

**STATEMENT OF
CHAIRMAN TOM WHEELER**

Re: *Inquiry Concerning the Development of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, GN Docket Nos. 14-126 and 12-228.

Earlier this month, I was in Las Vegas for the annual Consumer Electronics Show, along with almost everyone else in this room. As usual, I saw innovators pushing the envelope of what is technologically possible even further than the year before. As diverse as this year's offerings were, one common element was that almost every device on display requires high-speed connectivity. The more sophisticated and powerful these products and services get, the more bandwidth they require. Our challenge at the FCC is making sure that the U.S. has continually improving fast and open broadband networks that enhance growth in this vital sector of our economy and will enable *all* Americans to enjoy the Internet-powered innovations of today and tomorrow.

In 1996, Congress had the wisdom to require the FCC to ask regularly how we are doing toward that goal. More specifically, they asked the Commission to "determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion."

Today, by issuing the first Broadband Progress Report of my chairmanship, the Commission offers its assessment of where we stand. We found that we have made notable progress, but many challenges remain. Perhaps most significantly, we found that to get the right answers we needed to update the question.

First, the good news. Private industry continues to invest billions of dollars to expand America's broadband -- \$75 billion a year by one analysis. Both fixed and mobile providers continue to improve broadband speeds, and current and new entrants to the market are investing and expanding broadband availability to many Americans with speeds in some locations exceeding 1 gigabit per second (Gbps).

No doubt, we have seen improvements in our wired and wireless broadband infrastructure that are delivering real benefits for our economy and the American people. But remember what Congress asked: are "*advanced* telecommunications ... being deployed to *all* Americans in a reasonable and timely fashion?" The first step to answering that question is to define "advanced telecommunications" in 2015. As this report makes clear, it ain't what it used to be.

For starters, "advanced" means at the forefront, progressive, cutting-edge. It doesn't mean the average or the happy medium. The current benchmark of 4 megabits per second (Mbps) was established in 2010, before the iPad had even been introduced. Safe to say, consumer behavior and the marketplace has changed.

Four Mbps 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. On any given evening, it would not be surprising to see one child doing online homework, another streaming a movie, one parent uploading data files for work, and another parent paying bills or downloading photos while also streaming music or video. That's not just tough to do with a 4 Mbps connection, it's pretty much impossible without taking turns being online, which is a non-starter. In 2015, taking turns to share the Internet bandwidth is as absurd as taking turns to use the electricity.

As I saw at the Consumer Electronics Show and during my travels across the country, true high-speed connections are crucial not only for delivering today's entertainment and basic communications, but tomorrow's innovations that will educate our children, deliver quality health care, improve energy efficiency, fill the employment ranks, and maintain the United States as the world's innovation leader for the 21st Century.

A 25 Mbps connection has become "table stakes" in 21st century communications. That's why today's report increases the benchmark for "advanced telecommunications" to 25 Mbps down, 3 Mbps up.

Why 25 Mbps?

Application and service providers, consumers, and the broadband providers are all pointing to 25/3 as the new standard. Content providers are increasingly offering high-quality video online, which uses a lot of bandwidth and could use a lot more as 4K video emerges. If you were to look at the ISPs marketing materials, most recommend speeds of 25 Mbps or higher if you plan on using multiple connected devices at the same time. Connections under 10 Mbps are marketed as "best for 1 device" and uses like sharing photos or downloading music.

Consumers are flocking to 25/3 when they have the opportunity. The percentage of consumers adopting 25/3 has quadrupled since 2011 and 2013 – from 7 percent to 29 percent.

So, today's report sets the standard for advanced telecommunications as 25 Mbps broadband service. That leads to the follow up question: Are those services being "deployed to all Americans in a reasonable and timely fashion?" Simply put, no.

Nationwide, 17 percent of U.S. households -- about 1 in 6 Americans -- don't have access to 25 megabit broadband.

There is a large, and unacceptable, disparity in broadband access between urban Americans and Americans in rural areas and Tribal lands.

In rural areas, more than half – 53 percent – lack access to broadband at the new benchmark; in Tribal lands, it's almost two thirds – 63 percent – that lack access. The disparity persists at all speeds. For example, at our previous benchmark of 4 Mbps/1 Mbps, 20 percent of Americans in rural areas cannot get that level of service. In urban areas, only 1 percent lack access to that service. Sadly, we wouldn't be where we need to be on broadband deployment to all Americans, even if we hadn't increased the benchmark speed.

Despite the billions in network investment, progress in deployment of faster networks to underserved areas is too slow. The percentage of Americans without access to 25/3 service came down only 3 percentage points between 2012 and 2013, and improvement was even slower in rural areas.

The FCC doesn't just have a statutory obligation to report on the status of broadband deployment; we have a duty to take immediate action if we assess that the goal of deployment to all Americans is not being met. And act we have.

We have many ongoing efforts to remove barriers to infrastructure investment and promote competition. For example:

- In June and December, the Commission issued two Connect America Fund orders that will disburse \$11 billion to support build-out to Americans in rural areas without broadband;
- The Commission is well underway to provide support to mobile providers that will extend voice and broadband services to unserved areas;
- We have allocated \$75 million and provisionally selected participants for the Rural Broadband Experiments, which will bring next generation service to rural, high cost, and Tribal areas; and
- Our E-rate Modernization efforts are expected to support the deployment of fiber to schools that need it to support digital learning.

But we acknowledge that more efforts may be needed. Today, we are issuing a Notice of Inquiry seeking comment on additional ways to bring 25 megabit broadband to all Americans in a reasonable and timely fashion, beyond what we have done to date.

There's an old adage from my days in the private sector that, "What gets measured gets managed." Today's report offers a valuable assessment of U.S. broadband and will hopefully serve as an impetus for meaningful improvements in the speed and availability of true high-speed networks for all Americans. We know where we need to be. Now we need to do the hard work to get there.

Thank you to the members of the FCC staff who worked on this report, notably Julie Veach and her team in the Wireline Bureau. This team has done a great public service by raising the bar for broadband in America.