

July 19, 2017

Mr. Adjit Pai
Chairman
Federal Communications Commission
445 12th Street, SW, Room 8-C453
Washington, DC 20554

Dear Chairman Pai:

During a speech at the Hudson Institute on April 5, 2017, and a subsequent hearing before the Senate Financial Services and General Government Appropriations Subcommittee on June 20, 2017, you discussed your plans to form an Office of Economics and Data (OED) within the Chairman's office at the Federal Communications Commission (FCC). I am writing you today to request answers to questions I have regarding your consideration to create such an office inside the FCC. While I support the use of economic analysis and metrics in the decision making process, I would like additional information on your plans for this office to ensure that this office's information does not have negative impacts on consumers and the broader economy as a whole.

I appreciate your offer to provide Congressional appropriators with your plan to create the OED, and ask that you respectfully provide the plan to members of the Senate Commerce, Science, and Transportation Committee for review. Given that oversight of the FCC falls under the jurisdiction of the Commerce Committee, my colleagues and I have a vested interest in the details of your proposal. As you have indicated, the Office will be staffed by existing full-time employees and will not require additional personnel. Given the potential breadth and scope of an OED, this could amount to a very significant reorganization of the FCC as a whole. I would appreciate your response addressing:

1. Which employees will be staffing the OED and what responsibilities do these employees currently hold;
2. How will these employees' current responsibilities be adequately covered with no additional staffing;
3. What quality controls will you provide to ensure that the OED produces balanced, non-partisan research within the FCC's purview;
4. The process by which OED analysis will be made publicly available;
5. How this OED will work in coordination with the public interest standard statutorily required of the FCC that reviews transactions on a basis beyond "purely economic outcomes";^[1]

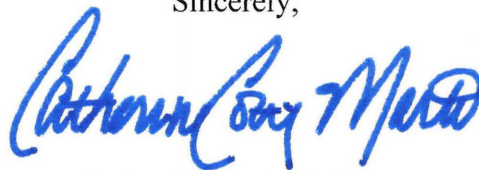
^[1] Jon Sallet, FCC General Counsel, "FCC Transaction Review: Competition and the Public Interest," (August 12, 2014) online at: <https://www.fcc.gov/news-events/blog/2014/08/12/fcc-transaction-review-competition-and-public-interest>)

6. What effect these shifts in staff will have on current initiatives such as the expansion of rural broadband, which is critically important to the state of Nevada;
7. What improvements this proposal would make to oversight and efficiency of Universal Service Fund (USF) programs; and
8. What effect this reorganization will have on the resources dedicated to the oversight and approval of mergers and acquisitions, which continue to be an area of growing importance for a well-functioning economy?

As Commissioner Clyburn noted in her testimony before the same Senate Appropriations Subcommittee hearing in June, the FCC is tackling increasingly complex issues, sometimes requiring employees to double up on responsibilities with little or no pay increase, while operating with no additional staff.^[2] While I greatly appreciate your attention to streamlined staffing and efficiency, I also believe that reorganization of the FCC must be done with the proper oversight with particular attention to how to best serve consumers and promoting economic growth.

I appreciate your interest in this important issue and look forward to reviewing the details of your proposal for the creation of the OED, as well as confirmed specifics on the impact that this entity's creation has on the larger mission at the FCC. Please feel free to reach out to me directly, or make contact with Trevor Dean (trevor_dean@cortezmasto.senate.gov) on my staff, regarding these matters.

Sincerely,



Catherine Cortez Masto
United States Senator

^[2] S&P Global Market Intelligence, "FCC shrinking further to smallest size in decades," (June 21, 2017) (online at: <http://marketintelligence.spglobal.com/our-thinking/news/fcc-shrinking-further-to-smallest-size-in-decades>)



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

March 13, 2018

The Honorable Catherine Cortez Masto
United States Senate
B40A Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Cortez Masto:

Thank you for your letter inquiring about my plans to establish a new office within the Federal Communications Commission that would focus on improving economic and data analysis within the agency. I have attached, for your review, the order the Commission adopted on January 30, 2018, establishing the Office of Economics and Analytics as well as the staff report recommending the creation of such an office.

In your letter, you note that while you "support the use of economic analysis and metrics in the decision-making process," you also would like additional information on my plans to ensure that this effort "does not have negative impacts on consumers and the broader economy as a whole." You then raise several questions. I appreciate the opportunity to respond to your questions.

As I outlined in an April 5, 2017 speech, this new office "will combine economists and other data professionals from around the Commission. I envision it providing economic analysis for rulemakings, transactions, and auctions; managing the Commission's data resources; and conducting longer-term research on ways to improve the Commission's policies." It is critical that the work of this new office include the broad range of areas in which economic analysis can contribute to the Commission's decision-making, that the office has access to good, reliable data, and that the office's efforts yield better-informed decisions that benefit consumers.

Here is a brief sketch of my vision for promoting better economic analysis and data management within the FCC.

The number of employees staffing the new office and their individual responsibilities remain under consideration. But overall, the responsibilities to be held by these economists and related staff will reflect work currently performed by these staff members from their positions within various Bureaus and Offices across the Commission. The problem today is that FCC economists too often work in siloes. This means that some are underutilized, others are overutilized, and opportunities to work collaboratively to help address important policy questions are missed. Once a future new office is established, the core task of economic analysis will continue to be done by our excellent staff. The only difference is that that work will be more centralized, more focused, more routinely (and earlier) incorporated into the agency's work, and more the product of collaboration.

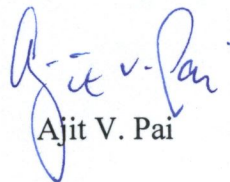
This last point bears further discussion. One of the most important aspects of a dedicated office for economic analysis is that it allows for—indeed, encourages through culture and physical proximity—much more back-and-forth among economists as they work through difficult problems. I believe that the new office will facilitate interaction among economists and a process of peer review that will create an environment in which high-quality, non-partisan analysis can thrive. The Commission's current approach makes it too easy for the contributions of economists to be ignored or considered too late in the policy-making process. The new office should help change that by bringing economic expertise to bear more systematically and earlier in that process. The results of their work could then be incorporated into the Commission's work in a way that's clearly reflected in our orders and decisions.

I expect that key issues such as promoting rural broadband, and improving the oversight and efficiency of Universal Service Fund programs, will benefit from the insights and expertise that the new office will contribute. For instance, data collection is a key factor that bears on many aspects of the FCC's work when it comes to universal service. Focusing the new office's attention and resources on this factor could enable much more accurate and timely results when the Commission is considering questions such as the structure of a particular high-cost subsidy program or a USF-related auction. This is, again, why creating a centralized office of economists within the agency will improve the agency's work—in this case, by enhancing and improving the data analysis relied upon by the Commission.

Finally, you ask about the Commission's oversight and review of mergers and acquisitions. The better organization of economists within the agency as a result of the new office will improve our capabilities when it comes to evaluating the potential impact of particular transactions. Indeed, more rigorous economic analysis will help the Commission make the best possible policy decisions on economic issues, including transactions. A dedicated team could help us refine those issues earlier and more clearly, and their analysis could then be considered alongside any other relevant factors to ensure that a proposed transaction was in the public interest.

I appreciate your interest in this matter. Please let me know if I can be of further assistance.

Sincerely,



Ajit V. Pai