

The Committee on Energy and Commerce

Memorandum

September 15, 2014

To: Members, Subcommittee on Communications and Technology

From: Majority Committee Staff

Subject: Hearing on “Oversight of FCC Budget and Management”

The Subcommittee on Communications and Technology will hold a hearing Wednesday, September 17, 2014, at 10:15 a.m. in 2123 Rayburn House Office Building entitled “Oversight of FCC Budget and Management.” One panel of witnesses will testify.

I. WITNESSES

One panel of witnesses will testify, including:

1. Jon Wilkins, Managing Director, Federal Communications Commission
2. David L. Hunt, Inspector General, Federal Communications Commission

The Office of the Managing Director (OMD) is responsible for the administration and management of the Commission. Specifically, OMD manages the Commission's budget and financial programs, human resources, contracts and purchasing, communications and computer services, physical space, security, the Commission meeting schedule, and distribution of official FCC documents.

The Inspector General (IG) and the IG's office provide objective and independent investigations, audits, and reviews of the FCC's programs and operations. The IG's duties include providing recommendations to detect and prevent waste, fraud, and abuse in FCC programs and operations. The Inspector General reports the results of investigations, audits, and reviews semi-annually to the Chairman and Congress. The FCC Inspector General is not appointed by the President with the advice and consent of the U.S. Senate. Rather, the FCC Inspector General is appointed by, reports to, and is under the general supervision of, the FCC Chairman.

II. ISSUES

As a compliment to the oversight hearings it has held on the issue, the Committee has pursued multiple lines of inquiry to examine the FCC's process and management. Through a series of requests, the Committee has examined aspects of the agency's operations, management of backlog and current workload, staffing, its budget and operating expenses, and other related issues. The FCC's responses to the Committee's inquiries and requests for documents, as well as reports submitted to Congress by the FCC's Office of Inspector General, raise additional

questions as to the efficacy and fiscal responsibility of the FCC's efforts to improve process and modernize the agency.

FCC Process. FCC process reform has been an on-going priority of the Committee for the last two Congresses. During that time, former Chairman Genachowski and current Chairman Tom Wheeler both have expressed an interest in reforming FCC process. Early in his tenure former Chairman Genachowski's appointed a special counsel for FCC reform. The special counsel, in conjunction with the FCC's General Counsel and Managing Director, was to focus on reform and efficiency, perform a thorough review of the FCC's existing processes, and make recommendations for improvement. The reform agenda included, among other things, improvements in the FCC's licensing, comment, and complaint filing systems; modernizing the information infrastructure; and reviewing the agency's financial operations.

Four and a half years later, upon his confirmation as Chairman of the FCC, Chairman Wheeler also saw the need for process reform. As one of his first actions as Chairman, Mr. Wheeler appointed a special counsel for process reform and requested a detailed report on process reform. That report, released on February 14, 2014, includes recommendations to improve the Commission's IT strategy and infrastructure and improve the internal management of the agency. The Committee anticipates a robust discussion of implementation progress and challenges.

Information Technology. FCC staff, Commissioners, and the public all have lamented the lack of functionality and usability of the Commission's information technology systems. From the Commission's public website to the internal systems used to track Commission financial data, the Commission's IT systems continue to be a cause for concern and frustration. As the FCC has proceeded with efforts to reform its IT systems and practices, reports from the Inspector General have identified deficiencies in FCC IT and contracting practices. Additionally, breakdowns in personnel management with respect to information technology have been reported.

Both Chairman Genachowski and Chairman Wheeler's reform efforts recognized the need for significant revisions to the FCC's website. Nearly two years after Chairman Genachowski took office, the Commission launched the new FCC.gov in 2011. The redesigned website was the subject of significant criticism from those within the Commission and without. Notably, the new site was so poorly received that then-Commissioner Robert McDowell pressed the Commission to maintain the old website in parallel to the new FCC.gov. Unfortunately, by the time of Chairman Wheeler's report, the design and usability of the FCC's website remained a subject of concern for FCC staff, licensees, and those with business before the Commission, prompting its inclusion in the February 2014 report.

Additionally, other information technology deficiencies have been raised that do not appear to have reached resolution. Among these are continued deficiencies in the new financial system the Commission implemented in 2011, apparent abandonment of Commission efforts to modernize numerous antiquated licensing systems, and ineffective implementation of security enhancements to FCC IT systems. The Committee is interested in learning how much money the

Commission spent on these projects, what mechanisms were put in place to ensure these IT projects were managed effectively and efficiently, and why they remain incomplete.

Management. In addition to concerns with the Commission's progress on implementation of systemic process and IT reforms, the Commission's responses to Committee data requests have also raised concerns with FCC management and staff oversight. Among the Committee's concerns are continued reports that highlight misuse of government property and potential personnel management failures.

If you need more information, please call David Redl at (202) 225-2927.