



# **Chairman Ander Crenshaw**

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

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**FY 2017 Budget Hearing: Federal Communications Commission  
March 15, 2016  
Opening Statement As Prepared**

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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 is your third time together before this Committee and I appreciate your willingness to testify. Welcome and thank you for being here today.

The focus of today's hearing is the FCC's fiscal year 2017 budget request. Although, like me, I am sure our subcommittee Members will have other policy items to discuss, however, let's start with the Commission's funding.

The Commission has requested a total of \$358 million for fiscal year 2017. However, the Commission is yet again requesting a transfer of non-appropriated funding from the Universal Service Fund of \$9.5 million. So, in total resources, the Commission is requesting \$368 million for FY 2017, which by all appearances looks like a decrease of \$25.7 million, or 7 percent, from last year. However, most of this decrease is because the remaining costs for the Commission's headquarters move are about a third of last year's costs. Excluding moving costs, the Commission is requesting an \$11 million increase in salaries and expenses.

While the FCC is fee-funded, these fees are directly passed on to consumers. Anyone who has a phone can see these fees in their monthly bill. For this reason, I believe the costs of the FCC's operations are closely felt by consumers and warrant close scrutiny by this Committee and Congress.

This Committee has held the FCC's operating level flat since fiscal year 2012 because we believe the Commission can and should do less with less. I believe the regulatory system works best when we can encourage innovation in the free market so that the costs to consumers stay as low as possible. The greater the amount of competition, the less need for regulation. It seems, however, that for the past few years the Commission has been putting forward solutions in search of problems.

Last year, this Committee tried to codify what you, Chairman Wheeler, had stated publically and repeatedly: that the Commission would not regulate rates for broadband service. We agree with you. We thought codifying this was reasonable and would give some certainty to the market. My thinking was, if you say you are not going to regulate rates, then why not write it down? However, when we reached out to your office for technical assistance in writing the language, we hit a brick wall. This was both surprising and disappointing. I will have a few questions for you both on this, and I understand our friends on the Energy and Commerce Committee marked up a bill today on this very topic.

On a similar note, I thought the Committee took a reasonable approach to the Commission's Open Internet order. Last year, this Committee included a legislative stay in our bill requiring that the courts determine the

legality of the rule before it was implemented. A decision by the courts may be handed down any day now and I know we will all be looking closely at that verdict. However, I believe both the Commission and industry feel certain of an appeal by one side or the other and therefore I maintain my position that a legislative stay is necessary until the Courts have the final say.

We are all also looking forward to seeing how the upcoming incentive auction goes. The AWS auction at the end of 2014 was one for the record books at just over \$41 billion in revenue, and we fully expect the upcoming incentive auction to generate billions in revenue for deficit reduction. My understanding is the incentive auction will end within this current fiscal year. So I am interested to hear why the Commission thinks it needs an additional \$7 million, or \$124 million total, for administrating auctions in 2017.

The fiscal year 2016 Omnibus included language grandfathering in existing joint sales agreements (JSAs) for 10 years. These are agreements between broadcast TV stations in the same market who share advertising and other resources. The Committee believes these agreements allow TV stations to better serve viewers in smaller markets, and ensure that those communities continue to have access to numerous free, local programming options. However, Chairman Wheeler, I am hearing concerns from broadcasters in my District regarding the Commission's recent actions related to JSAs. I look forward to discussing this with you today.

Finally, I know last Thursday the Commission proposed customer-privacy rules for Internet service providers. Many have expressed concern that these rules would not harmonize with the regulatory privacy framework already in place. I look forward to hearing both your thoughts on how you think the FCC should best move forward in this area.

I am eager to hear from both of you about your thoughts on the future of the Commission. The FCC has significant work to do and I hope that we can talk today about how this agency can operate 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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