally took the pledge and went above and beyond this call to provide service to their communities. We did this with the firm understanding that access to broadband is more critical now than ever, particularly with increased remote work, education, and telehealth services stemming from the pandemic. As companies that are rooted in our local communities, we know that our success is inextricably linked to the welfare of those closest to us.

Our members have been encouraged to see Congress and the FCC prioritizing enhanced national connectivity through the increased focus on rural and Tribal broadband funding. Many officials have even explicitly cautioned that inactivity now will result in the widening of the "digital divide" between rural and urban communities.

As the country continues to recover from COVID and the associated restrictions, trends are emerging which show that even when people are able to return to work, many of them now prefer to work remotely for various reasons. For example, a FlexJobs survey<sup>1</sup> conducted with over 2,100 participants between March and April of 2021, reported the following key findings:

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<sup>1</sup> FlexJobs Survey Finds Employees Want Remote Work Post-Pandemic:  
<https://www.flexjobs.com/blog/post/flexjobs-survey-finds-employees-want-remote-work-post-pandemic/>

- 58% percent of workers said they would “absolutely” look for a new job if they cannot continue remote work in their current role.
- 65% of respondents said that they wish to remain full-time remote workers following the pandemic.

All of this is to say that as high as the demand is for broadband now, this need will not dissipate any time in the near future.

To this end, our Coalition would like to bring to your attention an inconsistency in messaging from the Commission: namely, while the FCC correctly acknowledges the crucial nature of this infrastructure, the vestiges of the punitive Budget Control Mechanism (BCM) still remain. In essence, the Commission is seeking to fund broadband networks while retaining a mechanism that cuts funding to said networks.


To the FCC’s credit, the funding cuts resulting from the BCM have been restored for each of the past 5 years. Nonetheless, while this item formally remains in place, small companies must deal with the uncertainty that it causes and are left in the position of hoping that losses are reimbursed on an annual basis. This uncertainty is particularly troublesome during a time when our companies have taken extra efforts in accordance with the Pledge—and often incurred extra, non-recoverable expenses—to accommodate our customers throughout the pandemic.

Likewise, access to high-speed Internet has been a popular topic in Congress, and is a rare item of bi-partisan support, at least on principle, if not specific amounts, and the retention of the BCM runs incongruously with these policy goals of increased broadband funding.

In closing, I strongly encourage the Commission to take a closer look at the BCM at its core, and to examine how it aligns—or does not align—with the Commission’s and Congress’s objectives of funding broadband networks. Furthermore, the Commission should reconsider other outdated funding-cut mechanisms such as the 5% reduction of the frozen 2011 revenue base stemming from the FCC’s USF/ICC Transformation Order. With respect to this mechanism, it is estimated that the small carriers are losing approximately \$20M per year. While it is important to maintain transparency in all of our federally managed funds, the methods used should not counter-act the underlying goals of funding broadband deployment in unserved and underserved territories.

For a more detailed discussion of this matter, I can be reached by email at [jikail@lhtc.net](mailto:jikail@lhtc.net) or by telephone at 724-593-8111. Thank you for your time and consideration in this important matter and I look forward to further dialogue soon.

Respectfully submitted,



James J. Kail

SCC Executive Committee