

Office of Economics and Analytics Accomplishments Through 2020

Remarks of Giulia McHenry, Chief, OEA

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[Slide 1 – Introduction]

Thank you, Chairman Pai and Commissioners Carr, Rosenworcel, Starks, and Simington.

The Office of Economics and Analytics, or OEA, is the newest Office at the FCC. It launched in December 2018, combining economists, data specialists, attorneys and other staff from across the Commission to consistently and thoroughly incorporate economic and data analysis into the Commission's work.

As noted in a recent editorial published by three former FCC Chief Economists, the establishment of a new office to integrate economic and data analysis into FCC policymaking is among the signature accomplishments of this Commission.

[Slide 2 – Milestones]

In April 2017, Chairman Pai laid out his vision for a for an independent office to ensure that the Commission's choices are consistently informed by sound economic principles and solid data.

A working group, led by OEA Senior Deputy Chief, Wayne Leighton, studied the Chairman's proposal and in January 2018 issued a report and recommendations.

In late January 2018, the Commission released an Order to establish OEA.

After obtaining approvals from Congress, OMB, and the employees' union, the Office began operations on December 7, 2018.

Today, there more than 110 employees across the Front Office and four Divisions. OEA also houses the Commission's Chief Economist and Chief Data Officer.

[Slide 3 -Functions]

Importantly, OEA's role is primarily to *inform and support* policymaking, rather than offering its own policy recommendations.

Consistent with its founding vision and the Commission's directives – and in close coordination with Bureaus and Offices:

- OEA provides independent, objective economic analysis regarding the Commission's policy choices, including analysis of costs and benefits;
- It develops best practices to manage data collections and resources;
- It designs and manages spectrum, broadband subsidy, and other auctions;

- And it conducts long-term research.

While it is impossible to acknowledge every contribution, I would like to provide a brief overview of each of the four Divisions and their most significant accomplishments.

[Slide 4 – EAD]

The Economic Analysis Division serves as an in-house economic consultancy supporting all Bureaus and Offices, ensuring that the FCC incorporates professional standards for economics into its processes.

EAD brought together approximately 40 economists and other experts from across the agency.

Consolidating the FCC's economists in a single office has strengthened the role and quality of economic analysis. Just look to the 2020 Communications Marketplace Report and the T-Mobile/Sprint merger review. These complex, voluminous items required large, flexible teams of economists with cross-cutting expertise.

In addition, EAD has delivered on the promise to provide an economic review of nearly all pertinent Commission items. It has reviewed over 450 items since its inception.

Here are just a few examples where economic review and analysis helped to improve Commission policies.

- The 5G Fund adjustment factors;
- The C-Band auction;
- The establishment of a national 988 suicide hotline;
- Inmate calling services;
- Audio description rules;
- Internet Protocol - Captioned Telephone Service; and
- Universal service.

[Slide 5 – IAD]

The core of the Industry Analysis Division came to OEA from the Wireline Competition Bureau. It produces high-quality data essential to FCC policymaking.

IAD designs and administers the FCC's highest profile data collections. This includes preparing reports, data sets, and maps for release to the public. It also provides analytical support as needed across the agency.

- Here are just some of the recurring data projects IAD has implemented since the inception of OEA:
 - Four semiannual Form 477 broadband deployment, internet access, and voice service data collections;
 - Two universal service monitoring reports – and a third forthcoming;
 - Two urban rate surveys;
 - A study area boundaries data collection;
 - Two telephone numbering utilization reports;
 - The 2020 cable price survey;
 - And there are others.

- IAD also implemented and analyzed the FCC’s one-off 2020 supply chain data collection, and the inmate calling service data collection; and made significant contributions to the COVID-19 Telehealth Program.

The effort to collect and clean data is substantial.

For example, in the last two years, through four rounds of the semi-annual Form 477 data collection, IAD:

- Received and processed roughly *15,000* filings;
- Including *120 million* rows of fixed broadband data; and
- Processed *3,500* data quality inquiries.

[Slide 6 – DD]

The Data Division is a new organization within OEA.

With the growing volume and importance of data at the FCC, the Data Division and the Chief Data Officer develop best practices, processes, and standards for data management agency-wide.

They are responsible for implementing:

- The Foundations for Evidence-Based Policymaking Act of 2018 – also known as the Evidence Act; and
- The Federal Data Strategy.

The Evidence Act and Federal Data Strategy are new federal data initiatives that prescribe a broad range of activities to improve all aspects of the agency’s management of the data lifecycle.

These include acquisition, collection, storage, maintenance, access, use, analysis, dissemination, sharing, archiving, and disposal of the agency’s data – plus protection of personal and confidential information.

The Data Division team often collaborates closely with IAD, with the Data Division developing critical systems underlying data collections. Recent examples include the aforementioned Supply Chain Data Collection and the COVID-19 Telehealth Program.

The Data Division and IAD are also helping the Commission to prepare for implementation of the Broadband DATA Act and the FCC’s forthcoming Digital Opportunity Data Collection.

[Slide 7 – AD]

Last, but not least, the Auctions Division makes spectrum available for advanced services and helps provide universal service support for deployment in unserved areas.

The Division came to OEA from the Wireless Telecommunications Bureau. Since April 2017, it has conducted 10 auctions in coordination with the Wireless, Wireline and Media Bureaus.

- Five of these auctions offered wireless licenses in furtherance of the Commission’s 5G FAST plan, making available 4,950 MHz of high-band spectrum and 350 MHz of mid-band spectrum for 5G.

- Two were descending price – or reverse – auctions to efficiently assign universal service support for fixed voice and broadband services.
- Three were for FM Translator construction permits, two of which implemented the Commission’s AM Revitalization policies.

[Slide 8 – AD]

In the design and execution of these auctions, the Division has upheld a tradition of innovation and breaking new ground.

- It assigned more than 26,000 mid-band licenses and 20,000 high-band licenses for 5G.
- The ongoing C-band auction is the largest grossing FCC auction ever at over \$80 billion.
- The CBRS auction offered the most wireless licenses in a single auction, at 22,631; it attracted the most applications for wireless licenses at 348 and there were 228 winning bidders.
- We also held three auctions to assign high-band spectrum for 5G for the first time. These included our second-ever incentive auction, which assigned licenses at the upper 37, 39, and 47 GHz band and offered the most bandwidth in a single auction – 3400 megahertz.
- The CAF II and RDOF reverse auctions assigned nearly \$11 billion over 10 years to hundreds of providers in 49 states and one territory to deploy fixed broadband to unserved areas.

[Slide 9 - Wrap up]

To conclude, the creation of a new Office of Economics and Analytics has been a remarkable success.

- We are optimizing the FCC’s economic and data resources;
- We are ensuring that Commission actions are consistently informed by sound economic principles and data;
- We are elevating economics, data, and auctions at the FCC;
- We are reviving the tradition of visionary, long-term policy research at the FCC, having issued four white papers in our first two years, with more to come; and
- We have built relationships and processes across the organization to lay the groundwork for OEA’s continuing success.

Thank you for your support and thank you for the opportunity to present to you today.