

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Establishing of the Office of Economics and Analytics*, MD Docket No. 18-3.

I am exceptionally pleased to support today's item, which adopts a key process reform idea I have long advocated: creating an office within the agency focused on economics and analytics. Since receiving the Chairman's draft item, I have worked with two goals in mind. First, guaranteeing that this office has enough weight and authority to ensure that it is successful from the outset. Second, ingraining it into the agency procedures to ensure that it outlasts the current Commission and remains effective for years to come.

In 2011, President Obama issued an Executive Order requiring all executive agencies to conduct a cost-benefit analysis before proposing or adopting regulations. But, the FCC, as an independent agency, was excluded from this mandate and promises made by a long-gone chairman to abide by the directive never materialized. Unfortunately, the practical implication of this failure was a litany of shoddy decisions devoid of economic analysis adopted under previous Commissions. For this reason, Chairman Pai proposed the creation of a new Office of Economics and Analytics ("OEA" or "Office") to better align our work with concrete data and facts.

When the draft item was circulated, I made several proposals, which Chairman Pai graciously accepted, to add additional responsibilities for the new Office. Paramount to my changes is requiring OEA to prepare and review a rigorous, economically-grounded cost-benefit analysis for all rulemakings deemed to have an annual effect on the economy of \$100 million or more.

But, ensuring that a cost-benefit analysis is conducted is only a partial victory. We must also ensure that such an analysis is credible and accurate. To achieve this, I advocated requiring OEA to follow the guidelines of OMB Circular A-4, which standardizes the way benefits and costs are measured and reported across executive agencies. However, due to the Commission resources this may involve, I understand that it may be more prudent to get the Office established before taking this important step. To that end, I look forward to continuing to work with the Chairman's office and Commission staff to get the Office up and running and well positioned for us to incorporate Circular A-4 into our rules down the road.

Another edit I proposed and the Chairman accepted was to add a requirement that, like the Office of General Counsel, OEA must confirm that it has reviewed each Commission rulemaking to ensure it is complete before it is released to the public. Doing so will ensure that its work is not ignored or sidestepped on the way to Commission consideration. As a practical effect, this can be accomplished through the Commission's eBARF signature process.

Together, these reforms will give the new Office greater involvement in the drafting, editing, and finalizing of the Commission's rules. OEA will play a role on the front end in the original drafting of all cost-benefit analysis and play a role on the back end by signing off on each item. I believe that this heightened level of participation will help ensure that OEA gets quickly integrated into the Commission's processes and that future Chairmen less interested in economics and analytics will be unable to turn a blind eye to the real burdens that many of our rules impose.

I am also confident that OEA will not create additional bureaucracy within the agency. When this item was originally circulated it was unclear to me what the budgetary impacts of such an office would be. In speaking with the Chairman's team, I have been assured that the FCC will not increase its FY19 budget request as a result of establishing this Office, and that new hires made pursuant to this Office, if any, will be offset by departures in other places. This will ensure that OEA will utilize our current resources at the Commission, rather than generate an enlarged Commission.

Overall, today is an important day. We are establishing an office that has the potential to take this Commission in a more solid and defensible direction. I support this item and applaud the Chairman and Commission staff for all the good work that went into both the final rules and the report.