



Chairman Ander Crenshaw

*Subcommittee on Financial Services and General Government
House Committee on Appropriations*

FY 2016 Budget Hearing – Federal Communications Commission March 24, 2015 Opening Statement As Prepared

The hearing will come to order.

I would like to welcome our witnesses, Chairman Tom Wheeler and Commissioner Ajit Pai from the Federal Communications Commission. This will be the second time, and exactly 364 days, since you both have testified before this Committee. Welcome and thank you for being here today.

The focus of today's hearing is the FCC's fiscal year 2016 budget request. The Commission has requested a total of \$413 million, a \$73 million—or 21 percent—increase over the current level of funding. Within your FY 2016 request is a \$25 million transfer from the Universal Service Fund to augment the Commission's funding. A large part of your requested increase is for a potential move from your current location, and I have some questions for you all regarding the costs of this move. However, a 21 percent increase is far more than most agencies have seen in recent years. While the FCC is fee-funded, these fees are directly passed on to consumers—as is the funding for the Universal Service Fund. Because of this, I believe this Committee's oversight over the FCC's activities is especially important and I take that charge very seriously.

This Committee has held the FCC's funding level flat since fiscal year 2012 because we believe the Commission can and should do less with less. We believe you all should do a better job of managing your resources and focusing on your core operations. Unfortunately, the Commission seems to be pursuing politically-charged issues rather than the important, mission-critical work of the FCC.

I believe our regulatory system works best when regulators tell markets what they can't do, instead of what they can do. When there is lots of competition, there should be less need for regulation. The internet has been an unparalleled catalyst for innovation, yet the FCC just last month voted to constrain and control something that has brought about innumerable technological advances and American jobs.

The recent rulemaking puts both broadband internet and wireless internet under a 1930s-era, utility-style regulation regime, which I believe is outdated, backwards, and most importantly stifles jobs and innovation. These rules will slow down critical broadband investment at a time when our economy is still rebounding.

Today's U.S. internet market exceeds Europe's in both competition and investment—American internet users have more choices than our European counterparts, and yet we are moving toward more onerous and restrictive regulation. Can anyone here have imagined what the internet would become even just 5 years ago? The idea that the FCC is capable of anticipating all possible future innovations is implausible and I believe this rule will result in damaging unintended consequences.

Aside from the recent rulemaking, we have a number of other significant topics to cover with you all today. Commissioner Wheeler, you are asking for a \$117 million auctions administration cap to implement the largest incentive auction of our lifetime.

Just last year the AWS-3 spectrum auction closed after 341 rounds of bidding with a record \$41.3 billion in revenue raised. The upcoming 2016 incentive auction will match broadcasters who have under-used commercial spectrum with wireless companies who need more spectrum due to the so-called “spectrum crunch”. This kind of auction has never been done before at this level of either complexity or size. The Committee fully supports this auction as it expected to generate billions in revenue for deficit reduction. However, we are concerned with transparency within the auction administration funds. We also expect this to be a fair and open auction so all interested parties can fully participate to generate the biggest bang for our buck.

While I understand net neutrality rules and the incentive auction have dominated the headlines recently, I am eager to hear from you all about the cost of your headquarters move, Universal Service Fund oversight, and structural reform of the Commission. The FCC has significant work to do and I hope that we can talk today about how this agency can be run more efficiently and effectively.

Thank you both for the work that you and your staffs do. I look forward to your testimony.

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