

**STATEMENT OF
CHAIRMAN AJIT PAI
FEDERAL COMMUNICATIONS COMMISSION**

**HEARING ON THE OVERSIGHT OF THE FEDERAL COMMUNICATIONS
COMMISSION SPECTRUM AUCTIONS PROGRAM, FISCAL YEAR 2021**

**BEFORE THE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
U.S. SENATE COMMITTEE ON APPROPRIATIONS**

JUNE 16, 2020

Chairman Kennedy, Ranking Member Coons, and members of the Financial Services and General Government Subcommittee, I appear before you today to discuss the FCC's Spectrum Auction Program and update you on the work of the Federal Communications Commission.

When I last appeared before you on March 10, I testified on the Commission's Fiscal Year 2021 budget request, as well as the status of our strategic goals and programmatic initiatives. Immediately following that hearing, our country was disrupted drastically as a result of the COVID-19 pandemic, forcing the Commission to adapt both as a workplace and as the independent regulatory agency tasked with regulating our nation's communications sector. The Commission shifted to agency-wide voluntary telework two days after the hearing and progressed to mandatory telework soon thereafter. To their credit, our staff did not skip a beat.

And with respect to our mission, I'm committed to using, and we are in fact deploying, every resource at the FCC's disposal to deal with this unprecedented national emergency.

For example, I challenged broadband and telephone service providers to take the Keep Americans Connected Pledge—a voluntary commitment (1) not to terminate service to any residential or small business customers because of their inability to pay their bills due to the disruptions caused by the coronavirus pandemic; (2) to waive any late fees that any residential or small business customers may incur because of their economic circumstances related to the coronavirus pandemic; and (3) to open a company's Wi-Fi hotspots to any American who needs them. I'm proud of the fact that over 780 broadband and telephone service providers across the country, including all of our nation's largest providers, have taken the Pledge and thus agreed to take these concrete steps to help Americans stay connected. Many of these same companies have gone above and beyond the Pledge and taken additional steps to maintain or expand connectivity during the pandemic. For example, companies have increased broadband speeds at no cost, offered free service to low-income households or students previously without broadband, partnered with schools and other companies to create remote learning plans, and enhanced telehealth opportunities. While the initial Keep Americans Connected Pledge lasted for 60 days, I asked industry to step up and extend the Pledge through June 30, 2020. And I'm very pleased that we now have more broadband providers signed up for the Pledge than we did during the initial 60 days.

I also want to thank this Subcommittee and Congress for helping to establish the COVID-19 Telehealth Program as part of the CARES Act. Funding for this program supports the daily work of frontline healthcare providers in hard-hit regions, from New York to the Navajo Nation.

By promoting connected healthcare services, we are enabling many more people to access care remotely while reducing the risks for patients and healthcare providers. Since its passage, the Commission established the rules for the program in just days and has now approved funding for 305 healthcare providers in 42 states plus Washington, D.C. for a total of \$104.98 million in funding commitments. In Louisiana, for example, we have awarded funding to the Ochsner Clinic Foundation in New Orleans, the University of Louisiana-Lafayette in Lafayette, and Access Health in Kenner. In Delaware, we've directed funding to Christiana Care Health Services in Newark. In addition, those providers with approved applications include: Community Counseling Services in Malvern, Arkansas; Northwestern Memorial HealthCare in Chicago, and the Southern Illinois Hospital Services in Carbondale, Illinois; the Central Kansas Mental Health Center, in Salina, and Compass Behavioral Health, in Garden City, Kansas; Johns Hopkins Health Systems in Baltimore, and the Anne Arundel Medical Center in Annapolis, Maryland; Duncan Regional Hospital in Duncan, Oklahoma; and Lincoln County Primary Care Center in Hamlin, West Virginia. Our dedicated staff is continuing to process applications quickly and carefully to award funding to eligible applicants for eligible services and devices as soon as possible.

The Commission has also taken a number of other steps to help meet connectivity needs during the pandemic. For example, the Commission unanimously adopted my February proposal to fully fund all eligible Rural Health Care Program services for the current funding year with an additional \$42.19 million in funding. We took additional action to assist program participants, including extending the application window until June 30, 2020, and easing competitive bidding requirements for health care providers with expiring evergreen contracts. And we've waived our gift rules governing the program to enable service providers to offer, and hospitals and rural healthcare providers to solicit and accept, improved connections or additional equipment for telemedicine for free during the coronavirus outbreak. The Commission's action will help ensure that rural healthcare providers have the resources and flexibility they need to promote telehealth solutions for their patients.

Going beyond telehealth, in light of the COVID-19 pandemic, the Commission has waived its Lifeline rules to ensure that existing Lifeline subscribers are not involuntarily removed from the program. We have streamlined the enrollment process for low-income consumers in rural Tribal lands. We have eased documentation requirements to make it easier for Americans who have recently lost their jobs as a result of the pandemic to enroll in the Lifeline program. We've clarified that schools and libraries that are closed due to the COVID-19 outbreak are permitted to allow the general public to use E-Rate-supported Wi-Fi networks while on the school's campus or library property. We've given certain high-cost carriers flexibility to focus federal monies on hard-hit areas allowing them to respond to the unprecedented challenges posed by COVID-19, and we've provided regulatory flexibility to hundreds of rural broadband and telephone providers to immediately waive consumer fees. And we've granted temporary waivers to Telecommunications Relay Service providers to allow more American Sign Language interpreters to work from home in order to maintain relay services during this national emergency for individuals who are deaf or hard of hearing.

Our pandemic emergency work has included substantial work to expand spectrum access. We quickly granted Special Temporary Authority to AT&T, Sprint, T-Mobile, U.S. Cellular, and Verizon to use additional spectrum to meet customer demand for mobile broadband across the United States, including Puerto Rico and the U.S. Virgin Islands. The Commission has granted

similar requests to the Navajo Nation and Makah Tribe to use unassigned spectrum in the 2.5 GHz band to provide wireless broadband service over their reservations as part of the emergency COVID-19 pandemic response. And in March, we granted many small wireless Internet service providers temporary access to use the lower 45 megahertz of the 5.9 GHz band to serve customers in mostly rural and suburban communities in need of better connectivity. To date, we have granted authority to more than 100 such providers, and we have heard that the spectrum is helping address the increased demand for broadband associated with the pandemic.

In addition to all of this work, the Commission has continued its ongoing efforts to close the digital divide and implement our 5G FAST Plan. Just last week, the Commission finalized the procedures for our Rural Digital Opportunity Fund Phase I auction, which will make \$16 billion available over ten years for the deployment of high-speed broadband to millions of rural homes and small businesses that are currently unserved. For example, the preliminary list of eligible areas includes 215,793 locations in Arkansas, 201,075 locations in Illinois, 182,628 locations in Louisiana, 141,792 locations in Oklahoma, and 128,086 locations in West Virginia. We've scheduled that auction to begin on October 29.

We have also made significant progress on the Commission's 5G FAST Plan. In April, the Commission took a bold step to increase the supply of unlicensed spectrum: We opened up the entire 6 GHz band for unlicensed use—a massive 1,200 megahertz test bed for innovators and innovation. By doing this, we effectively increased the amount of mid-band spectrum available for Wi-Fi by almost a factor of five, which will be a huge benefit to consumers and innovators across the nation, while also protecting incumbent users of this spectrum from harmful interference.

In May, the Commission modernized the rules of the 900 MHz band to help critical infrastructure entities develop and deploy mission-critical broadband services. This new use of low-band spectrum will help us meet the communications needs of industries that provide crucial services, like power, to the American public.

In June, the Commission started a proceeding aimed at revitalizing the 70, 80, and 90 GHz bands and expanding their use for new services. Putting this long underused, high-band spectrum to use could create new opportunities for reliable 5G backhaul to ferry data from the edge of the network to its core. And opening up these bands for broadband service to known, movable locations could help keep travelers connected by creating a more technologically advanced and competitive market for air and sea connectivity.

Our robust auctions program also continues apace. Just before I last appeared before you, we had concluded Auction 103, where bidders won licenses for 3,400 megahertz of spectrum in the upper 37, 39 and 47 GHz bands. That auction had followed on the aggressive schedule the year before, where we auctioned 850 megahertz in the 28 GHz band and 700 megahertz in the 24 GHz band. All told, these three auctions made available almost five gigahertz of high-band spectrum for commercial use. To put that in perspective, that is more spectrum than was used for terrestrial mobile broadband by all wireless service providers in the United States combined before these auctions started. Gross proceeds for these three auctions totaled over \$10 billion.

Coming up next is our 3.5 GHz auction, scheduled to start on July 23. It will make available 70 megahertz of spectrum for Priority Access Licenses on a county-by-county basis, offering the greatest number of licenses—over 22,000—ever in a single FCC auction. Last

week, our auctions staff announced that we had received 348 short-form applications to participate in the auction, which (again) is more than in any single auction before.

Next on deck is the Rural Tribal Priority Window of the 2.5 GHz auction, which is scheduled to close August 3. As you may recall, the Commission last year liberalized the rules of this underused mid-band spectrum and created a special opportunity, a filing window, for rural Tribes to get early access to 2.5 GHz before the commencement of an auction. Our staff has been engaged in reaching out to Tribal stakeholders about this opportunity for the better part of a year now, and I am pleased with their efforts to assist Tribes in applying for this resource despite the onset of the pandemic. Once the window closes, I expect we will move forward with scheduling a 2.5 GHz auction in the first half of 2021.

After that, we're on track to commence an auction of 280 megahertz of mid-band spectrum from 3.7-3.98 GHz (known as the C-band) beginning December 8. Our efforts to make this critical spectrum available for 5G have been going very well. In particular, our staff announced earlier this month that all eligible space station operators currently using this spectrum had committed to an accelerated relocation—which means it will become available for 5G two to four years earlier than otherwise would have been the case. Getting this essential spectrum out years ahead of schedule will promote American leadership in 5G, faster and more reliable wireless broadband connectivity for consumers, and the creation of millions of jobs, billions of dollars in investment, and stronger economic growth.

In the coming weeks, the Commission will receive and release information that will be critical for both bidders in the C-band auction and incumbents that are responsible for the transition. Space station operators must file their transition plans with the agency by June 19, and the public will have an opportunity to provide feedback on those plans so that incumbents may submit final transition plans by August 14. In the meantime, Commission staff will adopt a cost catalog that will outline the presumptively reasonable costs for various elements of the transition and will decide the one-time payment offered to incumbent earth stations that elect to transition themselves. Additionally, we expect the selection committee of outside stakeholders to choose an entity to serve as the Relocation Payment Clearinghouse by July 30, 2020, and Commission staff will review that selection to confirm that it is consistent with our rules.

But even with all this progress, the Commission needs your help. For example, since our last hearing, Congress passed the Secure and Trusted Communications Networks Act, which ratifies the Commission's proposal to require small, rural telecommunications companies to end their reliance on manufacturers that pose national security threats. I strongly support the rip-and-replace requirements that Congress mandated, but that mandate came without money. Last November, we estimated that a full-scale rip-and-replace program could cost up to \$2 billion—and we ordered an information collection to nail down those costs for all covered carriers. As our staff work through the data that's been collected, we want to work with you to appropriate the money needed so that we can move forward quickly to implement this program and protect our nation's networks from national security threats.

In a similar vein, Congress recently passed the Broadband DATA Act, which ratifies the Commission's decision last year to require new, granular broadband deployment maps for both fixed and mobile providers. But that law prohibited us from relying on the Universal Service Administrative Company to implement that effort—even though we repeatedly warned Congress that this provision would disrupt our work on improving these maps and prevent us from

implementing the new maps without a separate appropriation to cover the significant costs of developing the new maps. As such, the Commission stands ready and willing to implement this measure, but we do not have the \$65 million we need to get that effort off the ground and implement that law through its first year. We want to work with you to appropriate this funding as soon as possible so that we can move forward quickly to improve our nation's broadband maps. Otherwise, this well-intentioned law will end up significantly delaying rather than expediting the production of better broadband maps.

Finally, given that this hearing is about oversight of our auctions program, I should note that there is one auction currently mandated by federal law that we are not looking forward to holding. Specifically, the Spectrum Act mandates that we auction off parts of the T-band— spectrum from 470-512 MHz, which is currently used by public safety entities in several states. Our highly skilled economists believe this auction will raise less revenue than the amount needed to clear incumbents from the spectrum. But because of the statutory mandate, our staff has nonetheless had to divert resources to preparing for an auction process to commence in February. Bipartisan legislation in Congress would repeal this mandate and address related concerns like 911 fee diversion, and I hope this legislation passes as soon as possible.

Chairman Kennedy, Ranking Member Coons, Members of the Subcommittee, I stand ready to work with you in the weeks and months ahead to ensure that the Commission has the resources necessary to achieve our critical objectives during this challenging time for our nation. And I look forward to answering your questions this morning.