

STATEMENT OF CHAIRMAN JULIUS GENACHOWSKI  
HEARING ON THE “OVERSIGHT OF THE FEDERAL  
COMMUNICATIONS COMMISSION”  
U.S. SENATE  
COMMITTEE ON COMMERCE, SCIENCE, AND  
TRANSPORTATION  
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Chairman Rockefeller, Ranking Member Hutchison, Members of the Committee, thank you for this opportunity to appear before you today.

At the FCC, our mission is to maximize the power of communications technology to grow our economy; create jobs; enhance U.S. competitiveness; empower consumers; and unleash American innovation, including in areas like education, health care, and public safety.

Consistent with this mission, over the last three years, we have focused the agency on broadband communications – wired and wireless. In 2009, we developed America’s first National Broadband Plan, which identified key challenges and opportunities throughout the broadband ecosystem, and proposed solutions to ensure that the U.S. leads the world in broadband access and innovation.

Together with my colleagues at the FCC, we have made tremendous progress in the past three years, taking many steps to unleash investment, innovation, and job creation. These include modernizing and reforming major programs like the Universal Service Fund, freeing spectrum for both licensed and unlicensed use, removing barriers to broadband buildout, and taking strong and balanced steps to preserve Internet freedom.

And indeed, innovation, investment, and job creation are up across the broadband economy. These metrics are up both when looking at broadband applications and services, and when looking at broadband providers and networks.

Our work at the FCC is helping create jobs across the country, from workers building broadband infrastructure, to agents at new broadband-enabled customer contact centers, to employees of small businesses using broadband to expand, to engineers and other innovators inventing the new digital future.

And the U.S. has now regained global leadership in mobile innovation. American-designed apps and services are being adopted faster than any others. U.S. mobile innovation is the envy of the world.

We are also ahead of the world in deploying 4G mobile broadband at scale – with 64% of the world’s 4G LTE subscribers here in the U.S. These next-generation networks are projected to add \$151 billion in GDP growth over the next four years, creating an estimated 770,000 new American jobs.

In 2011, overall investment in network infrastructure equipment was up 24 percent from 2010, with broadband providers investing tens of billions of dollars in wired and wireless networks.

Internet start-ups attracted \$7 billion in venture capital in 2011, almost double the 2009 level and the most investment since 2001.

Our efforts to improve the health of our broadband economy have focused on closing broadband gaps.

First, the spectrum gap. Multiple studies show that demand for mobile services is on pace to exceed the capacity of our mobile networks.

Last week, at the wireless industry’s annual conference, I presented the Commission’s Mobile Action Plan, which builds on the mobile portions of the National Broadband Plan, to achieve our goal of unleashing mobile innovation and investment. This plan will help ensure that America maintains the position it has now regained as the global leader in mobile. It includes incentive auctions, while also recognizing that we must have an “all of the above” strategy that includes freeing up more spectrum for both licensed and unlicensed use; driving efficiency in spectrum use, including by increasing the efficiency of devices and networks; removing barriers to mobile broadband buildout; and pioneering innovative approaches like small cells and spectrum sharing between government and commercial users.

On the latter, I was pleased to announce that we are moving ahead in partnership with NTIA to test spectrum sharing between commercial and government uses in the 1755-1780 MHz band, a band of particular interest to commercial carriers.

Thanks to Congress, and the hard work of this Committee last year, we will unleash significant amounts of prime spectrum through incentive auctions – an unprecedented market-based solution to reallocate spectrum that was proposed in the National Broadband Plan. We’ve announced an implementation plan for incentive auctions that puts us on schedule to launch a rulemaking by the fall of this year.

We’ve also made progress toward unleashing more than 25 MHz of WCS spectrum, and converting 40 MHz of prime spectrum in the S-Band from satellite to terrestrial use.

Last year we became the first country to free up TV white spaces for unlicensed use. This is the most significant release of spectrum for unlicensed use in 25 years, and it holds the promise of new value-creating breakthroughs on the order of magnitude of Wi-Fi.

We are also tackling the broadband deployment gap.

Today, millions of rural Americans live in areas with no broadband infrastructure. Our plan, adopted unanimously in October, to modernize the Universal Service Fund will spur wired and wireless broadband buildout to hundreds of thousands of rural Americans in the near term, and sets us on the path to universal broadband by the end of the decade – while, for the first time, putting the Fund on a budget. Together with my colleagues, we crafted a set of reforms that honor fiscal responsibility, respect business realities, and help bring broadband to unserved Americans around the country, in every state.

Through our Broadband Acceleration Initiative, the FCC has removed barriers to broadband deployment and accelerated broadband buildout. For example, we’ve adopted orders to ease access by broadband providers to utility poles and established a shot clock to speed cell tower and antenna siting.

In addition to the broadband deployment gap, we are making strides on the broadband adoption gap.

Nearly one-third of Americans – 100 million people – haven’t adopted broadband. The Connect to Compete Initiative enlists government,

nonprofit, and private sector leaders to tackle the barriers to adoption – one of several public-private initiatives driven by the Commission to promote solutions to major challenges.

The FCC's successful E-Rate program, created thanks to the leadership of Senators Rockefeller and Snowe, has already helped connect virtually every library and classroom in America. In 2010 we adopted several important modernizations of the program, including recognizing the potentially important role of mobile broadband, removing barriers to schools opening their computer labs as hot spots for their communities, and giving schools more choices to strike the best deals for broadband in their markets..

Public safety is a core mission of the FCC, and the agency is working to harness the power of communications to make our communities safer.

We are working with multiple stakeholders to advance next-generation 9-1-1. And we accelerated the launch of Wireless Emergency Alerts that allows local, state and federal authorities to send targeted alerts to mobile devices of people who are in the vicinity of an emergency.

As part of our longstanding role in ensuring the security and reliability of communications networks, the FCC recently led a process culminating in ISPs serving 90% of all U.S. residential broadband subscribers committing to take significant steps to strengthen the country's cybersecurity. This includes implementing an Anti-Bot Code of Conduct to reduce the threat of botnets, adopting DNS Best Practices to prevent domain name fraud, and working to implement an industry framework to prevent Internet route hijacking.

Working with government, private-sector, and nonprofit partners, we also developed a Small Business Cyber Planner to help small businesses guard against cyber attacks, which are estimated to cost targeted small businesses an average of \$200,000 in damages.

In today's hyper-connected, flat world, the success of American companies, as well as global prosperity and freedom, depends on a dynamic and open global Internet. And so we are working to preserve the Internet as a free-market globally, and oppose international proposals that could stifle Internet innovation. Working with our colleagues in government and stakeholders outside government, we are seeking to head off barriers to the

global expansion of cloud computing, and encouraging free flows of data worldwide.

And we are working to oppose proposals from some countries that could seriously undermine the longstanding multi-stakeholder governance model that has enabled the Internet to flourish as an open platform for communication, innovation, and economic growth. If adopted, these proposals would be destructive to the future of the Internet, including the mobile Internet, and across the U.S. government we have consistently and strongly opposed such proposals.

The FCC also provides value by protecting and empowering consumers.

Smartphone theft is on the rise, and poses a real threat to consumers. In DC, New York, and other major cities roughly 40 percent of all robberies now involve cell phones. This past month, together with Senator Schumer, the wireless industry, and law enforcement from around the country, we announced the launch of a new database that will allow consumers and carriers to disable stolen smartphones and tablets dramatically reducing their value on the black market.

This committee has helped lead the fight to crack down on bill shock, a problem that has cost millions of consumers tens, hundreds, and sometimes thousands of dollars in unexpected charges. Working with wireless providers, we found a common-sense solution to bill shock – alerts to consumers when are about to incur overage charge. A few weeks ago we introduced a new online tool to help consumers track implementation of the commitments made by wireless carriers to provide usage alerts.

Last month, the Commission approved an order to put an end to abusive, third-party charges on phone bills, what's commonly known as cramming. Previously, the Commission's Enforcement Bureau issued \$12 million in fines against four companies that had engaged in widespread cramming, part of a record-breaking year for our Enforcement Bureau, which logged \$67.2 million in monetary penalties and settlements on behalf of consumers in 2011.

I want to highlight not only what the FCC has accomplished, but how we conduct our work. The FCC is committed to smart, responsible

government, and we have taken significant steps to modernize our programs and ensure that they are efficient and fiscally responsible -- saving billions of dollars.

Our work to modernize USF and Intercarrier Compensation will not only spur broadband buildout, it also eliminates billions of dollars in hidden subsidies from consumers' phone bills.

Our work to reform the Lifeline program is expected to save up to \$2 billion over the next three years. Even before this order was adopted, we made changes that eliminated 270,000 duplicate subscriptions, saving \$35 million.

We reformed our Video Relay Service Program, which provides vital communications for people who are deaf or hard-of-hearing, saving \$250 million per year without reducing availability of service.

In addition to our programmatic changes, we have also reviewed the agency's rules and processes -- asking tough questions to make sure the agency is operating efficiently and effectively.

In connection with this review, we've already eliminated more than 200 outdated rules and five unnecessary data collections. We have identified two dozen more data collections for elimination.

We estimate that internal reforms like consolidated IT maintenance and new financial system have already saved the agency almost \$8 million.

And we've done everything I've listed and more with the lowest number of full-time employees in 10 years.

In conclusion, the wired and wireless broadband sectors are critically important to our economy and global competitiveness. I look forward to working with the Committee on implementing the new incentive auctions law, and unleashing the opportunities of communications technology for our economy and the American people.

Thank you.