

Written Statement

Of

**The Honorable Kevin J. Martin
Chairman
Federal Communications Commission**

**Before the
Committee on Commerce, Science & Transportation
U.S. Senate**

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Good morning Chairman Stevens, Co-Chairman Inouye, Members of the Committee. Thank you for this invitation to be here with you this morning. I have a brief opening statement, and then I look forward to answering any questions you may have.

I have been fortunate to serve at the Federal Communications Commission for over five years, and I have had the opportunity to serve as the agency's Chairman since March of 2005. This job is not easy; it is at times a very humbling experience; but it also has been an enormous privilege. It would be an honor to continue to serve the American people for a second term.

As I told you five years ago when first before this Committee, I recognize that the FCC is an independent agency and a creature of Congress. Our highest priority, therefore, is to implement the will of Congress. If reconfirmed, I will continue to look to this Committee and the Congress for advice and guidance.

As you know well, the communications industry is in a time of unprecedented change. Technological advances, converging business models, and the digitalization of services create unparalleled opportunities and considerable challenges. Television programs are sold on the Internet and streamed wirelessly to mobile devices; teenagers communicate over IM, SMS and MySpace, not the landline phone; DVRs mean you watch your TV when and where you want; mobile phones show movies, play songs, photograph your kids, and even send you emergency messages. In this fast-paced technological environment, regulations struggle to keep up.

If reconfirmed, I would continue to make decisions based on a fundamental belief that a robust, competitive marketplace, not regulation, is ultimately the greatest protector of the public interest. Competition is the best method of delivering the benefits of choice, innovation, and affordability to American consumers. Competition drives prices down and spurs providers to improve service and create new products.

Government, however, still has an important role to play. The Commission should focus on creating a regulatory environment that promotes investment and competition, setting the rules of the road so that players can compete on a level playing field. For example, high speed Internet access offered by a phone company should be treated the same way as high speed Internet access offered by a cable operator.

Government also must act when necessary to achieve broader social goals. Thus, while I support eliminating economic regulations, I recognize that there are issues that the marketplace alone might not fully address. For instance, government should ensure that people with disabilities have access to communications in the same manner as all Americans, that people in rural areas, schools and libraries have access to affordable, current technology, and that the communications needs of the public safety community are met.

During my tenure as Chairman, the Commission has taken important steps to remove economic regulations and encourage the deployment of new technologies while protecting consumers and preserving these broader social goals.

Increasing Broadband Deployment

I have made broadband deployment my highest priority at the Commission. Broadband technology is a key driver of economic growth. The ability to share increasing amounts of information, at greater and greater speeds, increases productivity, facilitates interstate commerce, and helps drive innovation. But perhaps most important, broadband has the potential to affect almost every aspect of our lives. It is changing how we communicate with each other, how and where we work, how we educate our children, and how we entertain ourselves.

During my tenure as Chairman, the Commission has worked hard to create a regulatory environment that promotes broadband deployment. We have removed legacy regulations, like tariffs and price controls, that discourage carriers from investing in their broadband networks, and we worked to create a regulatory level playing-field among broadband platforms.

We have begun to see some success as a result of the Commission's policies. A recent report from Pew Internet and American Life Project found that the number of Americans with broadband at home increased 40 percent from March 2005 to March 2006 (from 60 million in March 2005 to 84 million in March 2006), twice the growth of the year before. And, according to the study, the price of broadband services has also dropped in the past two years. But perhaps most important, the study found that the significant increases in broadband adoption were widespread and cut across demographics. According to this independent research:

- Broadband adoption grew by almost 70 percent among middle-income households (those with incomes between \$40,000 and \$50,000 per year).
- Broadband adoption grew by 120 percent among African Americans.
- Broadband adoption grew by 70 percent among those with less than a high school education.
- Broadband adoption grew by more than 60 percent among senior citizens.
- And broadband growth in rural areas was also brisk (39 percent), although overall penetration rates in rural areas still lag behind those in urban areas.

In addition, wireless services continue to grow dramatically. Today, wireless competition is robust, with over 90 percent of the people in this country living in areas where there are at least four cell phone providers. And increasingly, wireless is not just voice, it is also data. Blackberries, hand-held devices, and laptops are increasingly providing broadband connections using traditional cellular, Wi-Fi, and Wi-Max technologies.

While we continue to further reduce the burden of economic regulation on the telecommunications sector, the Commission has worked also to ensure that law enforcement, public safety, and other public interest needs are met.

Ensuring Public Safety and Emergency Preparedness

When I first became Chairman, I identified public safety and emergency preparedness as another top priority. As memories of Hurricane Katrina and 9/11 continually remind us, one of our most important objectives is to ensure that basic public safety requirements are met. We must make sure that the public has the tools necessary to know when an emergency is coming and to contact first responders. And we must enable first responders to communicate seamlessly. We have taken steps to ensure that public safety keeps pace with the technological advancements in communications.

For instance, last year the Commission expanded its emergency alert system rules to include a broader array of technologies, including providers of digital broadcast and cable TV, digital audio broadcasting, satellite radio, and direct broadcast satellite services.

In addition to making sure that people are alerted to impending emergencies and disasters, we must also ensure that Americans are able to call for help when they need it. That means that new technologies must be able to communicate with emergency operators.

As these new communications technologies come into use, the Commission also has worked to ensure that law enforcement continues to have the necessary tools to obtain appropriate access to them.

Finally, we recognize that wireless communications are vital to federal, state, and local emergency first responders. We have taken steps over the past year to help ensure that public safety authorities have access to sufficient spectrum to meet their needs.

Serving Those with Disabilities

Accessing communication services is vital to the ability of the individuals with disabilities to participate fully in society. With the passage of the Americans with Disabilities Act in 1990, the Commission was directed to ensure that hearing or speech disabilities not pose a barrier to participating in today's communication revolution.

The Commission has taken a number of important actions over the past year to fulfill our statutory goal of ensuring that every person has equal access to this nation's communications services. These actions include initiating a proceeding to explore solutions for the disabled to access 911 services; extending video relay services; providing federal support for the provision of Spanish video relay service, allowing persons who communicate in sign language to communicate with those who speak Spanish; and providing for the federal certification of carriers, which increases competition and facilitates more provider choices for consumers.

Maintaining Universal Service

The United States and the Commission have a long history and tradition of making sure that rural areas of the country are connected and have the same opportunities for communications as urban areas. In the 1996 Act, Congress explicitly required that the Commission ensure that consumers in all regions of the nation have access to services that "...are reasonably comparable to those services provided in urban areas."

Specifically Congress required the Commission to establish Universal Service Fund mechanisms that are "... specific, predictable and sufficient...to preserve and advance universal service."

Changes in technology and increases in the number of carriers who are receiving universal service support have placed significant pressure on the stability of the fund. Over the past year, the Commission has taken several steps to ensure a sufficient and sustainable mechanism to collect and disburse funds in an efficient manner. As a result of our actions, the universal service contribution rate has decreased from over 11 percent to 9 percent. The Commission is also actively considering establishing a contribution system that is more technology neutral, and a distribution mechanism that is more efficient. The Commission remains committed to pursuing fundamental universal service contribution and distribution reform as needed.

Managing the Agency

Since becoming Chairman last year, I have been most proud of the collaborative manner in which my colleagues and I work. For the first 14 months of my tenure, we had two Republicans and two Democrats, and we were able to tackle extremely complex and controversial issues in a collegial, bipartisan manner. Even since we have had a full complement of Commissioners, almost every Commission item has had bipartisan support. We continue to work together effectively to address the broad range of day to day management issues and respond to the more extraordinary challenges we face.

For example, the Commission is responsible for managing spectrum, an invaluable public resource. We have worked hard to improve our auctions processes to ensure more efficient distribution and use of spectrum resources. This market-driven approach maximizes the benefits to American consumers by making spectrum available for widespread deployment of new innovative wireless services. Today, the Commission is currently auctioning 90 MHz of spectrum for advanced wireless services. To date, the auction has raised more than \$13.85 billion. The Commission had sold nearly all of the available licenses (1,082 out of 1,122) to 105 different bidders, more than half (57) of which are small businesses. The licensing rules for this spectrum included some smaller, more manageable license areas that can facilitate access to spectrum by entities seeking to provide service to rural areas.

During the past year, the Commission has also met unprecedented management challenges. In the face of Hurricanes Katrina, Rita, and Wilma, the agency responded

quickly and comprehensively in meeting government, industry, and consumer needs. The Commission staff worked around the clock to cut bureaucratic “red tape,” reach out to the impacted industries, and help identify resources for use by disaster personnel. We granted more than 90 requests for Special Temporary Authority and more than 100 temporary frequency authorizations for emergency workers, organizations, and companies to provide wireless and broadcast services in the affected areas and shelters around the country. In most cases, these requests were granted within four hours, with all requests approved within 24 hours. We are working hard to implement the lessons learned from Hurricane Katrina.

Conclusion

Thank you for your time and attention today. I appreciate the opportunity to share with you some of the recent progress the Commission has made. With that, I would be happy to answer any questions you may have.