

Statement of the Honorable Greg Walden
Chairman, Subcommittee on Communications and Technology
Hearing on "The Budget and Spending of the Federal
Communications Commission"
February 16, 2012
(As Prepared for Delivery)

Welcome to today's hearing on what I am sure will be a riveting subject: the budget and spending of the Federal Communications Commission. Despite the groans and droopy eyelids I'm observing from the audience, budgeting isn't just a subject for accountants and paper pushers. Budgeting is in many ways the heart of what Congress does—it's the power of the purse.

Now, some may argue that the annual appropriations process is enough to track the Commission's budget and spending. I certainly agree that the Appropriations Committee should scour the Commission's budget. After all, it's the Appropriations Committee that sets the actual funding level of the Commission's budget each year.

But given the state of our nation's finances, I think it's time to call all hands on deck. As the committee with jurisdiction over the Federal Communications Commission, it's our responsibility to review how the FCC collects and spends federal funds. We are the committee that created the FCC; we are the committee that authorized it to collect regulatory fees; we are the committee that authorized spectrum auctions; and we are the committee that enabled the creation of the Universal Service Fund. It is high time that someone looked at how the Commission spends money outside of the yearly appropriations process. We are that "someone."

Three days ago, the administration released its proposed budget for Fiscal Year 2013, and the FCC has in turn submitted its corresponding budget estimates. And I was pleased to see some of those numbers. Last year, the FCC was given a budget of \$424.8 million, and the FCC has reported that it can maintain current services with a budget of \$421.2 million. Although that's less than a one percent decrease, it's a start, and I appreciate the work of the FCC to keep costs down.

But the FCC's proposal still leaves some open questions about its budget. What are the concrete results that taxpayers and regulatees can expect if Congress funds the FCC's requested new programs? If it consolidates its data centers, as proposed, will that produce savings and will those savings be rolled into a lower base budget next year? And what is it doing to redirect its existing resources to resolve its backlogs and respond to changes in the marketplace?

Similarly, I want to explore a bit the sources of the FCC's funding. For example, it withholds up to \$85 million each year to cover the costs of spectrum auctions. Is that sufficient? Does it actually need all of that money to conduct auctions? The rest of the FCC's own funding comes from regulatory fees, which are supposed to be assessed on the communications industry in proportion to the benefits that industry receives from the Commission. Given the swiftly converging communications marketplace, I am interested in how the Commission has reevaluated and reapportioned regulatory fees to ensure that all are paying their fair share.

Finally, I want to better understand how the FCC's watchdogs—the Inspector General and the Universal Service Administrative Company—are funded and what they are doing to

combat waste, fraud, and abuse. Although the Universal Service Fund isn't paid for with taxpayer funds, it does come out of the pocketbooks of consumers, and the American people deserve to know that that money is being well spent. What is USAC doing to streamline the universal service funding process so that funded companies can focus on serving their constituents and not on filling out paperwork? Conversely, what are USAC and the Inspector General doing to make sure that universal service funds are not wasted or fraudulently obtained? What's the bang for the buck that we're getting from these watchdogs, and are additional resources needed to equip their oversight efforts?

I thank today's witnesses—Chairman Genachowski, Inspector General Hunt, and Mr. Barash—for attending today's hearing and helping us sort through these important budgetary issues. With your help, we will have a better handle on what Congress can do to reduce the costs of government in the best way possible.

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