

## Mike Foster: FCC reform disastrous for rural broadband

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By Mike Foster

Kansas will lose out if rules currently under consideration by the Federal Communications Commission are enacted.

At issue is an effort by the government agency to "reform" a telecommunications fund that Kansas residents and businesses rely on to the tune of nearly \$143 million annually to connect their rural areas to the world.

Unfortunately, this so-called reform of the federal Universal Service Fund looks like it could be more of a grand experiment than a focused effort to update and fine-tune a system that has worked well. It will mean that Kansans may need to say goodbye to broadband Internet access in some of the state's more remote corners. Indeed, unless the FCC reforms this fund in the right way, millions of rural Americans could be left behind.

Wichita State University's Center for Economic Development and Business Research recently concluded that these reforms could result in the cutting of up to \$143 million in funds over the next five years that small businesses in Kansas have relied on to deploy broadband-capable networks and provide broadband Internet access. The report found that such reforms "will have a significant, negative economic impact on rural Kansas."

In particular, these reforms could devastate the state's Rural Local Exchange Carriers, the small businesses that provide telecommunications services to some of the highest-cost, hardest-to-serve areas. RLECs provide services in 104 of the state's 105 counties. They also are key employers in their communities.

The impact of these "reforms" on Kansas would be stark. The Kansas RLECs will be forced to reduce services and associated staff and, as the report said, 140 direct jobs would be lost through 2016. This will result in a loss of \$29 million in wages.

For every job lost, an additional 1.6 jobs also would be removed from the state's economy, the report concludes: "The total employment impact in rural Kansas is 367 jobs by 2016, with a total wage impact of \$51 million over the five-year period."

Because of these job losses, the state will forgo \$1.4 million in personal income taxes. Through 2016, local governments and the state will lose \$1.1 million in property tax and \$1.5 million in retail sales-tax collections, possibly resulting in the curtailing of local services. A loss of \$143 million will force the state's RLECs "to dramatically change their operations" and likely cause defaults on loans owed to the federal government and other lenders.

Finally, rural Kansans risk being unplugged from the world. "It is expected that Kansas RLECs will, at minimum, cease operations in numerous highly rural communities across the state," the report concludes.

In reality, the report understates the potential impact, which is likely to be far worse because the impact of some of the proposed reforms can't yet be quantified.

I was among nine Kansas RLEC chief executives who went to Washington, D.C., earlier this month to tell the FCC and Congress how this so-called reform proposal will harm thousands of Kansans.

Rural broadband is a part of our state's critical infrastructure. It has played a vital role in equipping Kansas first responders and health care providers with information that has been used to save and enhance the lives of Kansans. It has helped small communities by attracting businesses. Broadband enables rural Kansas residents to gain employment with companies far from home, through the ability to "telework."

Eliminate the support for these networks, and the networks and the benefits they deliver will go away. The reforms being considered are a recipe for rural devastation. The FCC needs to proceed with deliberate caution.

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<http://www.kansas.com/2011/07/24/1946119/fcc-reform-disastrous-for-rural.html#ixzz1T7v2iK2K>