

STATEMENT
OF
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FEDERAL COMMUNICATIONS COMMISSION

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON FINANCIAL SERVICES
AND GENERAL GOVERNMENT

THE FCC'S FISCAL YEAR 2010 BUDGET REQUEST

April 29, 2009

Good morning Chairman Serrano, Ranking Member Emerson, and Members of the Subcommittee. I appreciate this opportunity to appear before you today for the first time as Acting Chairman of the Federal Communications Commission to present the Commission's Fiscal Year 2010 Budget Request. I would first like to thank the members of this Subcommittee for your ongoing support during the past year. The funds that you have provided have been essential to the Commission in meeting its many responsibilities. My FCC Team and I are grateful.

The Commission has played a critical role in shaping the communications landscape of our country for nearly 75 years. Today, as we mark the year of our diamond jubilee, the Commission faces new challenges and opportunities that make our role more important than ever—so much of America's future depends upon our success in bringing the opportunity-generating tools of modern communications to all our citizens. Our

Fiscal Year 2010 Budget submission is the product of our awareness of the national challenges that we face in the 21st Century and our assessment of the tools that the FCC needs to help meet them.

With its Fiscal Year 2010 Budget submission, the FCC is requesting \$335,794,000, which includes approximately \$318 million to maintain current service levels, an increase of approximately \$6 million over Fiscal Year 2009. This additional funding is needed to offset inflationary increases for salaries, benefits, leasing costs, utilities, and other contractual services.

During Fiscal Year 2010, the FCC also proposes to take some necessary steps forward to modernize our technological infrastructure, for which we seek \$15 million. First, we will upgrade and integrate our IT systems to make our processes more transparent and easier for the public to access. For instance, we will upgrade our website capabilities so that consumers will be able to perform keyword searches of comments filed in ongoing proceedings, thereby permitting and encouraging increased public participation in our decision-making process.

Second, we will modernize our phone system to address present shortfalls that make it difficult, for instance, to route calls throughout the Commission's nationwide footprint. As an example, the Commission's antiquated phone system results in expensive long distance phone bills for frequent intra-agency calls to our Gettysburg call center. These shortfalls result in increased telecommunications costs for conducting our normal coordination and public support activities.

Third, the FCC will improve internal coordination and information sharing by its staff. For example, at present, each of the various Bureaus maintains its own distinct

licensing database. This patchwork of data is inefficient, requiring redundant processing and IT support efforts. Moreover, because our data is stovepiped, it is often difficult for the Commission to extract the information necessary for particular policy decisions. Finally, absent a comprehensive knowledge of each Bureau's system, it is difficult for the parties that participate in our proceedings and for members of the public to navigate the various databases to cull the valuable information that each database contains. The IT Program proposed in the Commission's FY 2010 Budget will move the agency toward a more unified licensing system that will improve our internal efficiency and enhance the ability of outside parties to participate in our proceedings.

In some ways, the easy road would be to muddle through with our outdated and inefficient infrastructure and force the rest of the world to adjust to us. But that is not my vision of an agency with "Communications" in its title. We've been helping many of our licensees transition into the digital world, it's time for the FCC to do likewise. In fact, the Commission's own analog video equipment used for public outreach at Open Meetings and Field Hearings is a decade old and in need of its own digital television transition. Indeed, I believe that the FCC must not only keep pace with the needs of the public and those with whom it does business, it ought to show the way.

Next, the Commission is requesting an additional \$1 million to meet its staffing needs. In recent years, we have lost a broad range of professional expertise due to retirements and other separations. Our goal is to recruit and retain highly-skilled employees— particularly engineers and economists, but also legal, policy and other professional staff. With the right mix of technical expertise, professional experience and

leadership skills, the FCC will be better positioned to deliver the kind of timely, fact-based and transparent decision-making that is rightly expected of it.

The Commission plays an important role in identifying and resolving interference to licensed spectrum users—including interference to public safety entities—and uses specially equipped Mobile Digital Direction Finding vehicles to perform this work. The FCC has used these vehicles to resolve harmful interference to police, fire department, and emergency medical response communications systems, to provide assistance to Public Safety Answering Points that experience interference to wireless 911 and E911 calls, and to various U.S. Government agencies, such as the Department of Homeland Security's Border Patrol and the Department of Transportation's Federal Aviation Administration. We are seeking \$900,000 to purchase ten of these vehicles to replace older vehicles in our aging fleet.

As the Subcommittee knows, the FCC conducts auctions to issue spectrum licenses. The Commission is permitted by law to use a portion of the revenue raised through these spectrum auctions to administer the program. During the past six funding cycles, our final appropriations legislation established a cap of \$85 million for auction expenses. The FCC is currently reviewing its options for future auctions, and we believe that we can continue to conduct the program with the same level of funding in Fiscal Year 2010.

I also would like to provide the Subcommittee a brief update on some of the most urgent communications issues before the Commission and our country. The one that will be most critical during the coming six weeks is the DTV transition. Since February, when the DTV Delay Act postponed the transition date to June 12, the Commission and its dedicated staff have

been hard at work. We are coordinating with the National Telecommunications and Information Administration (NTIA) and other government stakeholders, and working in stepped-up partnership with the private sector, to deploy a strategic, nationwide program to educate and assist consumers in preparation for the transition. We have retooled our consumer outreach and support program by moving from a general awareness campaign to a coordinated effort to help consumers deal with their specific problems, providing them with specific, locally-oriented information and hands-on assistance. We also have improved our outreach to educate consumers about certain key issues that have been neglected in the past, such as digital signal coverage, as well as reception and antenna issues.

We continue to provide more focused consumer outreach and support, in particular for our most at-risk citizens, including low-income consumers, senior citizens, non-English speaking consumers, members of minority communities, people with disabilities, and those living in rural areas and on tribal lands. We recently teamed with Consumers Union on a DTV-made-easy consumer guide that will help viewers everywhere prepare for the transition. We have also augmented and improved our call center capacity and revamped our transition website, dtv.gov, to make it more helpful and user-friendly. And we are using our resources to more effectively deploy “boots on the ground” to provide walk-in help centers and in-home assistance to those consumers who may need it.

Thanks to the resources provided through the American Recovery and Reinvestment Act, the FCC has been able to revitalize its outreach efforts. The Commission also is seeking \$1 million to fund our continued DTV efforts in Fiscal Year 2010. Even after the transition for full-power stations takes place on June 12, 2009, we

anticipate an ongoing need for DTV efforts, not only to deal with the aftermath of the full-power transition but to begin addressing the “next” DTV transition—the transition of the thousands of low-power and TV translator stations across the country that are still broadcasting in analog. I want to thank those who have worked so hard on this transition both inside and outside of government, and look forward to continuing to coordinate with Congress and all stakeholders to ensure that we do everything that we can to minimize consumer disruption on June 12 and that, where disruption does occur, we respond as quickly as possible.

One of the important benefits of the DTV transition is the recovery of the 700 MHz band that full-power television stations will vacate by June 12. The Commission has implemented the Congressional directive that 24 MHz of this returned spectrum be allocated to public safety use, permitting both narrowband and broadband communications. Some state and local public safety agencies are already deploying 700 MHz narrowband networks where no incumbent television stations are operating, and many more will begin operation once the DTV transition is completed.

A related transition goal has been to use some of the returned broadcast spectrum to establish a nationwide, interoperable, broadband wireless network for use by first responders. The Commission previously sought to achieve this objective through a public/private partnership, which would have required the winning bidder of the commercial 700 MHz D-Block license to partner with the nationwide licensee of the public safety broadband spectrum to allow construction of an interoperable broadband network that would serve both public safety and commercial users. The auction of the D-Block, however, did not result in a winning bid. When I took the reins at the Commission in January, I directed Commission staff to develop a range of

options for moving forward, including whether we should continue to require such a public/private partnership, and if so, under what terms and conditions, or if the Commission should chart a different course entirely. While this is a work in progress, it is imperative, particularly in light of the current economic climate, that we study all of our options to ensure that the public safety is served throughout the country, and that we embark upon the best course of action to develop this much-needed resource for our first responders.

Another matter that I want to discuss involves perhaps the most exciting issue that the FCC will address this—or perhaps any—year: Broadband. Broadband can be the great enabler that restores America’s economic well-being and opens doors of opportunity for all Americans to pass through, no matter who they are, where they live, or the particular circumstances of their individual lives. It is technology that intersects with just about every great challenge confronting our nation—whether it’s jobs, education, energy, climate change and the environment, international competitiveness, health care, overcoming disabilities, equal opportunity—the list goes on.

It is with this in mind that Congress and the President in the Recovery Act set out a two step broadband strategy. First, NTIA and the Rural Utilities Service were asked to provide \$7.2 billion in stimulus money to broadband projects that will create jobs, spur the economy and foster the availability of broadband in the near term. Second, the Commission is tasked with developing a longer-term national broadband plan by February 17, 2010. This strategy will look to the future and design a plan to help ensure that every American will have access to affordable, value laden broadband. Eight years ago when I joined the Commission, I saw the need for the development of a national

broadband plan so I am particularly pleased that the Commission has been given such a central role in its development.

In this regard, on April 8, the FCC issued a Notice of Inquiry to commence a national dialogue on how we can make high-speed broadband available and affordable to citizens and businesses throughout the land. It is broad, far-reaching and inclusive in an effort to hear from traditional and non-traditional stakeholders on how best to develop a successful strategy. If we do our job well, this could be the most formative, indeed transformative, proceeding in the Commission's history. We are committed to the task.

I would also like to address the important topic of media ownership. As the United States Supreme Court has observed, a fundamental tenet of our national communications policy has long been that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public. Unfortunately, our broadcast industry—and broadcasting is not alone among our nation's media—for all of its many accomplishments, still fails to adequately reflect the rich and varied diversity of this country. Although many broadcasters are trying, until the industry as a whole does a better job of reflecting that diversity, they will not truly reflect America.

At the Commission's open meeting earlier this month, we took a major step forward by improving the Commission's collection of data on the state of minority and female broadcast ownership. It has become painfully clear to me and many others that the Commission's current data collection is too limited in scope and unreliable to provide the rigorous statistical foundation that we need in order to act in any meaningful fashion. The sad truth is that we at the FCC simply do not know the precise state of

minority and female media ownership in this country. If the Commission is to be a data-driven agency, we need better data, and we should not be forced to rely on outside parties, many with their own vested interests, for the basic information we need.

Our action will give us the comprehensive and reliable data that the courts require before more targeted approaches can be adopted to promote minority and female ownership. The data also will help inform our evaluation of our media ownership rules during our next quadrennial review in 2010. It will help us to understand the relationship between media consolidation and the diversity of viewpoints and opinions available to viewers and listeners.

Finally, I know that a number of the members of the Subcommittee are concerned about recent developments regarding the carriage by multichannel video programming providers of PEG channels. I share those concerns. PEG is a valuable source of diverse and local programming that not only provides an outlet for local voices, but also nourishes to the civic dialogue and gives citizens the information they need to govern themselves. The Commission recently received three petitions for declaratory ruling raising industry practices that, the parties contend, may adversely affect subscriber access to PEG programming. In early February, within weeks of my becoming the Acting Chairman, the Commission issued a public notice seeking comment on the matters raised in the petitions. The comment period recently closed and it is my hope that the Commission will take whatever steps are necessary to ensure that PEG remains a vibrant and valuable service.

In closing, I want to pledge to this Subcommittee that, during and after my tenure as Acting Chairman, I will collaborate with my colleagues and with members of

Congress to further the FCC's budget objectives, including maximizing the benefits of the DTV transition, promoting the deployment of broadband services, protecting consumers, increasing competition, enhancing public safety and homeland security, promoting the efficient use of spectrum, reviewing media regulation to foster competition, localism, and diversity, and ensuring the viability of the Universal Service Fund. I also will work to ensure that the Commission and its staff have the tools and training necessary to accomplish our goals and mission.

Thank you again for this opportunity to discuss the FCC's Fiscal Year 2010 Budget request and our work under the historic Recovery Act. I respectfully request that this Subcommittee consider granting the FCC's Fiscal Year 2010 funding request, and I would be happy to hear your comments and suggestions at this point or respond to any questions that you may have.