

**Remarks of Gigi B. Sohn
Counselor to FCC Chairman Wheeler
Third Annual New York State Broadband Summit
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Good morning. Having grown up on Long Island, I am especially honored to be here today. Thank you to David Salway and Angela Liotta for inviting me.

One of the best parts of my job is meeting people like David and Angela who are passionate about the ability of communications networks to improve the lives of Americans.

Last month, I gave a speech at Yale to the group leading Connecticut's effort to deploy gigabit fiber networks across the state. You'll be pleased to know that I opened my remarks by reminding them of the superiority of New York pizza to New Haven pizza. And of the New York Mets to the Boston Red Sox.

I admire and respect what the leaders of the CTGig project are doing – but as a native New Yorker – it was my duty to remind them that we are the Empire State and they are the Nutmeg State.

As New Yorkers, we expect the biggest and the best. That's why it's fitting that you have launched the \$1 billion New NY Broadband Program, the largest broadband commitment in the nation.

Today, I want to talk to you about why the leadership at the FCC – America's broadband agency – is watching the New NY Broadband Program closely and pulling for its success. Then, I want to spend the second half of my remarks talking about what we are doing at the FCC to advance our common goals.

To understand why this initiative is so important, look no further than your mission statement. You aspire to “build a world-class interconnected broadband network, which will deliver high-speed services to support the needs of public safety, healthcare, education and government, and deliver vast economic and societal benefits.”

It's kind of a mouthful, but that's kind of the point. The list of areas where broadband creates new opportunities is seemingly endless.

Start with opportunities for our economy. Already, high-speed connectivity has enabled entirely new industries to bloom, essentially overnight.

Think of the mobile apps economy, which didn't even exist less than a decade ago. Today, it's already created more than 600,000 new U.S. jobs.

There's the sharing economy, epitomized by companies like AirBnB and Uber, which takes idle resources and puts them to use, creating enormous value for consumers.

Consider a recent, high-profile IPO – New York's very own Etsy. This website has created a platform for more than a million entrepreneurs to sell their handmade goods to a global audience of nearly 20 million active buyers.

Now look at some of the other subjects mentioned in your mission statement.

Take education. Interactive digital learning tools can tailor personalized lessons to match each student's strengths and weaknesses. And broadband connectivity has become essential for taking tests and doing homework.

What about health care? Ubiquitous connectivity enables remote monitoring tools that can identify health risks before they become a crisis.

You mention better government. Broadband enables the government to be more open, transparent and responsive. Individuals can come together and influence elected officials in new and powerful ways. The nearly 4 million Americans who commented on and helped improve the FCC's new Net Neutrality rules can back me up on that.

Let's look at some areas you don't mention. Broadband creates opportunities for energy. New York's own IBM is leading the development of Smart-grids and smart-home technology to help consumers save money, while helping to save the environment.

Broadband technologies are also truly transformative for people living with disabilities. The FCC administers a program to help low-income Americans

with significant hearing and vision loss access modern communications tools. One participant in the program from Massachusetts said, “I feel more equal, more independent. It changed my life.” We have hundreds more testimonials just like hers.

Bottom line, in 2015, broadband internet has become the pre-eminent platform for new innovations that drive economic growth, that boost U.S. competitiveness and that improve our quality of life.

That’s why New York’s broadband initiative is such a big deal. But there’s another reason – and it goes back to the very first words of your mission statement, which are, and I quote, Broadband for every New Yorker. And I emphasize the “every”.

The New NY Broadband Initiative matters not only because it will spur the deployment of high-speed networks that will unleash economic growth and other benefits; it matters because it’s committed to making sure ALL New Yorkers can enjoy these benefits.

This initiative isn’t just about unlocking future possibilities; it’s about fulfilling our nation’s founding promise: opportunity for all.

This timeless American value is particularly timely in 2015.

As evidenced by last week’s jobs report showing the creation of 280,000 new jobs, the economy continues to improve steadily. But the biggest asterisk on this recovery, which sets a record for most consecutive months of positive private sector job growth, is that the rewards have been skewed to the wealthiest Americans, and too many lower-income Americans feel like the recovery is passing them by. A recent Pew Research Center survey found that an overwhelming majority of Americans see inequality as a serious problem.

Broadband is a part of that problem – and of the solution.

Since the early days of the Internet, we’ve been talking about the digital divide. While the gap is shrinking, it’s still there.

About 10 million Americans can’t get wired broadband *at any speed*, even if they wanted it. The infrastructure just isn’t there. And in the vast majority of these areas, it doesn’t make sense economically for private ISPs to build.

Nearly 30 percent of Americans, most of whom have access to broadband, still haven't adopted broadband at home, and low-income consumers disproportionately lack access. While more than 95 percent of households with incomes over \$150,000 have broadband, only 48 percent of those making less than \$25,000 have service at home.

The costs of digital exclusion are staggering. If you aren't online, you simply can't be a full participant in our modern economy and democracy. Job applications are increasingly online only. If you can't get online, you can't get a job.

Holly Leonard of San Jose, California, who has been homeless on and off for years and recently got a new apartment she found on Craigslist, said, "Before I got a smartphone, it was like you're almost nonexistent."

If you don't have broadband access, the challenging prospect of working your way up the economic ladder becomes even more challenging. On the flip side, broadband access can empower individuals to pursue new opportunities.

In 2015, opportunity for all requires broadband for all.

So what is the FCC doing to help maximize the benefits of high-speed Internet for all Americans?

Let's start with what we are doing to promote fast, fair, and open networks that help unleash new innovations. Then I'd like to talk in more detail about a new FCC initiative to make sure all Americans are connected.

One of the FCC's jobs – as dictated by Congress – is annually to "determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion." In other words, every year, the FCC takes a fresh look at the broadband marketplace to determine whether the answer to that question is "yes" or "no".

As we went to work on this year's assessment – what we call our "Broadband Progress Report" -- we noticed a big problem: the benchmark for "broadband" was 4 megabits per second download speed and 1 megabit per second upload speed.

The leading broadband providers insist that 4 Mbps up and 1 down is still a reasonable standard for 2015 and expressed strong opposition to any increase in this standard.

Let's get real.

Four/One is less than the recommended capacity to stream a single HD video. Now consider that the average connected household has seven Internet-connected devices -- including televisions, desktops, laptops, tablets, and smartphones.

Meeting the needs of a modern connected family with four megabit broadband isn't difficult; it's impossible.

That's why, in adopting the latest Broadband Progress Report in January, the Commission established a new definition for broadband at 25 Mbps down and 3 Mbps up, about double the average broadband connection today.

The most effective tool for driving investment and improvements in increasingly faster broadband networks is competition. The simple truth is that meaningful competition for wired broadband at 25 Mbps is lacking.

It used to be that most Americans had at least two choices for fixed Internet service: the cable company and the local telco offering DSL. The problem is that traditional DSL has not kept pace with the needs of today's consumers and is no longer a real alternative to faster cable and fiber networks. At 25 megabits per second, just under 75 percent of U.S. homes can choose from only one or fewer fixed wired providers -- and that includes almost 20 percent who have no option at all at that speed.

Lack of competition typically means lesser service and higher prices for consumers. It also increases the risks that broadband providers could use their market power in a way that threatens Internet openness.

So what are we doing to promote competition? Although no formal action proved necessary, we worked in close collaboration with our colleagues at

the Justice Department to discourage transactions that we believed would reduce competition. But it is not enough to preserve existing competition. We want to open the door to new competitors.

Across America, some communities have concluded that when existing private sector broadband offerings are not meeting their needs, the only solution is to become directly involved in broadband deployment.

Some communities have worked with private sector providers to facilitate improved broadband service. Others have entered into various forms of public-private partnerships, much like the ones the New NY Broadband Program proposes. Still other communities have decided to deploy broadband networks themselves.

But in 19 states, community broadband efforts have been blocked by restrictive state laws. At first blush, that doesn't make any sense. Until you realize that these laws are often passed as a result of heavy lobbying by incumbent broadband providers.

The Electric Power Board (or "EPB") in Chattanooga, Tennessee and the City of Wilson, North Carolina, decided to fight back. Both have successfully deployed community broadband networks, but state laws were preventing them from expanding their networks to surrounding areas.

These restrictions have real human costs. I met a man named Richard Thornton, who lives only three-quarters of a mile from Chattanooga's gigabit network but he's still in the Internet Dark Ages. He has to pay \$316 per month for a collage of services including two mobile hot spots, satellite TV, and phone service. Yet, less than a mile away Gigabit service is available with TV and phone for only \$133. EPB wanted to extend its service to Mr. Thornton's home, but it was prohibited from doing so by Tennessee's bureaucratic law.

EPB and Wilson petitioned the FCC to pre-empt the restrictive state laws hampering investment and deployment in their areas. This February, the Commission did just that, preempting the restrictive provisions of those laws.

The Commission respects the important role of state governments in our federal system, and we do not take the matter of preempting state laws lightly. But when state laws directly conflict with Federal laws and policy, we will not be afraid to act. By approving these petitions, we sent a clear message that we believe the American people, through their elected local officials, have the right to make their own decisions about their broadband future.

Perhaps the biggest key to preserving the Internet as a platform for innovation is preserving its open design, which enables innovation without permission. This February, the FCC adopted the strongest open Internet protections ever proposed by the agency. These rules are set to go into effect tomorrow, and they will assure the rights of consumers and innovators to use the Internet without interference from gatekeepers.

Let me close by talking about what the Commission is doing to make sure ALL Americans can enjoy the benefits of broadband.

In recent years, the Commission has launched a comprehensive effort to take our outdated “Universal Service” programs for delivering telephone service in the 20th century and modernize them to support broadband access to all Americans in the 21st century.

Our new Connect America Fund ensures that broadband is deployed in places where it is not economic for industry to build. Over the next six years, the FCC will disburse \$11 billion through this fund to support infrastructure build-out in rural areas.

We have modernized another of our Universal Service programs – the E-rate program - to support fiber deployment to and Wi-Fi within our nation’s schools and libraries. Our goal is to connect 99% of schools and libraries with 100 Mbps broadband over the next four years.

Let me take a few minutes to elaborate on the latest major initiative by the Commission to reform universal service and make broadband available to all Americans. I’m talking about Lifeline modernization.

Starting in 1985, the FCC’s Lifeline program has provided a small subsidy first for wireline and then for wireless telephone service. Over a span of three decades, the program has helped tens of millions of Americans afford

basic phone service. But as communications technologies and markets evolve, the Lifeline program also has to evolve to remain relevant.

While the FCC in 2012 imposed critical reforms that have drastically cut down on waste, fraud and abuse, much more must be done to bring the program into the 21st century. Last week the Chairman circulated to his fellow Commissioners a notice of proposed rulemaking that not only proposes more reforms, but also proposes to allow Lifeline to subsidize broadband. During the net neutrality debate that lasted well over a year, Americans told us unequivocally that access to broadband is essential to full participation in our society and our economy. The FCC must ensure that everyone, including the poorest and most vulnerable, can share in that benefit.

Moreover, to ensure that Lifeline subscribers can tap the full benefits of broadband, the Chairman also proposes establishing minimum standards of service for voice and broadband. There can be no “slow lane” for the disadvantaged.

We also propose an overhaul of the way we determine eligibility for Lifeline. Currently, Lifeline providers are responsible for ensuring eligibility, a situation that invites waste and burdens providers. The Chairman has proposed shifting the responsibility away from the providers, possibly to a trusted third party. Specifically, we want to look at whether a national eligibility verifier is feasible, and how state efforts may be able to assist.

There should be no doubt that the FCC is working aggressively to make sure every American can access fast, fair, and open broadband networks. But we can't do it alone. We need a massive investment from the private sector. And we'll need leadership at the state and local level to drive initiatives that close the deployment and adoption gaps. More specifically, we need you.

That's what's so exciting about the New NY Broadband Program. We've seen how ultra-high-speed networks can invigorate a city's economy. You are expanding this strategy to promote economic development across the state. You propose leveraging both public and private resources to ensure every New Yorker has access to high-speed Internet by 2019.

We talk about fast, fair, and open broadband. The New NY Broadband Program could deliver universal access to true high-speed networks at costs lower than what people pay for basic service today.

The possibilities are limitless.

But it hasn't happened yet. One million New York residents and 4,000 businesses still lack access to broadband as the state has defined it. We need to close that gap.

And I think this group is up to it. Scratch that. You guys are New Yorkers. I KNOW you're up to it.

Across the country, we see community after community stepping up to write their broadband future. But New York has a unique opportunity to help set the pace for the nation. Chairman Wheeler and I applaud your ambition and look forward to working with you to deliver the benefits of broadband to the American people.

Thank you.