

**Statement of
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Chairman
Federal Communications Commission**

Hearing on the FCC's Fiscal 2011 Budget Request

**Before the
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives**

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Good morning Chairman Serrano, Ranking Member Emerson, and Members of the Subcommittee. I appreciate this opportunity to appear before you for the first time as Chairman of the Federal Communications Commission and to present the Commission's fiscal 2011 budget request. I welcome your oversight and input and look forward to working with you to ensure that the Commission is financially able to perform its mission.

With each passing day, communications become increasingly essential to the daily lives of all Americans -- whether it's connecting with family, running a business large or small, looking for or creating jobs, participating in our democracy, or using new tools for education and health care.

As the country's expert agency on communications, it is the FCC's job to promote opportunity and prosperity for all Americans through communications technologies and networks. To advance this mission, we are focused on the following goals:

- Promoting universal broadband that is robust, affordable and open.
- Pursuing policies that promote job creation, competition, innovation and investment.
- Protecting and empowering consumers and families.

- Helping deliver public safety communications networks with the best technology to serve our firefighters, police officers and other first responders.
- Advancing a vibrant media landscape, in these challenging times, that serves the public interest in the 21st century.
- Seizing the opportunity for the United States to lead the world in mobile innovation.

The FCC's proposed fiscal 2011 budget would go a long way toward advancing these goals and ensuring that all Americans are connected to world-class communications networks. In particular, this proposed budget is essential to the implementation of the National Broadband Plan, which was authorized by Congress as part of the Recovery Act.

With its fiscal 2011 budget submission, the FCC is requesting \$352,500,000, which includes an increase of approximately \$19.4 million over our fiscal 2010 base appropriation. This increase to the base budget is primarily needed to permit the Commission to bring additional employees with the technical skills needed to support our work to promote investment, competition, job creation, public safety, and our global competitiveness.

In particular, we seek a one-time base increase of \$11.1 million to allow the Commission to bring on an additional 75 employees with the skills needed to: support the cyber-security role of the Commission; implement fully the Commission's broadband responsibilities; make the FCC a model for excellence in government; overhaul our data systems; revitalize our standing internationally; and allow the FCC to be a leader in the federal government in the use of new information technologies that will ensure broad-based public participation and unprecedented transparency in agency deliberations.

We also seek to add to our annual base an additional \$6.4 million to reflect the locality pay adjustment for Commission employees and the continuation of the \$1 million base increase for additional full-time equivalents that was included in our fiscal 2010 budget.

The final increase that the FCC seeks to its base is \$900,000 to support our public safety and homeland security efforts. The Commission plays an important U.S. role in public safety. It identifies and resolves interference to licensed spectrum users -- including interference to public safety entities. For example, the FCC provides assistance to Public Safety Answering Points that experience interference to wireless 911 and E911 calls, and to various U.S. Government agencies, such as the Department of Homeland Security's Border Patrol and the Department of Transportation's Federal Aviation Administration. To perform this work, the Commission uses specially equipped Mobile Digital Direction Finding vehicles. We are seeking to add \$900,000 to our base budget to allow for an ongoing lifecycle replacement plan for these vehicles to be put in place. In the past, we have funded upgrades to the fleet through initiative funds. This year, we request adding these funds to our base to allow us a more stable source of funding needed to implement a permanent replacement plan.

Among other notable requests, the FCC seeks approximately \$8.2 million to implement three technology initiatives. These initiatives are part of our unprecedented effort to enhance the public's ability to participate in our work.

First, \$4.3 million would be used to continue our Commission-wide overhaul of the agency's information technology systems. Specifically, we plan to spend \$1.44 million on the long-term project to consolidate the FCC's licensing systems. In addition, we are seeking \$2.88 million to continue the work begun in fiscal 2010 to build a new centralized data center. We also propose to spend \$2.4 million to support our spectrum inventory initiative and the ongoing broadband mapping effort. This initiative is designed to enable user-friendly access to information regarding spectrum bands and licenses, including those that may be suitable for broadband deployment. The FCC's spectrum inventory activities will focus on providing

general information about commercial and non-commercial use of spectrum bands by users other than federal users. The public will easily be able to browse spectrum bands, search for spectrum licenses, produce maps, and download raw data for further analysis.

Finally, the Commission is requesting \$1.5 million for the Emergency Response Interoperability Center (ERIC). The long-term mission of ERIC is to ensure the operability and interoperability of public safety wireless broadband communications. In April, we established ERIC utilizing a small core of existing staff. It is critical that we are able to staff ERIC with critical technical personnel who have extensive public safety and broadband network experience. This funding will advance the long term goal of ensuring a nationwide interoperable public safety broadband communications system.

As the Subcommittee knows, the FCC conducts auctions to issue spectrum licenses. The Commission is permitted by law to use a portion of the revenue raised through these spectrum auctions to administer the program. During the past seven funding cycles, our final appropriations legislation established a cap of \$85 million for auction expenses. The FCC is currently reviewing its options for future auctions, and we believe that we can continue to conduct the program with the same level of funding in fiscal 2011.

The base budget and initiatives in the FCC's proposed fiscal 2011 budget underscore our focus on the vital role spectrum must play in our national communications environment. We have planned more than a dozen actions, proceedings and initiatives over the next year designed to unleash tremendous innovation and competition in mobile networks, devices, and applications.

I also would like to provide the Subcommittee a brief update on some of the most urgent communications issues before the Commission and our country.

As you know, Congress directed the FCC to prepare a “national broadband plan” as part of the Recovery Act.

Broadband is the indispensable infrastructure of the digital age. It is rapidly becoming our primary platform for innovation, economic growth, and enduring job creation. A vibrant, ubiquitous, high-speed Internet is vital to our global competitiveness, to U.S. global leadership in innovation, and to our ability to design, develop, and distribute new Internet-fueled products here in the United States and export them to the rest of the world.

Broadband is vital also for helping solve pressing national challenges like education, health care, energy, and public safety -- if all Americans are connected, whether they live in rural towns, urban cities, or in between.

We have work to do to seize the opportunities of broadband. The status quo is not good enough to maintain our global competitiveness in this rapidly changing world.

First, studies place the U.S. as low as 18th when it comes to important attributes of broadband adoption and speeds. Our record shows roughly 65% adoption in the U.S. compared to significantly higher adoption percentages -- up to 90% or more -- for some countries in Asia and Western Europe.

One study ranks the U.S. 6th out of 40 industrial countries in innovative competitiveness -- and 40th out of the 40 in “the rate of change in innovative capacity.” The first of those rankings is enough of a concern. That last-place statistic is the true red flag.

Second, certain communities *within* the U.S. are lagging -- rural Americans, low-income Americans, minorities, seniors, Tribal communities, and Americans with disabilities. For these groups, adoption rates are much lower than 65%.

Altogether, 93 million Americans are not connected to broadband at home, including 13 million children. And, 14 million Americans do not have access to broadband where they live, even if they want it.

Finally, the costs of digital exclusion grow higher every day. Several years ago, not having broadband could have been thought by some to simply be an inconvenience. Now, broadband access and digital literacy are essential to participation in our economy and our democracy.

For these reasons, I was pleased that Congress entrusted the FCC with developing a National Broadband Plan, which the FCC released in March. The Broadband Plan ranks among the most important projects in FCC history. As the Commission said unanimously in its Joint Statement on Broadband: “Working to make sure that America has world-leading high-speed broadband networks -- both wired and wireless -- lies at the very core of the FCC’s mission in the 21st Century.”

The National Broadband Plan includes recommendations to encourage much-needed investment in our broadband infrastructure, free up spectrum to foster world-leading wireless broadband, redirect government resources to support universal access to and adoption of broadband, cut red tape and remove other obstacles to investment and innovation, and optimize the use of broadband to achieve national priorities like job creation, health care, education, energy, and public safety.

In April, the Commission released a detailed timetable for taking action on the Plan’s recommendations. The Commission has since unanimously approved eight action items, including a Notice of Inquiry and a Notice of Proposed Rulemaking (NPRM) kicking off broadband-based Universal Service Reform. In May, we continued on this agenda by approving three more

items from the Plan's recommendations: an NPRM to cut red tape in the E-Rate program, an Order and FNPRM to foster competition and broadband deployment by improving access to pole attachments, and an Order enabling the use of 25 MHz more spectrum for mobile broadband.

Although many of the action items that form the National Broadband Plan can be further reviewed and acted upon by the Commission, a few major recommendations require review and action by both Congress and the Commission – one of the most urgent being the creation of a nationwide, interoperable public safety broadband wireless network. America's first responders are on the front lines every day protecting our families and communities and need access to advanced communications capabilities to perform their jobs whether in America's cities or its most rural communities.

In developing the recommendations in the National Broadband Plan for public safety, I directed staff to review all options. In the end, following years of discussions with all stakeholders and failed attempts, the expert staff presented recommendations in the Plan that they believed provided the most data-driven, achievable and practical path forward to building a nationwide interoperable public safety network for America's first responders that meets the capacity and performance requirements of public safety, while being cost-effective. The Plan recommends utilizing a cellular architecture and leveraging commercial technologies to provide the most certainty for public safety capacity across the country. In addition to providing ample capacity for normal public safety use, the plan provides very substantial backup capacity, as well as network redundancy and resiliency, for the worst emergencies through priority access and roaming across all 700 MHz commercial broadband networks, hardening of network infrastructure, and other measures. Other aspects of the plan are designed to ensure that our first responders will have access to ever more advanced devices rather than, as has sometimes

happened, being stuck with devices using outdated technologies. Finally, by leveraging the commercial buildout of 4G wireless networks, the staff estimates cost-savings of approximately \$20-30 billion in expenses over a 10-year period.

I am pleased that several members of the 9/11 Commission -- including Chair and Vice Chair Thomas Kean and Lee Hamilton -- have praised the Plan's public safety provisions as "a clear roadmap for finally reaching th[e] goal" of interoperability. I look forward to working with Congress to ensure that we take advantage of this unique opportunity to leverage commercial technology, resources, and build out a network that reaches rural America. We look forward to working with public safety, our federal, state, local and Tribal partners, and the communications industry to accomplish this priority.

In addition to the important work on the National Broadband Plan, one of my top priorities has been the continued improvement of the FCC's operations. In August 2009, I formed a team of senior leaders of the Commission to focus on agency reform, whose charge was to improve agency efficiency and effectiveness, with an emphasis on greater openness and transparency, encouraging public participation, and installing fact-based and data-driven processes.

In August 2009, we launched "reboot.fcc.gov" -- an internal online forum where employees can submit their ideas for improving and reforming the agency. Our efforts to improve communications are, however, not just internal. In January, we launched the reboot.fcc.gov website for the public, providing a site where citizens can offer their ideas for FCC reform. In February, I issued a Memorandum to all bureau and office chiefs formalizing a process for inter-bureau and-office consultation. This Memorandum incorporates the best practices of the past and the present into the agency's future internal procedures.

The process undertaken for developing the National Broadband Plan provides an excellent example of our reform efforts in action. It was the most inclusive proceeding in the agency's history. Since April 2009, the Commission hosted more than 45 public workshops and field hearings attracting more than 2,500 participants; created Blogband, an FCC blog dedicated to sharing ideas and progress in the development of the Broadband Plan that attracted more than half a million pages views and generated 1,200 comments; deployed an innovative "crowd sourcing" platform that generated over 680 concrete ideas and comments to generate and encourage public input into policy proposals; developed informational content viewable on multiple social networks and other platforms accessible to a broad range of the public; issued more than 30 public notices on broadband issues; and, as of last week, the FCC had more than 340,000 followers on Twitter, the third largest among federal government agencies.

We cannot promise instant results from our efforts; we can, however, assure you of the Commission's commitment to continue operational improvement and making the FCC a 21st-century agency for the information age -- one that fights for consumers and families, and fosters investment and innovation, through fair, participatory, and data-driven processes.

Thank you again for this opportunity to discuss the FCC's fiscal 2011 budget request and our work under the historic Recovery Act. I respectfully request that this Subcommittee consider granting the FCC's fiscal 2011 funding request, and I would be happy to hear your comments and suggestions at this point or respond to any questions that you may have.