



Re: Oversight of broadband grants awarded to Zirrus/Yadkin Valley Telecom

Dear Governor Cooper,

The Communications Workers of America has alleged that Yadkin Valley Telecom d/b/a Zirrus is engaging in anti-union activities which violate workers' rights under the National Labor Relations Act. An unfair labor practice charge filed by CWA is under investigation by Region 10 of the NLRB. CWA alleges that after a supermajority of eligible workers petitioned for union recognition last month, Zirrus management has spied on employees engaged in organizing, interrogated employees about their organizing activities, and threatened to eliminate jobs if its workers organize. Management has now fired a union activist soon after he spoke up at a company meeting held in advance of the NLRB-supervised election on September 13.

Zirrus's conduct may make North Carolina's ARPA grants vulnerable to scrutiny by the federal government. That's because Zirrus was a big winner in a recent round of North Carolina broadband grants [announced in August 2022](#), taking home awards for build-out in four counties (Davie, Iredell, Rowan and Yadkin). The awards were made under the Growing Rural Economies with Access to Technology (GREAT) Program, which is funded by the American Rescue Plan Act (ARPA) and governed by [GS§143B-1373](#).

Under the ARPA program requirements promulgated by the U.S. Treasury Department, the state has obligations including to 1) describe in annual reports how it ensured strong labor standards and strong employment opportunities; 2) describe how each project minimized risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project.¹

North Carolina will have to submit a Recovery Plan Performance Report every 12 months, which must be available on a public-facing website. In it, the state will have to describe the workforce practices on any infrastructure projects, including how projects are using strong labor standards and supporting strong employment opportunities for workers.

For projects over \$10 million, the state in quarterly and annual project and expenditure reports must provide a certification that:

- a. The project is 1) paying laborers at prevailing wage under Davis-Bacon, or, if not paying prevailing wage, 2) provide information on: the number of employees of contractors/subcontractors; the number of employees hired directly and through a third party; the wages and benefits of workers; whether the wages are at rates less than prevailing;
- b. The project is 1) subject to a PLA, or, if not, 2) provide a workforce continuity plan, detailing how the recipient will ensure the project has sufficient skilled labor; *how the recipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project*; how the

¹ [SLFRF Compliance and Reporting Guidance](#).



recipient will provide a safe work environment; whether wages and benefits are sufficient to secure a skilled workforce; whether there is a PLA; whether the project prioritizes local hire; whether the project has a community benefit agreement. p. 30-31.

Even though GREAT allows only \$8 million in grant funds per year to a single internet service provider, it is part of a much larger project. The August awards represented a \$30 million tranche in the overall broadband grant program that will invest more than \$350 million total in broadband fiber-to-the-home investments. This likely classifies GREAT as a project over \$10 million subject to the above reporting requirements.

We ask that you contact Zirrus management to find out about the current labor dispute and make sure that the State remains in compliance with its ARPA obligations.

Sincerely,



Richard Honeycutt, District 3 Vice President
Communications Workers of America

CC: Deputy Secretary for Broadband and Digital Equity Nate Denny
Speaker of the North Carolina House Rep. Tim Moore
Democratic Leader of the North Carolina House Rep. Robert T. Reives, II
President Pro Tempore of North Carolina Senate Senator Phil Berger
Democratic Leader North Carolina Senate Senator Dan Blue