



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, D.C. 20515

Honorable Diana DeGette
Ranking Member
Subcommittee on Oversight and Investigations
House Energy and Commerce Committee
2322-A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Stearns and Ranking Member DeGette:

As you know, because of a previously scheduled out of town commitment, I was not able to appear in person for the Oversight hearing scheduled for July 7. I did, however, want to write you to provide some information that may be helpful to the Subcommittee. I look forward to future opportunities to discuss with the Subcommittee the FCC's extensive efforts to eliminate outdated regulations, and to ensure that the rules and policies we do adopt promote private investment and innovation.

From my first day in office, my policy priorities have reflected the important role that 21st century communications technologies play in driving U.S. economic and innovation leadership, and the importance of a healthy climate for private investment and job creation. That is why the agency has been focused on broadband growth initiatives such as freeing up spectrum for mobile broadband through market-based mechanisms; reforming the Universal Service Fund to more efficiently and effectively support broadband access; removing barriers to private investment in broadband build out; and developing a broadly-supported, light-touch framework for preserving the open Internet characterized by the free flow of data and strong incentives for private investment in both applications and infrastructure.

I am pleased that, since 2009, we have seen robust and increasing private investment and innovation in the broadband and communications sector. For example, private investment in the networks that support broadband was estimated to be almost \$50 billion in 2010, up more than five percent over 2009. Of this, \$25 billion was for

wireless networks, a 20% year over year increase since 2009. The mobile “apps economy” is thriving and has grown dramatically, with massive new private investment and tens of thousands of jobs created in the last two years.

The same rationale of supporting economic growth, innovation and concrete public benefits undergirds my strong commitment from the outset of my tenure to bringing regulatory reform to the FCC. As I testified before the Communications and Technology Subcommittee in May, this commitment has yielded substantial results. Since I took office, the Commission has:

- Eliminated more than 50 outdated regulations (far more than it has adopted); the Commission’s deregulatory initiatives include several major reforms, some already adopted and others proposed, to remove regulatory restrictions on spectrum use, such as increasing flexibility in terrestrial and satellite spectrum bands (including the WCS and MSS spectrum bands, and wireless backhaul) as well as spectrum for unlicensed use (white spaces);
- Identified 25 sets of data collections from industry that are no longer necessary (we are moving to eliminate them);
- Reduced Commission backlogs, including an 89% reduction in satellite licensing applications and a 30% reduction in broadcast licensing applications; and
- Streamlined compliance processes – for example, by reducing the burden on radio stations, by eliminating some technical filings previously required with renewal applications.

These and other reforms have built on suggestions from my Commission colleagues, and over 95% of Commission decisions are bipartisan.

Our retrospective reviews have built upon five statutory provisions that require the Agency to review existing regulations for continuing relevance and efficacy. They are:

- Section 161, which requires a biennial review to eliminate telecommunications regulations that are no longer necessary in the public interest;
- Section 257, which requires the Commission to report to Congress on efforts to identify and eliminate regulatory barriers to market entry for entrepreneurs and other small businesses with respect to telecommunications services and information services;
- Section 610 of the Regulatory Flexibility Act, which requires the Commission annually to review the continued need for rules that have been in effect for 10 years and have a significant economic impact on a substantial number of entrepreneurs and other small businesses;
- Section 202(h) of the Telecommunications Act of 1996, which requires the Commission to review its broadcast ownership rules every four years and determine whether they are in the public interest; and
- Section 160, which permits any carrier to petition or the Commission on its own motion to forbear from applying statutory or regulatory requirements

applicable to telecommunications carriers or services if the requirements are found to no longer be necessary and in the public interest.

Although our retrospective reviews predate Executive Order 13563 on Improving Regulation and Regulatory Review (and the Executive Order does not apply to independent agencies such as the FCC), I have directed Commission staff to comply with this and other regulatory reform Executive Orders. This directive has already borne fruit, and the process of identifying outmoded or counterproductive rules is ongoing agency-wide. In this regard, we expect soon to release an FCC plan for continuing these retrospective reviews of agency rules.

The FCC's regulatory reform efforts extend beyond retrospective review. To ensure that FCC rules intelligently carry forward the agency's statutory mission, it is common practice for FCC rulemaking decisions to analyze the costs and benefits of proposed regulations.

During my tenure, I have brought particular focus to this process, including by directing the early involvement of our Chief Economist in the analytical process of rulemakings, and by having FCC staff consult with the staff of the Office of Information and Regulatory Affairs (OIRA) on best practices in conducting cost-benefit analyses. I have also directed FCC staff to comply with the spirit of the recent Executive Order on cost-benefit analysis.

The involvement of the Agency's economists in the early stages of rulemakings has helped bring additional rigor to the FCC's analytical process. Our focus on market-based policies has also helped develop and advance important policy innovations, such as the concept of using incentive auctions for reallocating spectrum; increasing the flexible use of spectrum; and considering market-based techniques to more efficiently distribute Universal Service Fund support.

More generally, I have set a consistent goal for the FCC of being a model of excellence in government. Working with my colleagues, members of Congress, and FCC staff, we have achieved a number of key improvements in FCC processes, including:

- Increasing the number of Notices of Proposed Rulemaking (NPRMs) that contained the text of proposed rules from 38% before my appointment to 85%;
- Significantly reducing the time between the vote on a Commission decision and its release, from an average release time of 14 calendar days before my appointment to just 3 calendar days, with a majority released within 1 calendar day;
- Ensuring that comment periods strike a healthy balance between expeditious decision-making and full stakeholder input; and
- Increasing transparency of agency decision-making by reforming our *ex parte* rules and docketing more proceedings to improve the information all interested parties receive and to produce a better record for Commission decision-making.

We have also initiated a series of programmatic reforms to ensure efficiency, accountability, and fiscal responsibility. For example, our Video Relay Service program, which provides vital communications for people who are deaf or hard-of-hearing, suffered from significant instances of fraud and abuse. We have worked with the Department of Justice to prosecute wrongdoers and instituted other reforms to this program that have already saved taxpayers approximately \$250 million. Modernizing and streamlining the outdated and inefficient Universal Service Fund is one of the agency's highest priorities. A reformed USF built on market principles will eliminate waste and deliver targeted resources where they are needed most to ensure that all Americans have access to broadband services.

In addition to building on suggestions from my colleagues on the Commission, these reform efforts would not be possible without the dedication of the FCC's career staff. We are fortunate to have a core of expert talent that is the envy of every other telecommunications agency in the world.

Given the ongoing changes in technology and the growing importance of this sector, we need to continue to work to make sure we have an effective workforce for the digital age. We have focused on ensuring that we have a sufficient number of engineers, technologists, economists, and econometricians with the right skills to tackle the challenges of the digital age. Their skills are essential as the Commission increasingly addresses complex matters like dynamic spectrum sharing, spectrum reallocation, and public safety in a digital age.

I'm proud of what we have achieved at the Commission. Of course, there is always more to do to improve performance, and I am committed to continuing our efforts at reform. Making the FCC work effectively and efficiently is important because the FCC's mission is vitally important to our economy, to our global competitiveness, and to the quality of life for all Americans.

Thank you again for affording me the opportunity to submit this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julius Genachowski'. The signature is stylized with a large, sweeping initial 'J' and a long horizontal stroke.

Julius Genachowski