

CARR CRITICIZES AGENCY’S ABRUPT REVERSAL OF \$885 MILLION INFRASTRUCTURE AWARD TO ELON MUSK’S STARLINK

Unjustified Backtracking Costs Taxpayers, Leaves Families on Wrong Side of Digital Divide

WASHINGTON, DC, August 24, 2022—In a recent move, FCC leadership abruptly reversed the agency’s decision to issue Elon Musk’s Starlink an \$885 million infrastructure award that Starlink had won at an FCC auction in 2020, and it did so without a vote or authorization from the agency’s [Commissioners](#). As the winning bidder, Starlink had a commitment to provide high-speed Internet service to 642,925 unserved rural homes and businesses across 35 states. Instead, many of those families and communities will now be stuck waiting on the wrong side of the digital divide. While the agency had limited remit to review the 2020 award, its decision here plainly exceeds the scope of that authority. More broadly, this agency action mirrors a broader set of infrastructure missteps by the Administration—ones that Carr has previously [highlighted](#).

Commissioner Carr issued the following statement:

“I was surprised to find out by an FCC press release issued earlier this month that agency leadership had suddenly reversed course on an \$885 million infrastructure award that Elon Musk’s Starlink won in 2020 to provide high-speed Internet service to unconnected Americans. The agency’s decision here mirrors the Administration’s broader set of infrastructure missteps by costing taxpayer dollars while leaving rural communities behind.

“As an initial matter, this a very curious outcome because the reasons the agency offers for backtracking on this infrastructure decision do not withstand even casual scrutiny. Indeed, the reversal constitutes clear error and plainly exceeds agency authority.

“First, the FCC’s announcement claims that the agency is acting to ‘avoid extensive delays in providing needed service to rural areas.’ Yet that is exactly the outcome that this decision ensures. The FCC’s 2020 award to Starlink secured a commitment for the delivery of high-speed Internet service to 642,925 unserved rural homes and businesses across 35 states. By reversing course, the FCC has just chosen to vaporize that commitment and replace it with . . . nothing. That’s a decision to leave families waiting on the wrong side of the digital divide when we have the technology to get them high-speed service today.

“Second, the agency decision casts aspersion on the Starlink system in turning heel on the Commission’s 2020 award—calling the technology “risky” and “still developing.” But those arguments do not bear out. To start, the one set of speed test data the FCC cites shows that Starlink’s speeds have *increased* significantly year over year, not decreased over that time period. And in any event, the relevant speed benchmarks that the full Commission imposed in 2020 on Starlink and all other infrastructure award winners do not kick in for another three years. Particularly given the speeds Starlink is already offering and the pace with which it is continuing to launch satellites, the FCC’s decision offers no reasoned basis for determining that Starlink was incapable of meeting its regulatory obligations. In fact, Starlink is already exceeding those benchmark speeds in other countries where their services are online. Indeed, the skepticism the FCC expresses here is odd because it is in direct conflict with the confidence expressed by other components of the federal government—including the Air Force, which just inked a nearly \$2

million deal with Starlink to deliver high-speed Internet service to military bases. In the end, this action reads as an untimely and improper effort to revisit the full Commission’s 2020 decision to allow satellite providers to compete for awards, rather than the limited review authorized.

“Third, the agency cites Starlink’s price point in denying it this universal service award. Yet right now, the FCC is providing universal service awards for far slower Internet services that cost consumers far more. Indeed, when I learned about the FCC’s decision while on a work trip to Napakiak, Alaska, I heard from residents there and in surrounding villages that are paying hundreds of dollars every single month for services supported by the FCC’s universal service awards that deliver speeds less than 1/10th of Starlink’s. Moreover, the 2020 Commission-level decision governing the Starlink award and similar ones did not authorize staff to deny a winning bid based on equipment price point considerations—let alone based on an arbitrary one selectively applied to one winner. As such, the denial here is without a lawful basis.

“Fourth, this agency decision will hit taxpayers in their pocketbooks. To the extent the federal government ever makes another commitment to serve these communities, it will cost us orders of magnitude more money to do so. Indeed, while the Commission’s 2020 award secured a deal to bring high-speed service to all of these areas for \$885 million in support, extending high-speed fiber lines to these same areas will likely cost somewhere in the neighborhood of \$3 billion based on past bidding patterns and analysis—more once you start accounting for inflation.

“The problems compound from there. After all, there is a limited pot of federal infrastructure dollars, and we are now far more likely to exhaust those resources before getting every American connected.

“More broadly, though, this decision reflects many of the same missteps that the Administration has been making as it implements federal broadband infrastructure programs. We should correct course, adopt a technology neutral approach, and in doing so ensure that we prioritize the needs of Americans that remain unserved today.”

The agency press release describing the recent Starlink decision can be found [here](#).

Carr has previously raised concerns about the Administration’s approach to broadband infrastructure, including [here](#), [here](#), [here](#), [here](#), and [here](#).

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