Inside the Beltway

Presented by:
Robert J. Deegan
Director – Regulatory and Government Relations
rdeegan@neca.org

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Agenda

- Midterm elections / Congress
- FCC leadership
- FCC agenda
- USF and other broadband funding
- Summary

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Midterm elections



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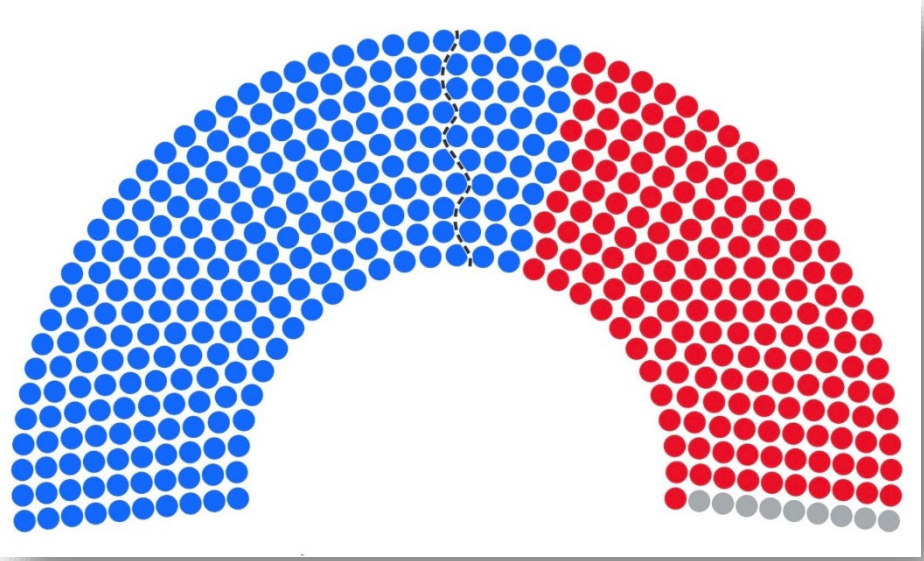
Midterm elections



Source: NYT & Copilot

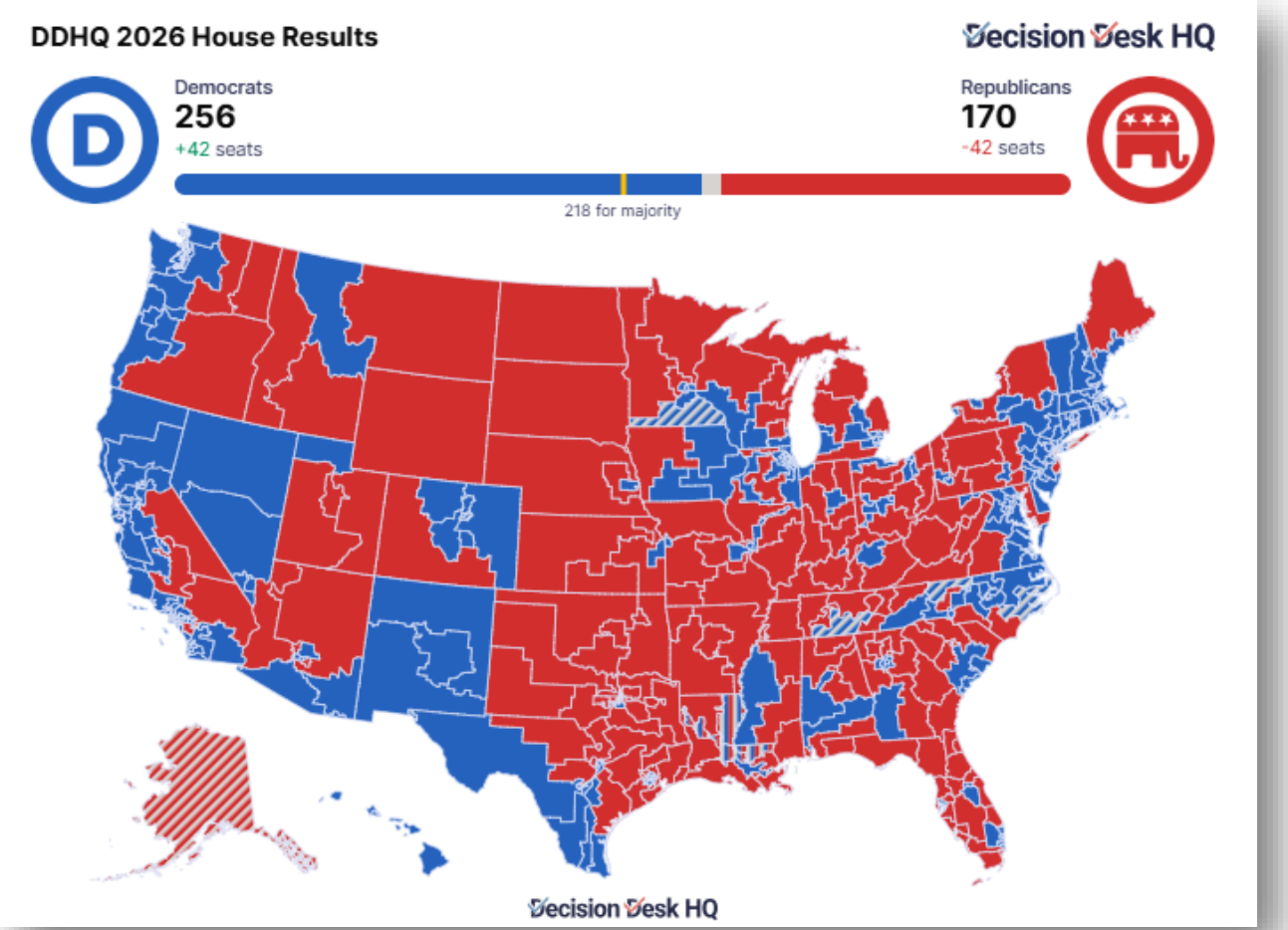
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Midterm elections
House results as of Nov. 15, 2026



Source: Flourish

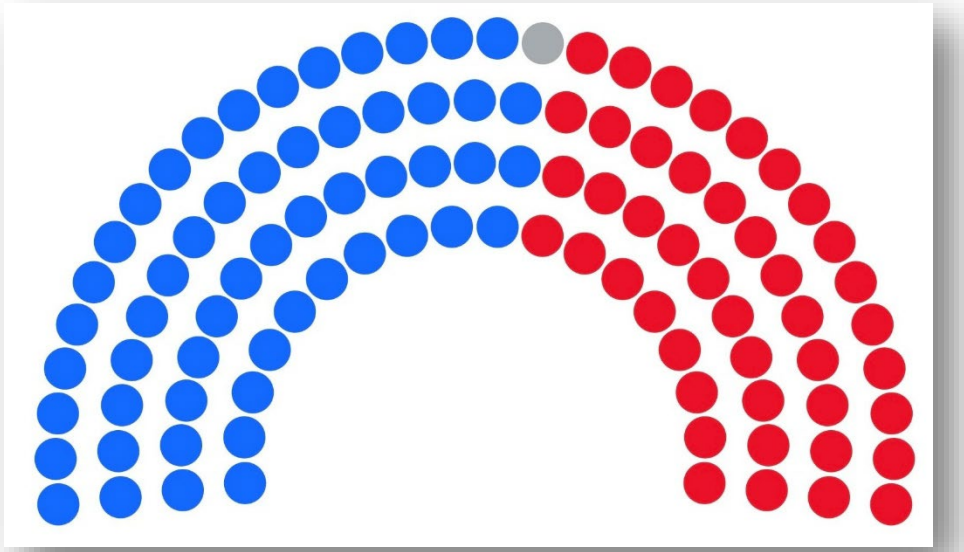
- Significant Democratic majority in the House for 120th Congress
- Likely to be a significant focus on oversight



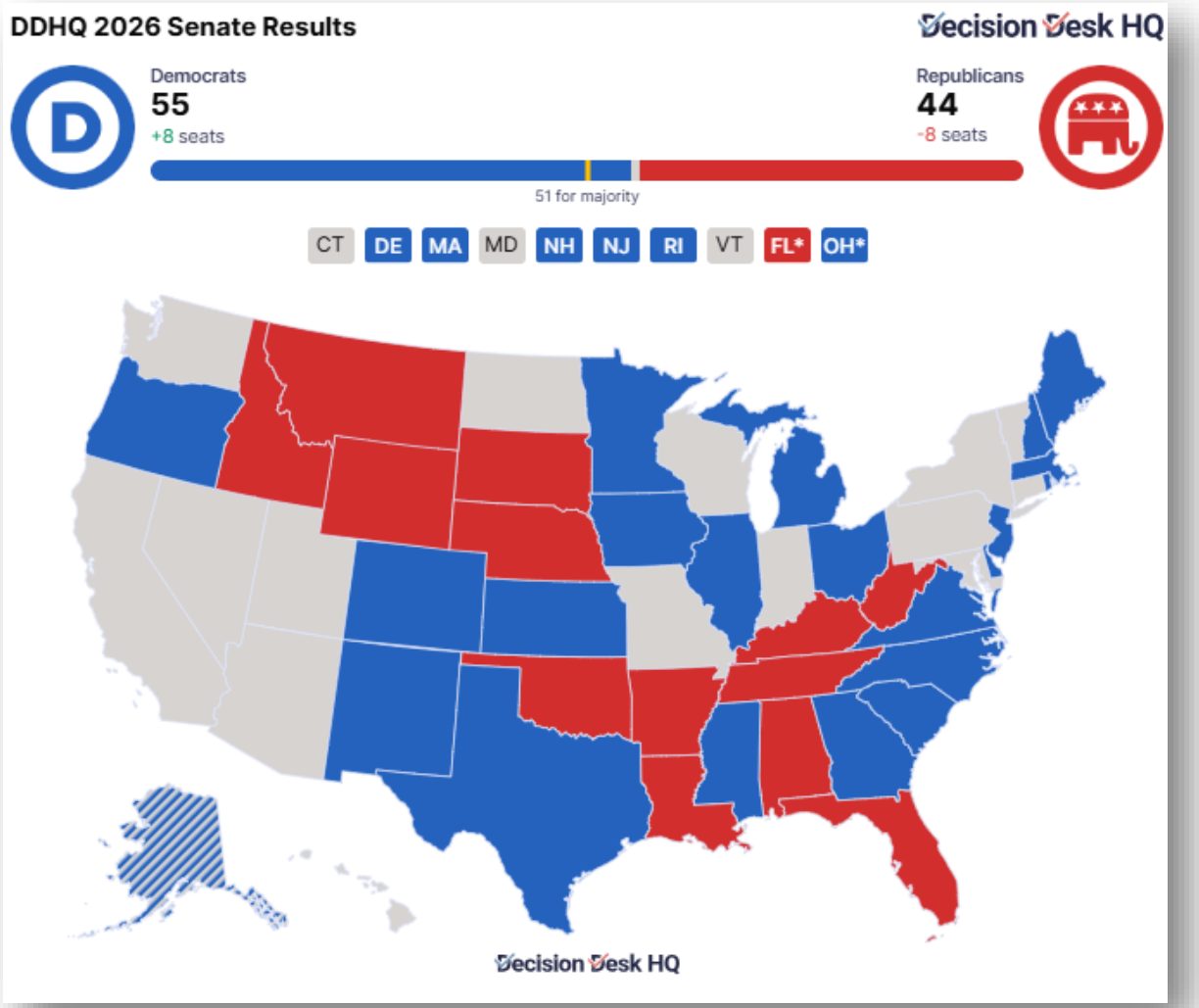
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Midterm elections
Senate results as of Nov. 15, 2026



Source: Flourish



Source: 270towin.com

- Democrats will have majority in the Senate, with two seats still not called
- Likely to be a focus on clearing Trump nominations in lame duck

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Congress
Telecom leaders in 119th Congress

- Senate – Committee on Science, Commerce and Transportation and its Subcommittee on Telecommunications and Media oversee the FCC and NTIA


Cruz (R-TX)


Fischer (R-NE)


Cantwell (D-WA)


Lujan (D-NM)

- House – Committee on Energy and Commerce and its Subcommittee on Communications and Technology oversee the FCC and NTIA


Guthrie (R-KY)


Hudson (R-NC)
Was not reelected

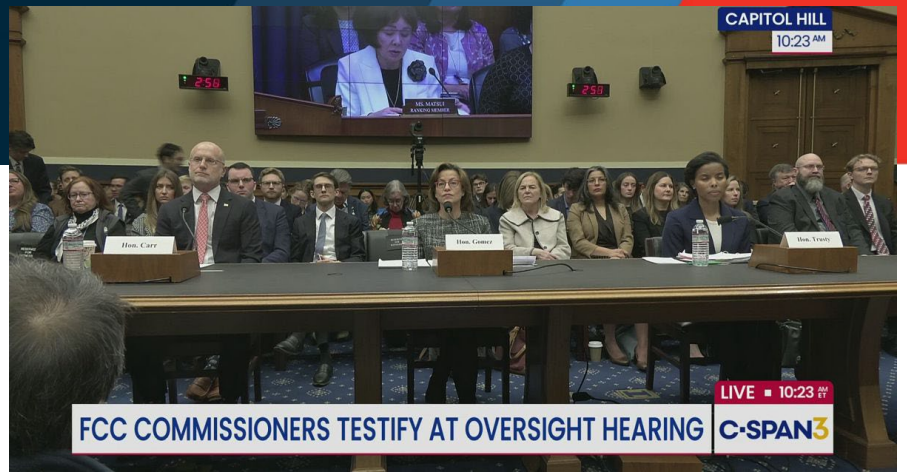

Pallone (D-NJ)


Matsui (D-CA)

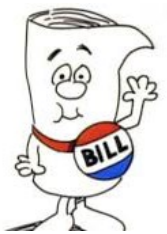
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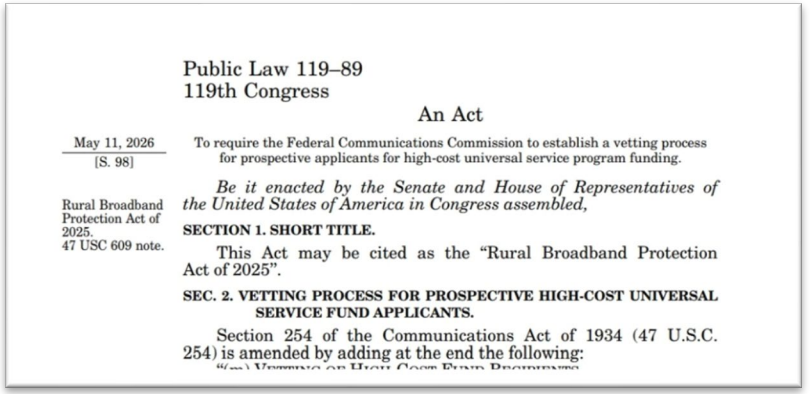
Congress
Telecom in 119th Congress (2026)



- Hearings
  - NTIA and FCC oversight; Telecom Act of 1996; broadband deployment at the Dept. of Commerce
- Legislation
  - Enacted: Rural Broadband Protection Act (P.L. 119-89)
  - Many broadband bills introduced: PLAN for Broadband (H.R. 2805), Broadband MAP (S. 5015), Accelerating Broadband Permits (S. 4448), etc.
- USF Working Group
- Lame duck?



https://www.101soundboards.com



Public Law 119–89
119th Congress

An Act

May 11, 2026
[S. 98]

To require the Federal Communications Commission to establish a vetting process for prospective applicants for high-cost universal service program funding.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Rural Broadband Protection Act of 2025.
47 USC 609 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Broadband Protection Act of 2025".

SEC. 2. VETTING PROCESS FOR PROSPECTIVE HIGH-COST UNIVERSAL SERVICE FUND APPLICANTS.

Section 254 of the Communications Act of 1934 (47 U.S.C. 254) is amended by adding at the end the following:

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FCC leadership
Current FCC

- Chairman Brendan Carr
- Commissioner Anna Gomez
- Commissioner Olivia Trusty
- Vacancy
  - Danielle Thumann Severs nominated
- Vacancy

Source: fcc.gov



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FCC leadership
Nominated: Danielle Thumann Severs

- President Trump nominated Danielle Thumann Severs to FCC
  - Senate hearing held on Nov. 10, 2026
  - Committee vote scheduled for Nov. 18, 2026
  - Five-year term dating from July 1, 2024
  - Senior counsel to FCC Chairman Brendan Carr
    - Advises on wireline, public safety and consumer bureaus matters
    - Second stint at FCC: Legal advisor to Carr (2021-2023) and rejoined in 2024



Source: fcc.gov

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FCC leadership
Tenure

Republican commissioners		
Commissioner	**Expiration of term**	**Must vacate seat if not reconfirmed**
Brendan Carr (chairman)	June 30, 2028	End of first year of 121st Congress (approximately Jan. 3, 2030)
Olivia Trusty	June 30, 2030	End of first year of 122nd Congress (approximately Jan. 3, 2032)
Vacancy (Danielle Thuman Severs nominated)	June 30, 2029	End of 121st Congress (approximately Jan. 3, 2031)

Democratic commissioners		
Commissioner	**Expiration of term**	**Must vacate seat if not reconfirmed**
Anna Gomez	June 30, 2026	End of first year of 120th Congress (approximately Jan. 3, 2028)
Vacancy	June 30, 2027	End of 120th Congress (approximately Jan. 3, 2029)

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FCC leadership
WCB, OEA and BDTF

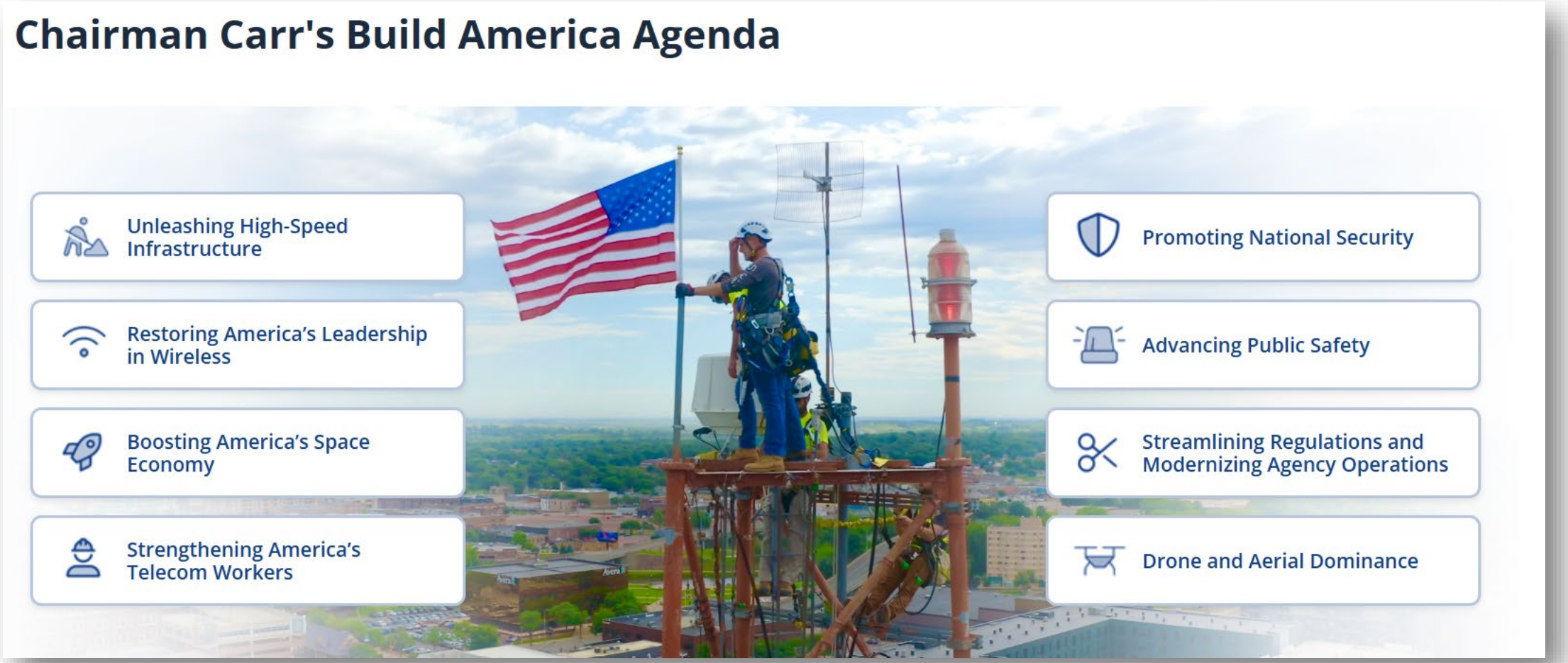
- Wireline Competition Bureau
  - Joseph Calascione, chief
  - Divisions: Telecommunications Access Policy, Pricing Policy and Competition Policy
- Office of Economics and Analytics
  - Dr. Jonathan Williams, chief
  - Divisions: Auctions, Data, Economic Analysis and Industry Analysis
- Broadband Data Task Force
  - Eduard Bartholme and Jonathan McCormack, cochairs



Source: fcc.gov

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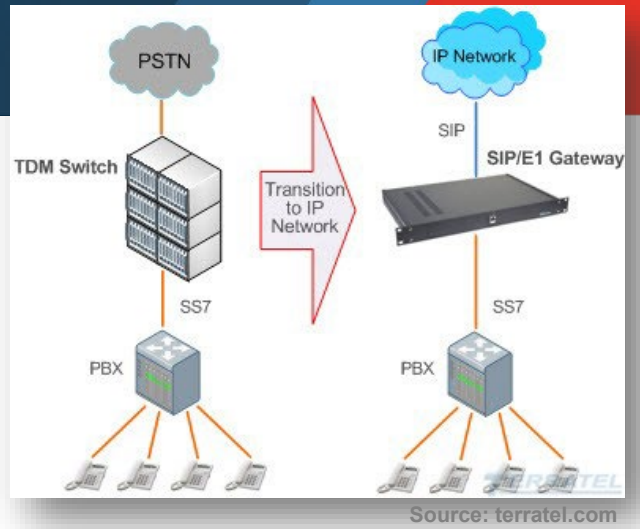
FCC agenda
Build America



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FCC agenda
IP interconnection NPRM



- Last year the FCC adopted an NPRM on advancing IP interconnection and accelerating network modernization (FCC 25-73), which sought comment on:
  - Current state of TDM and IP interconnection framework
  - Forbearance from / elimination of interconnection rules in Section 251
  - What a framework for IP interconnection would look like
    - What authority the FCC has or needs to regulate IP interconnections / VoIP
    - How the FCC can maintain oversight of public safety and consumer protection
  - Cost and benefits of changing regulatory framework

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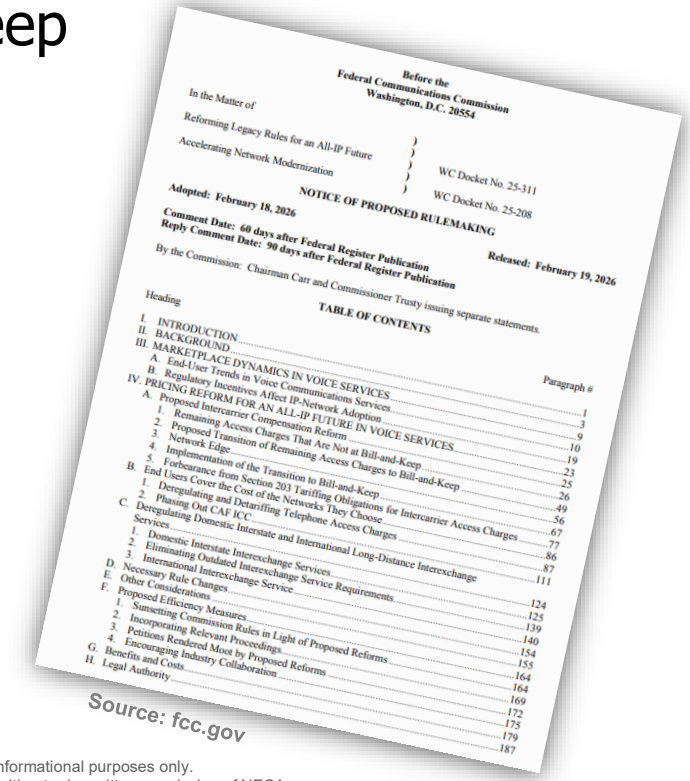
FCC agenda
IP interconnection NPRM, comments and replies

- Broad agreement on the all-IP goal; disagreement is over conditions
  - Rurals
    - Need light-touch rules for IP interconnection and a sunset of TDM should be a goal
    - Most RLECs already have IP networks but must convert to TDM to connect with old ILEC tandems
    - Proposed guidelines limiting RLEC transport costs, such as having at least one POI per state
  - Large ILECs
    - Support agreementless IP interconnection using the internet (ALIII proposal), with option for direct interconnection using bill and keep
  - Inteliquent
    - Interconnection rules are still needed in IP world; proposed creation of National Transit Provider framework to handle all interconnection responsibilities

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FCC agenda
ICC / CAF ICC NPRM

- In February, the FCC adopted the All-IP Future NPRM (FCC 26-11) proposing to:
  - Complete 2011 ICC reform by detariffing and moving remaining originating, terminating, transport, 8YY and SS7 charges to bill and keep
  - 24-month transition in three annual tariff steps
  - Detariff end user telephone access charges
  - Phase out CAF ICC
  - Also, sunset long distance tariffing and other rules in a post-TDM world



Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Reforming Legacy Rules for an All-IP Future) WC Docket No. 25-311
Accelerating Network Modernization) WC Docket No. 25-208

NOTICE OF PROPOSED RULEMAKING

Adopted: February 18, 2026 Released: February 19, 2026
Comment Date: 60 days after Federal Register Publication
Reply Comment Date: 90 days after Federal Register Publication

By the Commission: Chairman Carr and Commissioner Trusty issuing separate statements.

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FCC agenda
ICC / CAF ICC NPRM, comments and replies

- Disagreements over cost recovery and speed of any changes
  - Rurals
    - ICC and CAF ICC have not hurt migration to IP. Rather, revenues and support have been crucial in funding continued deployment in high-cost areas
    - Bill and keep would require significant rate increases to cover costs
    - Any changes should be phased in with assurances of support to complete move to IP
    - End user access charge detariffing should be abandoned
  - Large ILECs
    - Support move to bill and keep aligned with FCC's IP interconnection timeline. However, they are open to a longer phasedown of CAF ICC support
    - Also, oppose mandatory detariffing of TACs

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FCC agenda
ICC / CAF ICC NPRM, comments and replies (cont.)

- Competitive
  - General support for phaseout of ICC to bill and keep
  - Differences of opinion on CAF ICC with some in CLEC community urging caution and others, such as cable, saying it should be phased out
  - Also, oppose mandatory detariffing of TACs
- States
  - Argued the FCC does not have the authority to preempt state role regarding access charges. Also, expressed concern on cost recovery for small providers
- Think tanks
  - Largely support proposals to phase out both ICC and CAF ICC based on current market
  - Some support for limited USF via an IP transition fund focused on deployment of IP networks

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FCC agenda
USF high-cost modernization NPRM

- In May, the FCC adopted the Reforming the High-Cost Program for an All-IP Future NPRM (FCC 26-35)
  - Driven by early A-CAM programs sunsetting in 2026 and 2028 and CAF BLS having no forward-looking deployment obligations
- Three paths proposed for legacy rate-of-return and A-CAM support
  - 1) Update legacy A-CAM, CAF BLS and HCLS (also extend A-CAM I); 2) establish a new modernized fixed-support mechanism; or 3) maintain the status quo and let legacy A-CAM programs sunset
- Continued support where there are claims of competition?
  - What support is warranted where a competitor already serves the area or holds an enforceable commitment through BEAD?
  - How should LEO satellite service factor in?

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FCC agenda
USF high-cost modernization NPRM, comments and replies

- Significant support for continuation of a modernized high-cost support fund
  - Rurals
    - Universally stressed need for predictable support to cover both CAPEX and OPEX
    - Many supported establishing a voluntary extended A-CAM program based on updated cost inputs and revised deployment obligations reflecting current marketplace
    - Expressed concern over ability of other tech (LEO, etc.) to provide comparable service as required by statute, also concerned over competitive overlap restrictions
  - CLECs and wireless
    - Generally supported a modernized high-cost fund, but urged FCC to look at existing competition and safeguard against inaccurate overlap determinations on map
    - Suggested tech neutral approach, but cautioned that LEO is not a replacement for terrestrial infrastructure, including fiber and fixed wireless

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FCC agenda
USF high-cost modernization NPRM, comments and replies (cont.)

- Expected opposition
  - Cable and satellite
    - High-cost support should be eliminated or phased out in areas where there is an unsubsidized competitor or where an enforceable deployment commitment exists
    - Argue LEO and cable already provide high-speed broadband to nearly the entire country
    - USF should focus on affordability
  - Think tanks
    - Largely support phaseout of high-cost programs with focus on inefficiencies and cost effectiveness
    - Elimination of support would result in reduced contribution factor

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FCC agenda
IP transition workshop

- FCC convened two-day workshop, pulling the separate IP transition dockets into one conversation
- Panels paired FCC moderators with large ILECs, RLECs, CLECs, public safety officials and technology providers
- Broad agreement on moving to all-IP, disagreements are over obstacles, pace and conditions
- Commission pressing for industry collaboration on workable solutions



Source: B. Ford (NTCA)



Source: fcc.gov

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FCC agenda
Rest of USF top-to-bottom review

- E-Rate — NPRM/FNPRM, Ensuring Children's Safe Use of Screens and E-Rate-Funded Services; Promoting Fair and Open Competitive Bidding (FCC 26-41)
  - Sought comment on whether E-Rate is being used for educational purposes and if current structure remains appropriate
- Lifeline — NPRM, Lifeline and Link Up Reform and Modernization, (FCC 26-8)
  - Proposes safeguards to strengthen eligibility verification and program integrity. Also asks about voice-only support and minimum service standard changes
- Rural Health Care — Third FNPRM and Order, Promoting Telehealth in Rural America (FCC 26-54)
  - Sought comment on rate setting methods, rural comparability scope and reducing administrative burdens

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FCC agenda
USF/USAC administrative NPRM

- In August, the FCC adopted an NPRM on Maximizing Efficiencies in Universal Service Administration (FCC 26-52) focusing on:
  - USAC processes for USF administration and FCC oversight of USAC
    - Requests comment on USAC decisions, efficiency and auditing concerns
  - USF administration structure and USAC's role
  - Costs of USF administration
  - Role and makeup of USAC's board of directors
- Rural associations urged stronger FCC oversight of USAC and more transparent and efficient audit decisions and processes
  - E.g., reasonable audit timelines, auditor training, consistent guidelines

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USF
Contributions

- Contribution factor is 42% (4Q 2026)
  - Highest ever
- Clear need for reform
- Congressional action?
  - USF working group drafting legislation, CRS report
- FCC action?
  - Top-to-bottom USF review
  - USAC reform proceeding
  - Carr noncommittal on contributions

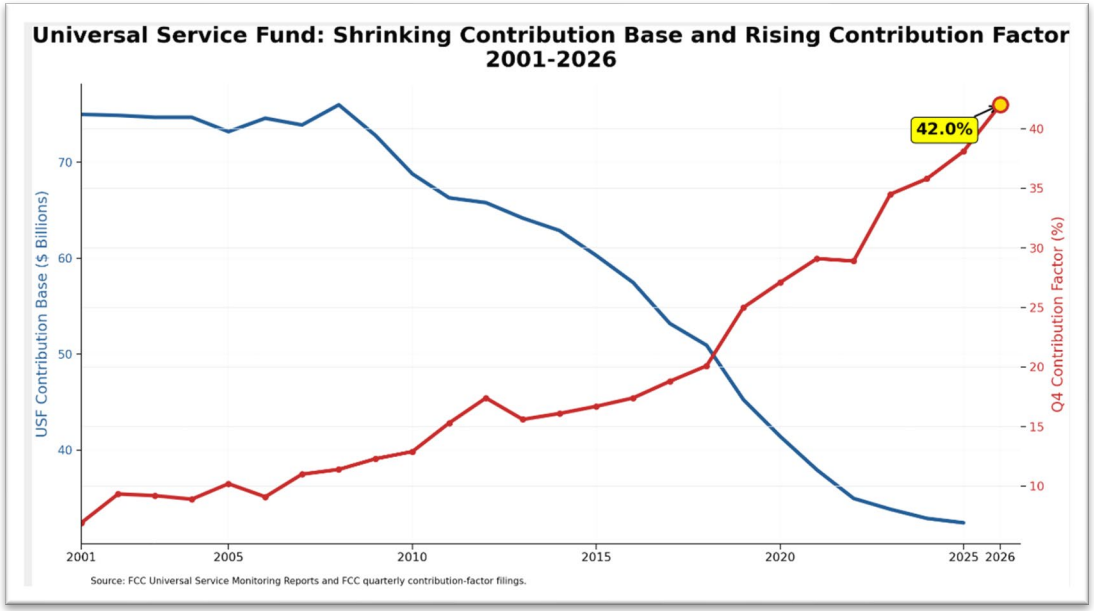

Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

July 30, 2026

The Universal Service Fund Contribution Base: Considerations for Congress

Source: congress.gov



Source: FCC & USAC data

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USF
Litigation



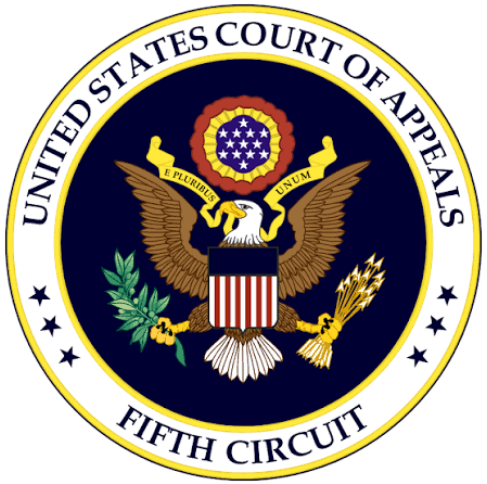
Source: consumersresearch.org

- Supreme Court ruled in favor of the FCC, 6-3 (145 S.Ct. 2482)
  - Held the FCC did **not** violate the nondelegation doctrine and Congress provided intelligible principles to FCC
  - Use of USAC is constitutional, as USAC is subordinate to the FCC
- Consumers' Research continues to file oppositions with the FCC and petitions for review of the USF contribution factor with the 5th Circuit
  - Petition for review of the fourth quarter 2025 factor challenged E-Rate and RHC provisions unsettled by Supreme Court
    - Also, revisited USAC role under new theory the FCC did not have authority to create it
  - Industry groups (NTCA, SHLB) intervened in support of FCC/USF
  - Oral arguments held in early August

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USF Litigation

- On Oct. 15, 2026, the 5th Circuit found the FCC did not have authority to create USAC without specific congressional authorization
  - Vacated the 4Q 2025 USF contribution factor and remanded to the FCC
  - Only 4Q 2025 for now, but other cases are stayed pending outcome
  - Could require restructuring of USF administration
  - Did not address the E-Rate and RHC arguments
- Nothing changes at this time: mandate has not been issued
- What's next?
  - Congress can fix by authorizing use of USAC
  - FCC can appeal to 5th Circuit or Supreme Court



Source: uscourts.gov

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USF
Congressional working group



Source: Copilot

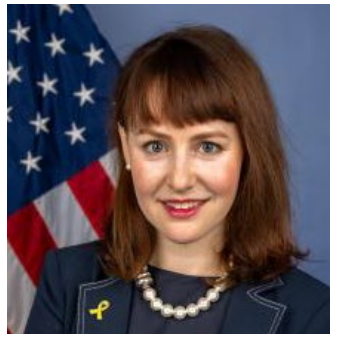
- Sens. Fischer, Luján, Moran, Klobuchar, Capito, Sullivan, Peters and Rosen, and Reps. Hudson and Matsui
  - Relaunched in 119th Congress to evaluate and propose potential reforms to USF
  - Encouraged by Supreme Court decision but note reform is still needed especially with shrinking contribution base and latest 5th Circuit decision
  - At least three members departing Congress in 120th Congress and change in majority
- Comments submitted last year, latest focus on drafting legislation
  - Industry urged predictable support and an equitable contribution base
  - FCC staff briefed Congress on USF reform work in early 2026
  - Congressional staff sought feedback on language from certain industry stakeholders

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Other broadband funding
Other agencies

- Department of Commerce
  - Secretary of Commerce: Howard Lutnick
  - NTIA administrator: Arielle Roth
    - Formerly with Sen. Cruz at Commerce Committee and former advisor to Michael O'Rielly at FCC
- Department of Agriculture
  - Secretary of Agriculture: Brooke Rollins
  - RUS administrator: Karl Elmshaeuser


Source: commerce.gov


Source: commerce.gov


Source: usda.gov


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Other broadband funding
BEAD



Source: ntia.gov

- Broadband Equity, Access and Deployment Program
  - BEAD revamp through Benefit of the Bargain round of bidding to remove burdens, lower costs and look at all technologies (LEO, etc.)
  - $42.5 billion appropriated → ≈ $20 billion awarded to 56 states and territories
    - Service to ≈ 3.95 million locations = huge reduction in eligible locations since inception
    - Big reduction in awards to fiber deployments
    - What to do with ≈ $21 billion in alleged savings?
  - In September, NTIA issued a supplemental deployment policy notice addressing remaining funds
    - True-up round created for remaining unserved locations based on broadband data collection data

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Other broadband funding
RUS loans/ReConnect



Source: usda.gov

- Telecommunications infrastructure loans
  - Over $2.5 billion in existing loans
- Rural broadband access loans
  - $850 million in loans
- ReConnect loans/grants:
  - $4.5 billion since 2018
  - Despite USDA budget request of $0, the House appropriations bill proposed $40 million for ReConnect in FY2027
- Farm Bill drafts would make ReConnect program permanent and consolidate with rural broadband access loans
  - Difference of opinion between House and Senate on speed requirements



Source: facebook.com (House Ag GOP)

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Summary

- There is a lot going on …
  - Dynamics of new Congress
  - Potential for new FCC Commissioner(s)
  - Numerous NPRMs with potential impact for rural LECs
  - USF litigation
  - Congressional USF reform
  - Other broadband funding



Source: Linkedin.com

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Acronyms

8YY	Represents toll-free numbering
A-CAM	Alternative Connect America Cost Model
ALIII	Agreement-Less IP Interconnection over the Internet
BDTF	Broadband Data Task Force
BEAD	Broadband Equity, Access and Deployment
Broadband MAP Act	Broadband Mapping Accurate Providers Act
CAF BLS	Connect America Fund Broadband Loop Support
CAF ICC	Connect America Fund Intercarrier Compensation
CAPEX	Capital Expense
CLEC	Competitive Local Exchange Carrier
CRS	Congressional Research Service
DATA Bridge Act	Data Broadband Reporting and Integration for Deployment in Geographically Essential Areas Act

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Acronyms

E-RATE	Education Rate
FCC	Federal Communications Commission
FNPRM	Further Notice of Proposed Rulemaking
GOP	Grand Old Party (Republican Party)
HCLS	High-cost Loop Support
H.R.	House of Representatives bill
ICC	Intercarrier Compensation
ILEC	Incumbent Local Exchange Carrier
IP	Internet protocol
LEO	Low Earth Orbit satellite
NECA	National Exchange Carrier Association
NPRM	Notice of Proposed Rulemaking

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Acronyms

NTCA	National Telecommunications Cooperative Association
NTIA	National Telecommunications and Information Administration
OEA	Office of Economics and Analytics
OPEX	Operating expense
P.L.	Public Law
PLAN for Broadband Act	Proper Leadership to Align Networks for Broadband Act
POI	Point of Interconnection
R	Republican
RHC	Rural Health Care Fund
RLEC	Rural Local Exchange Carrier
RUS	Rural Utilities Service
S.	Senate bill

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Acronyms

S.Ct.	Supreme Court
SHLB	Schools, Health & Libraries Broadband Coalition
SS7	Signaling System 7
TAC	Telephone Access Charge
TDM	Time division multiplexing
USAC	Universal Service Administrative Company
USDA	United States Department of Agriculture
USF	Universal Service Fund
VoIP	Voice over Internet Protocol
WCB	Wireline Competition Bureau

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