

REMARKS OF FCC CHAIRMAN JULIUS GENACHOWSKI
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GEORGETOWN UNIVERSITY
WASHINGTON, DC
NOVEMBER 7, 2011

Thank you John Mayo for that introduction, and for inviting me to speak as part of The Georgetown Center for Business and Public Policy's *Evolution of Regulation* series. The Center has established itself as a go-to resource on matters of public policy, and this series is timely and important.

Thank you all for coming out on a Monday morning. I appreciate this opportunity to talk about our efforts to reform the FCC – to retool the agency for the digital age and to remove barriers to private investment, innovation and job creation.

Some of the students here today may be wondering: what exactly does the FCC do? In a nutshell, the FCC is the nation's expert agency on communications technology and services. In the U.S., the FCC does what in some other countries three or four agencies do. In these countries, there's an agency that handles wired communications, like telephone service or, increasingly, broadband Internet. Another handles wireless communications, like mobile phones. Another handles media, like TV or cable. And another handles content issues.

In the U.S. thanks to – believe it or not -- Herbert Hoover, we have one agency responsible for all of these areas. In fact, you can see the FCC logo on the back of your phone – go ahead, check – or your tablet or TV.

Now, I'm not sure that when the FCC was created Commerce Secretary Hoover (this was before he became President) foresaw today's converged world. A world in which technology allows all text, voice, audio, and video to travel as digital bits across all platforms, wired and wireless. But, today, having a single agency that can create coherent policies across these platforms gives us a potential competitive advantage over our global competitors in the international digital marketplace.

That's why since I became Chairman in 2009 I've worked to focus the agency on the communications platform of today and the future – wired and wireless broadband Internet. And that's why I've made clear that the FCC's mission is to promote innovation and investment across this critically important platform – harnessing the power of communications technology to grow our economy, create jobs, enhance U.S. competitiveness, empower consumers, and unleash broad opportunity and a higher quality of life for all Americans.

I came to government from a decade in the private sector as an executive and investor, and from my first day as Chairman, I've spoken about something I learned in the private sector: that an organization's ability to advance its mission depends on *how* it does its job. We are living in a world imagined by Steve Jobs, Bill Gates, Marc Andreessen and

other visionaries, but in too many ways the FCC rules and processes I inherited were built for the world of Alexander Graham Bell.

That's why I've made agency reform a top priority. And one of my first acts was to appoint a special counsel for FCC reform, and set the goal of making the FCC a model of excellence in government. I directed her to lead an agency-wide effort to look hard and honestly at our rules, to propose eliminating ones that don't make sense or have outlived their usefulness, and to make sure that the benefits of any rule we adopt outweigh the costs.

I also directed a review of agency operations, seeking recommendations on how to make the agency more open, efficient, and effective. And we launched a Data Innovation Initiative to make sure that our data operations – what we collect, how we analyze it, and how we make it public – were the right policies for the Information Age. From Day One, our team at the FCC has been focused on ensuring that our rules and processes are creating a healthy climate for private investment and innovation in our space, and smartly empowering consumers.

And I welcomed President Obama's Executive Order from last January calling on all executive departments and agencies to review rules and regulations and ensure they are designed "in a cost-effective manner consistent with goals of promoting economic growth, innovation, competitiveness, and job creation." The President's order was consistent with the philosophy we were already applying at the FCC, so although that Executive Order didn't apply to the FCC, which is an independent agency, I directed the heads of the Commission's bureaus and offices to act in a manner consistent with its principles. We had already conducted retrospective reviews and incorporated cost-benefit analysis into our decision-making.

This July, the President issued an Executive Order requesting that independent agencies act in accordance with the principles in the first Executive Order, and called on independent agencies to develop a plan for retrospective analysis of significant rules. I welcomed this Executive Order as well.

It's important that the FCC review our major rules regularly. We operate in the fast-moving world of telecommunications, where changes in technology occur in real time. In our world, both for companies and for the FCC, standing still can mean moving backward.

Let me describe the key findings of our plan for retrospective analysis, which we are publishing online today, and our efforts to eliminate requirements where possible, modify rules as needed, and improve internal processes. These efforts are removing needless burdens on industry, enabling the agency to efficiently promote competition and empower consumers, and unleashing innovation and investment across the broadband economy.

As part of our ongoing efforts to review rules on the books, the FCC has eliminated 190 obsolete regulations. And as a result of our Data Innovation Initiative we have identified twenty-five data collections that may be eliminated. We have already taken steps to eliminate seven data collections and we're in the process of evaluating the remaining eighteen.

In addition to the rules we've gotten rid of, the regulatory review we release today gives multiple examples of substantive rules we have modified or are in the process of modifying to eliminate needless regulatory restrictions.

I'll highlight a few, starting with changes prompted by changes in technology.

Perhaps the biggest area where changes in technology require a rethinking of FCC rules is mobile communications. The world is going mobile. There are now more active cell phones in the U.S. than there are people, and the majority of new phones being activated each day are smartphones. In fact, mobile broadband is being adopted faster than any computing platform in history – creating a uniquely powerful platform for innovation and job creation.

All this mobile innovation relies on spectrum – our invisible infrastructure that's necessary for mobile communications. Demand for spectrum for broadband is rapidly outstripping supply. We need to make more spectrum available for broadband and improve the efficiency of its use.

The roughly 300 MHz of spectrum in the TV bands is among the most robust available – beachfront property. But by virtue of decades-old allocations, much of this valuable spectrum goes unused and, beyond that, less than 10% of the American people receive television exclusively through over-the-air signals.

In November 2010, the Commission initiated a rulemaking focused on the preliminary steps necessary to enable the repurposing of a portion of the TV bands for mobile broadband. It also paves the way for incentive auctions – a market-based approach to reallocate spectrum to its most valued use, by allowing license holders like broadcasters to auction all or part of their spectrum and receive a portion of the proceeds.

We have urged Congress to adopt a proposal from the National Broadband Plan for voluntary incentive auctions, so that we can move forward with these market-based auctions that will free up spectrum for flexible broadband use. It has passed the Senate Commerce Committee by a bipartisan and overwhelming 21-4 vote, and I'm hopeful it will become law this year. I'm also concerned about the negative effects on our mobile economy and mobile consumers if it doesn't.

At the FCC, where we've been able to consistent with our authority, we've freed up spectrum for mobile broadband, both licensed and unlicensed, primarily by removing unnecessary restrictions on spectrum use. These reforms will help the U.S. maintain its

position as the world's leader in mobile innovation, and help alleviate the spectrum crunch, which is the biggest threat to a vital growth sector of our economy.

Our retrospective reviews of our rules also demonstrated that our country's 9-1-1 system needs to be updated for the mobile generation. Right now, if you're in an emergency situation, you can't send a text, photo or video to 9-1-1. That doesn't make any sense. We've initiated a rulemaking to accelerate the development and deployment of next-generation 9-1-1 technology. These reforms will empower first responders and save lives.

The Commission has also made it a priority to remove barriers to broadband infrastructure deployment. The costs of obtaining permits and leasing pole attachments and rights-of-way can amount to 20% of the cost of fiber-optic deployment. Last year, we adopted a shot clock to speed local review of tower and antenna applications. Earlier this year, we streamlined the process and substantially reduced the cost of attaching wired and wireless equipment to utility poles. And we adopted an order in August 2011 to remove barriers to use of spectrum for wireless backhaul, which will help accelerate the deployment of 4G networks across the country.

This is the blood and guts work that is moving private investment from the sidelines to the streets, and enabling companies to put people to work – and to do so by building out our broadband infrastructure, which in turn drives more economic growth and job creation.

We've also removed regulatory barriers in programs the FCC oversees. Last year we took action to eliminate unnecessary restrictions that prevented schools and libraries from using E-rate funds in the most cost-effective way possible, including for unused fiber-optic lines already in the ground, and from opening up their computer facilities after school hours to their communities.

A last category of regulatory reforms I'd like to cover could be described as, "If it's broke, fix it."

The FCC is under a congressional directive to spur competition and innovation in the cable set-top box market. The Commission previously selected the CableCARD as its main vehicle to do so. But under our existing rules, it's been more difficult for consumers to use set-top boxes bought at retail than to use boxes leased from the cable operator. Only a tiny fraction of cable subscribers have chosen to buy a set-top box, and they have only a small handful of options. In October 2010, the Commission adopted changes to remedy shortcomings in CableCARD rules, improve consumer experience with retail set-top boxes and reduce burdens on cable operators.

Our Video Relay Service program, which provides vital communications for people who are deaf or hard-of-hearing, suffered from serious fraud and abuse. We have instituted reforms to this program that have already saved taxpayers approximately \$250 million.

Let me move now to a major reform of existing rules, one that responds to the emergence of broadband and mobile technologies: the Commission's very recent action to modernize the Universal Service Fund and the related intercarrier compensation system, known as ICC.

For decades, the FCC and the states used USF and ICC as a complex system of explicit and implicit subsidies to bring basic telephone service to areas where the population is too scattered, the geography too vast, or the terrain too difficult for private companies to profitably invest in building out network infrastructure. USF and ICC helped the nation meet our commitment to making communications available to all Americans in the 20th century.

But these programs accumulated widespread inefficiencies and waste, and remained focused on traditional telephone service long into the Internet age. They failed to account for the fact that broadband is the indispensable infrastructure of our 21st century economy – essential for jobs, education, health care, and access to global markets. And the multi-billion dollar intercarrier compensation system – a byzantine, opaque system of regulated payments among carriers for the exchange of phone traffic – misaligned incentives and hindered competition in communications services.

For the last several years, policymakers from across the political spectrum and stakeholders from every part of the communications marketplace openly acknowledged that USF and ICC were broken and needed to be updated. But complexity, inertia, and powerful interests stalled attempts to overhaul these programs, and the status quo continued.

Two weeks ago, the FCC unanimously –and on a bipartisan basis – approved a once-in-a-generation overhaul of USF and ICC, reaffirming America's universal service commitment for the digital age. Over the next decade, these reforms will use targeted, accountable public-private partnerships to help extend broadband infrastructure to the approximately 18 million Americans who currently live in areas without access to high-speed Internet.

Reflecting the growing importance of mobile broadband, we established a new Mobility Fund that will expand 4G mobile broadband to tens of thousands of road miles, where millions of people work, live, and travel, including dedicated support for Tribal areas.

And for the first time in the history of the Universal Service Fund we'll be using market-based mechanisms to distribute funding, like the Mobility Fund reverse auction in which providers seeking to serve different areas of the country compete against one another other to cover the most unserved road miles at the lowest cost to the Fund.

By using smart, market-based policies and cutting waste and inefficiency, we're able to transform USF while putting the fund on a firm budget. That budget constrains the size of what had been a growing program, which is ultimately paid for by consumers.

ICC reform also eliminates billions of dollars in hidden subsidies on consumers' wireless and wireline phone bills, promotes more robust wireless service and cheaper long-distance calling, and removes obstacles to modern, digital, efficient networks and the increased innovation they enable.

Reform will drive massive economic benefits in rural America, but it will also expand the online marketplace nationwide, enabling the private sector to create jobs and start and grow businesses across the country.

For today's forum on regulatory reform, I'd note an important lesson of the FCC's USF and ICC reform: how we went about our work was critical to our ultimate success. We made our decisions based on facts and data gathered in one of the most extensive records in FCC history, including hearings and workshops across the country, and more than 2,700 substantive comments totaling tens of thousands of pages. We calibrated the policies we adopted to maximize consumer benefit. We were also careful to ensure that affected companies have predictable and measured transition paths so they can keep investing in their networks to better serve consumers and support our economy. And we brought increased clarity to areas of uncertainty created by tensions between new communications services, like VoIP, and old rules.

On top of universal service reform, and all of the other reforms I've mentioned, we still have a number of retrospective reviews on tap. We plan to move forward early next year with the next step in our review of the Commission's experimental radio licensing policies. The Commission is examining rule changes that might remove impediments to the development of dynamic spectrum access technology, which will allow for more efficient spectrum use. The Commission is moving forward with a proceeding designed to protect consumers from fraudulent charges on their telephone bills – what's commonly called cramming. We will be undertaking a comprehensive review of the Commission's technical standards for cable television service in response to changes in cable television systems technology.

We'll be continuing the reviews mandated by statute, including the annual review of rules that have a significant economic impact on entrepreneurs and other small businesses, the biennial review of telecommunications regulations and the quadrennial review of broadcast ownership rules.

The plan for retrospective review is a living document, which will be updated in response to comments we receive from the public, as well as to reflect the Commission's ongoing retrospective review of significant regulations.

Consistent with the President's Executive Order, we've also proactively explored creative alternatives to rules.

I'd also like to highlight a policy solution where – thanks to an open dialogue between the Commission and stakeholders – we were able to fix a real problem without new regulations.

This happened around something called Bill Shock – which is what happens when wireless subscribers experience a sudden, unexpected increase in their monthly bill. Common cases are when a subscriber is charged for unknowingly exceeding plan limits for voice, text, or data, or gets hit with unexpected international roaming charges. Roughly one in five Americans with cell phone plans were victims of bill shock last year – many receiving hundreds of dollars in overage charges and some even receiving thousands.

The good news is there's a simple technological solution – mobile carriers can just send consumers alerts when they are close to exceeding their monthly limits or about to get hit with roaming charges. Last month, the head of the wireless industry association stood with me and a leader from Consumers Union to announce that all mobile carriers would soon send these alerts to consumers for free, automatically, and with no opt-in required.

Today's report on the FCC's regulatory review focuses on our modifications to substantive regulations, but I think it's important to note that this work complements meaningful efforts to improve FCC processes.

The FCC has significantly reduced Commission backlogs, including an 89% reduction in satellite licensing applications and a 30% reduction in broadcast licensing applications.

We have significantly reduced the time between the vote on a Commission decision such as a rulemaking order and the release of the full text of the decision. It used to take on average 14 calendar days after a vote for the Commission to release the full text of its decisions, and major orders could take weeks or months to be released as language was finalized and documents were processed. Now our average is down to just 3 days, with a majority of decisions released within one day of the Commission's vote.

We closed 999 dockets – about one-third of the Commission's open docketed proceedings.

Most notably, we are using technology to improve engagement with outside stakeholders, improving both the information we provide to and receive from the public. For the first time in a decade, we overhauled the FCC's website. It's the first website that makes government data available in formats that can help entrepreneurs build innovative applications, including making all application programming interfaces or "APIs" available for developers.

The FCC broke new ground by including in the official public record comments received through non-traditional avenues, such as responses to blog posts, Ideascale submissions and responses to those submissions. Over 60,000 comments have been received through these non-traditional avenues.

And we've developed tools like a broadband speed test that lets people know how fast their wired or wireless connections actually are. More than one million people have used this tool to date.

We've dramatically increased the number of public workshops the Commission holds, and for the first time, we have made it standard practice to live-stream over the Internet all public workshops, hearings and meetings.

We've also made it a priority to move information and processes online. We've revised our rules for the filing of all tariffs electronically, decreasing burdens on carriers and the Commission. We now permit staff to notify parties electronically about docket filings instead of mailing copies. And last month, we proposed moving television broadcasters' public inspection files online to make data more easily available to the public and reduce burdens on broadcasters.

I'm proud of what we've achieved. And I thank my fellow Commissioners as well as the FCC's career employees who have been instrumental in making this progress possible. There is more we can do to improve our agency's performance, and I am committed to building on our reform efforts.

With smart government and smart policies, we can unleash innovation, investment, and job creation, improving our economy, our competitiveness, and our quality of life.

Thank you.