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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

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Opening Statement of
Chairman Don Young of Alaska
Subcommittee on Indian and Alaska Native Affairs
At the Oversight Hearing on
The Federal Communications Commission's rule on the Universal Service Fund
and its impact on American Indians and Alaska Natives
Friday, June 8, 2012

On February 1, 1996, both the House and Senate passed the Telecommunications Act of 1996, with just 19 dissenting votes out of a possible 535. In today's partisan political environment, this type of bipartisanship is extremely rare, but back then, we all recognized the need ensure that all of the United States was connected to a robust and evolving network.

My good friend, the late Senator Ted Stevens, worked hard to include provisions to ensure that all Americans, especially those in rural and tribal areas, would have access to all types of telecommunication services, including advanced services like the Internet. More importantly though, he worked to ensure that services in rural and tribal areas would not just be "comparable" in type and speed to the same services in urban areas, but also comparable in cost.

For example, if someone living in Washington D.C. cannot afford high speed broadband at \$40 per month, the issue to address is not the cost of their broadband, but rather the income of that individual. However, if someone on tribal lands, either in Alaska, Hawaii, or the Lower 48, cannot afford high speed broadband because it costs \$200 per month, that is an issue with the cost of broadband; the service is simply unaffordable. This "high cost" issue is exactly what Universal Service is meant to address and has successfully addressed since the early 1930's.

Additionally, the 1996 Act does not just address the consumer side of Universal Service, but also addresses the provider side as well. In order to provide any service in rural, remote, and tribal areas, the Universal Service support that these carriers get must be, by law, "specific, predictable, and sufficient." Unfortunately, the only things that are specific and predictable about the FCC's High Cost Order is that the support provided is not sufficient and will lead to the eventual demise of the carriers that serve rural and tribal America. The FCC order is not only contrary to the plain language of the 1996 Telecommunications Act – it will actually widen an already huge digital divide.

Currently, nearly one in three Native Americans lacks telephone service and only one in ten have broadband service. In previous hearings, the FCC implied their order will result in huge dollars

going to tribal lands and rural areas to solve this lack of service problem. However, the opposite is true – the amount provided by the Order will be a reduction from previous years, especially taking into context the FCC’s inter-carrier compensation reform.

While, on the one hand the FCC has said that rural and tribal providers must extend new broadband services, on the other they seem to expect these new advanced services to be cheaper to build and support than voice service. Equally perplexing is the very costly waiver process. In order to file a waiver you need to show that your company can no longer provide voice service. This is a broadband plan?

In addition to the FCC’s testimony, we will also hear from the Rural Utilities Service about the nearly \$4 billion in loans that they make to rural America. For the past six decades, RUS and the Universal Service Fund have formed a close and successful partnership which builds telecommunications infrastructure across rural and tribal America. In this partnership, RUS extends long-term loans to rural carriers to build infrastructure and the “specific, predictable, and sufficient” USF funding partially helps these carriers pay off these loans. Without this partnership, which actually makes money for the U.S. Government, rural and tribal America would have no voice service whatsoever, let alone broadband service. In fact, RUS has already spent billions of dollars on broadband deployment, but the need is so great that a digital divide still exists. I do not understand how giving less USF money to tribal areas helps them better addresses this broadband need.

Some, including many at the FCC, claim that Universal Service is broken and needs to be fixed. While I acknowledge Universal Service does need updating, the program has accomplished much of what it was created to do. While more work must be done as telecommunications continue to evolve, I commend the Universal Service Fund and the Rural Utilities Service for adhering to Universal Service principle that exists in current law.

I would also like to address the issue of Tribal Coordination in the FCC’s High Cost Order. This well-intentioned provision mandates tribal engagement between telecom companies and local tribal governments. Unfortunately, this is another case of the FCC not understanding that Alaska is different. Alaska has over 200 tribes and this provision, if not adjusted for Alaska, could actually hamper broadband deployment on tribal lands all across the state of Alaska.

Finally, I think it important we understand that many non-tribal and urban areas take for granted their current level of broadband service. I understand that many of these people are joining us live, streaming this hearing on the Internet. Yet, there are far too many people in Alaska Native villages, on American Indian reservations, residing on Hawaiian Homelands, and living in remote and rural areas who cannot watch this hearing not because they do not have the proper broadband infrastructure to see it. This is the difficult problem that Universal Service must continue to address.

I would like to especially thank Steve Merriam of Arctic Slope Telephone and Nelson Angapak of the Alaska Federation of Natives for making the long trip all the way from Alaska. I look forward to hearing the testimony of all our witnesses to discuss this important issue.