

**Before the  
SMALL BUSINESS ADMINISTRATION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Business Loan Program Temporary Changes;	)	Docket Number SBA–2020–0034
Paycheck Protection Program—Eligibility of	)	
Certain Telephone Cooperatives	)	

**COMMENTS  
OF  
NTCA–THE RURAL BROADBAND ASSOCIATION**

NTCA–The Rural Broadband Association (“NTCA”)<sup>1</sup> hereby submits these comments in response to the Federal Register Publication seeking input on the “interim final rule”<sup>2</sup> applicable to parties seeking funds through the Paycheck Protection Program (“PPP”). NTCA supports the Small Business Administration’s (“SBA”) clarification that a telephone cooperative that is exempt from federal income taxation under section 501(c)(12) of the Internal Revenue Code will be considered “a business entity organized for profit” for purposes of 13 CFR 121.105(a)(1) and therefore an eligible PPP borrower. Indeed, SBA’s clarification on PPP eligibility is responsive to the clearly expressed views of several senior members of Congress.<sup>3</sup>

Telephone cooperatives deliver voice, broadband, and other telecom services in the most rural parts of the United States, reaching areas with an average of five to ten subscribers per

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<sup>1</sup> NTCA represents nearly 850 rural rate-of-return regulated telecommunications providers (“RLECs”). All of NTCA’s members are full service local exchange carriers and broadband providers, and many of its members provide wireless, cable, satellite, and long distance and other competitive services to their communities.

<sup>2</sup> Business Loan Program Temporary Changes; Paycheck Protection Program—Eligibility of Certain Telephone Cooperatives, Docket Number SBA–2020–0034, 85 FR 35550 (rel. Jun. 11, 2020) (“Interim Rule”).

<sup>3</sup> See statement by Chairman Roger Wicker (R-MS) during Senate Committee on Commerce, Science, and Transportation hearing on May 13, 2020 titled *The State of Broadband Amid the COVID-19 Pandemic* (“As one of the ones who met late into the night developing the CARES Act, I see no reason why a 501(c)12 nonprofit cooperative who is otherwise qualified should be prohibited from participating in the Paycheck Protection Program and I have urged Treasury to make that decision clear and I hope we get a positive answer very soon.”); See also May 15, 2020 letter from Senators John Thune (R-SD) and Amy Klobuchar (D-MN) to Treasury Secretary Mnuchin and SBA Administrator Carranza (“Therefore, it seems appropriate that additional clarification and confirmation be provided to ensure that telecommunications cooperatives also organized as 501(c)(12)s can use the PPP loan program without any uncertainty.”).

square mile. While cooperatively organized, their corporate form does not change the fact that these are small businesses – averaging just under 30 employees – working to serve and generate jobs and economic growth in their rural communities. Like other small businesses that happen to be organized in a different manner, many of these operators need the kind of assistance the PPP offers to sustain operations and retain employees in the face of an unprecedented public health and economic crisis.

The pandemic emergency has highlighted that having the connectivity enabled by high-speed broadband at home is an essential element of everyday life. Broadband connectivity means having the ability to connect to your doctor when you have a high fever without traveling to the office or hospital; it is the ability for students to continue their education even when the classroom is hundreds of miles away or just right down the street but closed; it is the ability for people to continue receiving paychecks by working remotely using secure and bandwidth-intensive virtual private networks; and it is the ability for everyone to maintain social interactions with loved ones during these trying times.

Not only do telephone cooperatives deploy essential communications networks in the most sparsely populated areas of the US, hundreds of small, rural telecom providers, including many telephone cooperatives, signed the FCC's Keep Americans Connected pledge – agreeing to avoid disconnection of customers affected economically by the pandemic, forgo collection of late fees, and open existing Internet hotspots for community use. Many went beyond the pledge as well by providing free broadband service upgrades to households with distance learning needs, adding new free community Wi-Fi hotspots, and donating telecom equipment to area schools.

Many of these carriers plan to continue providing these services to their rural communities even now that the FCC pledge has expired, although doing so becomes more difficult each day – more than half of small, rural broadband providers since mid-March report an increase of up to 10% in uncollectibles, and another 15% report an increase of up to 25% in uncollectibles. On average, these carriers report approximately \$80,000 in accumulated non-payments by customers in the first three months since the pandemic hit.

These kinds of economic impacts are hard for small businesses of any kind to bear, and they have direct implications for the ability of these providers to retain and pay employees. Telephone cooperatives provide good jobs in rural areas that require an array of professional and technical expertise – from accountants to customer service specialists to field technicians. Every employee is essential for a small, rural broadband provider operating a reliable, high-speed network and working to promptly respond to customer needs. As telephone cooperatives wrestle with the uncertainty brought on by the pandemic and the attendant economic disruption, having clarity to confirm their PPP eligibility helps these companies remain fully staffed as they continue stretching resources to keep every customer connected to essential services.

Respectfully submitted,



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