



August 4, 2022

Senator Maria Cantwell
Chairwoman
Senate Committee on Commerce
254 Russell Senate Office Building
Washington, D.C. 20510

Senator Roger Wicker
Ranking Member
Senate Committee on Commerce
512 Dirksen Senate Office Building
Washington, D.C. 20510

Representative Frank Pallone, Jr.
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, D.C. 20515

Representative Cathy McMorris Rodgers
Ranking Member
House Energy and Commerce Committee
2322 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Cantwell, Ranking Member Wicker, Chairman Pallone, and Ranking Member McMorris Rodgers:

In recent years, Congress has provided significant funding for deployment of broadband infrastructure to help close our nation's remaining digital divide. Most recently, the bipartisan Infrastructure Investment and Jobs Act directed over \$42.5 billion for the Broadband, Equity, Access, and Deployment ("BEAD") Program and \$2 billion for the ReConnect Program (and billions more for other programs) for broadband deployment. While great strides are being made to ensure that communities across the country have access to more robust networks and better services, many remain at risk of being left behind if programs are not properly implemented or plans are not in place to make the most of this opportunity.

It takes more than increased funding and commitment to community to deliver on the promise of broadband for those still waiting to be connected. Broadband networks cannot be built when broadband network supplies cannot be obtained, and the already-high costs of deploying networks will become even higher if there is a shortage of supplies. I therefore write today on behalf of NTCA—The Rural Broadband Association ("NTCA") – a group of nearly 850 small community-based rural broadband providers – to encourage Congress to take prompt action in addressing current concerns about our nation's communications supply chain by providing greater flexibility in meeting broadband deployment program requirements, facilitating increased domestic production of communications equipment, and ensuring that smaller broadband providers do not suffer disproportionate impacts from supply chain concerns.

By way of background, many policymakers have rightly focused on supply chain *security* in recent years, but there is increasing concern as well about supply chain *resiliency* – and, without

careful planning and thoughtful action now, this has the potential to undermine national objectives to connect as many Americans as possible in the coming years under these new programs. Starting in early 2021, NTCA members began to report significant and growing backlogs for critical communications equipment like routers, antennas, fiber, network terminals, and customer premises equipment—with delays in fulfillment ranging from several weeks to more than one year. In fact, in a survey late last year, eighty percent of NTCA members reported an inability or delay in procuring supplies needed for network deployment. Similarly, NTCA members offering mobile broadband services cited the cost of necessary equipment as their primary challenge. The impact of these delays or inability altogether to procure necessary equipment at reasonable costs has led to delayed installation of service at customer premises and delayed network construction for approximately two-thirds of NTCA members.¹ Since this study was conducted, members report that supply chain concerns have grown worse in the form of even longer delays and/or increased costs even after initial orders are placed.

The current state of the broadband and telecommunications supply chain could undermine the timeliness, reach, and overall effectiveness of key infrastructure funding initiatives. If providers are uncertain of their ability to meet program milestones due to supply chain delays, or if costs continue to increase for supplies, this could deter participation in these programs by making projects less viable. These factors also threaten to hinder severely the reach of appropriated dollars, potentially leaving more Americans unserved as a result. Importantly, these disruptions could have particularly significant and disproportionate adverse impacts on smaller providers, as NTCA members report of concerns that supplies are being diverted to larger projects and providers; this in turn undermines potential competitiveness in seeking to deploy in unserved and underserved rural broadband markets, and could deny many community-based providers the chance to edge out from existing networks to serve nearby rural locations.

New initiatives launching in the next few years have significant potential to exacerbate these strains in the current supply chain. While offering an exciting opportunity to reach more Americans than ever before with robust broadband connectivity, the BEAD program will only realize its full potential if work begins now to clear bottlenecks and encourage increased production. For example, Congress should encourage the U.S. Department of Commerce, the U.S. Department of Agriculture, and other agencies to provide greater flexibility and detailed guidance under Build America, Buy America Requirements within their funding programs – this is especially important for smaller providers who require reasonable certainty when deciding to expend resources to apply and have limited resources and capability to pursue individual waivers. We further urge Congress to encourage the Department of Commerce to do everything in its power, and for Congress to consider what additional policies it can enact or additional resources it can provide (such as tax incentives or dedicated funding), to promote investment in domestic production and manufacturing of critical communication supplies. A comprehensive approach must also examine and address small provider concerns about the diversion of supplies

¹ NTCA, *Broadband/Internet Availability Survey Report* (December 2021) <https://www.ntca.org/sites/default/files/documents/2021-12/2021-broadband-survey-report-final-12-15-21.pdf>.

that become available to “bigger customers” such as national and large regional operators. Here again, the promise of new funding initiatives will not be fully realized if smaller providers – especially those based in or near the communities they seek to serve – are unable to access the supplies needed to deliver high-quality broadband on a timely and cost-effective basis. Consideration of pricing dynamics and practices in the supply of broadband equipment, especially compared to even “standard” inflationary pressures, should also form a part of a comprehensive strategy. Finally, should supply chain concerns persist, we would encourage Congress and the agencies overseeing these broadband infrastructure initiatives to provide greater flexibility in meeting program requirements, including measures such as extending project deadlines and/or mitigating penalties for failures to comply with deployment milestones due to supply chain complications.

In closing, NTCA appreciates your collective leadership in seeking to ensure that every American has access to the best possible broadband. To realize this shared vision, we urge the federal government to work closely and directly with manufacturers, distributors, and others to examine, mitigate, and alleviate strains in the broadband supply chain. We look forward to working with you to help in such efforts, and our members look forward to being a critical part of the solution in overcoming our nation’s remaining digital divide.

Sincerely,

A handwritten signature in black ink that reads "Shirley Bloomfield". The signature is written in a cursive, flowing style.

Shirley Bloomfield
Chief Executive Officer
NTCA–The Rural Broadband Association