

**Prepared Statement of Chairman Julius Genachowski  
Federal Communications Commission**

**Hearing on Fiscal Year 2013 Resource Needs  
for the Federal Communications Commission**

**Before the  
Subcommittee on Financial Services and General Government  
U.S. Senate Committee on Appropriations**

**May 9, 2012**

Chairman Durbin, Ranking Member Moran, and other members of the Subcommittee, I appreciate this opportunity to appear before you on the FCC's 2013 budget.

I'm proud to say that few, if any, federal agencies deliver a higher return on investment than the FCC.

Spectrum auctions have raised more than \$50 billion for the U.S. Treasury in the past two decades, and economists regard the economic value created by FCC auctions as being about 10 times that number, or \$500 billion in value.

Shortly after the Commission delivered its budget, Congress authorized the Commission to develop, and conduct voluntary incentive auctions – a new market-based mechanism to repurpose underutilized spectrum for flexible use such as mobile broadband.

Incentive auctions are an opportunity to unleash vitally needed additional spectrum for mobile broadband and create tremendous value for American consumers, while raising billions of dollars for deficit reduction. It's a key part of the puzzle to unleashing the mobile broadband opportunity.

At the FCC, while we have concerns about certain of the legislation's provisions, we're focused on faithfully implementing the new law and maximizing the opportunities for our economy and all Americans.

It's a privilege for the FCC to be entrusted with this responsibility, which of course will require a great deal of work and effort by the agency.

Incentive auctions are unprecedented. The U.S. will be the first country in the world to conduct them. It will be a complex task affecting major parts of our economy and involving many challenging questions of economics and engineering.

FCC staff is hard at work planning for the challenges ahead. We recently announced steps to begin implementing the law, which are outlined in my written statement.

Incentive auctions are part of our overall agenda to unleash the opportunities of modern communications technology to benefit our economy and all Americans.

Just yesterday, at the wireless industry's annual conference, I presented the Commission's Mobile Action Plan. This Plan will help ensure that America maintains the position it has now regained as the global leader in mobile. It includes incentive auctions, but recognizes that we must have an "all-of-the-

above” strategy that includes removing barriers to spectrum use, harnessing emerging technologies like small cells, and accelerating spectrum sharing between government and commercial users.

On the latter, I was pleased to announce that we are moving ahead in partnership with NTIA to test spectrum sharing between commercial and government uses in the 1755-1780 MHz band, a band of particular interest to commercial carriers.

This work reflects the agency’s focus on broadband communications – wired and wireless. In 2009, we developed America’s first National Broadband Plan, which identified key challenges and opportunities throughout the broadband ecosystem, and proposed solutions to ensure that the U.S. leads the world in broadband access and innovation. In fact, one of those proposed solutions was incentive auctions.

We have been working hard on implementing the broadband plan. Together with my colleagues at the FCC, we have made tremendous progress in the past three years, taking many steps to unleash investment, innovation, and job creation. These include freeing spectrum for both licensed and unlicensed use, modernizing and reforming major programs like the Universal Service Fund, and removing barriers to broadband buildout.

And indeed, investment, job creation, and innovation are up across the broadband economy. These metrics are up both when looking at broadband applications and services, and when looking at broadband providers and networks. Our work is helping create jobs across the country, from workers constructing broadband infrastructure to agents at new broadband-enabled customer contact centers to employees of small businesses using broadband to expand to engineers and other innovators inventing the new digital future.

And in the past three years, the U.S. has regained global leadership in mobile innovation. American-designed apps and services are being adopted faster than any others. Our mobile innovation economy is the envy of the world.

And we are now ahead of the world in deploying 4G mobile broadband at scale – with 64% of the world’s 4G LTE subscribers here in the U.S. These next-generation networks are projected to add \$151 billion in GDP growth over the next four years, creating an estimated 770,000 new American jobs.

The health of our broadband economy would be enhanced by closing broadband gaps. My written statement highlights the Commission’s progress addressing the broadband deployment and adoption gaps.

Public safety is a core mission of the FCC, and the agency is working to harness the power of communications to make our communities safer.

As part of our longstanding role in ensuring the security and reliability of communications networks, an FCC-led panel recently issued a series of recommendations to address three critical threats to our cybersecurity: botnets, Internet route hijacking, and domain name fraud. ISPs serving nearly 90% of all U.S. broadband subscribers will implement our proposals.

The FCC also provides value by protecting and empowering consumers.

Smartphone theft is on the rise, and poses a real threat to consumers. Last month, together with the wireless industry and law enforcement from around the country, we announced the launch of a new

database that will allow consumers and carriers to disable stolen smartphones, dramatically reducing their value on the black market.

We have also made progress tackling consumer issues like bill shock and cramming, which are highlighted in my written statement.

At the FCC, we are committed to smart, responsible government, and we have taken significant steps to modernize our programs and ensure that they are efficient and fiscally responsible -- saving billions of dollars.

In addition to our programmatic reforms, we have also reviewed the agency's rules and processes -- asking tough questions to make sure the agency is operating efficiently and effectively.

In connection with this review, we've already eliminated more than 200 outdated rules and five unnecessary data collections. We have identified two dozen more data collections for elimination.

And we've done everything I've listed and more with the lowest number of full-time employees in ten years.

Maximizing the ability of 21st century communications technology to deliver value to the American people, and doing so in a smart and responsible way. That's the FCC's record the past three years, and that's our plan for the year and years ahead, as reflected in our fiscal 2013 requested budget.

To implement our responsibilities under Communications Act, the Commission's budget requests a two percent increase over the previous year level, from \$339,844,000 to \$346,782,000 -- essentially flat adjusting for inflation.

As in previous years, this amount will be derived entirely from fee collections.

The budget reflects savings in several areas, and includes a few new initiatives -- primarily technology investments designed to save money, and public safety investments aimed at saving lives.

The budget also provides a flat number of full-time employees, despite increasing workloads in many areas.

In conclusion, the wired and wireless broadband sectors are critically important to our economy and global competitiveness. I look forward to working with the Committee on implementing the new incentive auctions law, and unleashing the opportunities of communications technology for our economy and the American people.

Thank you.