

May 11, 2016

The Honorable Thomas Wheeler  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington DC 20554

Dear Chairman Wheeler:

I write today to urge you, in considering how to allocate unclaimed Connect America Fund (CAF) money, to ensure that money be spent to deploy broadband in the states to which the funding was originally awarded. I understand that you are considering a proposal to reallocate this unclaimed money into a national pot; such a proposal would be unfair to states like New York and would also be contrary to the intent of the program.

The funding allocated under Phase II of the CAF in 2015 was intended to subsidize the construction of high-speed broadband networks, at least 10 mbps, in unserved and undeserved areas throughout the United States. I was happy to work with you and your predecessor to ensure that the CAF funding was structured fairly and effectively. Due to its large, unserved population, New York made up a considerable chunk of those awards, receiving \$49 million in annual CAF funding for six years. Three of the four price cap companies accepted their award and have been successfully deploying broadband in New York. However, Verizon declined to accept the CAF funds, which amounted to over \$28 million annually. As a result, the territories served by Verizon, including parts of the North Country, Capital, and Western regions, are currently denied the opportunity to receive high-speed broadband supported by CAF funds.

This does not have to be the case. New York State is eager to partner with you to ensure that these funds are utilized effectively in the areas to which they were originally dedicated. I am extremely alarmed to learn that, instead of this course of action, you are considering a national auction which would result in New York's dedicated funding being spent in other parts of the country. These funds are critical for the deployment of broadband services across New York, and New Yorkers should not be made to suffer just because one carrier does not want to participate in the program. It would be particularly unfair for New York to lose this money as it has always been a significant net contributor to the Universal Service Fund programs.

In order to address these concerns, I propose that the FCC instead adopt rules that enable states like New York, who are conducting their own state-funded broadband auctions to achieve deployment objectives that meet or exceed those of the CAF program. For instance

a partnership with the New NY Broadband Initiative would allow the Commission to continue its stated goal of encouraging state funding of broadband development in unserved communities, while allowing New York and other states to implement policies that deliver high-speed broadband. Instead of diverting CAF funds, the FCC should empower states to use their allocated funding to address their broadband needs.

In addition to these partnerships being the right thing to do, they are also the legally justified course of action. Indeed, Congress did not intend to give the FCC the legal authority to reassign the allocated funds. Likewise, I do not believe the proposed national bidding process would be appropriate or consistent with the Commission's broadband goals. Although I recognize that the Commission must ensure that CAF funding is efficiently allocated, this should not come at the detriment of states that are in desperate need of broadband services or in contravention of legislatively delegated authority and Congressional intent.

I would encourage the Commission to partner with states on broadband initiatives for the remaining CAF monies. I look forward to discussing this issue further with you.

Sincerely,



Charles E. Schumer

cc:

Commissioner Mignon Clyburn  
Commissioner Jessica Rosenworcel  
Commissioner Ajit Pai  
Commissioner Michael O'Rielly