

**STATEMENT OF
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FEDERAL COMMUNICATIONS COMMISSION
BEFORE THE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
“A REVIEW OF THE PRESIDENT’S FY2014 FUNDING REQUEST AND
JUSTIFICATION FOR FCC”
SEPTEMBER 11, 2013**

Good morning, Chairman Udall, Ranking Member Johanns, and distinguished Members of the Subcommittee.

I am honored to appear before you today as a Commissioner at the Federal Communications Commission. Prior to serving in this position, I had the great privilege of serving as counsel to the United States Senate Committee on Commerce, Science, and Transportation. So I know that oversight is essential and I am grateful for the opportunity to be here today.

Let me start by noting what is important and obvious. Today is September 11. It is the anniversary of one of our darkest days. What happened twelve years ago changed us all. It left an indelible mark. In my family, that mark is personal—because one of my relatives died in the Twin Towers.

But it is also important to identify what has not changed. We are resilient. We are optimistic. We are steadfast in our shared determination to move forward. And if anything, the events of that day only deepened our commitment to what connects us as individuals and as a Nation—because that is what makes us strong.

Communications networks make us strong. They strengthen our economy, they give rise to information age opportunity, and they support public safety. They are at their most powerful when their reach is universal. That means ensuring that everyone in this country, no matter who they are or where they live, has access to first-rate communications. That means rural America, urban America, and everything in between.

In the next fiscal year, the FCC will take several steps to strengthen communications across the country. I will highlight three.

First, we will expand opportunity and enhance security through our upcoming spectrum auctions. The demand for our airwaves is growing at a breathtaking pace. We are now a Nation with more wireless phones than people. One in three adults now has a tablet computer. All of these devices are using more of our airwaves than ever before. But we are just getting started. Because worldwide, the demand for mobile broadband data is expected to grow by 13 times over the next five years.

To meet this skyrocketing demand, the FCC will develop a series of spectrum auctions. At the direction of Congress in the Middle Class Tax Relief and Job Creation Act of 2012, we will auction 65 megahertz of spectrum for new mobile broadband use. The FCC also will hold the world's first voluntary incentive auctions to repurpose some airwaves in the 600 MHz band.

These auctions are complex. But we must never forget one simple fact: Congress made clear that the revenues from these auctions will support the First Responder Network Authority, or FirstNet. FirstNet, in turn, will help develop the first nationwide, interoperable, wireless broadband network for public safety. This is important. Twelve years ago today, the lives of too many of our first responders—and those they sought to save—were put at risk by the absence of interoperable public safety communications. So we must remember in our spectrum auctions that we have promises to keep.

Second, the FCC must take smart steps to foster the transition to next generation networks. This is a time of extraordinary change in communications networks. The number of traditional telephone lines is declining, the use of wireless is growing, and services dependent on Internet Protocol are remaking our communications across the board. As we develop a new policy framework for IP networks, we must keep in mind the four enduring values that have always informed communications law—public safety, universal service, competition, and consumer protection. To kick start this policy initiative—I believe we now need location-specific IP trials.

Third, we must update our E-Rate program, which helps connect schools and libraries to the Internet. The E-Rate program was developed following the Telecommunications Act of 1996. When the program began, only 14 percent of public schools were connected the Internet. Today that number is north of 95 percent. That sounds impressive. But the challenge is no longer connection—it is capacity. And by that measure, we have work to do.

Too many of our E-Rate schools—especially those in rural communities—are connected to the Internet at speeds of 3 Megabits or less. As broadband speeds go, that is not fast enough for the most innovative teaching tools. It is not fast enough for high-definition streaming video. And it is not fast enough to teach the next generation science, technology, engineering, and math—or STEM—skills that will be so essential to compete. So I think it is time to do two things: we must increase the capacity of E-Rate connections and we must decrease the bureaucracy of this program, which can deter small and rural schools from even applying. If we do this, I think we can reboot, recharge, and reinvigorate the E-Rate program. Call it E-Rate 2.0.

Finally, I want to speak directly to funding in the next fiscal year for the FCC. Communications technologies account for one-sixth of the economy in the United States. The FCC not only oversees this dynamic sector, it delivers a high return on investment. Consider that in nearly two decades, our spectrum auctions have raised over \$50 billion for the United States Treasury. Moreover, the FCC is deficit neutral because it is fully funded by regulatory fees. Furthermore, we are doing all we do with the lowest level of full-time employees in three decades.

We are proud of doing more with less. But if we are prudent, we must also acknowledge that over time this has consequences: reduced outreach, delayed decision making, and fewer resources to address hard and persistent problems—like service on Tribal Lands. Consider, too, that the FCC now processes 16,000 equipment authorizations a year. Over the last decade, the number of applications has increased by 400 percent. Then think about how much more innovation and opportunity we could unleash if we update our labs, hire more engineers, and process these applications faster.

Thank you. I look forward to answering any questions you may have.