



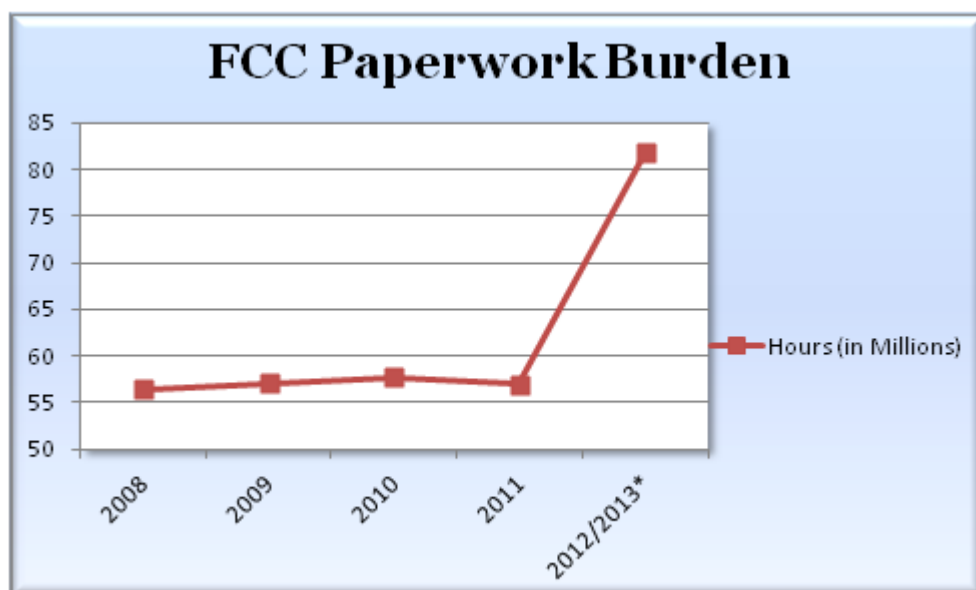
Insight

Genachowski's Tenure Filled with Regulatory Burdens

DAN GOLDBECK | MARCH 25, 2013

On Friday, Federal Communications Commission (FCC) Chairman Julius Genachowski [announced](#) his resignation. Originally a member of President Obama's transition team, Chairman Genachowski was appointed to the position in the summer of 2009. Much of his record reflects the administration's priorities on communications and technology issues.

Whether it was establishing a framework for "net neutrality," attempting to create a nationwide broadband network, or managing mergers of various telecommunications companies, Genachowski's FCC has managed an aggressive regulatory agenda. His tenure has added at least \$430 million in regulatory costs and roughly [30 million paperwork](#) burden hours.



The graph above shows the total inventory of paperwork requirements imposed by FCC, according to [White House data](#). The current total is more than 81 million hours. To put this burden in perspective, it would take more than 40,800 employees working full time to complete FCC's required paperwork (assuming a 2,000-hour work year). The American Action Forum (AAF) conducted a similar [study](#) last year.

The data from both years clearly points to 2012 as a "banner" year for regulatory requirements. The likely culprit for the massive spike in red tape appears to be a [rule](#) establishing the *Lifeline and Link Up* program; the rule imposes more than 24 million hours alone, though FCC does not include a monetized estimate of the costs.

Due to FCC's status as an independent agency, it does not have to include many traditional aspects of benefit-cost analysis. According to AAF data, Genachowski's FCC accounts for 25.2 million additional hours of paperwork, while failing to provide the commensurate monetized cost estimates. Using the average wage of a generic "compliance officer" (\$30.66 per hour), such requirements would add more than \$770 million to the Commission's regulatory tally - a 175 percent increase from its published estimates.

Genachowski's departure comes at a time when FCC is busy managing spectrum auctions. In last year's JOBS Act, Congress directed FCC to establish incentive auctions in order to free up more commercial spectrum. AAF has written extensively about the [need](#) for greater spectrum, the [merits](#) of utilizing auctions to expand spectrum, and the [pitfalls](#) FCC should avoid when setting up the auctions. The next Chairman must fully implement the structure of these auctions and include all eligible auction participants to maximize the return for taxpayers.

One of the more noteworthy episodes of Chairman Genachowski's tenure was FCC's handling of certain telecommunications mergers. Among the most notable was AT&T's attempt to acquire T-Mobile. In the end, the Commission helped to derail the potential merger. During the process, the Chairman made his views on [competition matters](#) eminently clear and unusually conspicuous.

The next Chairman will also likely be in charge of fully implementing controversial "net neutrality" standards, depending on the outcome of current litigation. Although the Commission lists minimal costs for such regulations, the rules could have a tremendous impact on the national economy. AAF has previously written about the potential [impact](#) of net neutrality.

Senior Republican Commissioner, Robert McDowell, is also leaving FCC. Thus, if confirmed,

the Commission will gain a bipartisan pair of new commissioners. The Commission's most recent regulatory history will undoubtedly affect the confirmation of both prospective commissioners.