

**REMARKS OF FCC CHAIRMAN AJIT PAI
AT THE FARM FOUNDATION/U.S. DEPARTMENT OF AGRICULTURE SUMMIT**

WASHINGTON, DC

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Good morning. Thank you to the USDA and Secretary Perdue for hosting today's forum and for inviting me to participate. A number of us from the FCC participated in the Interagency Task Force on Agriculture and Rural Prosperity and its work on closing the digital divide, which just happens to be my top priority as FCC Chairman. I'm glad to be here again talking about the concrete steps we're taking to expand high-speed broadband access in rural America. And I look forward to continuing to coordinate with USDA and other government partners in the coming years as we identify ways to help connect more Americans.

But before talking about what we're doing, I thought it would be helpful to explain why it matters.

That explanation begins in Scottsville, Kentucky, a town of about 4,000 people in Allen County. Allen County has a hospital, but no pediatrician. The nearest one is 28 miles away in Bowling Green. For too long, teachers and parents in Scottsville haven't had any good options for treating a child who becomes sick in school.

But that's now changed because of broadband. Thanks to a high-speed connection between Allen County and Vanderbilt University's Children's Hospital, all students in Scottsville must do to see a top-notch pediatrician is walk to the school nurse's office. Kids will get healthier, parents won't have to take time off work, teachers can focus on teaching, doctors can extend their expertise—and the Scottsville community becomes stronger.

This is the power of the Internet. It conquers distances and can extend digital opportunity to every American. I've personally seen example after example of this all across the country.

On my first day as FCC Chairman in January 2017, I said that my number one priority was closing the digital divide and bringing the benefits of the Internet age to all Americans. To inform and impel the FCC's work to connect unserved areas, I've made it a point to hit the road as much as possible. I've learned firsthand about rural communities that are using the Internet to open new doors of opportunity, and also about towns bypassed by the digital revolution.

My visit to Scottsville, Kentucky was one of seven stops on my most recent road trip, which covered over 500 miles. Overall, I've hit almost two-dozen states on these digital divide tours, logging roughly 5,000 miles in the car. And that's just the past 16 months. Since joining the Commission in 2012, I've visited over 40 states.

The message I hear and see and feel is the same everywhere I go. Broadband means opportunity.

In Wardensville, West Virginia, I saw how broadband enabled a transcription-service company that requires massive video downloads to set up shop in this town of about 300 people and hire 28 full-time employees.

In Allen, Kansas, I met the operator of a cattle feedlot who's using wireless connectivity to monitor every cow's unique in-take, which helps him assure buyers that his beef is of the highest quality.

In South Boston, Virginia, I met a student who said that getting Internet access at home was a game-changer for his grades and helped him get into Old Dominion University.

Inspiring stories all. But of course, the problem is that there's another side to the digital divide—one in which Americans are spectators of, not participants in, the digital economy.

According to the FCC's latest numbers, more than 24 million Americans still lack access to terrestrial fixed broadband at the 25/3 Mbps standard. That's 8% of the U.S. population. The statistics also show that this is largely a rural problem. Only 2% of urban households can't get high-speed home broadband, but it's 30% for rural Americans.

This gap isn't surprising, in a way. For when we talk about extending digital opportunity to rural America, the central challenge is that high costs and low population density make the private-sector business case for rural broadband deployment much more difficult.

We need to overcome that challenge. And, as with today's event, much of the FCC's work over the past 16 months under my leadership has been focused on doing just that. Here are a few highlights.

For starters, we've been reforming the FCC's universal service programs. In particular, the Commission's high-cost program provides direct funding that leverages—not displaces—private capital expenditures. It aims to spur network deployment in sparsely populated areas where the economic incentives for private investment don't exist.

Under my leadership, the FCC is successfully modernizing key universal service programs to maximize their impact. For example, we're focusing these scarce funds on parts of the country that are off the digital grid. The FCC should not and will not subsidize companies in areas already covered by private investment when other areas have no access at all.

Applying this principle to our fixed broadband program, through the Connect America Fund Phase II, we'll extend nearly \$2 billion over the next decade to rural America. To distribute these funds in an efficient, fiscally responsible way, we're using a first-of-its-kind reverse auction. By one estimate, reverse auctions can lower the cost of connecting an area by 20%. We've done a lot to make sure the auction is accessible to everyone from rural telephone companies to cable operators to electric utilities to satellite companies to fixed wireless providers. We've simplified the bidding options and balanced the auction's design to accommodate both those seeking to extend their networks and those planning larger projects. Bidding is scheduled to begin on July 24. I'm hopeful that this CAF Phase II reverse auction will make a big dent in the fixed side of the digital divide.

When it comes to wireless, too, we've been active advancing what we call our Mobility Fund Phase II. Through this program, the FCC will invest \$4.53 billion over the next decade to expand 4G LTE service to rural Americans who don't have it today. One decision we've made that will be of particular interest to this group is that we are structuring the Mobility Fund to serve land area rather than just road miles—that is, coverage not only for the concrete of the highways, but for the soil of America's croplands and ranchlands. We made this decision in large part because we know farmers and ranchers need wireless connectivity in order to remain productive and competitive.

In addition to these major initiatives, we've also taken steps to aid the hundreds of small rate-of-return carriers that serve rural America. Just last month, for instance, we made available an additional \$500 million to these carriers, which are serving some of the most remote areas in our nation. This support will increase the number of new locations in rural America connected with high-speed Internet.

The CAF, the Mobility Fund, our rate-of-return reforms—these are all part of our universal service programs. Beyond reforms to these programs, the FCC has also been working hard to modernize its regulations—to make it easier for the private sector to build and consumers to benefit from next-generation networks.

This work is essential. For the plain truth is that bureaucratic red tape at all levels of government can slow the pace and increase the cost of network deployment. The FCC has been promoting ways to make deploying wired and wireless broadband infrastructure faster and cheaper.

To help promote wired buildout, the Commission has adopted reforms to make it easier for broadband providers to access utility poles, and also to transition from yesterday's copper networks to tomorrow's fiber networks.

And just last month, the FCC took a big leap forward in updating our wireless infrastructure rules and asserting U.S. leadership in 5G, the next generation of wireless technology. Specifically, we recognized that 5G wireless networks will look very different from 4G LTE networks, with providers relying more on small cells than 200-foot cell towers. Accordingly, we decided to match the regulatory burden to the kind of infrastructure involved—to exempt small cells and the like from federal historic preservation and environmental reviews. One analysis by Accenture found that reforms like these will help cut deployment costs by up to \$1.56 billion by 2026.

In addition to encouraging private investment, we want to promote innovation. We've already given the green light to companies that want to send thousands of satellites into low-Earth orbit to provide high-speed broadband. These new networks promise much faster and more reliable satellite broadband services and could help us reach our hardest-to-serve areas.

Now, I know I said earlier that closing the digital divide has been the FCC's top priority since Day 1 of my chairmanship. But my plan for bridging the digital divide actually pre-dates the promotion to my current job.

Back in September 2016, I gave a speech in Cincinnati in which I laid out a Digital Empowerment Agenda. My plan included some ideas that required Congressional action. One key idea was what I called Gigabit Opportunity Zones. This idea was simple: Congress could create tax incentives for infrastructure investment in some of the nation's most economically challenged areas, rural and urban. I'm gratified that Senators Shelley Moore Capito, a Republican from West Virginia, and Chris Coons, a Democrat from Delaware, have introduced the bipartisan Gigabit Opportunity Act, which incorporates the core of my proposal. Representative Doug Collins of Georgia has introduced companion legislation in the House. This effort reveals two important facts: Our cause knows no partisan affiliation and it benefits from legislative leadership.

Let me just close with this. It's no secret that I'm a native of small-town Kansas. I know how great it is to grow up in rural America. And I want future generations to be able to have that same experience—to see small towns as a place where they can start a family and build a career. This isn't just nostalgia. It's about our economy and national competitiveness. In a connected global economy, we can't leave millions of Americans sitting on the sidelines. Some say we can't afford to bring high-speed connectivity to places like rural Kansas. I say we can't afford not to. So I look forward to working with Secretary Perdue and all of you to build on the progress we've already made and bring digital opportunity to every corner of this great land.