



Testimony of Grant Seiffert
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Thank you, Madam Chairwoman, Ranking Member Graves and Members of the Committee. I am grateful for the opportunity to appear before you today among this distinguished panel of witnesses.

The Telecommunications Industry Association (TIA) represents over 500 companies in the global information and communications technology (ICT) industry through standards development, advocacy, tradeshows, business opportunities, market intelligence and world-wide environmental regulatory analysis. For over 80 years, TIA has enhanced the business environment for broadband, mobile wireless, information technology, networks, cable, satellite and unified communications. Members' products and services empower consumers in every industry and market, including healthcare, education, security, public safety, transportation, government, the military, the environment and entertainment.

In these difficult economic times, TIA has looked closely at the ICT industry to see how its member companies can facilitate a rapid recovery and promote the continued expansion of the nation's information and communications infrastructure. TIA hopes to support Congress in the creation of policies that deliver on the promise of broadband technology for the American people. TIA has developed a series of objectives and priorities to assist Congress and the new Administration in promoting policies that will ensure the ICT sector continues to move forward.

More specifically, TIA looks forward to working with the 111th Congress on the following priorities:

- 1) Enhancing efforts to stimulate investment, innovation, and promotion of next-generation broadband deployment.

- 2) Advocating for forward-looking spectrum management, the allocation of additional spectrum for advanced wireless services on a technology-neutral basis, and the smooth digital television transition scheduled for February 17, 2009.
- 3) Providing persons with disabilities access to information through reasonable policies.
- 4) Facilitating open and fair market access for U.S. companies by promoting full, fair and open trade and competition in international markets.
- 5) Increasing the amount of federal funding dedicated to long-term, pro-competitive, communications network-specific basic research.
- 6) Promoting the development of an interoperable public safety network capable of protecting all communities in the event of further domestic disasters.
- 7) Encouraging maintenance and development of administrative and legislative initiatives that focus on broadband roll-out in rural areas.

INFORMATION AND COMMUNICATIONS TECHNOLOGY IS VITAL TO OUR NATION'S ECONOMY AND SOCIETY

Whether ICT has an impact on both large and small businesses is indisputable; the sum of all other industry segments and consumer activities which ICT affects, however, is often underrated and perhaps immeasurable.

According to the U.S. Department of Commerce's Bureau of Economic Analysis, the ICT industry accounted for 4% of GDP in 2007, and accounted for over 20% of real GDP *growth* in that year. Thus, the significant slow-down we have experienced in this industry may have a meaningful effect on the health of the overall U.S. economy and the economic recovery, without directed measures to combat this slowdown.

The Economic Crisis has had a Debilitating Impact on the ICT Sector's Growth and Survival.

TIA's membership is made up of approximately 80% percent of small- and medium-sized businesses. Start-ups and garage inventors are the lifeblood of our industry; innovation that results from high-risk endeavors many times leads to the household names we have become familiar with over the years. However, the current economic crisis is contributing to the crippling of this essential part of the innovation cycle, making it difficult if not impossible for these groundbreaking technologies to be

realized. According to the National Venture Capital Association, in all of 2008 there have been just six companies that have gone public. Compare that with the 269 Initial Public Offerings (IPO's) in 1999, 272 in 1996, and 365 in 1986. These numbers illustrate the unwillingness of otherwise independent inventors to take personal financial risks in an uncertain marketplace.

In late 2007, TIA had projected as part of our annual Market Review & Forecast that the ICT industry would grow in 2008 – projections which did not take into account the devastating impact of our recent economic crisis. In fact, a significant pan-industry downturn has threatened the promising economic opportunities TIA had forecast several months ago. In the last months of 2008, orders for TIA members' products virtually collapsed. Member companies have begun reporting significant profit losses and are making workforce reductions on a large scale. Technology sector job cuts in 2008 will rise to approximately 180,000 – the highest amount since 2003. Through October 31, 2008 job cuts by firms in the tech sector totaled over 140,000, a 31 percent increase over the tech-sector job cuts in all of 2007. Approximately 90,000 of these jobs cuts occurred after July 2008. Moreover, thousands more layoffs have come over the last two months of 2008, likely propelling the total tech sector job loss for the year over current estimates.

Under these market conditions, investors will not continue to support increased broadband infrastructure build-out. Yet, the United States cannot afford to sit idle while other countries continue to stride ahead in deploying widespread broadband networks. Our nation's near and long-term economic welfare, jobs, and leadership all depend on the continual success of broadband deployment.

BROADBAND DEPLOYMENT AND INDUSTRY GROWTH RELIES IN PART ON GOVERNMENT'S NEXT STEPS

There are several actions that government can take to change course. First, do no harm. TIA appreciates the Committee's past appeals to the Securities Exchange Commission (SEC) for a small company exemption in complying with debilitating financial requirements of the Sarbanes-Oxley Act (SOX). We appreciate your initiative on this very important issue, and seek your leadership in staving off additional and any future economic regulations whose benefits do not outweigh the financial burdens that impair our members' ability to function and operate efficiently.

Including Broadband Incentives in a Stimulus Package Will Lead to Job Growth and Have a Direct and Continuing Impact on our Nation's Economy.

Second, we call on this Committee to support broadband incentives in the stimulus package currently being considered and in any future legislation, where appropriate.

During the closing months and weeks of the 110th Congress, we have called on Congress to include broadband incentives in any new economic stimulus package which may be considered – a recommendation echoed by many groups. TIA's proposal outlines the types of deployment and adoption – supply and demand-side – incentives that should be included in a package to most effectively achieve the goal of providing broadband to all Americans. I will highlight certain aspects of that proposal in my testimony here today.

Like any other infrastructure project, the deployment and use of broadband will significantly increase and maintain its stimulating effect well beyond the initial investment in the infrastructure, laptops and computing devices themselves. Broadband incentives are a necessary component of a 21st century economic stimulus package, and now is the time to invest in the long-term economic future of our country. As noted by Connected Nation in a report last spring, "The Economic Impact of Stimulating Broadband Nationally", "just a 7 percentage point increase in broadband adoption could result in \$134 billion per year in total direct economic impact" to the United States.

Increased deployment and adoption also furthers a number of key Congressional priorities including: cutting costs in healthcare; a reduction in energy usage and environmental impact; increased national competitiveness; increased educational opportunities; and both the direct economic impact from the jobs created for deploying the new networks and the indirect jobs that will be created by firms enjoying the benefits of new access to technology. In our December letter to the Congressional leadership outlining the specific types of deployment and adoption incentives we believe should be included in any stimulus package, we highlighted an estimate put forth by the Communications Workers of America (CWA) that indicated that every \$5 billion investment in broadband would create 97,500 direct jobs and 2.5 million jobs throughout the economy in the near-term.

TIA, representing communications manufacturers and suppliers of all broadband platforms, believes that the full panoply of broadband technologies will be needed to ensure universal deployment in America. As a result, it is important that our national policies and investment incentives apply to each technology and that they enable deployment strategies that can be tailored to the specific needs of geographic areas and unserved or underserved populations. To that end, we proposed a schedule of tiered deployment incentives that will provide expensing and/or investment tax credits for both wireless and wireline networks, allowing greater incentives for the deployment of higher capacity networks.

We also recognize that for satellite broadband infrastructure, which plays a special role in national broadband deployment, tax benefits associated with particular service capabilities remains to be determined. A national, ubiquitous broadband infrastructure has four critical and complementary components: fixed broadband, wireless broadband, satellite broadband and broadband core and backbone transport. Thus a plan to stimulate investment in broadband and truly build this key national digital infrastructure across the United States needs to incorporate all four of these elements. Our proposal is intended to ensure that broadband incentives are available for investments across all of these categories.

Other groups have called for “direct grants” for rural broadband deployments. TIA agrees and would suggest a \$25 billion grant program for deployment of broadband infrastructure in unserved areas. The grant program would be a technology neutral opportunity for interested providers to bid for partial subsidies to provide broadband service, at minimum speeds and appropriate capabilities to be determined by the Federal Communications Commission (FCC), to all households and businesses in a particular unserved area. A grant program such as this would finally bring broadband services to all parts of the nation without creating the need for an ongoing service subsidy.

Moreover, in order to create a comprehensive broadband stimulus package, Congress should also consider measures that will stimulate the demand for broadband. It is indisputable that access to broadband provides a host of benefits to communities – especially rural communities – and to families. To that end, the stimulus package should include measures which would help drive broadband demand, including: vouchers for low-income Americans (including both adults and students) so that they may purchase laptops, mobile handsets and other computing devices; a tax credit for small and medium sized businesses who purchase/upgrade their PCs, laptops, mobile handsets, broadband equipment, services,

and software; and allowing consumers eligible for Lifeline and Link-Up to use discounts for broadband services and devices as well as telephony. Finally, the broadband section should include funding to implement the Broadband Data Improvement Act of 2008 (PL 110-385) which was enacted this past fall.

On Main Street today, our small businesses need help, and the ICT industry can provide it. Broadband will assist these entrepreneurs in making their businesses more efficient and profitable; it will help them thrive and expand to face new challenges. Broadband will assist the innovative in making e-commerce work for them; obtaining information about how to establish a small business; applying for permits and licenses online; and enabling business owners to conduct Internet market research advertisements and communication with customers and suppliers more easily. TIA's members and their technologies will make small businesses faster, smarter, and more profitable.

Public Safety Network Funding should be Included in a Stimulus Package to Ensure that an Interoperable Communications Network is Available to our Nation's First Responders.

Finally, we believe that Congress should consider a request from the Public Safety Spectrum Trust's (PSST) that \$15 billion be included in any stimulus legislation to be allocated for the construction of the shared wireless broadband network in the 700 MHz D Block to facilitate the swift deployment of an interoperable public safety broadband network as called for by the 9/11 Commission in its report.

This proposal will allow a private entity to work with the PSST to create a shared network in the 700 MHz D Block and meet public safety's technical network demands – capability demands which exceed those for a purely commercial broadband network. These requirements include reaching 99.3% of all Americans and much stronger equipment hardening, redundancy, and security thresholds. These increased structural and technical demands – which are crucial to an effective interoperable public safety broadband network and beyond any commercial system – merit immediate federal funding.

Beyond the positive impact the deployment of this system will have on public safety, the inclusion of funding for the deployment of such a network would provide for the creation of tens of thousands of jobs, from the equipment, network and device manufacturing sectors to the jobs that will be created from the actual construction of the network while also ensuring that the stimulus funding is used to address

one of the highest priorities of the federal government ensuring public safety. The deployment of an interoperable public safety broadband network will improve our nation's first responder's ability to respond to disasters, both natural and manmade.

CONCLUSION

It is without question that broadband is an accelerator of economic development, providing significant benefits for many industries. With broadband access, worker productivity increases, jobs are created, and wages grow. Broadband enables operators to offer more services to consumers for less, creating added efficiencies in both time and money. In addition, related industries grow with the continued deployment of broadband. As broadband penetration rates increase, there will be a resulting demand for more advanced computer and home networking equipment, wireless handheld devices, and other equipment that makes broadband use a reality.

At this time, there is an important role for the government in helping revitalize broadband deployment and the ICT industry. With billions of dollars of revenue losses and tens of thousands of lost jobs in the ICT industry of late, it is now critical that the government further support a national broadband strategy, promote policies that enhance broadband deployment, and provide the necessary financial incentives to help make widespread broadband deployment a reality.

In the near term, including broadband deployment and adoption incentives and public safety network funding will have a direct impact on the recovery of the ICT industry as well as have a direct impact on the ability of thousands of firms, large and small, across the nation who are today either unserved or underserved by broadband technology. We applaud Congress's desire to include infrastructure funding in the economic stimulus legislation and encourage Congress to place a priority on the deployment of the most critical 21st century infrastructure – broadband technology.

Again, I want to thank the Chairwoman, the Ranking Member and the other Members of the Committee for your attention to this matter and I will be happy to answer any questions. I also ask that a copy of my written testimony be placed in the record.

Thank you.