

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

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### TABLE OF CONTENTS

	<u>PAGE</u>
<b>FY 2003 Budget Request:</b>	
• <b>Introduction .....</b>	<b>1</b>
• <b>Overview of Request .....</b>	<b>4</b>
• <b>Uncontrollable Cost Increases .....</b>	<b>8</b>
• <b>Program Requirements.....</b>	<b>9</b>
• <b>Fee Collections and Auctions .....</b>	<b>13</b>
<b>FY 2003 Annual Performance Plan:</b>	
• <b>Performance Plan .....</b>	<b>18</b>
<b>APPENDICES:</b>	
	<u>SEC.</u> <u>PAGE</u>
<b>Appropriation Language:</b>	
• <b>FY 2003 Proposed Appropriation Language.....</b>	<b>A 64</b>
• <b>Legislative Proposals Contained in the President's Budget for FY 2003 Explanation of Changes .....</b>	<b>A 65</b>
<b>Analysis of Change:</b>	
• <b>Summary of Adjustments.....</b>	<b>B 66</b>
• <b>Summary of Proposed Budget Authority.....</b>	<b>B 69</b>

# FEDERAL COMMUNICATIONS COMMISSION

*FY 2003 Budget Estimates to Congress*

---

## APPENDICES (Con't):

SEC.    PAGE

### Program Staffing Allocations:

- Organization Table..... C    70
- Activity Table..... C    71

### Resource Summary Detail:

- Summary of Requested Resources ..... D    77
- Summary Tables - Distribution of Resources ..... D    80
- Summary of Increases by Budget Object Class Code..... D    88
- Object Class Code Table..... D    93
- Prorata Object Class Allocation Chart..... D    94

### Other Exhibits/Reports:

- OMB Narrative Explanation of President's Proposal to Fully Fund Federal Retiree Costs ..... E    95
- Distribution of Budget Authority for FY 2001-2003, (Incremental and Cumulative) ..... E    96
- Universal Service Exhibit..... E    100
- Auctions Loan Program and Financing Exhibits ..... E    102
- Response to Congressional Inquires Concerning GAO Recommendations ..... E    109

# FEDERAL COMMUNICATIONS COMMISSION

*FY 2003 Budget Estimates to Congress*

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## INTRODUCTION

**The Federal Communications Commission ("FCC" or "Commission"), an independent United States government agency, was established by the Communications Act of 1934 and is charged with regulating interstate and international communications by radio, television, wireline, wireless, satellite and cable. The Commission's direct jurisdiction covers the 50 states, the District of Columbia and the U.S. territories. With the passage of the Telecommunications Act of 1996, nearly six years ago, the Commission's pre-eminent mission is to promote competition, innovation, deregulation, and the public interest in the various market segments of the communications industry, and to promote the availability of high-quality communications services to all Americans.**

The 1996 Act is bold in its aspiration and its concrete objectives. Over the past six years, the Commission has facilitated dramatic progress in domestic communications markets specifically and international markets more generally which has produced marked successes for consumers in the form of innovative breakthroughs, new choices and new services.

In order to continue to serve the American public, the Commission, as an institution, must be efficient, effective, and responsive. The challenges of reaching these goals at the Commission are complicated by the never-ending, fast-paced changes that characterize the industries that the Agency regulates. Indeed, the Commission is experiencing a challenge it has never faced—each industry segment in its portfolio is in the midst of a digital revolution and migration and it is attempting to adapt to fundamental economic and technological changes.

During Fiscal Year 2001, in his appearance before House and Senate Appropriations subcommittees, FCC Chairman Michael K. Powell noted the "new beginnings for an old Commission" and the "investment in the future" to be made with the Commission's FY 2002 Budget Request. The unwritten history will undoubtedly reveal more of the same: there will be new markets, new competitors, and new regulatory and management opportunities and challenges.

In assessing our patient and deliberate progress in implementing the goals of the 1996 Act, the Commission must focus on what is working and what is not. In that regard, the Commission will be continuing its firm commitment to implement and execute a "new business plan" to serve the American public and the regulated entities that come before it, as well as to reform the Agency. Reform includes improving management and leadership performance, driving operational improvements, enhancing independent technical engineering and economic expertise, and restructuring the institution to be more aligned with the realities of a dynamic and converging marketplace. The Commission is pleased to report that it is meeting these commitments and, in so doing, has achieved significantly higher levels of customer benefit and policy and management performance.

Looking forward, it is axiomatic that there will be policy and management opportunities, as well as hurdles and challenges. The Commission has enumerated a set of policy and management imperatives that will extend its mission, evolve its operational strategy, and drive further a new-found culture of efficient, effective, and responsive performance. It is critical that

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

---

the Commission continue to move steadfastly through the transition directed in Fiscal Years 2000-2002, in order to move one more step in the Agency's effort to bring consumer welfare and value to all Americans.

### FCC Goals and Objectives

The Commission, under the leadership of Chairman Michael K. Powell, has articulated a comprehensive business plan to orient it as it moves forward with its statutory obligations. As an institution, the Commission is defining an altered identity that, simply put, is new. The key to the Agency's progress is encapsulated in its new business philosophy: (1) a clear substantive policy vision, consistent with the various communications statutes and rules, that guides our deliberations; (2) a pointed emphasis on management that builds a strong team, produces a cohesive and efficient operation, and leads to clear and timely decisions; (3) an extensive training and development program to ensure that we possess independent technical and economic expertise; and (4) organizational restructuring to align our institution with the realities of a dynamic and converging marketplace.

The Commission's new business philosophy will allow the Agency to assist the American public and industry stakeholders in the transition to robust and competitive communications markets:

*Our Priorities*--The Commission intends to move purposefully to create a more efficient, effective and responsive Agency; to carry out the Congress' intent as expressed in the Telecommunications Act of 1996 and all other current and future statutes; to promote competition in all communications markets to maximize consumer, listener, and viewer choice and preference; to promote opportunities

for all Americans to benefit from the deployment of advanced telecommunications technology and services; and, to promote efficient spectrum management so that this important and precious resource is used wisely and for the broadest public benefit and to meet urgent public needs.

*Clear Policy Vision*--The Commission intends to move forward in six key policy areas. Those areas are: competition, broadband, digital television, broadcast ownership fundamentals, spectrum management and homeland security. These six areas create the pillars of the FCC's regulatory policy for the coming year.

*Leading From Our Strengths*--The Commission will continue to capitalize on its well-established core competencies, borne from the past five years, to eliminate barriers to entry in domestic communications markets; to deregulate where appropriate to promote competition; to vigorously enforce Commission rules so that corporate entities compete fairly; and, to promote competition in international communications markets.

*Leveraging Our Strengths*--The Commission intends to continue to build upon the cornerstone principles of the public interest and general consumer welfare to promote access for all Americans to communications service; and, to promote heightened consumer education and information.

*Investing In Our Expertise*--The Commission will continue to promote the preservation of its existing wealth of FCC staff knowledge and technical expertise and to enhance and extend that

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

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collective knowledge with the "FCC University," "Excellence in Engineering" and "Excellence in Economic Analysis" initiatives.

*Accelerating Our Productivity*--The Commission will continue to move forward to streamline agency processes and procedures; to automate agency processes; to provide improved access to agency information; and, to modernize its information technology infrastructure.

*Managing Complexity*--The Commission will be steadfast in its restructuring commitments so as to create an agency infrastructure conducive to the dynamic and converging marketplace. The Commission has formally proposed to restructure its Bureaus to achieve better efficiency, effectiveness, and overall responsiveness for the benefit of the American public.

The new business plan and philosophy will guide the Commission's activities and deliberations, today and beyond.

In order to continue to move forward with its transition, we estimate that the Commission will require a **Fiscal Year 2003 budget of \$278,092,000** and 1,975 full-time equivalents ("FTEs"). This request includes **\$9,765,000 to fund the President's government-wide legislative proposals** to fully fund all retirement costs at the agency level and **\$268,327,000 for Commission operational requirements** to maintain existing programs. An explanation of the assumptions and rationale for this level of requested resources is presented in the narrative sections, tables, Annual Performance Plan, and appendices included in this document.

### OVERVIEW OF REQUEST

The Federal Communications Commission ("FCC") **proposes a FY 2003 appropriation of \$278,092,000 and 1,975 full-time equivalents (FTEs)**. This request includes \$268,327,000 in funding for program requirements to support on-going Commission activities as well as \$9,765,000 in funding to support the President's proposed legislative changes to the methodology for funding retirement costs beginning in FY 2003.

The Commission will use the FY 2003 funds to carry out its fundamental mission to implement the Communications Act of 1934, as amended, in a manner that promotes competition, innovation, and deregulation in the communications industry and the availability of high quality communications services for all Americans.

In order to achieve those objectives at this time of great innovation in the communications industry, the FCC must strive to stay on the cutting edge of changes in technology, economics and law. The Commission is requesting **\$15,066,000 for critical programmatic initiatives** to achieve the mandates of the Communications Act and transform the FCC to deal effectively with the industry we serve, to the benefit of consumers. An additional **\$8,190,000 is for uncontrollable cost increases** for salaries and benefits, and inflationary cost increases for office space rental, supplies, printing, postage, and other contract services. Also, **\$9,765,000 is for increased costs for retirement benefits** included in the President's Government-wide legislative proposal.

**Of the \$15,066,000 for critical programmatic initiatives: \$4,986,000 will improve program performance, including:**

- A comprehensive Commission-wide effort to train our employees so they will be better able to respond to technological advances in communications and the associated issues that evolve;

- Further educating consumers on telecommunications safety and economic issues;
- Ensuring that we promote competition through the enforcement of Commission rules; and
- Making better management decisions regarding the allocation of spectrum to the ultimate benefit of the public.

**\$9,080,000 will provide information technology that supports our program performance initiatives** by improving existing systems to ensure compliance with Government-wide standards pertaining to system security, accessibility, and financial management.

***\$1,000,000 will improve security within the FCC and better support national security interests.***

***The requested resources will be utilized for FCC reform through a comprehensive retooling and redirection of the FCC's entire mission.***

These funds will allow the Commission to continue to execute its business plan built along four dimensions with (1) a clear policy vision consistent with various communications statutes and rules that guide deliberations; (2) a pointed emphasis on management that builds a strong team producing a cohesive and efficient operation that leads to clear and timely decisions; (3) an extensive training and development program to ensure that the FCC possesses independent technical and economic expertise; and (4) an organizational structure to align the agency with the realities of a dynamic and converging marketplace. In FY 2003, we will be able to move forward with our efforts to accomplish these fundamental and critical functions if this funding request is approved.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

*Reform efforts continue to be limited by the available discretionary funding in FY 2002.* Currently 69% of the FY 2002 appropriation is earmarked to pay the salaries and benefits of our employees. Additionally, 29% will be spent for totally non-discretionary expenses such as space rental, telephones, mail, utilities, etc. The remaining funds (2%) will enable the Agency to meet only minimum requirements needed to continue efforts to streamline Commission operations, enhance technical and economic expertise and provide funds for resolution of ongoing issues such as enforcement of cramming/slamming, universal service, spectrum management, etc.

*FCC's success for ensuring that it is capable of meeting the future needs of both consumers and the communications industries is tied directly to the resources requested in this document.*

In order to develop our request for FY 2003, we began with a base funding level or Budget Authority of \$245,071,000 which is the amount appropriated for FY 2002. This amount represents \$26,314,000 in net direct budget authority assuming we collect \$218,757,000 in offsetting collections from regulatory fees.

In FY 2003 it is anticipated that FCC's uncontrollable cost increases will total \$17,955,000. These uncontrollable costs include 25% of the FY 2002 pay raise (4.8%) which must be annualized in FY 2003, as well as a projected FY 2003 locality and pay raise totaling 2.6%. **Funds for the President's proposed changes in agency retirement contributions are also required (\$9,765,000).** In addition funds are included for inflationary costs for various non-compensation accounts including miscellaneous rents, mail, service contracts, etc. These uncontrollable increases when added to the base total a "current services" level of **\$263,026,000** for FY 2003. Funding at this level is mandatory if we are to respond to the universe of communications issues that the FCC must address as we continue the transition from an industry regulator to a market facilitator.

In addition to funds required to maintain this current services level, we have requested **\$15,066,000 for critical programmatic initiatives.** This modest **6.1% increase for essential Commission activities** will allow the FCC to:

- Continue expanding electronic filing and other initiatives to enhance public access and expedite Commission decision making;
- Improve the technical and economic expertise of staff;
- Address life-cycle replacement of technical monitoring and testing equipment;
- Provide infrastructure improvements to our laboratory facility;
- Respond to public requests for assistance and information; and
- Provide an information technology infrastructure responsive to changes in the industry;
- Enable the FCC to improve its homeland security posture.

These funds will support our efforts to address in a timely manner the issues arising from an exploding communications industry, resulting in economic growth for the Nation.

Since Fiscal Year 1987 the Commission has strived to reduce the cost of government operations through user fee cost recovery programs. The first program initiated at the Commission was the Application Processing Fee program. That program was designed to recover a substantial portion of the costs of the Commission application processing functions, which account for the majority of the Licensing activities costs. The funds received under this program are deposited directly into the General Fund of Treasury and are not available for use by the Agency.

The second cost recovery program is the Regulatory Fee program. Implemented in Fiscal Year 1994, this program collects fees to recover the costs attributable to the Commission's competition, enforcement, consumer information services and spectrum management activities. These fees apply to most current licensees and to other entities (e.g., cable television systems)

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2003 Budget Estimates to Congress***

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which benefit from the Commission's regulatory activities not directly associated with its licensing or application processing functions. These fees can be retained by the Commission and applied to obligations incurred during the fiscal year, thereby reducing the amount of appropriated funds required to be provided from the General Fund of Treasury. Since FY 1994, the fee offset to the Agency's appropriation has increased from 37 percent in the initial year of implementation to approximately 89 percent of the Agency's FY 2002 appropriation. The FY 2003 regulatory fee offset would remain at 89 percent of the proposed FY 2003 budget. Our FY 2003 budget request is summarized in Table 1. Details of this request and a justification for specific increases follow.



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

Table 1: Summary of FY 2003 Budget Request

	(\$ in 000)	FTEs
<b>FY 2002 Appropriation <sup>1/</sup></b>		<b>1,975</b>
• Direct \$26,314	\$245,071	
• Regulatory Fees \$218,757		
<b>FY 2003 Uncontrollable Cost Increases:</b>		
• Compensation/Benefits Cost Increases	\$ 6,335	
• Uncontrollable Inflationary Cost Increases	\$1,855	
<b>FY 2003 Legislative Proposal to Provide Full Funding for Federal Retiree Costs <sup>1/</sup></b>	\$9,765	
<b>FY 2003 Programmatic Increases To Support Strategic Goals:</b>		
• <b>Create a More Efficient, Effective and Responsive Agency</b>		
- Streamline Agency's Processes and Procedures	\$ 5,400	
- Automate Agency Processes	\$ 430	
- Provide Improved Access to All Agency Information	\$ 4,250	
- Preserve and Increase The Wealth of Knowledge/Expertise of FCC Staff	\$ 2,165	
• <b>Promote Competition in All Communications Markets</b>		
- Enforce the Rules so that Businesses Compete Fairly	\$1,871	
• <b>Manage the Electromagnetic Spectrum in the Public Interest</b>		
- Promote More Efficient use of Spectrum	\$ 950	
<b>FY 2003 Total Request <sup>2/</sup></b>	<b>\$278,092</b>	<b>1,975</b>
• Direct \$29,898		
• Regulatory Fees \$248,194		

1/ The total cost of the President's legislative proposal for the FCC includes \$9,765,000 from Appropriated funds and \$1,524,000 from non appropriated offsetting collections for a total of \$11,289,000.

2/ Does not include any reimbursable costs to be collected from auctions or \$1,100,000 anticipated from interagency and/or other authorized reimbursable resources.

### FY 2003 UNCONTROLLABLE COST INCREASES

The Commission is requesting \$17,955,000 in funding increases to provide for inflationary and uncontrollable costs in FY 2003 to maintain current programs (\$8,190,000) and to provide full funding for Federal employee retirement costs associated with the legislative proposal contained in the Budget (\$9,765,000). These pay and inflationary cost increases have been based on the economic assumptions included in the President's FY 2003 Budget Request. The costs have been identified as follows:

- **Personnel Compensation and Benefits (Current Services \$6,335,000):**  
Provides funds to cover the cost of the FY 2003 payraise and locality pay (2.6%) for 75% of the fiscal year, and funds to annualize 25% of the FY 2002 payraise and locality pay increases (4.8%). Current services benefits payments to OPM are also included, and increases to Department of Labor charges.
- **Commission retirement annuitant and health benefits increases** to provide funds for the Presidents' proposed government-wide changes (\$9,765,000)<sup>1</sup>
- **Travel and Transportation of Persons and Things (\$32,000):**  
Provides funds to cover inflationary increases (2.5%) to domestic and international travel and transportation costs.

- **GSA Rent (\$792,000):**  
Provides funds to cover the increase in rental costs and operating fees to GSA for office space in FY 2003 at the Portals Complex as well as increased cost of field office space.
- **Other Rent, Communications and Utilities (\$172,000):**  
Provides funds for inflationary increases (2.5%) to non-GSA space rental, utilities and cleaning services, departmental and FTS telephone services, postage fees, and miscellaneous equipment rentals.
- **Other Contractual Services (\$774,000):**  
Provides funds for inflationary increases (2.5%) to Federal and non-Federal contract services, security, training, health services, maintenance of vehicles, repair of ADP and office equipment, repair of interior space, maintenance of software, and ADP data acquisitions.
- **Printing and Reproduction/Supplies and Materials (\$85,000):**  
Provides 2.5% inflationary cost increases for printing, binding, photocomposition services, energy-related supplies, departmental, technical and ADP supplies, and subscriptions.

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<sup>1</sup> This amount does not include funds associated with compensation and benefits paid from auctions receipts. There is an additional \$1,524,000 in increased funding required to provide for this proposal assuming current levels of auctions FTE effort continues into FY 2003.

### PROGRAM REQUIREMENTS

**Program Performance Initiatives (\$15,066,000)**. In order to serve the American public, the Federal Communications Commission as an institution must be efficient, effective, and responsive. The challenges of reaching these goals at the Commission are complicated by the sweeping, fast-paced changes that characterize the industries that are regulated. The Commission is experiencing a challenge it has never faced as each industry segment is in the midst of revolution, and is attempting to adapt to fundamental economic and technological changes. There are new markets, new competitors, and new regulatory challenges.

Our Fiscal Year 2003 request reflects resources necessary for the Commission to keep abreast of industry changes and set rational productivity and regulatory goals. The Commission is requesting funds to ensure that the FCC has the tools to facilitate its reform efforts, upgrade its technological capabilities and further enhance its workforce. The Commission can do this by purchasing and maintaining state of the art technological equipment to ensure better service to the public as well as a productive workplace; providing extensive skills-based training to all FCC employees, and providing outreach efforts to improve consumer awareness of telecommunication issues and choices including efforts to ensure emergency response and public safety communications needs are met.

#### *Create a More Efficient, Effective, and Responsive Agency*

The FCC regulates a bigger telecommunications economy every year. Our high-growth areas include cellular phones, the circuits that carry Internet traffic, high definition digital television, local broadband services such as DSL and competitive cable service, and new wireless devices such as "Blackberries" and wireless Palm Pilots. And we continue to regulate radio and television broadcasting, telephones, cable TV, and two-way radios in

everything from police cars to airliners. As we regulate less by command and control, and more by creating competition, our workload includes enforcing all competitors' access to bottleneck facilities, and ruling on mergers and acquisitions. Because of the growing complexity of the communications market, we deal with an increasing number of complaints and information requests, amounting to more than 900,000 consumer inquiries and complaints in FY 2001. Every year we auction licenses for new uses of the radio spectrum, bringing new wireless services to the public and collecting billions of dollars for the U.S. Treasury.

Despite our growing workload, we have had no growth in FTE employment since FY 2000, and we propose none for FY 2003. But we cannot meet growing demands with the same staffing unless we maintain and improve our technology infrastructure.

**Technology to Improve Agency Performance (\$9,080,000)**: We will use information technology to make FCC staff more productive and improve agency operations by increasing staff effectiveness. We have already begun this initiative with a review of FCC's office automation tools, key work processes, and internal administrative systems, to determine how best to use existing assets and what additional capabilities are required to expedite the work of the agency. In the remainder of FY 2002, we will create measurements, assess our work processes, and identify technological improvements that will improve FCC's performance. We are requesting FY 2003 funding for hardware, software and contractor services to implement the improvements that support the strongest business cases.

We also plan to upgrade our Consumer Information Management System, to improve the productivity and effectiveness of our staff who handle inquiries and complaints from the public. The public contacts us about our own

regulatory activities, and about problems with companies in the industries we regulate (broadcasting, telephone, cable TV, etc.).

FCC is already providing extensive E-Government services, with more than 407 million "hits" to our Internet web site in FY 2001 and the number growing each year. These funds will allow us to provide the public improved access to even more FCC services and information through improved systems including:

- Consolidation of portions of what are now separate systems that issue various types of licenses so that we can give the public easier access to submit applications, check on their status, and retrieve information through a unified user interface. During FY 2002, we are building a model that defines our current environment, analyzing the potential approaches to consolidation, and producing a business case and technical report recommending the specific steps to implement. The funds we are requesting for FY 2003 will allow us to begin implementing the steps prescribed by this business case.
- Improvements to our Internet web site, through which the public gets direct access to FCC information and services. We will continue to make this web site easier to use, add accessibility features for people with disabilities, make more services available through the web site, and accommodate the growth in its use by the public.
- E-Government enhancements and life cycle replacements for other existing systems, including enhancements to implement the Government Paperwork Elimination Act (GPEA).

### **Support Telecommunications Entities in Times of Crisis (\$1,000,000):**

We are requesting funding to improve the effectiveness of the Commission's emergency response capability.

- \$770,000 will provide improvements to current primary and alternate emergency management centers, such as redundant telecommunications circuits, back-up electric power, encrypted data and voice

systems for classified inter-agency communications, and much needed IT improvements and data redundancy.

- \$230,000 will provide enhancements to the infrastructure including upgrades for equipment, furnishings, and communications for the agency's secure operations at both a primary and an alternate site. We believe that investment in the primary and alternate Emergency Response and Command Centers will ensure the ability of the Commission to continue direct support for commercial Communications entities and government organizations thus assuring that adequate communications resources are available to the public in times of crisis.

### **Preserve and Increase the Wealth of Knowledge and Expertise of FCC Staff (\$2,165,000).**

We are requesting funding to support a Commission-wide training program that will provide extensive skills-based training to critical FCC program areas, including the Excellence in Engineering and Excellence in Economic Analysis programs. This will ensure that the Commission has cutting edge technical and economic expertise, and the other skills needed to improve overall productivity. The expanded training initiative, which began in FY 2001, is designed to meet the career development needs of major occupational groups at the Agency. Under the new program, employees will participate in regular ongoing training so that they are continuously updating their skills, and remaining current on key developments in their occupational areas and in the field of telecommunications generally. We believe that this approach to employee training will support the overall reform efforts underway at the Commission and serve as a recruiting and retention tool to enable FCC employees to better serve the public.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

### *Promote Competition in all Communications Markets*

**Enforce the Rules so that Businesses Compete Fairly (\$1,871,000).** The Commission is requesting funding to strengthen the effectiveness of the Commission's field enforcement activities. A total of \$1,421,000 will provide for the first increment of a proposed ten-year lifecycle replacement program to address the technical equipment and vehicles needed to provide adequate mobility and support of investigations and enforcement activities including public safety; unlicensed or unauthorized radio operations or equipment; interference violations; resolution of border interference with Mexico and Canada; consumer and non-technical issues; field support for cable, engineering, and application audits; and support for Federal law enforcement agencies. A total \$450,000 in travel funds will allow the Commission to provide response to approximately 35% of the population that are currently beyond the same-day access to enforcement personnel and equipment. These additional funds will allow field enforcement agents to increase response to complaints and non-emergency requests including those involving overnight travel. This funding level would increase the number of days currently funded from 5 per agent per fiscal year to approximately 40 days per agent. We believe that this investment in field mobility and technical equipment and vehicles will ensure that the Commission is capable of enforcing the Commission's rules and regulation throughout the Nation and thereby promote the benefits of competition to the American people.

### *Manage the Electromagnetic Spectrum (the Nations Airwaves) in the Public Interest*

**Promote More Efficient Use of Spectrum (\$950,000).** We are requesting funding to support spectrum management activities which will allow the Commission to enhance our capability to measure radio frequency equipment

to minimize interference and improve consumer safety. An estimated \$200,000 is requested to provide for the design of an enclosed testing facility to measure radio frequency emissions from radio transmitters year-round under all weather conditions. The facility will consist of a 3-meter and 10 meter open-area test site enclosed by a climate-controlled, non-reflective fiberglass building. With the proliferation of new technologies increasing the number of new devices which must be tested for compliance by the FCC laboratory, along with extremely short product life cycles for high-technology devices, product approval turn-around time has become increasingly critical to maintaining industry momentum. The enclosed test facility will allow compliance testing of devices of any type under any weather conditions, unlike the current open site which can be used only in limited weather conditions. This year-round capability will also allow rapid and efficient evaluation of the interference potential and performance of emerging technologies to speed the development of technical standards and resolution of spectrum allocation issues.

The additional \$750,000 requested will continue efforts to provide for sustained lifecycle replacement of all technical test equipment at the laboratory. This equipment is needed to ensure that communications and electronic equipment complies with the technical requirements of the Agency's rules. The requested funds will allow the FCC to purchase a gigahertz transverse electromagnetic cell (GTEM). Our laboratory has one GTEM on loan from private industry. Having our own GTEM will allow us to test and compare data consistent with industry standards. Also, we are requesting funds to purchase testing equipment to support all measurement functions at the laboratory, including radio frequency exposure measurements, measurements of millimeter wave technologies, and to perform research on emerging technologies that propose new uses of the spectrum.

**Table 2: Program Performance Initiatives**

<b>PROGRAM PERFORMANCE INITIATIVES SUMMARY</b>	
<b>Technology to Improve Agency Performance</b>	<b>\$9,080</b>
<b>Support Telecommunications Entities in Times of Crisis</b>	<b>\$1,000</b>
<b>Preserve and Increase Wealth of Knowledge and Expertise of FCC Staff</b>	<b>\$2,165</b>
<b>Enforce the Rules so that Businesses Compete Fairly</b>	<b>\$1,871</b>
<b>Manage the Electromagnetic Spectrum in the Public Interest</b>	<b>\$ 950</b>
<b>Total Request for Program Performance Initiatives:</b>	<b>\$15,066</b>

### FEE COLLECTIONS AND AUCTIONS

#### Regulatory Fees

P.L. 103-66, "The Omnibus Budget Reconciliation Act of 1993," requires that the FCC annually collect fees and retain them for FCC use in order to offset certain costs incurred by the Commission.

The fees collected are intended to recover the costs attributable to the Commission's competition, enforcement, consumer information, and spectrum management activities.

The fees, often referred to as Section (9) fees, apply to the current holder of the license as of a specific date and to other entities (e.g., cable television systems) which benefit from Commission regulatory activities not directly associated with its licensing or applications processing functions.

The regulatory fees do not apply to governmental entities, amateur radio operator licensees and nonprofit entities holding tax exempt status under section 501(c) of the Internal Revenue code, 26 U.S.C. 501.

The legislation gives the Commission authority to review the regulatory fees and to adjust the fees to reflect changes in its appropriation from year to year. It may also add, delete or reclassify services under certain circumstances. Additionally, the legislation requires the Commission to charge a 25% late payment penalty and to dismiss applications or revoke licenses for non-payment of the fees, although it may waive, reduce or defer payment of a fee for good cause.

The Commission implemented the Regulatory Fee collection program by rulemaking on July 18, 1994. The most recent fee schedule became effective on September 9, 2001, pursuant to an order adopted by the Commission on

June 28, 2001, released July 2, 2001, and published in the Federal Register July 11, 2001 (FR 36177).

#### Authorization to Retain Fees

Regulatory fee collections in excess of levels specified in the appropriation language are available for obligation by the Commission and remain available until expended. These excess collections become available for obligation on October 1, following the year in which they are collected. These funds are not limited to the one-year spending rule established for our salaries and expenses appropriation and are carried forward as no-year funds indefinitely. The combined total of all prior year carryover regulatory fees from FY 1997 – FY 2001 was \$17.8 million. In FY 1998, the Commission utilized \$3.9 million of these funds to begin critical Y2K transition projects after receiving authorization from the House and Senate Appropriations Committees. The remaining excess funds, totaling \$7.3 million at the end of FY 2000, were carried into FY 2001 and became available for obligation on October 1, 2000. These carryover funds were approved for use in FY 2001 by the Appropriations Committees and obligated prior to September 30, 2001. In September FY 2001 the Commission collected \$6.6 million in regulatory fees above the levels established in the Appropriation. These funds will be available for obligation in FY 2002 with approval from Congress.

#### FY 2003 Regulatory Fee Assumptions

The FY 2002 appropriation language, as approved by both the House and Senate Appropriations Committees, authorizes the Commission to increase the fee schedule for regulatory fees so as to collect \$218.8 million in offsetting collections to be credited to the FCC appropriation in FY 2002. The FY 2003 request assumes an additional increase for regulatory fees to a level of \$248.2

million. The increase in regulatory fees will fund all program performance initiatives including critical information technology initiatives; Commission-wide training to enhance employee skills, including the engineer training program; lifecycle replacement of technical monitoring and test equipment; initiate infrastructure upgrades for the laboratory test facility; and provide \$8.7 in funding to support changes in the retirement costs of Commission employees as proposed by the President. These initiatives will provide better services and response to the industries we regulate, and therefore the increase in regulatory fees is an appropriate adjustment for the benefits to be derived from these initiatives. Regulatory Fee Collections are summarized by fiscal year in Table 3.

### **Application Processing Fees**

Since FY 1987 the Federal Communications Commission (FCC) has collected and deposited into the general fund of the Treasury application processing fees, often referred to as Section (8) fees. The fees are designed to recover a substantial portion of the costs of the Commission's applications processing functions. The program encompasses over 300 different fees with the vast majority collected at the time an original license application, renewal or request for modification is filed with the Commission. Most fees are assessed as a one-time charge on a per-application basis, although there are certain exceptions. Government, nonprofit, non-commercial broadcast and amateur license applicants are exempt from the fees. A lockbox bank is utilized to collect the fees, with all fees deposited into the General Fund of the U.S. Treasury. The Commission must review and revise the fees every two years based upon changes to the Consumer Price Index (CPI). On August 2, 2000, a report and order was adopted which increased the processing fees to reflect these CPI changes. This was the first increase since May 18, 1998. The schedule will be adjusted for CPI changes again in FY 2002. Application Processing Fee Collections are summarized by fiscal year in Table 4.



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

Table 3: Regulatory Fee Collections

Fiscal Year	Appropriation Offset	Actual Collections	Difference
1994 (Actual)	\$63.0	\$ 58.7	\$ -1.7
1995 (Actual)	\$116.4	\$119.3	\$+2.9
1996 (Actual)	\$126.4	\$126.5	\$+ .1
1997 (Actual)	\$152.5	\$155.9	\$+3.4
1998 (Actual)	\$162.5	\$155.1	\$ -7.4
1999 (Actual)	\$172.5	\$177.1	\$+4.6
2000 (Actual)	\$185.8	\$187.3	\$+1.5
2001 (Actual)	\$200.1	\$206.7	\$+6.6 <sup>1</sup>
2002 (Estimate) <sup>2</sup>	\$218.8		
2003 (Estimate) <sup>3</sup>	\$248.2		

1/ This total includes \$1.6 million subject to refund dependent on a court decision expected in June 2002. Use of FY 2001 carryover Regulatory Fees in FY 2002 is subject to approval by the Appropriation Committees prior to obligation of funds.

2/ Reflects the Regulatory Fee Schedule for FY 2002 contained in the Appropriations Language as enacted.

3/ Reflects the Regulatory Fee Schedule proposed for FY 2003; includes \$8.7 million to fund the President's government-wide legislative proposal to provide full funding for federal retiree costs.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

**Table 4: Application Processing Fee Collections – Funds are deposited into the “General Fund” of Treasury and do not offset any Commission costs.**

<b>Section (8) Fees - Dollars in Millions</b>	
<b>1987 (Actual)</b>	<b>\$10.3</b>
<b>1988 (Actual)</b>	<b>\$41.2</b>
<b>1989 (Actual)</b>	<b>\$56.9</b>
<b>1990 (Actual)</b>	<b>\$27.6</b>
<b>1991 (Actual)</b>	<b>\$46.3</b>
<b>1992 (Actual)</b>	<b>\$50.6</b>
<b>1993 (Actual)</b>	<b>\$39.1</b>
<b>1994 (Actual)</b>	<b>\$42.8</b>
<b>1995 (Actual)</b>	<b>\$50.6</b>
<b>1996 (Actual)</b>	<b>\$42.8</b>
<b>1997 (Actual)</b>	<b>\$38.0</b>
<b>1998 (Actual)</b>	<b>\$32.0</b>
<b>1999 (Actual)</b>	<b>\$26.5</b>
<b>2000 (Actual)</b>	<b>\$27.5</b>
<b>2001 (Actual)</b>	<b>\$25.0</b>
<b>2002 (Estimate)</b>	<b>\$25.0</b>
<b>2003 (Estimate)</b>	<b>\$25.0</b>

### Spectrum Auctions

In addition to regulatory fees, the Omnibus Budget Reconciliation Act of 1993 required the FCC to auction portions of the spectrum for certain services, replacing the former lottery process. The Commission is required to ensure that small businesses, women, minorities, and rural telephone companies have an opportunity to participate in the competitive bidding process. The original Spectrum Auction authority was scheduled to expire in FY 1998, however, it was extended through FY 2007 in the Balanced Budget Act of 1997. The Commission initiated regulations implementing the legislation and conducted its first round of auctions in July 1994. By the end of the first quarter of FY 2002, the Commission had completed 38 auctions. Between July 1994 and January 2002, total receipts from this program deposited in the General Fund of Treasury exceeded \$14 billion. The Commission is involved in an on-going dialogue with Congress and other government agencies in an attempt to identify additional spectrum to be made available for public use through the auction process to address the needs of evolving technologies. In addition, the Commission and Congress are reviewing the possibility of applying the auctions concept to other services licensed by the Commission to expedite response to customer needs and encourage economic growth.

The Commission is authorized to retain from auction revenues those funds necessary to develop and implement the auction program. These funds cover the personnel and administrative costs required to plan and execute spectrum auctions; operational costs to manage installment payments, loan processing, and collections activities; the costs of bankruptcy litigation; development, implementation, and maintenance of the Universal Licensing System (ULS); and development of a combinatorial bidding system. This budget submission assumes the auctions program will continue to recover the costs of conducting all auctions activities from spectrum license receipts as the FCC

continues to use auctions as a licensing mechanism for communications services spectrum.

The Balanced Budget Act of 1997, P.L. 105-33, required that the Commission provide to authorizing committees a detailed report of all obligations in support of the auctions program for each fiscal year of operation, as a pre-requisite to the continued use of auctions receipts for the costs of all auctions activities. The Commission is no longer required to submit an Annual Report, however, the FY 2000 Auctions Report was provided to the appropriate oversight committees on August 24, 2001.

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2003 Budget Estimates to Congress***

### **Prefatory Note**

The FY 2003 Annual Performance Plan is based on the FCC's Strategic Plan submitted to OMB and Congress in August 1999. We have made significant progress in meeting our strategic objectives. FY 2002 is the last year of a 3-year cycle for a Strategic Plan, and some modifications are required to a number of performance measures. In several cases, work was completed ahead of schedule on a performance measure and we will no longer report on it. In other cases, we have modified measures to reflect recent changes in the telecommunications industry or to reflect current industry trends. In a few other cases, we have made minor modifications to the wording of a performance measure so that it would match current data collection activities.

We have included FY 2001 performance data where it is available. The FCC will submit all performance data in our FY 2001 Annual Program Performance Report due to Congress on March 29, 2002.

### **Goals and Objectives**

The fundamental mission of the Federal Communications Commission is to implement the Communications Act of 1934, as amended, in a manner that promotes competition, innovation, and deregulation in the communications industry and the availability of high-quality communications services for all Americans.

In order to achieve those objectives at this time of great innovation in the communications industry, this agency must strive to stay on the cutting edge of changes in technology, economics, and law. The advent of Internet-based and other new technology-driven communications services will continue to erode the traditional regulatory distinctions between different sectors of the communications industry. Our most immediate challenge is to integrate the changing character of the industry into our core functions of (1) licensing; (2) competition; (3) enforcement; (4) consumer information services, and (5) spectrum management. For this agency to fulfill its congressional charge, it must write and execute a new business plan built along four dimensions: (1) a clear substantive policy vision, consistent with the various communications statutes and rules, that guides our deliberations; (2) a pointed emphasis on management that builds a strong team, produces a cohesive and efficient operation, and leads to clear and timely decisions; (3) an extensive training and development program to ensure that we possess independent technical and economic expertise; and (4) organizational restructuring to align our institution with the realities of a dynamic and converging marketplace.

### **Overall Objectives**

Consistent with the objectives of the Communications Act of 1934, the agency has sought to rely increasingly on market forces to promote competition in order to foster the availability of high quality services to consumers at reasonable prices. We are challenged to continue to find ways to foster competitive entry into established markets while encouraging the development of open, competitive markets featuring new and innovative technological services. The FCC must strive through its enforcement processes to ensure that its rules are adhered to faithfully and fully, and to continue to monitor business practices and their impact on consumers. The FCC must also keep focused on an ever increasing global communications marketplace, and the challenge globalization poses for spectrum sharing and maintaining open international markets.

# FEDERAL COMMUNICATIONS COMMISSION

## *FY 2003 Budget Estimates to Congress*

### LICENSING

This activity includes the authorization or licensing of radio stations, telecommunications equipment and radio operators, as well as the authorization of common carrier and other services and facilities.

**Activity Goal:** To promote efficient and innovative licensing and authorization of services by automating functions and fully implementing automated licensing and electronic filing systems across the agency, and by creating a more efficient, effective, and responsive agency with substantially reduced backlogs in licensing applications, petitions for reconsideration, and other proceedings.

As the FCC works to promulgate policies conducive to advances in information technology, we must lead the way in E-Government. Across the agency, we must invest in new technology that will improve our processes and allow us to be as responsive as possible. Specifically, we must continue to automate our processes and to make more information available to the public electronically and on an interactive basis.

**Means/Strategies/Resources:** The FCC has sought to improve its licensing activities through a multiyear plan to reengineer and integrate its licensing databases, and through implementation of interactive electronic filing systems. These initiatives have included universal licensing, streamlined application processes, revised and simplified licensing forms, blanket authorizations, authorization for unlicensed services, and electronic filing of license applications and certifications. The benefits we have derived from these projects are many and include a more economical use of FCC personnel resources, improvement in processing times, the ability of our customers to file via the Internet or through other electronic filing mechanisms, and the ability to provide our customers with immediate status reports on their applications. This results in improved service to the public.

In Fiscal Year 2003 we are requesting a total of \$2.93 million to upgrade and consolidate our electronic filing systems and expand our E-Government capabilities including \$.83 million required for specific enhancements and upgrades to systems for our Mass Media Bureau (\$400,000), the Wireless Telecommunications Bureau (\$75,000) and the Office of Engineering and Technology (\$355,000). These improvements are consistent with and mandated by the Government Paperwork Elimination Act of 1999. An additional \$2.1 million is required to consolidate and provide a single interface between our licensing systems. As the industries we oversee converge, many telecommunications companies hold licenses across several licensing services. Our clients--private companies, the bar, and the public--want to be able to search on a single entity across all our licensing services.

**Verification/validation of licensing data:** Each of the FCC's application processing systems generate detailed reports on processing activities. Every quarter, the bureaus/offices submit compilations of these statistics for the FCC's Quarterly Performance and Results Review. Each bureau/office attests to the accuracy of the data in a transmittal memorandum accompanying their submission. Obvious inconsistencies, changes in trends, etc., are noted and additional discussions take place to clarify and resolve these issues.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

The following chart reflects resources dedicated to **licensing** activities and includes both direct organizational FTE and operating cost, as well as staff office support (FTE and operating cost), necessary to provide policy direction, program development, legal services, executive direction, and other support services associated with licensing activities.

(Dollars in Thousands) <sup>1</sup>	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated <sup>2</sup> FY 2002	Estimated <sup>3</sup> FY 2003	Projected Change (+/-)
Cost by Activity	\$36,952	\$36,314	\$44,253	\$46,073	\$53,746	+\$7,673
Full Time Equivalents (FTEs)	430	402	392	390	390	0

<sup>1</sup> These amounts reflect resources as authorized and available to the Commission for FY 1999-FY 2002, but do not include prior year estimated funding associated with the President's proposed retirement legislation. **FY 2003 does include** the estimated funding to support the President's proposal to provide for full funding of Federal employees retirement costs.

<sup>2</sup> The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized, and the Commission will provide revised FTE charts to the committees for FY 2002 and FY 2003.

<sup>3</sup> *Id.*

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

LICENSING			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Automate Agency Processes			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Create a paperless FCC by automating functions &amp; fully implementing automated licensing &amp; electronic filing systems to promote one-stop shopping. Consolidate individual systems &amp; adopt one standard user interface where possible to simplify public use of our systems.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY99:</b> Provide electronic filing capabilities for CCB, MMB, IB, WTB, and OET.</li> <li>✓ <b>FY00:</b> 60% of filings made electronically where available.</li> <li>✓ <b>FY01:</b> 70% of filings made electronically where available.</li> <li>✓ <b>FY02:</b> 80% of filings made electronically where available.</li> <li>✓ <b>FY03:</b> 85% of filings made electronically where available.*</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY99:</b> Electronic filing provided for CCB, IB, and OET. Majority of MMB and WTB licensing services provided electronic filing capability.</li> <li>✓ <b>FY00:</b> 60% of filings made electronically where available.</li> <li>✓ <b>FY01:</b> 77% of filings made electronically where available.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review. Results will also be obtained from feedback from our stakeholders via e-mail and comments received at public outreach meetings.</p>

\* Successful completion of this performance measure is dependent on the approval of funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

LICENSING			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Streamline Agency's Processes and Procedures			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Improve our speed of disposal for processing license applications.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY99:</b> Meet 90% of processing goals.</li> <li>✓ <b>FY00:</b> Meet 90% of processing goals.</li> <li>✓ <b>FY01:</b> Meet 90% of processing goals.</li> <li>✓ <b>FY02:</b> Meet 95% of processing goals.</li> <li>✓ <b>FY03:</b> Maintain 95% of processing goals*</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY99:</b> 88% within processing goals.</li> <li>✓ <b>FY00:</b> 89% within processing goals.</li> <li>✓ <b>FY01:</b> 94% within processing goals.</li> </ul>	Performance is measured using data collected in the Quarterly Performance and Results Review.
<ul style="list-style-type: none"> <li>✓ Substantially reduce our backlog including licensing applications, petitions for reconsideration and other proceedings.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Backlog does not exceed 40% of receipts.</li> <li>✓ <b>FY01:</b> Backlog does not exceed 10% of receipts.</li> <li>✓ <b>FY02:</b> Backlog does not exceed 5% of receipts.</li> <li>✓ <b>FY03:</b> Backlog does not exceed 5% of receipts.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Backlog reduced from 40% to 4%.</li> <li>✓ <b>FY01:</b> Backlog reduced to 1.5%</li> </ul>	Performance is measured using data collected in the Quarterly Performance and Results Review.

\* The ability to maintain processing goals is dependent on funding requested for FY 2003 to replace and upgrade hardware and software.



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

LICENSING			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Streamline Agency's Processes and Procedures			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Act on petitions for reconsideration that do not raise significant new issues within 60 days of the record closing.	✓ <b>FY00:</b> 75% acted on in 60 days ✓ <b>FY01:</b> 90% acted on in 60 days ✓ <b>FY02:</b> 95% acted on in 60 days. ✓ <b>FY03:</b> 95% acted on in 60 days.	✓ <b>FY00:</b> 38% acted on in 60 days. ✓ <b>FY01:</b> 94% acted on in 60 days.	Performance is measured by data collected in the Quarterly Performance and Results Review.

# FEDERAL COMMUNICATIONS COMMISSION

## *FY 2003 Budget Estimates to Congress*

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### COMPETITION

This activity includes formal inquiries and rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards.

**Activity Goal:** To encourage, through our policy and rule making activities, the development of competitive, innovative, high-quality communications systems, with a minimum of regulation or with an absence of regulation where appropriate in a competitive market. This will be accomplished by eliminating barriers to entry in domestic markets, by deregulating where appropriate, by promoting competition in international communications markets, by promoting opportunities for all Americans to utilize communications services, and by the vigorous enforcement of our rules and regulations.

**Means/Strategies/Resources:** As we deregulate, our role will change from a market regulator to a market facilitator. We will rely less on our traditional rulemaking procedures where possible and will rely more on interagency task forces, advisory committees, and state, local, and regional consortia. We will endeavor to assist the rapid expansion of innovative new technologies. We will continue to promote the development of competition in the local exchange market through the expeditious review of Section 271 applications that will dramatically increase the range of choices in local telephone service providers, multipoint video programming market services, and mobile wireless providers. At the same time, we will vigorously review our rules and our spectrum allocation policies to ensure that these do not deter the development of emerging technologies.

**Verification/validation of competition data:** Several performance measures for the competition activity are based on annual competition reports compiled by the Cable Services, Common Carrier and Wireless Telecommunications Bureaus. The competition reports are based on annual surveys of specific telecommunications industries conducted by the bureaus. The reports are presented at an FCC open meeting and are made available in paper or at the FCC home page. Tracking and validating Section 271 and merger review activities are completed through an actual count of days. Many other performance measures under the competition activity are conducted as formal rule makings with notice and comment periods under the terms of the Administrative Procedure Act. Verification is whether the rule making was completed according to the planned schedule. Finally, statistics for a few performance measures are compiled from studies conducted by another Federal agency. The FCC does not validate the data compiled by other Federal agencies.

# FEDERAL COMMUNICATIONS COMMISSION

## ***FY 2003 Budget Estimates to Congress***

The following chart reflects resources dedicated to **competition** activities and includes both direct organizational FTE and operating cost, as well as staff office support (FTE and operating cost), necessary to provide policy direction, program development, legal services, executive direction and other support services associated with competition activities.

(Dollars in Thousands) <sup>4</sup>	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated <sup>5</sup> FY 2002	Estimated <sup>6</sup> FY 2003	Projected Change (+/-)
Cost by Activity	\$64,147	\$68,009	\$70,177	\$73,031	\$79,044	+\$6,013
Full Time Equivalents (FTEs)	556	528	502	496	496	0

<sup>4</sup> These amounts reflect resources as authorized and available to the Commission for FY 1999-FY 2002, but do not include prior year estimated funding associated with the President's proposed retirement legislation. **FY 2003 does include** the estimated funding to support the President's proposal to provide for full funding of Federal employees retirement costs.

<sup>5</sup> The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized, and the Commission will provide revised FTE charts to the committees for FY 2002 and FY 2003.

<sup>6</sup> *Id.*

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Eliminate Barriers To Entry In Domestic Markets			
Policy Initiative	Goals	Performance	Performance Measurement
<p>✓ Complete the opening of local telecommunications markets through pro-competitive unbundling, interconnection &amp; co-location policies.</p>	<p><b>FY00:</b></p> <ul style="list-style-type: none"> <li>✓ 15% of households with 1 new local residential competitor;</li> <li>✓ 10% have 2 new local residential competitors.</li> </ul> <p><b>FY01:</b></p> <ul style="list-style-type: none"> <li>✓ 90% of households live in zip codes with 1 CLEC;</li> <li>✓ 80% with 2 CLECS.</li> </ul> <p><b>FY02:</b></p> <ul style="list-style-type: none"> <li>✓ 90% of households live in zip codes with 1 CLEC;</li> <li>✓ 80% with 2 CLECS;</li> <li>✓ 10% with 3 CLECS.</li> </ul> <p><b>FY 03:</b></p> <ul style="list-style-type: none"> <li>✓ 92% of households live in zip codes with 1 CLEC;</li> <li>✓ 82% with 2 CLECS;</li> <li>✓ 10% with 3 CLECS.</li> </ul>	<p><b>FY00:</b></p> <ul style="list-style-type: none"> <li>✓ 86% of households with 1 new CLEC;</li> <li>✓ 73% of households with 2 new CLECS.</li> </ul> <p><b>FY01:</b></p> <ul style="list-style-type: none"> <li>✓ 88% of households with 1 new CLEC;</li> <li>✓ 77% of households with 2 new CLECS.</li> </ul>	<p>Performance is measured by reviewing the Wireless Telecommunications Bureau's Annual Competition Report and Common Carrier Bureau's Annual Competition Report.</p>
<p>✓ 271 applications.</p>	<p>✓ <b>FY00-03:</b> Expeditiously process 271 applications within 90 days of receipt.</p>	<p>✓ <b>FY00:</b> Two of the four 271 applications were withdrawn, two were processed within 90 day statutory requirement.</p>	<p>Performance is measured using data collected in the Quarterly Performance and Results Review.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Eliminate Barriers to Entry in Domestic Markets			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Advanced technologies: Multichannel Video Programming Distributors (MVPDs).</li> </ul>	<p><b>FY00:</b></p> <ul style="list-style-type: none"> <li>✓ 15% of households have access to advanced cable;</li> <li>✓ 10% of households with access to 3 or more MVPDs.</li> </ul> <p><b>FY01:</b></p> <ul style="list-style-type: none"> <li>✓ 15% of households have access to advanced cable; 10% of households with access to 3 or more MVPDs.</li> </ul> <p><b>FY02:</b></p> <ul style="list-style-type: none"> <li>✓ 10% of households have access to 3 or more MVPD.</li> </ul> <p><b>FY03:</b></p> <ul style="list-style-type: none"> <li>✓ 10% of households with access to 3 or more MVPDs.</li> </ul>	<p><b>FY00:</b></p> <ul style="list-style-type: none"> <li>✓ 2.9% penetration for advanced cable services; 91% have access to 3 or more MVPDs; 5% have access to 4 or more; 5% have access to 5 or more.</li> </ul> <p><b>FY01:</b></p> <ul style="list-style-type: none"> <li>✓ 2.6% penetration for advanced cable services; 91% have access to 3 or more MVPDs; 6% have access to 4 or more.</li> </ul>	<p>Performance is measured by reviewing the Cable Services Bureau's Annual Report on Cable Industry Prices.</p>
<ul style="list-style-type: none"> <li>✓ Mobile Wireless.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 73% of households with access to 5 or more mobile wireless providers.</li> <li>✓ <b>FY01:</b> 78%.</li> <li>✓ <b>FY02:</b> 80%.</li> <li>✓ <b>FY03:</b> 80%.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 75% of households with access to 5 or more providers.</li> </ul>	<p>Performance is measured by reviewing the Wireless Telecommunications Bureau's Annual Competition Report.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Eliminate Barriers to Entry in Domestic Markets			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Digital Television (DTV).</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Authorize DTV service.</li> <li>✓ <b>FY01:</b> Authorize In-Band On-Channel Service (conversion of analog radio to digital).</li> <li>✓ Adopt Report and Order in Digital Audio Broadcasting Proceeding.</li> <li>✓ Periodic review of UNE requirements.</li> <li>✓ <b>FY02:</b> License all commercial DTV stations (on air).</li> <li>✓ License national digital radio service.</li> <li>✓ Assess competition in the multi-channel market.</li> <li>✓ <b>FY03:</b> Act on all grantable DTV applications within 9 months of receipt.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 67 of 1,314 commercial stations licensed (5.1%); 8 of 384 non-commercial stations licensed (2.1%).</li> <li>✓ <b>FY01:</b> A total of 119 or 7% of 1,579 stations licensed.</li> </ul>	<p>Performance is measured using data collected in the Quarterly Performance and Results Review.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Eliminate Barriers to Entry in Domestic Markets			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Streamline merger review procedure.	✓ <b>FY00:</b> Develop new merger review timetable.  ✓ <b>FY01:</b> Act on all major merger and acquisition applications within 180 days of receipt. ✓ <b>FY02:</b> The same as above. ✓ <b>FY03:</b> The same as above.	✓ <b>FY00:</b> New merger timetable implemented on an expedited basis. All mergers submitted after new procedures implemented were reviewed within 180 days.  ✓ <b>FY01:</b> 13 of 15 mergers were acted on within 180 days of receipt.	Performance is measured using data collected in the Quarterly Performance and Results Review.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Deregulate where Appropriate to Promote Competition			
Policy Initiative	Goals	Performance	Performance Measurement
<p>✓ Reduce the burden of filing, reporting, record keeping and accounting requirements across all communications industries.</p>	<p>✓ <b>FY00:</b> Complete an aggressive 2000 Biennial Review aimed at eliminating unnecessary rules and regulations.</p> <p>✓ 10% reduction in the number of forms required by the FCC.</p> <p>✓ <b>FY01:</b> 20% reduction in the number of forms required by the FCC.</p> <p>✓ <b>FY02:</b> 30% reduction in the number of forms required by the FCC.</p> <p>✓ <b>FY03:</b> Review 50% of agency forms and streamline and modernize forms where appropriate.</p> <p><b>Note:</b> Recent increases in the number of FCC forms are the result of requirements for data collection imposed by Congress. We have determined that a preferred way to measure agency progress in reducing reporting requirements would be an annual review of half the agency's forms.</p>	<p>✓ <b>FY00:</b> Biennial Review completed on schedule. The FCC issued a Memorandum, Opinion and Order relaxing a number of mass media procedures.</p> <p>✓ 31 forms eliminated, 17 added for an annual reduction of 7%.</p> <p>✓ <b>FY01:</b> 20 forms eliminated, 9 added for an annual reduction of 7.9%.</p>	<p>Baseline data is available from the agency's annual Information Collection Budget submitted to OMB. Forms reduction is also tracked in the Quarterly Performance and Results Review.</p>



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Deregulate where Appropriate to Promote Competition			
Policy Initiative	Goals	Performance	Performance Measurement
<p>✓ Streamline the technical rules for and privatize certain aspects of the certification of telephone and other equipment.</p>	<p>✓ <b>FY00:</b> Begin reduction in technical rules for certifying equipment.</p> <p>✓ <b>FY01:</b> 20% reduction in technical rules for certifying equipment.</p> <p>✓ <b>FY02:</b> 40% reduction.</p> <p>✓ <b>FY03:</b> Goal is eliminated.</p>	<p>✓ <b>FY00:</b> FCC began designating domestic Telecommunications Certification Bodies for certifying equipment in June 2000. Preparation for implementing the terms of Mutual Recognition Agreement with Europe was initiated. In addition, FCC met its goal of completing the Part 68 Order, which eliminated the regulations governing development of technical standards and certification procedures for telecommunications equipment.</p> <p><b>Note:</b> The FCC achieved its goal of streamlining its technical certification rules ahead of schedule and this performance measure will be discontinued.</p>	

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Promote Competition in International Communications Markets			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Encourage new market entrants and opportunities for the wireless and satellite industries, including fixed and mobile voice services, fixed and mobile data services, direct broadcast services, and earth exploration services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Average price of an international call: \$.65 per minute.</li> <li>✓ <b>FY01:</b> Average price of an international call: \$.55 per minute.</li> <li>✓ <b>FY02:</b> Average price of an international call: \$.45 per minute.</li> <li>✓ <b>FY03:</b> Average price of an international call: \$.40 per minute.</li>   <li>✓ <b>FY00:</b> Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many of new entrant systems as possible.</li> <li>✓ <b>FY01:</b> Same as FY00.</li> <li>✓ <b>FY02:</b> Same as FY01.</li> <li>✓ <b>FY03:</b> Encourage competition in the international telecommunications market by authorizing systems as quickly as possible and by coordinating the global allocation of spectrum. <b>(New goal)</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Average price of an international phone call: \$.51 per minute.</li> <li>✓ <b>FY01:</b> Average price of international phone call: \$.43 per minute (as of 12/31/00).</li>   <li>✓ <b>FY00:</b> The FCC developed an innovative licensing approach for a new generation of mobile satellite services in the 2GHz frequency band, and released a Report and an NPRM addressing difficult spectrum sharing issues between the terrestrial fixed and fixed satellite services.</li> </ul>	<p>Average price of an international phone call is tracked in the Quarterly Performance and Results Review.</p> <p>Performance will be measured by the number of new system entrants licensed and subscribership statistics to these new services.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION			
Strategic Objective: Promote Access for All Americans to Communications Services			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Increase penetration rates to underserved areas.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 15% increase in penetration rate for mobile wireless telephone services.</li> <li>✓ <b>FY01:</b> 30% increase in penetration rate for mobile wireless telephone services.</li> <li>✓ <b>FY02:</b> 25%-30% increase in penetration rate for mobile wireless telephone services.</li> <li>✓ <b>FY03:</b> 25%-30% increase in penetration rates for mobile wireless telephone services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 28% increase in penetration rates.</li> <li>✓ <b>FY 01:</b> Year-end 2000 data indicates a 39% penetration rate.</li> </ul>	<p>Performance is measured from data contained in the Annual Competition Report.</p>
<ul style="list-style-type: none"> <li>✓ Schools and Libraries.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 75% of schools and libraries connected to the Internet.</li> <li>✓ <b>FY01:</b> 90% of public school instructional classrooms connected to the Internet.</li> <li>✓ <b>FY02:</b> 93% of public school instructional classrooms connected to the Internet.</li> <li>✓ <b>FY03:</b> 100% of public school instructional classrooms connected to the Internet.</li> <li>✓ 85% of private school instructional classrooms connected to the Internet.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 77% of public school instructional classrooms connected to the Internet.</li> </ul>	<p>Performance for Universal Service and related goals is derived from data obtained from the Universal Service Administrator and from the National Center for Educational Statistics.</p>

# FEDERAL COMMUNICATIONS COMMISSION

***FY 2003 Budget Estimates to Congress***

COMPETITION			
Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION			
Strategic Objective: Promote Access for All Americans to Communications Services			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Rural/Underserved Communities.	✓ <b>FY03:</b> 50% of eligible low-income consumers utilize Lifeline Services. <b>(New goal)</b>		Performance will be tracked in the Quarterly Performance and Results Review.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE REVOLUTION			
Strategic Objective: Promote Consumer Education and Information			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Telephone Area Codes.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Approve number optimization plan.</li> <li>✓ <b>FY01:</b> Decrease number of new area codes added by at least 8%.</li> <li>✓ <b>FY02:</b> Decrease number of new area codes added by at least 20%.</li> <li>✓ <b>FY03:</b> Decrease number of new area codes added by at least 20%.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> FCC issued two Reports and Orders on Number Resource Utilization.</li> </ul>	<p>Performance will be measured by increased utilization rates for numbers and the quantity of numbers returned. FY99 will serve as baseline.</p>
<ul style="list-style-type: none"> <li>✓ More efficient number pooling.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Implement more efficient number block pooling for at least 18 of the 100 largest MSAs.</li> <li>✓ <b>FY01:</b> Implement more efficient number block pooling for at least 18 of the 100 largest MSAs.</li> <li>✓ <b>FY02:</b> Implement more efficient number block pooling for at least 40 of the 100 largest MSAs.</li> <li>✓ <b>FY03:</b> Implement more efficient number block pooling for at least 40 of the 100 largest MSAs.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> On-going. National pooling framework established; several state pooling trials in place.</li> </ul>	

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

COMPETITION			
Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION			
Strategic Objective: Promote Consumer Education and Information			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Telephone billing practices.	<ul style="list-style-type: none"> <li>✓ <b>FY03:</b> Increase consumer awareness and understanding of long distance, international, and wireless plans and services to reduce consumer expenditure. <b>(New goal)</b></li> <li>✓ Reach one million consumers in FY 2003 by producing and distributing 6 video news releases and 4 satellite media tours. <b>(New goal)</b></li> </ul>		Performance will be tracked in the Quarterly Performance and Results Review.
✓ Underserved consumers.	<b>FY03:</b> Develop materials to inform and educate consumers on their rights and responsibilities; include focusing on underserved groups including the Hispanic and African American communities, Indian Country, and consumers with disabilities. <b>(New goal)</b>		

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

### ENFORCEMENT

This activity includes enforcement of the Communications Act of 1934 and the Commission's rules, regulations and authorizations, including investigations, inspections, compliance monitoring, and sanctions of all types. Also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription, and audit of carrier accounting practices.

**Activity Goal:** To promote the public interest and pro-competitive policies by enforcing statutory provisions and rules and regulations that ensure that Americans are afforded efficient use of communications services and technologies. This will be accomplished by enforcing the existing rules so that businesses compete fairly.

**Means/Strategies/Resources:** An important element in a competitive market is the full and fair enforcement of our rules and regulations. Effective use of the FCC's resources is critical to ensuring full implementation of the Communications Act and the Commission's rules designed to open communications markets to competition and enhance choice for consumers. An essential step in our achieving this objective was the creation of the Enforcement Bureau in November 1999 that consolidated functions formerly dispersed throughout the agency in order to respond quickly and efficiently to the demands of a competitive environment. The consolidation of our enforcement activities allows us to create a streamlined, centralized enforcement program, capable of spotting problems as they emerge and making the agency better equipped to provide a wide range of enforcement initiatives.

As part of our efforts to consolidate all like activities under the Enforcement and Consumer Information Bureaus, we will continue to strengthen the links between these two activities. The two organizations work closely to watch for trends and to share data with each other. The Consumer Information Bureau in coordination with the Enforcement Bureau will issue "consumer alert" bulletins and will establish special web sites. The end result will be improvements in performance for both these activities through an improved outreach program, a better-educated telecommunications consumer, and a more law-abiding industry.

The key to an effective FCC field enforcement program is mobility—the ability to respond quickly and effectively in emergency field investigations. The Agency has 25 field installations or resident agent office locations in 20 states. Approximately 35% of the United States population reside beyond the same-day reach of our field enforcement. The FCC needs additional travel funds for investigations beyond a day's travel. We are requesting an additional \$450,000 to allow for an increased number of overnight travel trips per agent per year.

Our primary field enforcement mission is technical enforcement. Our field installations perform much of their work using equipment in mobile signal analysis systems built into sedans and SUVs. Our fleet of direction-finding vehicles and our direction-finding equipment are aging and we must implement a lifecycle replacement plan to ensure the continued effectiveness of our field enforcement activities. We are requesting \$900,000 for the first phase of a ten year lifecycle replacement of our signal analysis technical equipment. In addition we are requesting funds to initiate lifecycle replacement of all FCC vehicles as well as funding to provide for leased vehicles to respond to enforcement issues. We will require \$216,000 to purchase 8 vehicles, \$205,000 to lease 41 GSA vehicles and \$100,000 for increased fuel and maintenance costs. Our ability to successfully complete our enforcement performance measures is dependent on this additional funding. A total of \$1 million is needed to improve our primary and alternate emergency management centers. \$770,000 is required to provide redundant telecommunications circuits, back-up electric power, encrypted data and voice systems for classified inter-agency communications, and much needed IT improvements and data redundancy. \$230,000 will provide equipment, furnishings, and communications infrastructure for the Agency's alternate relocation sites.

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2003 Budget Estimates to Congress***

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We believe that investment in the primary and alternate relocation sites will ensure the ability of the Commission to continue direct support for commercial communications entities and government organizations thus assuring that adequate communications resources are available to the public in times of crisis.

**Verification/validation of enforcement data:** Enforcement activities are tracked in the Quarterly Performance and Results Review. The Bureau Chief attests to the accuracy of the data at the time of submission. Slamming complaints (page 46) are tracked by the Consumer Information Bureau's automated informal complaint tracking system that tracks the number and nature of each informal complaint submitted.



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

This chart reflects resources dedicated to **enforcement** activities in several bureaus and includes both direct organizational FTE and operating cost, as well as staff office support (FTE and operating cost), necessary to provide policy direction, program development, legal services, executive direction, and other support services associated with enforcement activities.

(Dollars in Thousands) <sup>7</sup>	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated <sup>8</sup> FY 2002	Estimated <sup>9</sup> FY 2003	Projected Change (+/-)
Cost by Activity	\$58,037	\$65,070	\$68,083	\$72,296	\$82,638	+\$10,342
Full Time Equivalents (FTEs)	586	599	593	603	603	0

<sup>7</sup> These amounts reflect resources as authorized and available to the Commission for FY 1999-FY 2002, but do not include prior year estimated funding associated with the President's proposed retirement legislation. **FY 2003 does include** the estimated funding to support the President's proposal to provide for full funding of Federal employees retirement costs.

<sup>8</sup> The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized, and the Commission will provide revised FTE charts to the committees for FY 2002 and FY 2003.

<sup>9</sup> *Id.*

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

ENFORCEMENT			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Enforce the Rules so that Businesses Compete Fairly			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Use the Accelerated Docket and other means to expedite resolution of important competition-related formal complaints.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 10% increase in Common Carrier formal complaints resolved per attorney.</li> <li>✓ <b>FY01:</b> 25% increase in Common Carrier formal complaints resolved per attorney.</li> <li>✓ <b>FY02:</b> 50% increase in Common Carrier formal complaints resolved per attorney.</li> <li>✓ <b>FY03:</b> 50% increase in Common Carrier formal complaints resolved per attorney.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 71% increase in formal complaints resolved per attorney.</li> <li>✓ <b>FY01:</b> 187% increase in formal complaints resolved per attorney.</li> </ul>	<p>The number of formal complaints is tracked in the Quarterly Performance and Results Review.</p>
<ul style="list-style-type: none"> <li>✓ Show zero tolerance for perpetrators of consumer fraud such as slamming and cramming. Impose substantial monetary forfeitures against the worst offenders.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 10% reduction in the number of long-distance slamming informal complaints.</li> <li>✓ <b>FY01:</b> 20% reduction in the number of long-distance slamming informal complaints</li> <li>✓ <b>FY02:</b> 40% reduction in the number of long-distance slamming informal complaints.</li> <li>✓ <b>FY03:</b> Improve/increase working relationship with states to enforce new slamming rules (New goal: rules now allow states to administer FCC slamming rules).</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Data collection procedures are under review. Significant monetary fines levied on carriers guilty of slamming practices.</li> <li>✓ <b>FY01:</b> 51% reduction in the number of long-distance slamming informal complaints.</li> </ul>	<p>Performance is tracked through analysis of data collected in the Quarterly Performance and Results Review.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

ENFORCEMENT			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Enforce the Rules so that Businesses Compete Fairly			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Enforce all disability accessibility provisions	✓ <b>FY00:</b> Implement all disability accessibility rules; achieve 65% compliance with new disability rules.  ✓ <b>FY01:</b> Achieve 80% compliance with new disability rules. ✓ <b>FY02:</b> Achieve 85% compliance with new disability rules. ✓ <b>FY03:</b> Resolve informal consumer accessibility complaints within 6 months of filing; extraordinarily complex or difficult cases within 12 months. <b>(New goal)</b>	✓ <b>FY00:</b> The FCC continues to monitor disability actions and has resolved a number of informal complaints. No formal complaints were received in FY00.	Performance is tracked through analysis of data collected in the Quarterly Performance and Results Review.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

ENFORCEMENT			
Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS			
Strategic Objective: Enforce the Rules so that Businesses Compete Fairly			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Expediently resolve complaints concerning spectrum use, public safety, and interference.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 85% compliance with antenna registration marking and lighting rules.</li> <li>✓ <b>FY01:</b> 90% compliance.</li> <li>✓ <b>FY02:</b> 92% compliance.</li> <li>✓ <b>FY03:</b> 92% compliance with antenna registration.</li> <li>✓ 100% compliance with filing of basic cable signal leakage reports. <b>(New goal)</b></li> <li>✓ Respond to immediate safety of life emergencies within 24 hours, 100% of the time. <b>(New goal) *</b></li> <li>✓ Respond to 90% of complaints made by public safety entities within 20 days of receipt (cases that cannot be resolved by telephone inquiry/follow-up). <b>(New goal) *</b></li> <li>✓ Respond to 90% of industry complaints concerning deliberate FCC rule violations that adversely impact the complainant's legitimate interests (cases that cannot be resolved by telephone inquiry/follow-up). <b>(New goal) *</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> The FCC inspected 2,151 towers: 92% were registered and 94% were properly marked and lit.</li> <li>✓ <b>FY 01:</b> The FCC inspected 2,156 towers 97% were registered and 96% were properly marked and lit.</li> </ul>	<p>Performance is tracked through analysis of data collected in the Quarterly Performance and Results Review.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

### CONSUMER INFORMATION SERVICES

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

This activity includes the publication and dissemination of Commission decisions and actions, and related activities; public reference services; the duplication and dissemination of Commission records and databases; the receipt and disposition of public inquiries; informal consumer complaints; consumer, small business and public assistance; and public affairs and media relations.

**Activity Goal:** To provide information services to our customers in the most useful formats available and in the most timely, accurate, and courteous manner possible. This will be accomplished by evolving the FCC's web site into a model for accessibility and availability of information and by ensuring that all agency electronic and information technologies are accessible and usable by persons with disabilities.

**Means/Strategies/Resources:** In FY 2000 the FCC took a final step in the consolidation of its consumer information activities by centralizing consumer information services within one organization. Our goal in consumer information services is to provide "one stop shopping" to the telecommunications consumer. Consolidation of information services under a single structure yields significant benefits to our customers and stakeholders. First, we are able to provide timely, accurate, and consistent information regardless of its source or format—whether telephone, e-mail, voice mail, fax, paper, or via our web site. Second, we can track trends and map "hot" consumer issues nationwide, by region or by state. Third, we can achieve economies of scale, all our dollars will be spent once—not several times throughout the Commission. Finally, we can develop a useful Consumer Information Bureau's Strategic Plan for FCC-wide applications with no duplication in our coverage.

Over the past several years we have made remarkable progress in improving our consumer information services. In FY 2000 we conducted a thorough evaluation of our web site services, including a survey of our users. We found that they want "one stop shopping" for all their information needs whether it is status checking on multi-service licenses, locating all the licenses held by a single entity, the daily status of a rule making, or integrated access to our bureau/office databases. In 2001, we implemented a redesigned home page that provides consumers with a wealth of information on all telecommunications topics. In FY 2002 and FY 2003, we intend to implement additional findings of our Web Evaluation Task Force and we will continue our efforts to make our home page one of the friendliest and most comprehensive in the Federal government. We have implemented an electronic filing comment system that allows our stakeholders throughout the country to file their rule making comments electronically. Our Consumer Information Centers in Gettysburg, Pennsylvania and Washington, D.C. provide consumers with detailed information on all telecommunications-related topics. We intend to continue to make improvements in the nationwide services we provide consumers including extending our hours of service in western time zones.

We plan to undertake several new or expanded performance measures in FY 2003. Included among these are:

- Increase consumer awareness and understanding of long distance international and wireless plans and services;
- Reach one million consumers by providing and distributing 6 video news releases and 4 satellite media tours;
- Develop materials to inform and educate consumers on their rights and responsibilities; including focusing on Hispanic and African American communities, Indian Country and consumers with disabilities; and
- Continue to improve our web site, making it a model for E-Government.<sup>10</sup>

These performance measures are part of our planned expansion in our comprehensive consumer education and outreach program. In FY 2003 we are requesting an additional \$2.15 million for information technology initiatives and consumer education and outreach initiatives to support our consumer information services activity. \$750,000 is required to improve our response time to consumer inquiries and complaints. \$1.0 million is required to improve our internet web site to make it easier to

<sup>10</sup> Performance measures for several Consumer Information Services goals are listed under the competition activity on page 42.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

use and make more information and services available to users. The proposed Consumer Information Management System will reduce consumer call wait times, increase the percentage of calls answered, and increase the number of consumer inquiries and complaints processed. In addition, this system will allow us to electronically exchange information with state and local government offices, public utility commissions, and the public. \$400,000 is needed for essential upgrades and improvements to our Electronic Comments Filing System (ECFS). ECFS allows the user to electronically file comments and retrieve exact images of documents that have been submitted in rule making proceedings.

The following chart reflects resources dedicated to **consumer information services** activities and includes both direct organizational FTE and operating cost, as well as staff office support (FTE and operating cost), necessary to provide policy direction, program development, legal services, executive direction, and other support services associated with consumer information activities.

**Verification/validation of consumer information data:** Our Consumer Information Center's automated system tracks all inquiries and complaints as to date and time of receipt, subject of call, response time, language requested, etc. Informal complaints are tracked and monitored using our OSCAR system. This system tracks all consumer complaints by subject and a list of the "hot" topics is maintained by the bureau. Data on informal complaints is reviewed and analyzed each quarter prior to its inclusion in the Quarterly Performance and Results Review. Other performance measures, such as consumer outreach initiatives, are tracked and reported on each quarter. These events are also highlighted in the FCC Monthly Calendar of Events and in Public Notices highlighting the special outreach program.

(Dollars in Thousands) <sup>11</sup>	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated <sup>12</sup> FY 2002	Estimated <sup>13</sup> FY 2003	Projected Change (+/-)
Cost by Activity	\$12,626	\$18,892	\$23,918	\$25,242	\$30,674	+\$5,432
Full Time Equivalents (FTEs)	188	236	269	271	271	0

<sup>11</sup> These amounts reflect resources as authorized and available to the Commission for FY 1999-FY 2002, but do not include prior year estimated funding associated with the President's proposed retirement legislation. **FY 2003 does include** the estimated funding to support the President's proposal to provide for full funding of Federal employees retirement costs.

<sup>12</sup> The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized, and the Commission will provide revised FTE charts to the committees for FY 2002 and FY 2003.

<sup>13</sup> *Id.*

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

CONSUMER INFORMATION SERVICES			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Provide Improved Access to All Agency Information			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Evolve the FCC's web site into a model for accessibility and availability of information. Develop electronic systems or sub-systems to provide tracking information about Commission proceedings and processes, including licensing, policy development, and issues resolution.	✓ <b>FY00:</b> Define requirements for agency-wide plan to improve online access to FCC information. ✓ <b>FY01:</b> Develop phased-in plan to improve online access to FCC information. ✓ <b>FY02:</b> Implement plan to improve access to FCC information via the Internet. ✓ <b>FY03:</b> Continue to implement plan to improve access to FCC information via the Internet. *	✓ <b>FY00:</b> FCC established a web evaluation task force to survey our customers and identify ways to improve access to all FCC information.	Progress is reported in the Quarterly Performance and Results Review.
✓ Provide improved access to consumer information.	✓ 100% of consumer-related educational materials available in Spanish. (New goal)		

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

CONSUMER INFORMATION SERVICES			
STRATEGIC GOAL B: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Provide Improved Access to All Agency Information			
Policy Initiative	Goals	Performance	Performance Measurement
<p>✓ Ensure that all agency electronic and information technologies are accessible to and usable by persons with disabilities.</p>	<p>✓ <b>FY00:</b> 50% of all agency materials accessible in alternative format within 5 days of request.</p> <p>✓ <b>FY01:</b> 75% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week.</p> <p>✓ <b>FY02:</b> 90% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week.</p> <p>✓ <b>FY03:</b> 95% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week.</p>	<p>✓ <b>FY00:</b> FCC has developed an "on demand" approach to making our material accessible. FCC material is available in audio, braille (transcribed), braille (embossed), diskette, and large print.</p>	<p>Performance is tracked through analysis of data collected in the Quarterly Performance and Results Review.</p>



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

CONSUMER INFORMATION SERVICES			
Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION			
Strategic Objective: Promote Access for All Americans to Communications Services			
Policy Initiative	Goals	Performance	Performance Measurement
✓ Complaints/Information.	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 10% reduction in response to informal consumer complaints.</li> <li>✓ <b>FY01:</b> Reduce average response time to informal consumer complaints to less than 10 days.</li> <li>✓ <b>FY02:</b> Reduce average response time to informal consumer complaints to 5-7 days.</li> <li>✓ <b>FY03:</b> Same as FY02.*</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> The FCC achieved a 100% reduction in backlog of informal consumer complaints. Average time taken to respond to a complaint was reduced to 10-13 days.</li> </ul>	Performance is tracked through analysis of data collected in the Quarterly Performance and Results Review.
✓ Telephone Inquiries.	<ul style="list-style-type: none"> <li>✓ <b>FY03:</b> Reduce average response time to telephone inquiries by 50%. (New goal)</li> </ul>		

\* Successful completion of this performance measure is dependent on the approval of additional funding requested for FY 2003 by the Commission which will allow us to replace the current obsolete complaint processing system.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

CONSUMER INFORMATION SERVICES			
Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION			
Strategic Objective: Promote Access for All Americans to Communications Services			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Consumer Outreach.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Implement consumer outreach program, including new consumer advocacy partnerships with federal, state, and local government, industry, and consumer groups.</li> <li>✓ <b>FY01:</b> Implement consumer outreach program, including new consumer advocacy partnerships.</li> <li>✓ <b>FY02:</b> Extend partnerships with industry and consumer groups.</li> <li>✓ <b>FY03:</b> Improve and increase working partnerships with consumer groups, government, agencies and industry.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Established consumer advocacy partnerships with Federal, state, and local government. Also launched a pilot database project, the State and National Action Plan (SNAP), which shares data on slamming and cramming complaints and inquiries. See FY 2000 Annual Performance Plan for a listing of additional significant activities.</li> </ul>	<p>Performance will be measured by the number of joint partnership programs the FCC establishes during a fiscal year.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

### SPECTRUM MANAGEMENT

This activity includes management of our Nation's airwaves as mandated by the Communications Act of 1934, as amended. Spectrum management includes the structure and processes for allocating, assigning, and licensing this scarce resource in a way that promotes competition while ensuring that the public interest is served. In order to manage spectrum in both an efficient and equitable manner, the Commission employs market-based technical solutions to maximize use of the spectrum. The FCC coordinates the management of the private sector radio spectrum with other Federal agencies also involved in spectrum management issues. The FCC also represents U.S. communications interests in coordination with the State Department in international fora and advocates U.S. positions abroad.

**Activity Goal:** To effectively manage the use of the Nation's airwaves in the public interest for all non-Federal government users, including commercial, international businesses, and public safety users. This will be accomplished by creating more efficient spectrum markets and, where possible, increasing the amount of spectrum available.

**Means/Strategies/Resources:** The successful deployment of many new communications technologies depends on the availability of electronic spectrum. To ensure that the FCC does not hinder the growth of new services, we issued guidelines for our future spectrum management policies that we believe will maximize the efficient use of spectrum and make more spectrum available while ensuring that the public interest is served. Our spectrum management goals are based on principles that will:

- Allow flexibility in allocations and service rules as appropriate;
- Promote new spectrum efficient technologies, such as software defined radio and spread spectrum operations;
- Ensure that important communications needs are met, such as public safety;
- Improve the efficiency of spectrum utilization;
- Encourage the development of secondary markets for spectrum to promote greater use of the spectrum;
- Continue to seek out ways to make more spectrum available, for example, through refarming methods or by reclaiming spectrum for higher-valued uses; and,
- Authorize equipment in a timely fashion while ensuring radio frequency safety.

To improve our spectrum management activities we have established a Spectrum Policy Executive Committee that will: (1) address broad policy issues affecting spectrum management, (2) implement initiatives consistent with our spectrum principles, and (3) coordinate inter-bureau spectrum issues. The FCC has established a Chief Technologist position and recruited nationally known scientists to serve in this position. Finally, the FCC has established a Technological Advisory Council comprised of a diverse number of recognized technical experts who will continue to provide the advice the Commission needs to stay abreast of innovations and new developments in the telecommunications industry.

Additional and new uses of the electronic spectrum hold great promise to the telecommunications industry and to the American consumer. A key new goal in FY 2003 for our spectrum management activity is to improve our capability to measure radio frequency equipment to minimize interference and improve consumer safety. Another ongoing performance measurement is to examine the implementation of new spectrum efficient technologies.

# FEDERAL COMMUNICATIONS COMMISSION

## ***FY 2003 Budget Estimates to Congress***

However, the FCC cannot attain these goals without replacing its current open-air testing facility and replacing its borrowed and aging testing equipment. Currently, the FCC has only one calibrated test facility. Since it is an open-air facility, it cannot be used during a significant number of days during the year. We are requesting \$200,000 to complete an architectural and engineering design plan to upgrade and enclose our laboratory testing facility in Columbia, Maryland. Current plans are to complete enclosure of the facility in FY 2004.

An additional \$750,000 is needed to begin a multi-year lifecycle program for all laboratory technical testing equipment. This equipment will replace borrowed or obsolete equipment including \$500,000 to purchase a gigahertz transverse electromagnetic cell (GTEM). Our laboratory has one GTEM on loan from private industry. Having our own GTEM will allow us to test and compare data consistent with industry standards. The remaining \$250,000 is required to purchase testing equipment to support all measurement functions at the laboratory, including radio frequency exposure measurements, measurements of millimeter wave technologies, and to perform research on emerging technologies that propose new uses of the spectrum.

The following chart reflects resources dedicated to **spectrum management** activities and includes both direct organizational FTE and operating cost, as well as staff office support (FTE and operating cost), necessary to provide policy direction, program development, legal services, executive direction, and other support services associated with spectrum management activities.

**Verification/validation of data:** New or revised allocations of the spectrum are subject to coordination and negotiation with Congress, the National Telecommunications and Information Administration and other agencies. To improve our spectrum management activities, the FCC has established a Spectrum Policy Executive Committee and a Technological Advisory Council, the latter comprised of recognized technical experts who provide guidance on complex spectrum management issues. New spectrum initiatives are conducted as rule makings with extended notice and comment periods for interested parties to make their views known. Potential new uses of the spectrum, such as "3G" or third generation, are the subject of technical reports. The results of our spectrum management activities are highlighted in public notices and the text of technical reports are available at our home page and at the individual home pages of our bureaus and offices.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

(Dollars in Thousands) <sup>14</sup>	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated <sup>15</sup> FY 2002	Estimated <sup>16</sup> FY 2003	Projected Change (+/-)
Cost by Activity	\$20,205	\$21,620	\$23,503	\$28,428	\$31,989	+\$3,561
Full Time Equivalents (FTEs)	165	168	175	215	215	0

<sup>14</sup> These amounts reflect resources as authorized and available to the Commission for FY 1999-FY 2002, but do not include prior year estimated funding associated with the President's proposed retirement legislation. FY 2003 does include the estimated funding to support the President's proposal to provide for full funding of Federal employees retirement costs.

<sup>15</sup> The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the appropriations Committees, FTE allocations will be finalized, and the Commission will provide revised FTE charts for FY 2002 and FY 2003.

<sup>16</sup> *Id.*

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

SPECTRUM MANAGEMENT			
Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST			
Strategic Objective: Promote More Efficient Use of Spectrum			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Streamline and reform assignment and licensing procedures to facilitate moving spectrum into the marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Initiate review of assignment and licensing techniques.</li> <li>✓ <b>FY01:</b> Convene a task force to work with industry and academia to develop recommendations on ways to improve assignment and licensing.</li> <li>✓ <b>FY02:</b> Clarify our transfer of control policies to facilitate secondary market transactions.</li> <li>✓ <b>FY03:</b> Examine implementation of new spectrum efficient technologies. *</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> The FCC released two rule makings reconfiguring the 30 MHz C-block re-auction spectrum into three 10 MHz blocks. See FY 2000 Annual Performance Report for additional accomplishments.</li> </ul>	<p>Performance will be measured by number of licenses issued and speed of service.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

SPECTRUM MANAGEMENT			
Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST			
Strategic Objective: Promote More Efficient Use of Spectrum			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Promote the use of more spectrum-efficient frequency technologies.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Work with industry and NTIA to promote the use of technologies and approaches to spectrum allocation.</li> <li>✓ <b>FY01:</b> Examine management of shared spectrum and vehicles to enhance condition of shared spectrum with NTIA.</li> <li>✓ <b>FY02:</b> Examine implementation of new spectrum technology uses.</li> <li>✓ <b>FY03:</b> Continue to examine implementation of new spectrum technology uses.*</li> <li>✓ Improve our capability to measure radio frequency equipment to minimize interference and improve consumer safety. (New goal)*</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> The FCC adopted rules to provide for government access to non-government public safety spectrum in the 700 MHz band.</li> </ul>	<p>Performance will be measured by authorization of new spectrum efficient technologies and improved ability to measure and test RF emissions from radio equipment.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

SPECTRUM MANAGEMENT			
Strategic Goal D: MANAGE THE ELCTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST			
Strategic Objective: Foster the Increased Availability of Spectrum			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ New services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Initiate actions to promote the development of new services.</li> <li>✓ Allocate 4 GHz of spectrum for unlicensed services.</li>   <li>✓ <b>FY01:</b> Increase the availability of flexibly allocated spectrum by 20% (baseline: FY00).</li> <li>✓ Initiate 3G spectrum allocations</li> <li>✓ <b>FY02:</b> Increase the availability of flexibly allocated spectrum by an additional 20% (baseline: FY00).</li> <li>✓ Implement 3G spectrum allocation and service rules.</li> <li>✓ <b>FY03:</b> Continue to implement service rules to enable the deployment of advanced wireless services to consumers.*</li> <li>✓ Facilitate new communications services and technologies through preparation for and participation in the 2003 World Radio-communications Conference.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> The FCC received a total of 100 applications to support the development of new technology applications in 7 services.</li> <li>✓ FCC completed a Report and Order allocating spectrum for unlicensed services.</li> </ul>	<p>Performance will be measured by the amount of spectrum made available for new technologies.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

SPECTRUM MANAGEMENT			
Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST			
Strategic Objective: Foster the Increased Availability of Spectrum			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Spectrum auctions.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Conduct all congressionally mandated auctions scheduled in FY00.</li> <li>✓ <b>FY01:</b> Conduct all auctions necessary to make spectrum available consistent with the FCC's and Congress' spectrum management goals.</li> <li>✓ <b>FY02:</b> Same as FY01.</li> <li>✓ <b>FY03:</b> Same as FY01.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Congress postponed the deadline for Auction 31 (Combinatorial Bidding).</li> <li>✓ <b>FY 01:</b> The FCC completed 6 auctions for the calendar year FY 2001.</li> </ul>	<p>Performance will be measured by the number of auctions conducted by scheduled dates.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## *FY 2003 Budget Estimates to Congress*

### AGENCY-WIDE PERFORMANCE IMPROVEMENT INITIATIVES

**Activity Goal:** To promote the overall efficiency, effectiveness, and responsiveness of the agency by attracting and retaining qualified employees, improve the level of the agency's expertise by developing continuing education programs in engineering and economics, and reviewing structural and procedural changes that will maximize our assets.

**Means/Strategies/Resources:** For this agency to fulfill its congressional charge, it must write and execute a new business plan built along four dimensions: (1) a clear substantive policy vision, consistent with the various communications statutes and rules, that guides our deliberations; (2) a pointed emphasis on management that builds a strong team, produces a cohesive and efficient operation, and leads to clear and timely decisions; (3) an extensive training and development program to ensure that we possess independent technical and economic expertise; and (4) organizational restructuring to align our institution with the realities of a dynamic and converging marketplace.

The FCC is requesting \$2 million to improve and greatly expand its training program. In FY 2001 we began to develop a training plan that will be comprehensive enough to serve as a recruitment and retention tool to train and retain professionals in job categories that traditionally have been difficult to fill. As part of this initiative, we have created an "FCC University," which includes online training courses; on-site training by outside experts from academic and government institutions, and off-site courses. In addition, in FY 2002, the FCC began to develop a Career Resource Guide and Training Handbook that will outline core competencies for major job categories at different skill levels and will provide a list of courses employees can take to ensure mastery of these competencies.

Training funds will also be used to retrain our employees as we reengineer and restructure our work processes. Our restructuring plans predate but are consistent with the government-wide plan to restructure the Federal workforce. The results of our training program will be a professional workforce with improved analytical and technical skills. In addition, we believe our training program will enhance our ability to recruit and retain highly skilled personnel by ensuring that they are able to continue to develop in their field.

Of particular note is our training plan is our "Excellence in Engineering" program, designed to recruit engineers for both our Headquarters and our field workforce. The training program has facilitated recruiting entry-level and experienced engineers, which is of vital importance as our current staff of senior engineers near retirement. We are requesting an additional \$165,000 in travel funds to support our "Excellence in Engineering" program in our field installations. Additional travel funds are needed to send field personnel to FCC-sponsored training offered at sites distant from our field installations.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

PERFORMANCE IMPROVEMENT INITIATIVES			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Reorganize to Create an Agency Infrastructure Conducive to Convergence			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Reorganize for convergence.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Develop plan for Phase 2 of reorganization; consider options for streamlining licensing processes.</li> <li>✓ <b>FY01:</b> Develop plan for Phase 3 of reorganization.</li> <li>✓ <b>FY02:</b> Evaluate restructuring initiatives.</li> <li>✓ <b>FY03:</b> Continue implementation of restructuring initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> A licensing task force reviewed options for streamlining the licensing process and provided recommendations to the Chairman in March 2000.</li> <li>✓ <b>FY01:</b> A reorganization plan was developed and presented to the Chairman in August 2001. Implementation of the reorganization is scheduled for February/March 2002.</li> </ul>	<p>Performance will be measured by whether planned phases are completed on schedule.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

PERFORMANCE IMPROVEMENT INITIATIVES			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Preserve and Increase the Wealth of Knowledge and Expertise of FCC Staff			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Increase training opportunities for employees in substantive areas and team-based project management.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Establish a training task force to address issues of continuing education.</li> <li>✓ <b>FY01:</b> Establish two legal, technical, and managerial training modules.</li> <li>✓ <b>FY02:</b> Establish one additional legal, technical, and managerial training module.</li> <li>✓ <b>FY03:</b> Establish two additional legal, technical, and managerial training modules.*</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Established a Digital Age Steering Committee and Training Group to address issues of continuing education. New training schedule developed in October 2000.</li> <li>✓ <b>FY01:</b> FCC increased training opportunities for employees through development of a Strategic Training Plan.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review.</p>
<ul style="list-style-type: none"> <li>✓ Strengthen technical capabilities by hiring more engineers/technologists and re-establishing entry-level engineering program.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Increase engineering staff by 5% over FY99 baseline, including entry-level engineers.</li> <li>✓ <b>FY01:</b> Increase engineering staff by 5% over FY99 baseline.</li> <li>✓ <b>FY02:</b> Increase engineering staff by 10% over FY99 baseline.</li> <li>✓ <b>FY03:</b> Increase engineering staff by 15% over FY99 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> FCC exceeded 5% goal by hiring 15 engineers, including 5 entry-level recruits.</li> <li>✓ <b>FY01:</b> FCC exceeded 10% goal by hiring 29 engineers including 12 entry-level recruits.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

PERFORMANCE IMPROVEMENT INITIATIVES			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Preserve and Increase the Wealth of Knowledge and Expertise of FCC Staff			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Pursue a number of alternative work schedules to attract and retain skilled employees.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Implement telecommuting alternative.</li> <li>✓ <b>FY01:</b> Implement at least 2 alternative work schedules; e.g., telecommuting, job-sharing, flexible work schedules.</li> <li>✓ <b>FY02:</b> Identify additional options to attract, reward, and retain skilled employees.</li> <li>✓ <b>FY03:</b> Implement additional options to attract, reward, and retain skilled employees.*</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 15% of FCC staff were telecommuting by the end of FY00. Flexible work schedules are available to all FCC employees.</li> <li>✓ <b>FY01:</b> Telecommuting was successfully implemented. Our conversion of employees to permanent status was successfully completed in June 2001.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review.</p>

\* Successful completion of this performance measure is dependent on the approval of additional funding requested by the Commission for FY 2003.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

GOVERNMENT-WIDE PERFORMANCE-BASED INITIATIVES			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Automate Agency Processing			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Implement improved financial collections systems.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Complete systems requirements and initiate a rulemaking to implement an FCC registration system.</li> <li>✓ <b>FY01:</b> Complete rulemaking and implement registration system in time for annual regulatory fee collection cycle.</li> <li>✓ <b>FY02:</b> <ul style="list-style-type: none"> <li>✓ Begin replacement of “publish and pay” system with the direct billing of licensees.</li> <li>✓ 25% of all regulatory fees billed directly to payee.</li> <li>✓ Modify collections system to allow for payment of fees for multiple licenses in a single transaction.</li> <li>✓ 15% of regulatory fees paid online.</li> </ul> </li> <li>✓ <b>FY03:</b> <ul style="list-style-type: none"> <li>✓ 30% of all regulatory fees billed directly to payee.</li> <li>✓ 25% of regulatory fees paid online.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Systems requirements and draft rule making completed.</li> <li>✓ <b>FY01:</b> Mandatory FCC registration number was adopted on August 24, 2001.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review.</p>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

GOVERNMENT-WIDE PERFORMANCE-BASED INITIATIVES			
Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY			
Strategic Objective: Automate Agency Processes			
Policy Initiative	Goals	Performance	Performance Measurement
<ul style="list-style-type: none"> <li>✓ Implement improved e-commerce procedures.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> New goal.</li> <li>✓ <b>FY01:</b> Complete review of e-commerce options in procurement. Prepare comprehensive plan for implementation.</li> <li>✓ <b>FY02:</b> Make all FCC competitive solicitations available online at www.FedBizOpps.gov by October 2001 implementation date.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> Several solicitations posted at FCC web site.</li> <li>✓ <b>FY01:</b> The FCC is registered with FedBizOps. A web page was designed for Contracts and Purchasing Center with links to allow access to pre-award synopsis and solicitations.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review.</p>
<ul style="list-style-type: none"> <li>✓ Implement performance-based contracting.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> New goal.</li> <li>✓ <b>FY01:</b> Conduct review to identify additional contracts with performance-based applications.</li> <li>✓ <b>FY02:</b> Increase current number of performance-based contracts in excess of \$25,000 by 20%.</li> <li>✓ <b>FY03:</b> Increase current number of performance-based contracts in excess of \$25,000 by 25%.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY00:</b> 9 performance-based contracts in place.</li> <li>✓ <b>FY01:</b> A performance-based Contracts Training Program was established and 11 performance-based contracts are in place.</li> </ul>	<p>Performance is measured from data collected in the Quarterly Performance and Results Review.</p>
<ul style="list-style-type: none"> <li>✓ A-76 Competitions/FAIR Act inventories.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>FY02:</b> Conduct a cost comparison of FTEs based on the FY00 FAIR Act inventory.</li> <li>✓ <b>FY03:</b> Outsource 10% of FY 2000 inventory.</li> </ul>		

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2003 Budget Estimates to Congress***

### **Public Outreach**

The FCC intends to begin work early in FY 2002 on a completely new Strategic Plan. This Plan will reflect the continuing changes that have transformed the telecommunications marketplace in the past three years and will refocus the FCC's mission and strategic objectives to mirror these new developments. The Plan will also show a continuing shift in the FCC's role from a market regulator to that of a market facilitator.

In the FCC's Annual Performance Plan for Fiscal Years 1999 through 2002, the primary focus of FCC actions, particularly in its competition activity, was on completing implementation of the Telecommunications Act of 1996 and ensuring that its many and varied provisions, once implemented, were obeyed.

We can now turn our attention to other key activities—providing complete and timely information to consumers; enforcing our revised rules and regulations; and carefully managing our Nation's electronic spectrum. We plan to make the FCC a more efficient, effective, and responsive agency. To do this we envision a comprehensive retooling and redirection of the Commission's strategies in support of its mission. Our approach is to write and execute a new business plan built along four dimensions: (1) a clear substantive policy vision, consistent with the various communications statutes and rules, that guide our deliberations; (2) a pointed emphasis on management that builds a strong team, produces a cohesive and efficient operation, and leads to clear and timely decisions; (3) an extensive training and development program to ensure that we possess independent technical and economic expertise; and (4) organizational restructuring to align the FCC with the realities of a dynamic and converging marketplace.

### **External Factors**

A number of external factors will affect our ability to achieve our goals. The fortitude with which the FCC and the states enforce the pro-competition mandates of the 1996 Act will continue to be a significant factor. Whether or not litigation delays the introduction or implementation of key FCC and state decisions is another factor.

A range of additional external factors may affect the continued development of competition in communications markets. For example, convergence-driven competition depends heavily on investments in new technology by incumbent and new communications providers. To date, traditional wireline telephone service providers, cable operators, wireless firms, and satellite companies have made massive investments in the new networks that will allow, for example, cable operators to offer phone service, telephone companies to offer high-speed Internet and possibly video service, and wireless companies to offer phone service reliable and inexpensive enough to compete for basic local voice telephony. Should the pace of investment in these networks diminish, competition will be slower to develop.

Similarly, significant technological uncertainty remains for many new "converged" technologies. For example, although the carriage of voice traffic over packet-based, Internet Protocol (IP) networks promises significant new competitive entry into the local and long distance voice markets, "IP telephony" technology is still developing. Also, the use of shared "tree-and-branch" networks such as hybrid fiber-coax cable networks for voice or data service similarly poses technical obstacles at moderate to high penetration levels, and until the full reliability of cable networks can be demonstrated, the competitive impact of cable entry into telephone and data markets may be delayed. As a third example, a significant factor in the development of robust competition in the broadband access market is the rate of technological development of various "xDSL" (digital subscriber line which provides high-speed data transmission) technologies that will be used to offer high-speed service over copper telephone loops. Each of these, as well as many other technological factors, could affect the rate at which competition develops across communications markets.



# **FEDERAL COMMUNICATIONS COMMISSION**

## **FY 2003 Budget Estimates to Congress**

### **Cross-Cutting Functions**

The Commission routinely interacts with a number of Federal agencies. For example, we coordinate radio antenna and tower proposals with the Federal Aviation Administration to prevent interference and to ensure the safety of life and property; measure spurious radio signal emissions in cooperation with the Environmental Protection Agency (EPA) to monitor public risks associated with radiation; coordinate with the U.S. Customs Service concerning the import of electronic devices. We will continue to work with the National Technical Information Administration to coordinate efforts to ensure effective management of the public and private spectrum. We work particularly closely with the Federal Trade Commission on consumer issues. We will continue to coordinate our efforts to halt the unscrupulous practices such as “slamming” and “cramming” practiced by some service providers.

As we coordinate our efforts with other Federal agencies, we must also seek the input of state and local government to achieve a truly national telecommunications policy. The Telecommunications Act of 1996 set the groundwork for this goal, and the Commission is fulfilling its role of establishing the rules for opening communications markets across the country, in partnership with state regulators. The Commission will continue to work with state and local agencies, and toward this end we have instituted a Local and State Government Advisory Committee to share information and views on many critical communications issues.

### **Program Evaluations**

Although our goals and objectives were developed without the need for formal program evaluations, we used the results of several formal and informal evaluations in developing our Strategic and Annual Performance Plans.

At the request of Congress the FCC prepares “Annual State of Competition Reports” for cable television, wireless, the local telephony markets, and advanced telecommunications services. These reports track the growth of competition in these four large service areas. In addition, and at the request of Congress, the General Accounting Office (GAO) has embarked on an ambitious series of audits. In FY 2001, GAO initiated or completed studies of our activities in the following areas (among others): Universal Service, the Universal Fund for Schools and Libraries (2 studies), the Federal Government’s Management of Spectrum, the Cost and Impact of DoD Reallocation of Radio Frequencies to Support 3<sup>rd</sup> Generation Mobile Wireless Uses, the Transition to Digital Broadcast Television, Competition in the Internet Backbone Service Market, and the Health Effects of Radiofrequency Radiation Emitted by Cellular Telephones. The GAO is also working on several audits of FCC internal management systems. Where applicable, the FCC adopts GAO’s recommendations and revises rules and regulations or internal procedures. The FCC’s Office of Inspector General (OIG) undertakes a number of audits of FCC programs each year. Beginning in FY 1999, the OIG oversaw a comprehensive audit of FCC financial statements. In FY 2000, the second year the FCC completed an Annual Financial Accountability Report, the agency received a clean report. This is a notable milestone to reach in two years. Beginning in FY 2001, the OIG will expand the scope of its annual audit to include an evaluation of the agency’s strategic planning efforts. Finally, every two years, the FCC undertakes a comprehensive review of its rules and regulations. The next biennial review will be conducted in FY 2002.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2003 Budget Estimates to Congress

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<b>APPENDICES:</b>	<b><u>SEC.</u></b>	<b><u>PAGE</u></b>
<b>Appropriation Language:</b>		
• <b>FY 2003 Proposed Appropriation Language.....</b>	<b>A</b>	<b>64</b>
• <b>Additional Legislative Proposals Contained in the President’s Budget for FY 2003 Explanation of Changes .....</b>	<b>A</b>	<b>65</b>
<b>Analysis of Change:</b>		
• <b>Summary of Adjustments.....</b>	<b>B</b>	<b>66</b>
• <b>Summary of Proposed Budget Authority.....</b>	<b>B</b>	<b>69</b>
<b>Program Staffing Allocations:</b>		
• <b>Organization Table.....</b>	<b>C</b>	<b>70</b>
• <b>Activity Table.....</b>	<b>C</b>	<b>71</b>
<b>Resource Summary Detail:</b>		
• <b>Summary of Requested Resources .....</b>	<b>D</b>	<b>77</b>
• <b>Summary Tables - Distribution of Resources.....</b>	<b>D</b>	<b>80</b>
• <b>Summary of Increases by Budget Object Class Code.....</b>	<b>D</b>	<b>88</b>
• <b>Object Class Code Table.....</b>	<b>D</b>	<b>93</b>
• <b>Prorata Object Class Allocation Chart.....</b>	<b>D</b>	<b>94</b>
<b>Other Exhibits/Reports:</b>		
• <b>OMB Narrative Explanation of President’s Proposal to Fully Fund Federal Retiree Costs .....</b>	<b>E</b>	<b>95</b>
• <b>Distribution of Budget Authority for FY 2001-2003, (Incremental and Cumulative).....</b>	<b>E</b>	<b>96</b>
• <b>Universal Service Exhibit.....</b>	<b>E</b>	<b>100</b>
• <b>Auctions Loan Program and Financing Exhibits.....</b>	<b>E</b>	<b>102</b>
• <b>Response to Congressional Inquires Concerning GAO Recommendations .....</b>	<b>E</b>	<b>109</b>

# **FEDERAL COMMUNICATIONS COMMISSION**

***FY 2003 Budget Estimates to Congress***

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## **FY 2003 PROPOSED APPROPRIATION LANGUAGE**

### **FEDERAL COMMUNICATIONS COMMISSION SALARIES AND EXPENSES**

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefor, as authorized by 5 U.S.C. 5901-5902; not to exceed \$600,000 for land and structure; not to exceed \$500,000 for improvement and care of grounds and repair to buildings; not to exceed \$4,000 for official reception and representation expenses; purchase (not to exceed 16) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109, [\$245,071,000] \$278,092,000, of which not to exceed \$300,000 shall remain available until September 30, [2003] 2004, for research and policy studies: Provided, That [\$218,757,000] \$248,194,000 of offsetting collections shall be assessed and collected pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year [2002] 2003 so as to result in a final fiscal year [2002] 2003 appropriation estimated at [\$26,314,000] \$29,898,000: Provided further, That any offsetting collections received in excess of [\$218,757,000] \$248,194,000 in fiscal year [2002] 2003 shall remain available until expended, but shall not be available for obligation until October 1, [2002] 2003. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2002; additional authorizing legislation required.

# FEDERAL COMMUNICATIONS COMMISSION

***FY 2003 Budget Estimates to Congress***

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**Legislative Proposals to be transmitted separately by the Office of Management and Budget, explanations of proposed legislation follow:**

**Full Funding of Federal Retiree Costs included in the Appropriations request for FY 2003 Salaries and Expenses:**

**Explanation of proposed legislation:**

The Administration has proposed legislation to require agencies, beginning in FY 2003, to pay the full Government share of the accruing cost of retirement for current CSRS, CIA and Foreign Service employees and the Coast Guard, Public Health Service and NOAA Commissioned Corps. The legislation also requires agencies to pay the full accruing cost of post-retirement health benefits for current civilian employees and the post-retirement health costs of all retirees (and their dependents/survivors) of the Uniformed Services (DoD, Coast Guard, Public Health Service, and NOAA Commissioned Corps).

**Auction Receipts (Legislative proposal, subject to PAYGO):**

**Explanation of proposed legislation:**

The Administration will propose legislation regarding the auction of spectrum currently assigned to television channels 60-69 (747-762 and 777-792 MHz) and 52-59 (698-746 MHz). The legislation will: shift the statutory deadline for the 60-69 auction from 2000 to 2004; and shift the statutory deadline for the auction of channels 52-59 from 2002 to 2006; and promote clearing the spectrum in channels 60-69 for new wireless services in an effective and equitable manner.

**Analog Spectrum Lease Fee (Legislative proposal, subject to PAYGO):**

**Explanation of proposed legislation:**

To facilitate clearing of the analog television broadcast spectrum and provide taxpayers some compensation for use of this scarce resource, the Administration will propose legislation authorizing the Federal Communications Commission (FCC) to establish an annual \$500 million lease fee on the use of analog spectrum by commercial broadcasters as of 2007. The FCC will promulgate a rulemaking to apportion the aggregate fee amount among commercial broadcasters. Upon return of its analog spectrum license to the FCC, an individual broadcaster is exempt from the fee. The FCC is authorized to retain 0.1 percent from such proceeds.

FY 2003 Budget Estimates to Congress  
**ANALYSIS OF CHANGE**  
**Summary of Adjustments**  
(Dollars in Thousands)

	<u>FTEs</u>	<u>\$</u> <u>AMOUNT</u>
<b><u>Summary of adjustments to base and built-in changes:</u></b>		
FY 2003 Base Funding Level Assumes the FY 2002 Enacted Appropriation Level	1,975 1/	\$ 245,071
<hr/>		
<b><u>Uncontrollable and Inflationary Increases to base</u></b> <b><u>(required to maintain support of agency initiatives at FY 2002 levels):</u></b>		
<b>1. <u>Compensation and Benefits</u></b>		
a. FY 2002 Annualized Pay Raise/Locality Pay Adjustment @4.8%, Health Benefit Adjustment (25% of Fiscal Year)		\$ 2,143
b. FY 2003 Pay Raise and Locality Pay Adjustment (2.6%) for (75% of Fiscal Year)		\$ 4,192
c. Pension, Health Benefit Estimates for FY 2003 to fund the President's government-wide legislative proposal to fund the full cost of retirement benefits at the agency level.		\$ 9,765
<b>2. <u>Non-Salary</u></b>		
a. FY 2003 amount required for inflationary increases to cover space rentals (GSA and non-GSA)/Mail/ADP production support and maintenance/misc.		\$ 1,855
Subtotal Uncontrollable and Inflationary Increases:		\$ 17,955

1/ No increase to FTEs has been requested for FY 2003.

FY 2003 Budget Estimates to Congress  
**ANALYSIS OF CHANGE**  
**Summary of Adjustments**  
(Dollars in Thousands)

	<u>FTEs</u>	<u>\$</u> <u>AMOUNT</u>
<b><u>Programmatic Increases to the Base:</u></b>		
<b>(Requested funding increases to support the Commission's goals, objectives and initiatives)</b>		
<b>1. <u>Create a more Efficient, Effective and Responsive Agency</u></b>		
<b>a. Streamline Agency's Processes and Procedures</b>		<b>\$ 4,400</b>
- Rewrite Consolidated Data Base System (CDBS) engineering program		
- Using IT to improve work processes		
- Enhance support for Telecommunications Entities in Times of Crisis		<b>\$ 1,000</b>
<b>b. Automate Agency Processes</b>		<b>\$ 430</b>
- Equipment Authorization System/Experimental Licensing System (EAS/ELS) Re-engineering		
- Revised License Printing		
<b>c. Provide Improved Access to All Agency Information</b>		<b>\$ 4,250</b>
- Electronic Comments Filing System (ECFS)		
- Internet Improvements		
- Licensing Consolidation		
- Operations Support for Complaints, Analysis, Resolution (OSCAR) and Consumer Information Management System (CIMS)		
<b>d. Preserve and Increase the Wealth of Knowledge and Expertise of FCC Staff</b>		
- Commission-wide Training		<b>\$ 2,000</b>
- Travel to provide FCC field staff access to training opportunities		<b>\$ 165</b>
<b>Subtotal Goal 1:</b>		<b>\$ 12,245</b>

**FY 2003 Budget Estimates to Congress**  
**ANALYSIS OF CHANGE**  
**Summary of Adjustments**  
**(Dollars in Thousands)**

	<u>FTEs</u>	<u>\$</u> <u>AMOUNT</u>
<b>2. <u>Promote Competition In All Communications Markets</u></b>		
<b>a. Enforce the Rules so that Businesses Compete Fairly</b>		
- Enforcement Bureau Life Cycle Technical Equipment		\$ 900
- Enforcement Bureau Field Enforcement Travel		\$ 450
- Enforcement Vehicles - purchase/maintenance/fuel		\$ 521
<b>Subtotal Goal 2:</b>		\$ 1,871
<b>3. <u>Manage the Electromagnetic Spectrum (the Nation's Airwaves) in the Public Interest</u></b>		
<b>a. Promote More Efficient Use of Spectrum</b>		
- A&E for Enclosed Test Facility		\$ 200
- Engineering and Technology Life Cycle Technical Equipment		\$ 750
<b>Subtotal Goal 3:</b>		\$ 950
<b>Subtotal Programmatic Increases:</b>		\$ 15,066
<hr/>		
<b>Total Requested Increase to Base:</b>		\$ 33,021
<hr/>		
<b>Total FY 2003 Commission Request:</b>	1,975 1/	\$ 278,092

1/ No increase to FTEs has been requested for FY 2003.

**FY 2003 Budget Estimates to Congress  
ANALYSIS OF CHANGE  
Summary of Proposed Budget Authority  
[Dollars in Thousands]**

	FY 2002		FY 2003		Requested Changes	
	FTE	\$ B/A	FTE 2/	\$ B/A	FTE	\$ B/A
<b>Direct Appropriation</b>	<b>1,975</b>	<b>\$26,314</b>	<b>1,975</b>	<b>\$29,898</b>	<b>- -</b>	<b>\$3,584</b>
<b>Budget Authority to use</b>						
<b>Offsetting Collections:</b>						
1) Regulatory Fees		218,757		248,194		\$29,437
<b>Subtotal Appropriated B/A</b>		<b>\$245,071</b>		<b>\$278,092</b>		<b>\$33,021</b>
<b>Authority to spend</b>						
<b>Other Offsetting Collections:</b>						
2) Reg. Fees (Sec. 9) Carryover		\$6,655 1/		- -		
3) Economy Act/Misc. Other Reimbursables		1,100		1,100		
4) Auction Cost Recovery Reimbursements		64,043		59,079		
5) Gift and Bequest		- -		- -		
<b>Total Gross Budget Authority</b>		<b>\$316,869</b>		<b>\$338,271 3/</b>		

1/ The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2003 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

2/ No increase to FTEs has been requested for FY 2003.

3/ Includes \$11,289,000 in funding to support proposed legislation requiring agencies to pay the full Government share of the accruing cost of retirement for CSRS and post-retirement health benefits. The increase is distributed between direct B/A (\$1,084,000), and Regulatory Fees (\$8,681,000), and Auction Cost Recovery Reimbursements (\$1,524,000).



**FY 2003 Budget Estimates to Congress  
ORGANIZATIONAL TABLE**

The distribution of Full Time Equivalents (FTEs) listed below by fiscal year reflects the planned allocation of Commission resources. These levels are based on a combination of assumptions regarding estimated workload and anticipated funding levels as presented throughout this document.

	<u>Actual FY2001 FTE</u>	<u>Estimate FY2002 FTE</u>	<u>Proposed FY2003 FTE</u>	<u>Proposed Change +/-</u>
Office of the Commissioners .....	31	42	42	0
Cable Services Bureau .....	88	85	85	0
Common Carrier Bureau .....	246	250	250	0
Consumer Information Bureau.....	192	192	192	0
Enforcement Bureau .....	280	279	279	0
International Bureau .....	136	137	137	0
Mass Media Bureau .....	203	202	202	0
Wireless Telecommunications Bureau.....	310	305	305	0
Office of Administrative Law Judges .....	5	5	5	0
Office of Commun. Business Opportunities.....	7	7	7	0
Office of Engineering & Technology .....	90	120	120	0
Office of the General Counsel .....	72	73	73	0
Office of Inspector General .....	9	9	9	0
Office of Legislative & Intergovernmental Affairs ..	10	11	11	0
Office of the Managing Director .....	218	221	221	0
Office of Media Relations .....	13	12	12	0
Office of Plans & Policy .....	15	19	19	0
Office of Workplace Diversity .....	6	6	6	0
<b>Commission FTE Totals</b>	<b>1,931</b>	<b>1,975</b>	<b>1,975 1/</b>	<b>0</b>

1/ No increase to FTEs has been requested for FY 2003.

Note: The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

## FY 2003 Budget Estimates to Congress

### Full-Time Equivalent (FTE) Detail Distribution by Activity

<b>LICENSING ACTIVITY</b>				
<b>This activity includes the authorization or licensing of radio stations, telecommunications equipment and radio operators, as well as the authorization of common carrier and other services and facilities. It also includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with licensing activities.</b>				
	Actual FY 2001 FTE	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Proposed Change (-/+)
Mass Media	160	160	160	0
Common Carrier	0	0	0	0
Wireless Telecommunications	147	145	145	0
Engineering & Technology	21	21	21	0
Cable Services	8	8	8	0
International	56	56	56	0
<b>Total FTEs – Licensing</b>	<b>392</b>	<b>390</b>	<b>390</b>	<b>0</b>

**Note:** The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

## FY 2003 Budget Estimates to Congress

### Full-Time Equivalent (FTE) Detail Distribution by Activity

<b>COMPETITION ACTIVITY</b>				
<b>This activity includes formal inquiries and rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with activities to promote competition in the public interest.</b>				
	Actual FY 2001 FTE	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Proposed Change (+/-)
Mass Media	60	60	60	0
Common Carrier	232	232	232	0
Wireless Telecommunications	156	153	153	0
Engineering & Technology	12	12	12	0
Cable Services	24	21	21	0
International	15	15	15	0
Enforcement	3	3	3	0
<b>Total FTEs – Competition</b>	<b>502</b>	<b>496</b>	<b>496</b>	<b>0</b>

**Note:** The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

## FY 2003 Budget Estimates to Congress

### Full-Time Equivalent (FTE) Detail Distribution by Activity

<b>ENFORCEMENT ACTIVITY</b>				
<b>This activity includes enforcement of the Communications Act and the Commission's rules, regulations and authorizations, including investigations, inspections, compliance monitoring and sanctions of all types. Also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription and audit of carrier accounting practices. It includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with enforcement activities.</b>				
	Actual FY 2001 FTE	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Proposed Change (+/-)
Mass Media	47	47	47	0
Common Carrier	66	76	76	0
Wireless Telecommunications	23	23	23	0
Engineering & Technology	3	3	3	0
Cable Services	72	72	72	0
International	2	2	2	0
Enforcement	380	380	380	0
<b>Total FTEs - Enforcement</b>	<b>593</b>	<b>603</b>	<b>603</b>	<b>0</b>

**Note:** The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

## FY 2003 Budget Estimates to Congress

### Full-Time Equivalent (FTE) Detail Distribution by Activity

<b>CONSUMER INFORMATION SERVICES ACTIVITY</b>				
<b>This activity includes the publication and dissemination of Commission decisions and actions, and related activities; public reference and library services; the duplication and dissemination of Commission records and databases; the receipt and disposition of public inquiries and informal consumer complaints; consumer, small business and public assistance; and public affairs and media relations. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with consumer information activities.</b>				
	Actual FY 2001 FTE	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Proposed Change (+/-)
Mass Media	12	12	12	0
Common Carrier	0	0	0	0
Wireless Telecommunications	6	6	6	0
Engineering & Technology	6	6	6	0
Cable Services	15	15	15	0
International	1	1	1	0
Consumer Information	229	231	231	0
<b>Total FTEs – Consumer Info. Services</b>	<b>269</b>	<b>271</b>	<b>271</b>	<b>0</b>

**Note:** The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

## FY 2003 Budget Estimates to Congress

### Full-Time Equivalent (FTE) Detail Distribution by Activity

<b>SPECTRUM MANAGEMENT ACTIVITY</b>				
<p><b>This activity includes management of our Nation's airwaves as mandated by the Communications Act of 1934 as amended. Spectrum management includes the structure and processes for allocating and assigning this scarce resource in a way that promotes competition while ensuring that the public interest is served. In order to manage spectrum in both an efficient and equitable manner, the Commission employs market-based technical solutions to maximize use of the spectrum. The FCC coordinates the management of the private sector radio spectrum with other federal agencies also involved in spectrum management issues. The FCC also represents U.S. communications interests in coordination with the State Department in international fora and advocates U.S. positions abroad. It includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with spectrum management activities.</b></p>				
	Actual FY 2001 FTE	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Proposed Change (+/-)
Mass Media	6	6	6	0
Wireless Telecommunications	17	17	17	0
Engineering & Technology	58	96	96	0
International	94	96	96	0
Consumer Information	0	0	0	0
<b>Total FTEs – Spectrum Management</b>	<b>175</b>	<b>215</b>	<b>215</b>	<b>0</b>

**Note:** The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

## FY 2003 Budget Estimates to Congress

### Full-Time Equivalent (FTE) Detail Distribution by Activity

<b>The following table summarizes by organization the total number of FTEs available to conduct the five major activities. These totals include both direct organizational FTEs, as well as FTE workyear effort provided by staff offices to support policy direction, program support, legal services, and executive direction, as well as support services for all five major activities.</b>				
	Actual FY 2001 FTE	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Proposed Change (+/-)
Mass Media	285	285	285	0
Common Carrier	298	308	308	0
Wireless Telecommunications	349	344	344	0
Engineering & Technology	100	138	138	0
Cable Services	119	116	116	0
International	168	170	170	0
Enforcement	383	383	383	0
Consumer Information	229	231	231	0
<b>Commission FTE Totals</b>	<b>1,931</b>	<b>1,975</b>	<b>1,975 1/</b>	<b>02/</b>

1/ No increase to FTEs will be requested in FY 2003

2/ Proposed changes to this table reflect both direct and support FTEs associated with the changes made.

**Note:** The FCC is currently involved in a restructuring and reorganization of activities. Once this realignment of activities has been approved by the Appropriations Committees, FTE allocations will be finalized and the Commission will provide revised FTE charts to the Committees for FY 2002 and FY 2003.

**FY 2003 Budget Estimates to Congress**  
**Summary of Requested Resources**  
[Dollars in Thousands]

The Federal Communications Commission's budget estimates for Fiscal Year 2003 are summarized below:

DISTRIBUTION OF BUDGET AUTHORITY:	FY 2001 <u>Actual BA</u>	FY 2002 <u>Actual BA</u>	FY 2003 <u>Request BA</u>	Change to <u>Appropriated Budget Authority</u>
<b><u>Direct Appropriation:</u></b>				
Current: (P.L. 106-553; P.L. 107-77)	\$29,854	\$26,314	\$29,898	\$3,584
<b><u>Authority to Spend Offsetting Collections:</u></b>				
Regulatory Fees .....	200,146	218,757	248,194	29,437
<hr/>				
<b>Appropriation Total (Prior to Rescission/Lapse):</b>	<b>\$230,000</b>	<b>\$245,071</b>	<b>\$278,092</b>	<b>\$33,021</b>
Rescission: (P.L. 106-554)	(66)	--	--	--
Lapsed year end .....	(1)	--	--	--
<hr/>				
<b>Y2K Supplemental:</b>	-- 1/	--	--	--
Unobligated balance transferred to other accounts Y2K	--			
<b>Authority to spend</b>				
<b>Other Offsetting Collections:</b>				
1) No-year Carryover Funds (Prior year)	13,843 2/	13,143 4/	--	--
2) Economy Act/Misc.Other	1,048	1,100	1,100	--
3) Auctions Cost Recovery	67,526	57,555 5/	59,079	--
Reimbursements (P.L. 104-104) ...				--
4) Gifts and Bequests	\$88	--	--	--
<hr/>				
<b>Subtotal Other Offsetting Collections:</b>	<b>\$82,505</b>	<b>\$71,798</b>	<b>\$60,179</b>	<b>--</b>
<b>Unobligated Offsetting Collections (EOY)</b>				
Available to be carried forward. ....		TBD	TBD	--
Reg Fees (Sec 9) carryover ( Cumulative )	--	--	--	--
Auctions carryover	(6,120) 3/	(\$6,488)	--	--
Lapsed or unutilized BA	(2)	--	--	--
<hr/>				
<b>Total Budget Authority -</b>				
Available to incur obligations:	\$312,505	\$316,869	\$338,271 6/	--
<b>Obligated as of EOFY 2001:</b>	<b>\$306,316</b>	<b>TBD</b>	<b>TBD</b>	

1/ The FY 2001 Y2K balance of \$1,901,000 was returned to Treasury and is not available for obligation in FY 2001.

2/ Includes \$6,481,000 in Auctions operating carryover funds (XA) and \$7,362,000 in carryover regulatory fees (XR).

3/ Includes \$5,964,000 in Auctions Fund 54 and \$156,000 in Auctions Fund XA carryover not obligated in FY 2001.

4/ Includes \$5,964,000 in Auctions Fund 54 and \$156,000 in Auctions Fund XA carryover not obligated in FY 2001; plus \$368,000 in funds recovered from prior year obligations.

also includes \$6,584,000 in FY 2001 regulatory fee collections not available in FY 2001 carried over into FY 2002 plus \$71,000 in funds recovered from prior year obligations

5/ Current auctions funding level approved by OMB pending further review of total funding request.

6/ Includes \$11,289,000 in funding to support proposed legislation requiring agencies to pay the full Government share of the accruing cost of retirement for CSRS and post-retirement health benefits.

The increase is distributed between direct B/A (\$1,084,000), and Regulatory Fees (\$8,681,000), and Auction Cost Recovery Reimbursements (\$1,524,000).



**FY 2003 Budget Estimates to Congress**  
**Summary of Requested Resources**  
[Dollars in Thousands]

**DISTRIBUTION OF OBLIGATIONS:**

Note: The distribution of obligations between Direct B/A and Regulatory Fees( Offsetting Collections) is based on a percentage ratio of direct and regulatory fee authority to the total Appropriations B/A for each fiscal year.

	<u>FY 2001</u> <u>Actual</u>	<u>FY 2002</u> <u>Estimate</u>	<u>FY 2003</u> <u>Request</u>	<u>Change to</u> <u>Appropriated</u> <u>Obligations</u>
<b>Direct Appropriation:</b>				
Personnel Compensation .....	\$16,464	\$14,919	\$16,169	\$1,250
Personnel Benefits .....	3,584	3,295	4,629	1,334
Benefits to Former Employees ....	9	7	7	0
Other Obligations .....	<u>9,730</u>	<u>8,093</u>	<u>9,093</u>	<u>1,000</u>
Sum - Direct Obligations .....	29,787	26,314	29,898	3,584
<b>Offsetting Collections - Obligations:</b>				
Regulatory Fees .....	200,146	218,757	248,194	29,437
<b>Subtotal - Obligations from Appropriated Funds:</b>	<b>\$229,933</b> 1/	<b>\$245,071</b>	<b>\$278,092</b>	<b>\$33,021</b>
<b>(Less Rescission/Lapsed):</b>				
<b>Obligations - Other Offsetting Collections</b>				
1) No-year Carryover Funds (Prior year)	13,687 2/	13,143 4/	- -	- -
2) Economy Act/Misc.Other	1,046	1,100	1,100	- -
3) Auctions Cost Recovery Reimbursements (P.L. 104-104)	61,562 3/	57,555 5/	59,079	- -
4) Gifts and Bequests	88	- -		
<b>Subtotal - Obligations from Other Offsetting Collections</b>	<b>\$76,383</b>	<b>\$71,798</b>	<b>\$60,179</b>	<b>- -</b>
<b>TOTAL OBLIGATIONS</b>	<b>\$306,316</b>	<b>\$316,869</b>	<b>\$338,271</b> 6/	<b>- -</b>
<b>TOTAL OUTLAYS</b>	<b>\$297,000</b>	<b>\$352,000</b>	<b>\$388,000</b>	
<b>(Includes Direct &amp; All Offsetting Collections)</b>				

1/ In FY 2001, \$65,679 was rescinded in P.L. 106-554; \$1,623 lapsed at year end.

2/ \$156,000 in Auctions operating funds (XA) were carried forward into FY 2002. (See footnote 4/)

3/ \$5,964,000 in unobligated Auctions reimbursable funds were carried over to FY 2002. (See footnote 4/)

4/ Includes \$5,964,000 in Auctions Fund 54 and \$156,000 in Auctions Fund XA carryover not obligated in FY 2001; plus \$368,000 in funds recovered from prior year obligations; also includes \$6,584,000 in FY 2001 regulatory fee collections not available in FY 2001 carried over into FY 2002 plus \$71,000 in funds recovered from prior year obligations.

5/ Current auctions funding level approved by OMB pending further review of total funding request.

6/ Includes \$11,289,000 in funding to support proposed legislation requiring agencies to pay the full Government share of the accruing cost of retirement for CSRS and post-retirement health benefits. The increase is distributed between direct B/A (\$1,084,000), and Regulatory Fees (\$8,681,000), and Auction Cost Recovery Reimbursements (\$1,524,000).

**FY 2003 Budget Estimates to Congress**  
**Summary of Requested Resources**  
[Dollars in Thousands]

	<u>FY 2001 Actual</u>	<u>FY 2002 Estimate</u>	<u>FY 2003 Request</u>
<b>Total Compensable Workyears:</b>			
<b>Full-Time Equivalent employment [FTEs]     authorized ceiling in President's Budget</b>	1,931	1,975	1,975
<b>Proposed Distribution: 1/</b>			
<b>Direct</b>	216	182	193
<b>Offsetting Collections</b>	1,707	1,785	1,774
<b>Auctions Credit Program Account</b>	8	8	8

1/ The distribution of FTEs between Direct and Reimbursable is estimated based on the prorata distribution of compensation funds available from Direct Appropriation and Offsetting Collections. Offsetting Collections include Regulatory Fees, Auction Receipts for Direct Auctions Program operating costs including the costs of maintaining Credit program accounts (8 FTEs), and certain Economy Act Reimbursables.

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

**SUMMARY**

	<u>FY 2001</u> <u>Actual (Enacted)</u>	<u>FY 2002</u> <u>Estimate (Enacted)</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Chg. to Requested</u> <u>Budget Authority</u>
<b>Gross Direct Appropriations including Regulatory Fee Authority:</b>	<b>\$230,000</b>	<b>\$245,071</b>	<b>\$278,092</b>	<b>\$33,021</b>
<b>Rescission (P.L. 106-554)</b>	(66)	--	--	--
<b>Lapsed Year-End</b>	(1)	--	--	--
<b>Subtotal -- Direct Appropriations as adjusted</b>	<b>\$229,933 1/</b>	<b>\$245,071 1/</b>	<b>\$278,092</b>	<b>\$33,021</b>
<b>No Year Carryover Authority:</b>				
-- Regulatory Fees (Sec. 9) 2/	7,362	6,655	--	--
-- Auctions Carryover 3/	6,325	6,488	--	--
<b>Subtotal -- No Year Carryover Authority</b>	<b>\$13,687</b>	<b>\$13,143</b>	<b>\$--</b>	<b>\$--</b>
<b>Other Authority:</b>				
-- Auctions Costs Recovery Reimbursable Authority	\$61,562	\$57,555	\$57,555	--
-- Government/Other Reimbursable Authority	1,046	1,100	1,100	--
-- Gifts and Bequests	88	--	--	--
<b>Subtotal -- Other Authority</b>	<b>\$62,696</b>	<b>\$58,655</b>	<b>\$58,655</b>	<b>\$--</b>
<b>TOTAL GROSS BUDGET AUTHORITY (Net):</b>	<b>\$306,316</b>	<b>\$316,869</b>	<b>\$336,747</b>	<b>\$33,021</b>

1/ Does not include adjustments for FY 2001 and FY 2003 to illustrate proposed retirement cost increases. See exhibit included under Section E which duplicates the President's Budget presentation.

2/ Assumes no carryover into FY 2003 from FY 2002.

3/ Reflects funds carried forward from FY 2001 into FY 2002 for the Auctions program. At the time of submission the balance of actual auction funding to be carried forward into 2003 has not been determined.

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

-- The following tables depict the prorata distribution of personnel compensation and benefits and other obligations for Fiscal Years 2001-2003 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

<b><i>DIRECT AUTHORITY - CURRENT:</i></b>		<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>	<b><u>Increase to</u></b>
		<b><u>Actual (Enacted)</u></b>	<b><u>Estimate (Enacted)</u></b>	<b><u>Request</u></b>	<b><u>Direct B.A.</u></b>
11	Personnel Compensation	\$16,464	\$14,919	\$16,169	\$1,250
12	A. Personnel Benefits	3,584	3,295	3,545	250
	B. Legislative Retirement Increases	-- 4/	-- 4/	1,084	1,084
13	Benefits for Former Personnel	9	7	7	--
 <b>Other Obligations by Object Class</b>					
21	Travel & Transportation of Persons	127	150	150	--
22	Transportation of Things	9	8	8	--
23.1	GSA Rents	3,642	3,154	3,154	--
23.3	Other Rents, Communications, Utilities	914	729	729	--
24	Printing	208	170	170	--
25.2	Other Services	1,069	1,111	2,111	1,000
25.3	Federal Purchases, Goods, & Services	300	248	248	--
25.7	Operation/Maint. of Equip./Software/Information	1,795	1,984	1,984	--
26	Supplies & Materials	242	194	194	--
31	Equipment/Software	1,414	337	337	--
32	Land, Buildings, Structures	--	--	--	--
42	Insurance Claims & Indemnities	10	8	8	--
 <b>Total Direct Authority Obligations</b>		<b>\$29,787</b>	<b>\$26,314</b>	<b>\$29,898</b>	<b>\$3,584</b>

4/ Does not include adjustments for FY 2001 and FY 2003 to illustrate proposed retirement cost increases. See exhibit included under Section E which duplicates the President's Budget presentation.

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

<b>AUTHORITY TO USE OFFSETTING COLLECTIONS:</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>Increase to</b>
	<b><u>Actual (Enacted)</u></b>	<b><u>Estimate (Enacted)</u></b>	<b><u>Estimate</u></b>	<b><u>Offset. Collect.</u></b>
<b><i>REGULATORY FEES - CURRENT:</i></b>				
11 Personnel Compensation	\$110,626	\$124,020	\$128,009	\$3,989
12 A. Personnel Benefits	24,084	27,393	28,239	846
B. Legislative Retirement Increases	-- 5/	-- 5/	8,681	8,681
13 Benefits for Former Personnel	58	60	60	--
<b>Other Obligations by Object Class</b>				
21 Travel & Transportation of Persons	855	1,245	2,094	849
22 Transportation of Things	60	70	73	3
23.1 GSA Rents	24,472	26,220	27,012	792
23.3 Other Rents, Communications, Utilities	6,143	6,060	6,232	172
24 Printing	1,400	1,416	1,456	40
25.2 Other Services	7,183	9,236	11,731	2,495
25.3 Federal Purchases, Goods, & Services	2,012	2,063	2,120	57
25.7 Operation/Maint. of Equip./Software/Information	12,064	16,493	22,721	6,228
26 Supplies & Materials	1,626	1,609	1,728	119
31 Equipment/Software	9,498	2,805	7,971	5,166
32 Land, Buildings, Structures	--	--	--	--
42 Insurance Claims & Indemnities	65	67	67	--
<b>Total Obligations from Regulatory Fees</b>	<b>\$200,146</b>	<b>\$218,757</b>	<b>\$248,194</b>	<b>\$29,437</b>
<b>Total Obligations from Direct Appropriations</b>	<b>\$229,933</b>	<b>\$245,071</b>	<b>\$278,092</b>	<b>\$33,021</b>

5/ Does not include adjustments for FY 2001 and FY 2003 to illustrate proposed retirement cost increases. See exhibit included under Section E which duplicates the President's Budget presentation.

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

**NO-YEAR/CARRYOVER BUDGET AUTHORITY:**

***CARRYOVER REGULATORY FEES (NO-YEAR):***

-- The following table depicts the estimated distribution of obligations from cumulative Regulatory Fees collected in excess of legislative levels which are available for obligation until expended. At the time of this submission, we assumed no carryover into FY 2002 and FY 2003.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<b>11 Personnel Compensation</b>	\$--	\$--	\$--
<b>12 Personnel Benefits</b>	--	--	--
<b>13 Benefits for Former Personnel</b>	--	--	--
<b>Other Obligations by Object Class</b>	--	--	--
21 Travel & Transportation of Persons	--	<b>250</b>	--
22 Transportation of Things	--	--	--
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	--	<b>95</b>	--
24 Printing	--	--	--
25.2 Other Services	<b>2,539</b>	<b>3,561</b>	--
25.3 Federal Purchases, Goods, & Services	--	--	--
25.7 Operation/Maint. of Equip./Software/Information	<b>4,398</b>	<b>1,850</b>	--
26 Supplies & Materials	--	<b>71</b>	--
31 Equipment/Software	<b>425</b>	<b>828</b>	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
<b>Total Regulatory Fees (No-Year)</b>	<b>\$7,362</b>	<b>\$6,655 6/</b>	<b>\$--</b>

6/ The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2003 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

**NO-YEAR/CARRYOVER BUDGET AUTHORITY:**

***CARRYOVER AUCTIONS (NO-YEAR):***

-- The following table depicts the distribution of estimated obligations from Auctions funds brought forward from available unobligated balances for the purpose of conducting auctions in FY 2001. Potential carryover balances into FY 2002 and FY 2003 could not be determined at the time of this submission.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<b>11 Personnel Compensation</b>	<b>\$2,103</b>	<b>\$2,276</b>	<b>\$--</b>
<b>12 Personnel Benefits</b>	<b>405</b>	<b>513</b>	<b>--</b>
<b>13 Benefits for Former Personnel</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Obligations by Object Class</b>			
21 Travel & Transportation of Persons	35	33	--
22 Transportation of Things	--	1	--
23.1 GSA Rents	5	331	--
23.3 Other Rents, Communications, Utilities	427	127	--
24 Printing	6	--	--
25.2 Other Services	1,934	2,431	--
25.3 Federal Purchases, Goods, & Services	12	13	--
25.7 Operation/Maint. of Equip./Software/Information	118	540	--
26 Supplies & Materials	24	36	--
31 Equipment/Software	1,256	187	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
<b>Total Auctions Carryover (No-Year)</b>	<b>\$6,325</b>	<b>\$6,488</b>	<b>\$--</b>

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

**OTHER BUDGET AUTHORITY:**

***AUCTIONS COST RECOVERY REIMBURSABLE AUTHORITY:***

-- The following table depicts the distribution of estimated FY 2001, FY 2002 and FY 2003 obligations utilizing auctions costs recovery reimbursable authority (P.L. 104-104).

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<b>11 Personnel Compensation</b>	<b>\$18,873</b>	<b>\$19,627</b>	<b>\$19,627</b>
<b>12 A. Personnel Benefits</b>	<b>3,389</b>	<b>4,962</b>	<b>4,962</b>
<b>B. Legislative Retirement Proposal Increases</b>	<b>-- 7/</b>	<b>-- 7/</b>	<b>1,524 8/</b>
<b>13 Benefits for Former Personnel</b>	<b>--</b>	<b>--</b>	<b>--</b>
 <b>Other Obligations by Object Class</b>			
21 Travel & Transportation of Persons	252	342	342
22 Transportation of Things	4	42	42
23.1 GSA Rents	3,115	2,110	2,110
23.3 Other Rents, Communications, Utilities	1,741	2,810	2,810
24 Printing	187	883	883
25.2 Other Services	24,033	18,979	18,979
25.3 Federal Purchases, Goods, & Services	743	60	60
25.7 Operation/Maint. of Equip./Software/Information	2,647	3,371	3,371
26 Supplies & Materials	202	331	331
31 Equipment/Software	6,376	4,038	4,038
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
<b>Total Auctions Costs Recovery</b>			
<b>Reimbursable Authority 9/</b>	<b>\$61,562</b>	<b>\$57,555</b>	<b>\$59,079</b>

7/ Does not include adjustments to illustrate proposed retirement increases. See exhibit included under Section E.

8/ Reflects the funding from auction receipts necessary to support the President's proposal to fully fund federal employee retirement costs.

9/ Does not include administrative costs of the Credit Program.



**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

**OTHER BUDGET AUTHORITY:**

***GOVERNMENT/OTHER REIMBURSABLE AUTHORITY:***

-- The following table depicts the Economy Act/Other Reimbursable estimated FY 2001, FY 2002 and FY 2003 obligations.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
	<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
<b>11 Personnel Compensation</b>	<b>\$76</b>	<b>\$100</b>	<b>\$100</b>
<b>12 Personnel Benefits</b>	<b>17</b>	<b>20</b>	<b>20</b>
<b>13 Benefits for Former Personnel</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Obligations by Object Class</b>			
21 Travel & Transportation of Persons	84	100	100
22 Transportation of Things	26	30	30
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	2	10	10
24 Printing	--	--	--
25.2 Other Services	289	300	300
25.3 Federal Purchases, Goods, & Services	25	30	30
25.7 Operation/Maint. of Equip./Software/Information	--	--	--
26 Supplies & Materials	143	140	140
31 Equipment/Software	384	370	370
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
<b>Total Govt./Other Reimbursable Authority</b>	<b>\$1,046</b>	<b>\$1,100</b>	<b>\$1,100</b>

**FY 2003 Budget Estimates to Congress**  
**SUMMARY TABLES**  
**DISTRIBUTION OF RESOURCES**  
(Dollars in Thousands)

**OTHER BUDGET AUTHORITY:**

***GIFTS AND BEQUESTS:***

-- The following table depicts the distribution of estimated obligations made against gifts and bequests in FY 2001. Potential funding for FY 2002 and FY 2003 could not be determined at the time of this submission.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<b>11 Personnel Compensation</b>	\$--	\$--	\$--
<b>12 Personnel Benefits</b>	--	--	--
<b>13 Benefits for Former Personnel</b>	--	--	--
<b>Other Obligations by Object Class</b>			
21 Travel & Transportation of Persons	--	--	--
22 Transportation of Things	--	--	--
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	--	--	--
24 Printing	--	--	--
25.2 Other Services	88	--	--
25.3 Federal Purchases, Goods, & Services	--	--	--
25.7 Operation/Maint. of Equip./Software/Information	--	--	--
26 Supplies & Materials	--	--	--
31 Equipment/Software	--	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
<b>Total Gifts and Bequests</b>	<b>\$88</b>	<b>\$--</b>	<b>\$--</b>

**FY 2003 Budget Estimates to Congress**

**FY 2003 SUMMARY OF INCREASES  
BY BUDGET OBJECT CLASS CODE  
(Dollars in thousands)**

<b>BOCC 11.00/12.00/13.00 - Salary Costs (net)</b> .....	<b>\$16,100</b>
(• Uncontrollable Pay Increases .....	\$6,335)
(• Legislative Retirement Proposal) .....	\$9,765)
<b>BOCC 21-42 - Other Obligations</b> .....	<b>\$16,921</b>
(• Inflation Increases .....	\$1,855)
(• Programmatic Increases.....	\$15,066)
<b>Total Increase</b> .....	<b>\$+33,021</b>

This section provides a description of the increased funding requested for FY 2003 by budget object class code. These requested increments are to be funded from Direct Budget Authority and Offsetting Collections (regulatory fees) available to the FCC.

Personnel Changes

<b><u>BOCC 11.00 Compensation</u></b> .....	<b>\$+5,239</b>
• Pay Raise for 75% of FY 2003 Provides funds for uncontrollable cost increases resulting from the FY 2003 pay raise (2.6%) effective January 2003 (75% of FY 2003) .....	3,572
• Pay Raise annualized for FY 2002 Provides funds for uncontrollable cost increases which are the result of the FY 2002 pay raise annualized for 25% of FY 2003 .....	1,667
<b><u>BOCC 12.00 Benefits</u></b> .....	<b>\$+10,861</b>
• Benefits associated with compensation increases necessary to fund the pay raise for 75% of FY 2003 Provides funds for uncontrollable increased benefits costs to the agency for 75% of FY 2003 for the pay raise .....	606
• Benefits annualized for FY 2002 Provides funds for uncontrollable increased costs of agency benefits associated with FY 2002 pay raise annualized for 25% of FY 2003, \$368,000; and health benefits costs above anticipated FY 2002 level, \$108,000 .....	476

• Workers' Compensation		
Provides funds for uncontrollable increased costs of Workers' Compensation .....		14
• Legislative Proposal to Fully Fund Retirement Costs		
Starting in 2003, provides funding to cover the full costs of federal retirees for pension and health benefits from Appropriations (an additional \$1,524,000 will be funded from auction receipts as a prorata cost of conducting the auctions program within the Commission) .....		9,765
<b><u>BOCC 13.00 Benefits for Former Personnel</u></b> .....		<b>\$0</b>
	<b><u>Other Obligations</u></b>	
<b><u>BOCC 21.00 Travel and Transportation of Persons</u></b> .....		<b>+\$849</b>
• Domestic/International Travel		
Provides additional funds for travel and transportation costs, developed in accordance with the Office of Management and Budget guidelines to cover inflationary cost (2.5%) (\$28,000), travel funds to support training initiatives including the Excellence in Engineering (EIE) Program for all FCC staff at field locations (\$165,000), and to facilitate on-site enforcement of Commission rules and regulations throughout the nation (\$450,000) .....		643
• Leased, Passenger Vehicles		
Provides inflationary cost increases (2.5%) (\$1,000) to existing accounts, as well as funding to provide for the rental of monitoring vehicles (41) to facilitate on-site enforcement of Commission rules and regulations throughout the nation (\$205,000) .....		206
<b><u>BOCC 22.00 Transportation of Things</u></b> .....		<b>+\$3</b>
• Rent, Non-Passenger GSA and Commercial Vehicles		
Provides inflationary cost increases (2.5%) .....		2
• Parcel Post		
Provides inflationary cost increases (2.5%) .....		1
<b><u>BOCC 23.00 Rents, Communications, Utilities</u></b> .....		<b>+\$964</b>
• GSA Rent and Fees		
Provides funds to cover the increase in rental costs for GSA to provide office space to the FCC in FY 2003 at the Portals complex (\$749,000) and increased cost of field office and warehouse space (\$43,000) .....		792
• Non-GSA Space Rent		
Provides funds for inflationary cost increases (2.5%) .....		19

• GSA and Non-GSA Telephones Provides funds for inflationary cost increases (2.5%) .....	86
• Mail Service--Postage Provides funds for inflationary cost increases (2.5%) .....	16
• GSA, Electric, Other Utilities Provides funds for inflationary cost increases (2.5%) .....	15
• Telecommunications Service--Non-GSA Provides funds for inflationary cost increases (2.5%) .....	8
• Copier/Other Equipment rental Provides funds for inflationary cost increases (2.5%) .....	28
<b><u>BOCC 24.00 Printing and Reproduction</u></b> .....	<b>\$+40</b>
• Printing/Reproduction/Binding Provides funds for inflationary cost increases (2.5%) .....	40
<b><u>BOCC 25.00 Other Contractual Services</u></b> .....	<b>\$+9,780</b>
• Commission-wide Information Technology Requirements Provides funds for systems modernization (\$1,230,000), upgrades for consumer information (\$650,000), funds to begin consolidating portions separate systems that issue various types of licenses so that we can give the public easier access to submit applications, check on their status and retrieve information through a unified user interface (\$2,100,000), improve the internet web site (\$800,000), and provides funds to improve agency operations by increasing staff effectiveness (\$1,000,000) .....	5,780
• Emergency Response Command Center Provides the Commission with contract funding to provide improvements to primary and alternate Emergency Response Command Center capabilities such as redundant telecommunications circuits, backup electric power, encrypted data and voice systems for classified interagency communications as well as enhancements to equipment, furnishings and communications infrastructure .....	1,000
• Enclosed Test Facility (A&E) Provides funds for the design and engineering analysis to provide Office of Engineering and Technology an enclosed test facility .....	200
• Contract Services--Non-Federal Provides funds for inflationary cost increases (2.5%) .....	270

• ADP Data Retrieval Services Provides funds for inflationary cost increases (2.5%) .....	10
• Training/Tuition/Fees Provides funds for inflationary cost increases to maintain base level training activities (2.5%) (\$15,000). Provides \$2,000,000 to support a Commission-wide training program that will provide extensive skills-based training including the Excellence in Engineering and Excellence in Economic Analysis programs .....	2,015
• Contract Purchases - Federal Provides funds for inflationary cost increases (2.5%) for guard services .....	10
• Interagency Contracts Provides funds for inflationary cost increases (2.5%) .....	47
• Field Office Buildings/Grounds Provides funds for inflationary cost increases (2.5%) .....	1
• Space Repair Provides funds for inflationary cost increases (2.5%) .....	37
• Health Services Provides funds for inflationary cost increases (2.5%) .....	2
• Repair/Maintenance of Vehicles Provides funds for inflationary cost increases (2.5%). Also, includes \$26,000 to fund routine maintenance of Enforcement Bureau's vehicles requested in FY 2003 .....	28
• ADP Software/Equipment Maintenance Provides funds for inflationary cost increases (2.5%) .....	36
• Repair Office Equipment/Furniture Provides funds for inflationary cost increases (2.5%) .....	13
• ADP Service Contracts Provides funds for inflationary cost increases (2.5%) .....	330
• Telephone Maintenance Provides funds for inflationary cost increases (2.5%) .....	1

<b><u>BOCC 26.00 Supplies and Materials</u></b> .....	<b>\$+119</b>
• <b>Supplies and Materials/Field Fuel Supplies</b> Includes funds to provide fuel for additional vehicles requested for FY 2003 (\$74,000) as well as provide inflationary cost increases (2.5%) to cover base level operating requirements .....	77
• <b>ADP Supplies</b> Provides funds for inflationary cost increases (2.5%) .....	2
• <b>Comm. Subscriptions/Periodicals</b> Provides funds for inflationary cost increases (2.5%) .....	9
• <b>General Supplies/Materials</b> Provides funds for inflationary cost increases (2.5%) .....	31
<b><u>BOCC 31.00 Equipment</u></b> .....	<b>\$+5,166</b>
• <b>Commission-wide Technical Equipment Requirements</b> Provides funds for life-cycle replacement of technical equipment for the Office of Engineering and Technology (\$750,000) and Enforcement Bureau (\$900,000).....	1,650
• <b>Commission-wide ADP Equipment Requirements</b> Provides funds to purchase equipment to improve agency operations by increasing staff effectiveness (\$1,000,000), and to improve the Commission's web site (\$100,000).....	1,100
• <b>Commission-wide ADP Software Requirements</b> Provides funds to purchase software to improve agency operations by increasing staff effectiveness (\$2,000,000), funding to upgrade the agency's Consumer Information Management System (\$100,000), and to improve the Commission's web site (\$100,000) .....	2,200
• <b>Purchase of Vehicles</b> Provides funds for the purchase of eight monitoring vehicles for the Enforcement Bureau to facilitate on-site enforcement of Commission rules and regulations throughout the nation .....	216
<b><u>BOCC 32.00 Lands and Structures</u></b> .....	<b>\$0</b>
<b><u>BOCC 42.00 Insurance Claims and Indemnities</u></b> .....	<b>\$0</b>

**FY 2003 Budget Estimates to Congress**  
**ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE**  
(Dollars in thousands)

OBJECT CLASS CODE	Actual FY 2001	Estimate FY 2002	Adjustments To Establish FY 2003 Base	FY 2003 Base	Programmatic Changes (+/-)	FY 2003 Total Request
11 Personnel Compensation	\$127,090	\$138,939	\$5,239	\$144,178	\$0	\$144,178
12 Personnel Benefits	27,668	30,688	1,096	\$31,784	0	\$31,784
Pension-Health Benefits	0	0	9,765 <sup>5/</sup>	\$9,765	0	\$9,765
13 Benefits for Former Personnel	67	67	0	67	0	\$67
21 Travel & Trans. of Persons	982	1,395	29	1,424	820	\$2,244
22 Transportation of Things	69	78	3	81	0	81
23.1 GSA Rent	28,114	29,374	792	30,166	0	30,166
23.3 Other Rents, Communications, Utilities	7,057	6,789	172	6,961	0	6,961
24 Printing	1,608	1,586	40	1,626	0	1,626
25.2 Other Services	8,252	10,347	295	10,642	3,200	13,842
25.3 Fed. Purchase, Goods & Services	2,312	2,311	57	2,368	0	2,368
25.7 Op/Maint. of Equip./Software/ Info Sys	13,859	18,477	422	18,899	5,806	24,705
26 Supplies & Materials	1,868	1,803	45	1,848	74	1,922
31 Equipment/Software	10,912	3,142	0	3,142	5,166	8,308
32 Land, Buildings, Structures	0	0	0	0	0	0
42 Insur. Claims & Indemnities	75	75	0	75	0	75
<b>SUB TOTAL APPROPRIATION AUTHORITY (Direct and Offsetting Collections)</b>	<b>\$229,933 <sup>1/</sup></b>	<b>\$245,071</b>	<b>\$17,955</b>	<b>\$263,026</b>	<b>\$15,066</b>	<b>\$278,092</b>
Reg. Fees (Sec. 9) Carryover	7,362 <sup>2/</sup>	6,655				
Auction Reimb. Carryover	6,325	6,488 <sup>4/</sup>				
Y2K	0 <sup>3/</sup>	0				
Gifts & Bequests	88	0				
Reimbursables - Gov't/Other	1,046	1,100		1,100		1,100
Auctions Cost Recovery-Reimbursement	61,562	57,555		57,555		57,555
Auctions Cost Recovery - Pension-H/B est.	0	0	\$1,524 <sup>5/</sup>	1,524		1,524
<b>TOTAL REQUEST</b>	<b>\$306,316</b>	<b>\$316,869</b>	<b>\$19,479</b>	<b>\$323,205</b>	<b>\$15,066</b>	<b>\$338,271</b>

1/ Reflects rescission of \$65,679; P.L. 106-554.

2/ The \$7.3 million in Sec. 9 Regulatory Fees includes \$5.8M from prior year and \$1.5M carried forward from FY 2000 into FY 2001 for use following Congressional approval.

3/ The FY 2001 Y2K balance of \$1,901,000 was returned to Treasury and was not available for obligation in FY 2001.

4/ The actual amount of funds carried forward from FY 2001 into FY 2002 for the Auctions Program XA account

5/ Represents funding for proposed legislation requiring agencies to pay the full Government share of accruing cost of retirement for CSRS and post-retirement health benefits from Appropriated (\$9,765,000) and Non-Appropriated Offsetting Collections/Auctions Receipts (\$1,524,000).



**FY 2003 Budget Estimates to Congress**  
**PRORATA ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE**  
**Direct Authority and Offsetting Collections**  
(Dollars in thousands)

OBJECT CLASS CODE	FY 2002 Funding Source			FY 2003 Funding Source		
	Direct Authority	+ Offsetting Collections	= FY 2002 Total OC Allocation	Direct Authority	+ Offsetting Collections	= FY 2003 Total OC Allocation
11 Personnel Compensation	\$14,919	\$124,020	\$138,939	\$16,169	\$128,009	\$144,178
12 Personnel Benefits	3,295	27,393	30,688	3,545	28,239	31,784
Pension-Health Ben. /1	0	0	0	1,084	8,681	9,765
13 Benefits for Former Personnel	7	60	67	7	60	67
21 Travel & Trans. of Persons	150	1,245	1,395	150	2,094	2,244
22 Transportation of Things	8	70	78	8	73	81
23.1 GSA Rent	3,154	26,220	29,374	3,154	27,012	30,166
23.3 Other Rents, Communications, Utilities	729	6,060	6,789	729	6,232	6,961
24 Printing	170	1,416	1,586	170	1,456	1,626
25.2 Other Services	1,111	9,236	10,347	2,111	11,731	13,842
25.3 Fed. Purchases, Goods & Services	248	2,063	2,311	248	2,120	2,368
25.7 Op/Maint. of Equip./Software/Info Sys	1,984	16,493	18,477	1,984	22,721	24,705
26 Supplies & Materials	194	1,609	1,803	194	1,728	1,922
31 Equipment/Software	337	2,805	3,142	337	7,971	8,308
32 Land, Buildings, Structures	0	0	0	0	0	0
42 Insur. Claims & Indemnities	8	67	75	8	67	75
<b>Appropriation-Direct B/A</b>	<b>\$26,314</b>		<b>\$26,314</b>	<b>\$29,898</b>		<b>\$29,898</b>
<b>Appropriation-Offsetting Collections B/A:</b>						
Regulatory Fees		\$218,757	\$218,757		\$248,194	\$248,194
Subtotal-B/A in Language			\$245,071			\$278,092
Reg. Fees (Sec. 9) Carryover		6,655	6,655		0	0
Auction Reimb. Carryover		6,488	6,488		0	0
Reimbursable Program - Gov't/Other (Est.)		\$1,100	\$1,100		\$1,100	\$1,100
Auctions Cost Recovery-Reimbursement		\$57,555	\$57,555		\$57,555	\$57,555
Auctions Cost Recovery-Pension-Health Ben. /1		\$0	\$0		\$1,524	\$1,524
<b>Total Gross Budget Authority</b>			<b>\$316,869</b>			<b>\$338,271</b>

1/ Represents funding for proposed legislation requiring agencies to pay the full Government share of accruing cost of retirement for CSRS and post-retirement health benefits from Appropriated (\$9,765,000) and Non-Appropriated Offsetting Collections/Auctions Receipts (\$1,524,000).

**Following is a statement provided by OMB to more fully explain the President's proposal to fully fund federal employee pension and health retirement costs:**

**Reserve for Fully Accruing Federal Employees Retirement**

The President's 2003 Budget corrects a long-standing understatement of the true cost of literally thousands of government programs. For some time, the accruing charge of the Federal Employee Retirement System (FERS) and military retirement system (MRS) costs and a portion of the old Civil Service Retirement System (CSRS) costs has been allocated to the affected salary and expense accounts, and the remainder (a portion of CSRS, other small retirement systems, and all civilian and military retiree health benefits) has been charged to central accounts. The full cost of accruing benefits should be allocated to the affected salary and expense accounts, so that budget choices for program managers and budget decision makers are not distorted by inaccurate cost information.

The Budget presents the amounts associated with shifting this cost from central accounts to affected program accounts, starting in 2003. The amounts associated with the proposal are shown on a comparable basis for program accounts in 2001 and 2002. Agencies will also, for the first time, be charged for the accruing cost of retiree health care benefits for all civilian employees. These are also shown on a comparable basis for 2001 and 2002. For military retirees health benefits, current law requires agencies to be charged for the accruing cost for over-age 64 military retirees, and the budget proposes to extend this to under-age 65 military retirees in 2004. These amounts are shown in the Budget, beginning in 2004.

The proposal does not increase or lower total budget outlays or alter the surplus/deficit since the higher payments will be offset by receipts in the pension and health funds. The shift will reduce reported costs from central mandatory accounts and increase reported costs in the affected discretionary accounts. Consequently, these costs will be properly reported in the budget for the first time and considered as an annual cost of managing these programs, as they should be.

The Administration will oppose any attempt to divert the additional funding from the intended purpose and instead use it to fund programmatic increases. Therefore, the Administration proposes that the additional funding be fenced or held in a reserve and only be made available to the committees of jurisdiction for the specific purpose of adjusting for the understatement of costs.

This change in treatment of costs is the first in a series of steps that will be taken to ensure that the full annual cost of resources used – including support services, capital assets and hazardous waste – is charged properly in the budget presentation.

The Federal Communications Commission's FY2003 Budget Request to Congress proposes to fund these increased costs from the following funding sources:

Appropriations:	
Direct:	\$1,084,000
Regulatory Fees:	<u>\$8,681,000</u>
Total Appropriations:	\$9,765,000

Offsetting Collections:	
From the Public/Auction Receipts:	<u>\$1,524,000</u>
Total Requirements:	\$11,289,000

**Legislative Proposal for Full Funding  
of Reduced Costs in FY 2003**

The Administration has proposed legislation to require agencies, beginning in FY 2003, to pay the full Government share of the accruing cost of retirement for current CSRS, CIA and Foreign Service employees, and the Coast Guard, Public Health Service and NOAA Commissioned Corps. The legislation also requires agencies to pay the full accruing cost of post-retirement health costs of all retirees (and their dependents/survivors) of the Uniformed Services (DoD, Coast Guard, Public Health Service and NOAA Commissioned Corps).

The following exhibit reflects the estimated funding increase required to support this initiative for the FCC.

NOTE: This more detailed exhibit illustrates the distribution of Budget Authority on which the President's Budget proposal for the FCC was based.

<b>Program and Financing</b>			
<b>(dollars in thousands)</b>			
	<b>2001 comparative estimate</b>	<b>2002 comparative estimate</b>	<b>2003 estimated request</b>
<b>Obligations by program activity:</b>			
00.01 Direct Program Licensing	<u>1,185</u>	<u>975</u>	<u>1,084</u>
01.00 Total Direct Program	1,185	975	1,084
09.00 Reimbursable Program			
(Reg Fees)	7,951	8,124	8,681
(Auctions)	<u>1,258</u>	<u>1,618</u>	<u>1,524</u>
10.00 Total New Obligations	10,394	10,717	11,289
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority	10,394	10,717	11,289
23.95 Total new obligations	-10,394	-10,717	-11,289
<b>New budget authority (gross), detail:</b>			
40.00 Discretionary Appropriation	1,185	975	1,084
<b>Spending authority from offsetting collections:</b>			
68.00 Cost of conducting spectrum auctions	1,258	1,618	1,524
68.00 Spending authority from offsetting collections (reg fees)	<u>7,951</u>	<u>8,124</u>	<u>8,681</u>
68.90 Spending authority from offsetting collections (total discretion)	<u>9,209</u>	<u>9,742</u>	<u>10,205</u>
70.00 Total new budget authority (gross)	10,394	10,717	11,289
<b>Change in obligated balances:</b>			
73.10 Total new obligations	10,394	10,717	11,289
73.20 Total outlays (gross)	-10,394	-10,717	-11,289
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority	10,394	10,717	11,289
<b>Offsets against gross budget authority and outlays:</b>			
88.40 Cost of conducting spectrum auctions	-1,258	-1,618	-1,524
8845 Regulatory Fees	<u>-7,951</u>	<u>-8,124</u>	<u>-8,681</u>
88.90 Total, offsetting collections (cash)	<u>-9,209</u>	<u>-9,742</u>	<u>-10,205</u>
<b>Net budget authority and outlays:</b>			
89.00 Budget authority	<u>1,185</u>	975	1,084
90.00 Outlays	<u>1,185</u>	975	1,084

**Legislative Proposal for Full Funding  
of Reduced Costs in FY 2003**

<b>Program and Financing (continued)</b>		<b>Object Classification (dollars in thousands)</b>		
		2001 comparative estimate	2002 comparative estimate	2003 estimated request
	<b>Direct Obligations:</b>			
11.21	Civilian personnel benefits	1,185	975	1,084
	<b>Reimbursable Obligations:</b>			
21.21	Civilian personnel benefits	9,209	9,742	10,205
29.90	Subtotal, obligations, Reimbursable obligations	9,209	9,742	10,205
99.99	Total new obligations	10,394	10,717	11,289

**This exhibit illustrates the distribution of budget authority to provide for the government-wide legislative proposal to fund the full cost of retirement benefits at the agency level as presented in the President's Budget.**

**Salaries and Expenses**

**Program and Financing (in millions of dollars)**

	2001 Enacted	2001 Legislative adjustment	2001 President's Budget Total	2002 Enacted	2002 Legislative adjustment	2002 President's Budget Total	2003 Program Baseline	2003 Legislative Request	2003 President's Budget Total
<b>Obligations by program activity:</b>									
00.01 Direct Program Licensing	30	1	31	26	1	27	29	1	30
01.00 Total Direct Program	30	1	31	26	1	27	29	1	30
09.00 Reimbursable Program (Reg Fees)	275	9	284	291	10	301	298	10	308
(Auctions)		8			8			9	
		1			2			2	
10.00 Total New Obligations	305	10	315	317	11	328	327	11	338
<b>Budgetary resources available for obligation:</b>									
21.40 Unobligated balance carried forward, start of year	17	0	17	13	0	13	0	0	0
22.00 New budget authority	305	10	315	304	11	315	328	11	339
22.21 Unobligated balance transferred to other accounts	-2	0	-2	0	0	0	0	0	0
23.90 Total budgetary resources available for obligation	320	10	330	317	11	328	328	11	339
23.95 Total new obligations	-305	-10	-315	-317	-11	-328	-327	-11	-338
24.40 Unobligated balance carried forward end of year	13	0	13	0	0	0	0	0	0
<b>New budget authority (gross), detail:</b>									
<b>Discretionary:</b>									
40.00 Appropriation	30	1	31	26	1	27	29	1	30
Spending authority from offsetting collections									
Offsetting collections (cash):									
68.00 Offsetting collections (reimbursable Federal)	1	0	1	1	0	1	1	0	1
68.00 Cost of conducting spectrum auctions	74	1	75	58	2	60	58	2	60
68.00 Spending authority from offsetting collections (regulatory fees)	200	8	208	219	8	227	240	8	248
68.90 Spending authority from offsetting collections (total discretionary)	275	9	284	278	10	288	299	10	309
70.00 Total new budget authority (gross)	305	10	315	304	11	315	328	11	339
<b>Change in obligated balances:</b>									
72.40 Obligated balance, start of year	43	0	43	61	0	61	63	0	63
73.10 New obligations	305	10	315	317	11	328	327	11	338
73.20 Total outlays (gross)	-286	-10	-296	-315	-11	-326	-338	-11	-349
74.40 Obligated balance, end of year	61	0	61	63	0	63	52	0	52

**This exhibit illustrates the distribution of budget authority to provide for the government-wide legislative proposal to fund the full cost of retirement benefits at the agency level as presented in the President's Budget.**

**Salaries and Expenses**

<b>Program and Financing (in millions of dollars)-continued</b>										
	2001	2001	2001	2002	2002	2002	2003	2003	2003	
	Enacted	Legislative	President's	Enacted	Legislative	President's	Program	Legislative	President's	
		adjustment	Budget		adjustment	Budget	Baseline	Request	Budget	
			Total			Total			Total	
<b>Outlays (gross), detail:</b>										
86.90	Outlays from new discretionary authority	278	10	288	300	11	311	324	11	335
86.93	Outlays from discretionary balances	8	0	8	13	0	13	14	0	14
87.00	<b>Total outlays (gross)</b>	<b>286</b>	<b>10</b>	<b>296</b>	<b>315</b>	<b>11</b>	<b>326</b>	<b>338</b>	<b>11</b>	<b>349</b>
<b>Offsets against gross budget authority and outlays:</b>										
<b>offsetting collections (cash) from:</b>										
88.00	Federal sources	-1	0	-1	-1	0	-1	-1	0	-1
88.40	Cost of conducting spectrum auctions	-74	-1	-75	-58	-2	-60	-58	-2	-60
8845	Regulatory Fees	-200	-8	-208	-219	-8	-227	-240	-8	-248
88.90	<b>Total, offsetting collections (cash)</b>	<b>-275</b>	<b>-9</b>	<b>-284</b>	<b>-278</b>	<b>-10</b>	<b>-288</b>	<b>-299</b>	<b>-10</b>	<b>-309</b>
<b>Net budget authority and outlays:</b>										
89.00	Budget authority	30	1	31	26	1	27	29	1	30
90.00	Outlays	11	1	12	37	1	38	39	1	40
<b>Budget Authority and Outlays Excluding Full Funding for Federal Retiree costs (in million of dollars)</b>										
<b>Net budget authority and outlays:</b>										
89.00	Budget authority	30	0	30	26	0	26	29	0	29
90.00	Outlays	11	0	11	37	0	37	39	0	39
<b>Object Classification (in millions of dollars)</b>										
<b>Direct obligations</b>										
<b>Personnel compensation:</b>										
11.10	Full-time Permanent	14	0	14	14	0	14	14	0	14
11.30	Other than full-time permanent	2	0	2	1	0	1	2	0	2
11.90	<b>Total personnel compensation</b>	<b>16</b>	<b>0</b>	<b>16</b>	<b>15</b>	<b>0</b>	<b>15</b>	<b>16</b>	<b>0</b>	<b>16</b>
12.10	Civilian personnel benefits	4	1	5	4	1	5	4	1	5
23.10	Rental payments to GSA	4	0	4	3	0	3	3	0	3
23.30	Communications, utilities, and miscellaneous charges	1	0	1	1	0	1	1	0	1
25.20	Other Services	1	0	1	1	0	1	2	0	2
25.70	Operation and maintenance of equipment	2	0	2	2	0	2	2	0	2
31.00	Equipment	2	0	2	0	0	0	1	0	1
99.00	<b>Direct Obligations</b>	<b>30</b>	<b>1</b>	<b>31</b>	<b>26</b>	<b>1</b>	<b>27</b>	<b>29</b>	<b>1</b>	<b>30</b>
99.00	<b>Reimbursable Obligations</b>	<b>275</b>	<b>9</b>	<b>284</b>	<b>291</b>	<b>10</b>	<b>301</b>	<b>298</b>	<b>10</b>	<b>308</b>
99.99	<b>Total new obligations</b>	<b>305</b>	<b>10</b>	<b>315</b>	<b>317</b>	<b>11</b>	<b>328</b>	<b>327</b>	<b>11</b>	<b>338</b>

## UNIVERSAL SERVICE FUND

The Telecommunications Act of 1996 provides for a major restructuring of the Nation's communications laws, promotes universal service and open access to information networks, and provides for flexible government regulations. Under the Act, telecommunications carriers that provide interstate telecommunications services are required to contribute funds for the preservation and advancement of universal service. The contributions are used to provide services eligible for universal service support as prescribed by the FCC. Telecommunications carriers receive a credit towards their contribution by providing discount service to schools, libraries, and health care providers. Support will also be provided to carriers offering services in high cost areas of the United States and to carriers offering services to low income consumers.

Unavailable Collections (in millions of dollars)			
	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year	0	0	0
Receipts:			
02.00 Universal service fund	5,290	5,801	6,523
Appropriations:			
05.00 Universal service fund	-5,290	-5,801	-6,523
07.99 Balance, end of year	0	0	0

Program and Financing (in millions of dollars)			
	2001 actual	2002 est.	2003 est.
<b>Obligations by program activity:</b>			
10.00 Total new obligations (object class 41.0)	5,235	5,801	6,523
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	181	237	237
22.00 New budget authority (gross)	5,290	5,801	6,523
23.90 Total budgetary resources available for obligation	5,471	6,038	6,760
23.95 Total new obligations	-5,235	-5,801	-6,523
24.40 Unobligated balance carried forward, end of year	237	237	237
<b>New budget authority (gross), detail:</b>			
Mandatory:			
60.20 Appropriation (special fund)	5,290	5,801	6,523

**UNIVERSAL SERVICE FUND**

(Universal Service Fund Cont'd)	Program and Financing (in millions of dollars)		
	2001 actual	2002 est.	2003 est.
<b>Change in obligated balances:</b>			
Change in obligations balances, start of year:			
72.40 Obligated balance, start of year	1,771	2,059	2,369
73.10 Total new obligations	5,235	5,801	6,523
73.20 Total outlays (gross)	-4,947	-5,490	-6,510
74.40 Obligated balance, end of year	2,059	2,369	2,382
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority	2,995	3,194	3,904
86.98 Outlays from mandatory balances	1,952	2,296	2,606
87.00 Total outlays (gross)	4,947	5,490	6,510
<b>Net budget authority and outlays:</b>			
89.00 Budget authority	5,290	5,801	6,523
90.00 Outlays	4,947	5,490	6,510



## SPECTRUM AUCTION PROGRAM ACCOUNT

This program provides for direct loans for the purpose of purchasing spectrum licenses at the Federal Communications Commission's auctions. The licenses are being purchased on an installment basis, which constitutes an extension of credit. The first year of activity for this program was 1996.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated in 1992 and beyond (including modifications of direct loans and loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis and administrative expenses are estimated on a cash basis.

### Program and Financing (in millions of dollars)

	2001 actual	2002 est.	2003 est.
<b>Obligations by program activity:</b>			
00.05 Reestimates of direct loan subsidy	8,821	94	0
00.06 Interest on reestimates of direct loan subsidy	2,767	38	0
00.09 Administrative Expenses	<u>8</u>	<u>12</u>	<u>12</u>
10.00 Total new obligations	11,596	144	12
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	1,821	0	0
22.00 New budget authority (gross)	11,577	144	12
22.40 Capital transfer to general fund	<u>-1,802</u>	<u>0</u>	<u>0</u>
23.90 Total budgetary resources available for obligation	11,596	144	12
23.95 Total new obligations	-11,596	-144	0
<b>New budget authority (gross), detail:</b>			
<b>Mandatory:</b>			
60.00 Appropriation	11,577	144	12
69.00 Offsetting collections (cash)	12,429	3	0
69.27 Capital transfer to general fund	-12,429	-3	0
69.90 Spending authority from offsetting collections (total mandatory)	<u>0</u>	<u>0</u>	<u>0</u>
70.00 Total new budget authority (gross)	11,577	144	12

**SPECTRUM AUCTION PROGRAM ACCOUNT**

**Program and Financing (in millions of dollars) - continued**

	2001 actual	2002 est.	2003 est.
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year	2	3	0
73.10 Total new obligations	11,596	144	12
73.20 Total outlays (gross)	<u>-11,595</u>	<u>-147</u>	<u>-12</u>
74.40 Obligated balance, end of year	3	0	0
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority	11,576	144	12
86.98 Outlays from mandatory balances	<u>19</u>	<u>3</u>	<u>0</u>
87.00 Total outlays (gross)	11,595	147	12
<b>Offsets:</b>			
Against budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-12,429	-3	0
<b>Net budget authority and outlays:</b>			
89.00 Budget authority	-852	141	12
90.00 Outlays	-834	144	12
<b>Summary of Loan levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)</b>			
	2001 actual	2002 est.	2003 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Spectrum auction	0	0	0
1159 Total direct loan levels	0	0	0
Direct loans subsidy (in percent):			
1320 Direct loan levels	0	0	0
1329 Weighted average subsidy rate	0	0	0

**SPECTRUM AUCTION PROGRAM ACCOUNT**

**Summary of Loan levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars) - continued**

	2001 actual	2002 est.	2003 est.
Direct loan subsidy budget authority:			
1330 Direct loan levels	0	0	0
1339 Total subsidy budget authority	0	0	0
Direct loan subsidy outlays:			
1340 Direct loan levels	0	0	0
1349 Total subsidy outlays	0	0	0
Direct loan upward reestimate subsidy budget authority:			
1350 Direct loan levels	11,588	132	0
1359 Total upward reestimate budget authority	11,588	132	0
Direct loan upward reestimate subsidy outlays:			
1360 Direct loan levels	11,588	132	0
1369 Total upward reestimate subsidy outlays	11,588	132	0
Direct loan downward reestimate subsidy budget authority:			
1370 Direct loan levels	-12,429	-3	0
1379 Total downward reestimate budget authority	-12,429	-3	0
Direct loan downward reestimate subsidy outlays:			
1380 Direct loan levels	-12,429	-3	0
1389 Total downward reestimate subsidy outlays	-12,429	-3	0
Administrative expense data:			
3510 Budget authority	0	12	12
3580 Outlays from balances	8	0	0
3590 Outlays from new authority	0	12	12

**SPECTRUM AUCTION PROGRAM ACCOUNT**

<b>Object Classification (in millions of dollars)</b>			
	2001 actual	2002 est.	2003 est.
11.1 Personnel compensation: Full-time permanent	1	1	1
25.2 Other services	7	11	11
41.0 Grants, subsidies, and contributions	<u>11,588</u>	<u>132</u>	<u>0</u>
99.9 Total new obligations	11,596	144	12
<b>Personnel Summary</b>			
1001 Total compensable workyears: Full-time equivalent employment	8	8	8

**SPECTRUM AUCTION DIRECT LOAN FINANCING ACCOUNT**

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

<b>Program and Financing (in millions of dollars)</b>			
	2001 actual	2002 est.	2003 est.
<b>Obligations by program activity:</b>			
<b>Operating expenses:</b>			
00.02 Interest Paid to Treasury	1,214	414	290
00.05 IVDS Restructuring	2	6	0
00.91 Direct Program by Activities - Subtotal (1 level)	<u>1,216</u>	<u>420</u>	<u>290</u>
08.02 Downward subsidy reestimate	9,625	2	0
08.04 Interest on downward reestimate	2,804	1	0
08.91 Direct Program by Activities - Subtotal (1 level)	<u>12,429</u>	<u>3</u>	<u>0</u>
10.00 Total new obligations	<u>13,645</u>	<u>423</u>	<u>290</u>
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	10	18	0
22.00 New financing authority (gross)	13,663	417	290
22.60 Portion applied to repay debt	<u>-10</u>	<u>-12</u>	<u>0</u>
23.90 Total budgetary resources available for obligation	<u>13,663</u>	<u>423</u>	<u>290</u>
23.95 Total new obligations	<u>-13,645</u>	<u>-423</u>	<u>-290</u>
23.40 Unobligated balance carried forward, end of year	18	0	0
<b>New financing authority (gross), detail:</b>			
<b>Mandatory:</b>			
67.10 Authority to borrow:	12,663	0	154
Offsetting collections (cash)			
69.00 Offsetting collections (Re-estimate)	8,821	94	0
69.00 Offsetting collections (Int-reestimate)	2,767	38	0

**SPECTRUM AUCTION DIRECT LOAN FINANCING ACCOUNT**

**Program and Financing (in millions of dollars) - continued**

	2001 actual	2002 est.	2003 est.
69.00 Offsetting collections (Payment on loans)	419	4,436	136
69.00 Other Treasury collections (Auction 35 receipts)	0	997	0
69.00 Offsetting collections (Treasury Int)	844	0	0
69.47 Portion applied to repay debt	-11,851	-5,148	0
69.90 Spending authority from offsetting collections (total mandatory)	<u>1,000</u>	<u>417</u>	<u>136</u>
70.00 Total new financing authority (gross)	<u>13,663</u>	<u>417</u>	<u>290</u>
<b>Change in obligated balances:</b>			
73.10 Total new obligations	13,645	423	290
73.20 Total financing disbursements (gross)	-13,645	-423	-290
87.00 Total financing disbursements (gross)	13,645	423	290
<b>Offsets:</b>			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Program account: total revised subsidy	-11,588	-132	0
88.25 Interest on uninvested funds	-844	0	0
Non-Federal sources:			
88.40 Interest received on loans	-66	-41	-39
88.40 Principal received on loans	-353	-4,395	-97
88.40 Recoveries	<u>0</u>	<u>-997</u>	<u>0</u>
88.90 Total offsetting collections (cash)	<u>-12,851</u>	<u>-5,565</u>	<u>-136</u>
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority	812	-5,148	154
90.00 Financing disbursements	794	-5,142	154

**SPECTRUM AUCTION DIRECT LOAN FINANCING ACCOUNT**

**Status of Direct Loans (in millions of dollars)**

	2001 actual	2002 est.	2003 est.
<b>Position with respect to appropriations act limitation on obligations:</b>			
1111 Limitation on direct loans	0	0	0
1131 Direct loan obligation exempt from limitation	0	0	0
1150 Total direct loan obligations	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cumulative balance of direct loans outstanding:</b>			
1210 Outstanding, start of year	8,177	5,593	1,198
1231 Disbursements: Direct loan disbursements	0	0	0
1251 Repayments: Repayments and prepayments	-353	-4,395	-97
1263 Write-offs for default: Direct loans	-2,231	0	0
1290 Outstanding, end of year	<u>5,593</u>	<u>1,198</u>	<u>1,101</u>

**Balance Sheet (in millions of dollars)**

	2000 actual	2001 actual	2002 est.	2003 est.
<b>ASSETS:</b>				
1101 Federal assets: Fund balance with Treasury	0	18	0	0
Net value of assets related to post-1991 direct loan receivable:				
1401 Direct loans receivable, gross	8,177	5,593	1,198	1,101
1402 Interest receivable	433	293	56	56
1405 Allowance for subsidy cost (-)	982	216	-292	-41
1499 Net present value of assets related to direct loans	<u>9,592</u>	<u>6,102</u>	<u>962</u>	<u>1,116</u>
1901 Other Federal assets: Other assets	0	0	0	0
<b>1999 Total assets</b>	<u>9,592</u>	<u>6,120</u>	<u>962</u>	<u>1,116</u>
<b>LIABILITIES:</b>				
Federal liabilities:				
2103 Resources payable to Treasury	5,307	6,110	962	1,116
2105 Other Debt	4,285	10	0	0
<b>1999 Total liabilities</b>	<u>9,592</u>	<u>6,120</u>	<u>962</u>	<u>1,116</u>
4999 Total liabilities and net position	9,592	6,120	962	1,116



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

August 7, 2001

The Honorable Joseph Lieberman  
Chairman  
Committee on Governmental Affairs  
United States Senate  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Mr. Chairman:

On May 7, 2001, the U.S. General Accounting Office ("GAO") submitted a report entitled *Telecommunications: Research and Regulatory Efforts on Mobile Phone Health Issues* (GAO-01-545) to you and Congressman Markey. The report made four recommendations to the Commission. In accordance with the requirement of 31 U.S.C. 720, this letter is to inform you of the actions the Commission has already taken and is planning to take based on the recommendations made by the GAO.

GAO recommends that I "[d]irect the Office of Engineering and Technology to issue revised guidance on SAR [specific absorption rate] testing procedures to reduce variations in test results caused by a lack of standardized procedures. This guidance should be kept current as industry standards evolve." At the end of June 2001, the Office of Engineering and Technology ("OET") issued a revised "Supplement C," which provides specific guidance for evaluating compliance of mobile phone handsets with the Commission's limits on radiofrequency ("RF") exposure. This publication includes guidance for SAR measurements on portable devices and updated guidance for other measurement-based and computational methods for evaluating RF exposure. These procedures are based on the ongoing work of the Institute of Electrical and Electronics Engineers ("IEEE"). A Public Notice of this publication was made on June 29, 2001, and this material was distributed to key industry personnel and is posted on the Commission's web site. The Commission will carefully monitor the utility of these guidelines, and will also continue to follow the development of industry standards, and reevaluate its procedures if and when the IEEE adopts new standards in this area.

GAO recommends that I "[d]irect the Office of Engineering and Technology to consult with FDA on the advisability of adopting FDA's method of incorporating measurement uncertainty in determining compliance with radiofrequency safety limits, and make the results of the communication publicly available." As stated in the Commission's April 12, 2001, comments on the GAO draft report and reiterated in my letter of June 19, 2001, to you and Congressman Markey, Commission and FDA staff met prior to publication of the GAO Report, and were able to determine that both agencies do, in fact, treat measurement uncertainty in the same manner when measuring devices for compliance with emissions limits. In response to the Report, the respective staffs have met again to ensure their common understanding and similar



treatment of measurement uncertainty in testing for compliance, and confirmed their earlier understanding. We have discovered that there are differences in how each agency advises manufacturers to incorporate measurement uncertainty in their manufacturing process and their internal quality/conformance testing. The two staffs have since met again to discuss the nature of and reasons for these differences. FDA staff has provided valuable information and ideas to the Commission staff on this matter. We are currently evaluating these ideas, and we will meet again with FDA to discuss possible modifications of our oversight of the manufacturing process, and to further discuss the propriety of any differences based on differences in the devices at issue. We are hopeful of concluding these considerations this year, and will advise manufacturers and the public of any changes we expect in the manufacturing process, and the bases for such requirements.

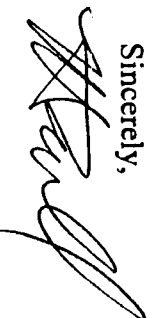
GAO recommends that I “[d]irect the Consumer Information Bureau and the Office of Engineering and Technology to work together to develop clear, consistent, and easily accessible consumer materials on mobile phone radiofrequency exposure issues. In particular, these offices should modify the product authorization database Web site so that it links consumers to clear, concise information on radiofrequency exposure issues and the meaning of SAR data.” As I said in my letter to you of June 19, 2001, the staff immediately made revisions to the RF fact sheet and developed a “Frequently Asked Questions” (FAQ) sheet for the Commission web site. Additionally, the Commission has for some time maintained a dedicated consumer hotline, which is publicized with all of our printed information. In addition, we have begun coordination with FDA on consolidating web site information of the two agencies into a single, simple, easy-to-navigate and easy-to-understand tool. The first meeting between staffs to discuss logistics of this effort has occurred and current web site information has been exchanged. We have scheduled the next meeting for later this month to review each other’s material and to initiate steps to build a coordinated set of sites, with a common home page.

GAO recommends that I “[d]irect the Office of Managing Director, as part of human capital planning, to develop a strategy for meeting the need for additional expertise in radiofrequency exposure and testing issues.” I am pleased to advise you that one new engineer was hired recently for the Commission laboratory, and is assigned to the RF exposure activity. In the next two months, we expect to fill additional new engineering positions at the Laboratory.

Finally, I can assure you that the Commission will promptly complete its initiatives with the FDA, and will continue to be alert to RF health and safety issues and public concerns. The

Commission appreciates its evolving role in public awareness of these matters. I will be happy to discuss these matters with you further, at your convenience.

Sincerely,



Michael K. Powell  
Chairman

cc: Director, Office of Management and Budget  
Director, Physical Infrastructure Issues, U.S. General Accounting Office



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

August 7, 2001

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
U. S. House of Representatives  
2157 Rayburn House Office Building  
Washington, D.C. 20515

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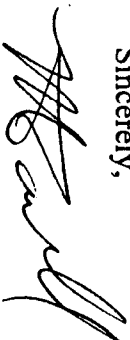
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Page 3—The Honorable Dan Burton—August 7, 2001

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Sincerely,

A handwritten signature in black ink, appearing to read "M. Powell", written in a cursive style.

Michael K. Powell  
Chairman

cc: Director, Office of Management and Budget  
Director, Physical Infrastructure Issues, U.S. General Accounting Office



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

January 11, 2002

The Honorable Joseph Lieberman  
Chairman  
Committee on Governmental Affairs  
United States Senate  
605 Hart Senate Office Building  
Washington, D.C. 20510

Dear Mr. Chairman:

On October 16, 2001, the U.S. General Accounting Office submitted a report entitled Telecommunications: Characteristics and Competitiveness of the Internet Backbone Market (GAO-02-16) to Senators Kohl and DeWine. The Report made the following recommendation to the Commission:

FCC should develop a strategy for periodically evaluating whether existing informal and experimental methods of data collection are providing the information needed to monitor the essential characteristics and trends of the Internet backbone market and the potential effects of the convergence of communications services. If a more formal data collection program is deemed appropriate, FCC should exercise its authority to establish such a program. (p. 29).

The GAO is recommending that the FCC adopt a process for evaluating its data collection needs; it is not, however, recommending that the FCC at this time engage in new data gathering.

In addition to the recommendation, we note that the Report observes a need for data related to network reliability and local broadband deployment. We also note that, while the Report identifies a possible need for data, the Report did not identify a specific problem that requires regulatory action. The Report stated, "[n]o evidence came to light in the course of this study to suggest that the long-standing hands-off regulatory approach for the Internet has not worked or should be modified." (p. 29).

This letter is to inform you of the Commission's response to the GAO recommendation.

The Internet falls within a larger regulatory classification known as enhanced services or information services. These are different types of data processing or computer network services that are provided via the telecommunications network. The Commission has long been concerned with enhanced services, starting with its Computer Inquiries initiated in 1966. The conclusion in that proceeding was that enhanced services should be unregulated because the market was highly competitive, innovative, had low barriers to entry, and had a low risk of

monopolization. The Commission has regularly revisited these issues in Computer II, Computer III, and other related proceedings, affirming its original findings.

The Commission has directly addressed the Internet backbone market on multiple occasions including the first Section 706 Report to Congress, the MCI / WorldCom merger, the Bell Atlantic / GTE merger, and the MCI / Sprint merger. The FCC has considered the Internet backbone market in developing its ICAIS policy for international meetings ("International Charging Arrangements for Internet Services" involving pressure to impose telecommunications accounting schemes on Internet peering). The Network Reliability and Interoperability Council ("NRIC"), an FCC federal advisory committee, has also touched on the issue, recommending that backbones publish their peering policies, and developing a white paper on interconnection between Internet backbones. The FCC Office of Plans and Policy has released an OPP Working Paper on the subject entitled *The Digital Handshake: Connecting Internet Backbones* (September 2000). Finally, the FCC also has recently hired staff with expertise in this area.

Section 706 of the Telecommunications Act creates an ongoing obligation for the Commission to examine "the availability of advanced telecommunications capability to all Americans." The Commission is currently completing its third cycle of preparing a Report to Congress pursuant to Section 706. The Commission could evaluate, as a part of the Section 706 process, whether existing methods of data collection are providing the information needed to monitor the essential characteristics and trends of the Internet backbone market and the potential effects of the convergence of communications services. Consistent with the GAO recommendation, if the Commission deems that it is necessary, the Commission can propose appropriate action as a part of the Section 706 process.

The GAO Report also notes a need for additional information in the area of Internet network reliability. We, therefore, wish to share with you the latest developments with the NRIC. The NRIC was established in 1991 with the mission "to provide recommendations to the Commission that will help prevent network outages or limit their impact." Since that time, NRIC has assisted the Commission with the reliability of the public telephone network, an analysis of the Internet's impact on the telecommunications network, and preparing the telecommunications network for Y2K. As the GAO Report notes, NRIC V actively explored reporting of Internet backbone outages. NRIC VI, which will soon convene, will have increased emphasis on Internet reliability and Homeland Security. A recent press release concerning NRIC VI is enclosed.

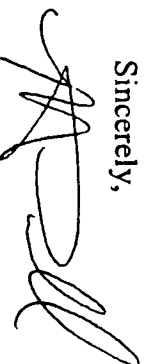
There are multiple government efforts addressing Internet reliability and security. We wish to ensure that the FCC's work complements the work of other agencies. Other federal work includes the Office of Homeland Security, the Critical Infrastructure Protection Board, The US National Infrastructure Protection Center, the CERT Coordination Center, The Critical Infrastructure Assurance Office, the National Coordination Center for Telecommunications, the National Communications System, the National Security Telecommunications Advisory Committee, and the Federal Computer Incident Response Center. At the state level there is the

National Association of State Chief Information Officers ("NASCIO"). There are also multiple private sector efforts that include the Forum of Incident Response and Security Teams, IT Information Sharing and Analysis Center ("ISAC"), the forming ISP ISAC, IOPS, and the North American Network Operators Group. Government work on network reliability should take advantage of and build upon the excellent work being achieved by the private sector.

The Report also mentions the need for data concerning local broadband deployment. Broadband deployment is, of course, the subject of the Commission's mandate under Section 706 of the Telecommunications Act. As previously noted, the Commission is currently concluding its third Section 706 proceeding and the report to Congress is imminent. As part of this process, the Commission has implemented a regular and ongoing data collection and releases data every six months.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Michael K. Powell  
Chairman

Enclosure

cc: Director, Office of Management and Budget  
Director, Physical Infrastructure Issues, U.S. General Accounting Office





# NEWS

Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D. C. 20554

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<ftp.fcc.gov>

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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FOR IMMEDIATE RELEASE  
January 4, 2002

Contact: Audrey Spiwaack  
(202) 418-0512

## QWEST COMMUNICATIONS CHAIRMAN AND CEO JOSEPH NACCHIO ASSUMES CHAIR OF NETWORK RELIABILITY AND INTEROPERABILITY COUNCIL

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The Council's members are senior representatives of providers and users of telecommunications services and products, including telecommunications carriers, the satellite, cable television, wireless and computer industries, trade associations, labor and consumer representatives, manufacturers, research organizations and government related organizations.

The role of the Council is to develop recommendations for the Commission and the telecommunications industry to assure optimal reliability, security, interoperability and interconnectivity of, and accessibility to, public telecommunications networks and the Internet. NRIC VI will work on traditional reliability issues with a strong emphasis on national security.

Mr. Nacchio is also Vice-Chairman of the National Security Telecommunications Advisory Committee, a Federal Advisory Committee Act body that advises President Bush on national security telecommunications matters.

Mr. Nacchio said: "I am honored that Chairman Powell has asked me to serve as the Chairman of the Network Reliability and Interoperability Council at this crucial time and I look forward to working with him and the members of the Council."

- FCC -



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

January 11, 2002

The Honorable Fred Thompson  
Ranking Member  
Committee on Governmental Affairs  
United States Senate  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senator Thompson:

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Chairman

Enclosure

cc: Director, Office of Management and Budget  
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- FCC -



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 11, 2002

OFFICE OF  
THE CHAIRMAN

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

On October 16, 2001, the U.S. General Accounting Office submitted a report entitled Telecommunications: Characteristics and Competitiveness of the Internet Backbone Market (GAO-02-16) to Senators Kohl and DeWine. The Report made the following recommendation to the Commission:

FCC should develop a strategy for periodically evaluating whether existing informal and experimental methods of data collection are providing the information needed to monitor the essential characteristics and trends of the Internet backbone market and the potential effects of the convergence of communications services. If a more formal data collection program is deemed appropriate, FCC should exercise its authority to establish such a program. (p. 29).

The GAO is recommending that the FCC adopt a process for evaluating its data collection needs; it is not, however, recommending that the FCC at this time engage in new data gathering.

In addition to the recommendation, we note that the Report observes a need for data related to network reliability and local broadband deployment. We also note that, while the Report identifies a possible need for data, the Report did not identify a specific problem that requires regulatory action. The Report stated, "[n]o evidence came to light in the course of this study to suggest that the long-standing hands-off regulatory approach for the Internet has not worked or should be modified." (p. 29).

This letter is to inform you of the Commission's response to the GAO recommendation.

The Internet falls within a larger regulatory classification known as enhanced services or information services. These are different types of data processing or computer network services that are provided via the telecommunications network. The Commission has long been concerned with enhanced services, starting with its Computer Inquiries initiated in 1966. The conclusion in that proceeding was that enhanced services should be unregulated because the market was highly competitive, innovative, had low barriers to entry, and had a low risk of

monopolization. The Commission has regularly revisited these issues in Computer II, Computer III, and other related proceedings, affirming its original findings.

The Commission has directly addressed the Internet backbone market on multiple occasions including the first Section 706 Report to Congress, the MCI / WorldCom merger, the Bell Atlantic / GTE merger, and the MCI / Sprint merger. The FCC has considered the Internet backbone market in developing its ICAIS policy for international meetings (“International Charging Arrangements for Internet Services” involving pressure to impose telecommunications accounting schemes on Internet peering). The Network Reliability and Interoperability Council (“NRIC”), an FCC federal advisory committee, has also touched on the issue, recommending that backbones publish their peering policies, and developing a white paper on interconnection between Internet backbones. The FCC Office of Plans and Policy has released an OPP Working Paper on the subject entitled *The Digital Handshake: Connecting Internet Backbones* (September 2000). Finally, the FCC also has recently hired staff with expertise in this area.

Section 706 of the Telecommunications Act creates an ongoing obligation for the Commission to examine “the availability of advanced telecommunications capability to all Americans.” The Commission is currently completing its third cycle of preparing a Report to Congress pursuant to Section 706. The Commission could evaluate, as a part of the Section 706 process, whether existing methods of data collection are providing the information needed to monitor the essential characteristics and trends of the Internet backbone market and the potential effects of the convergence of communications services. Consistent with the GAO recommendation, if the Commission deems that it is necessary, the Commission can propose appropriate action as a part of the Section 706 process.

The GAO Report also notes a need for additional information in the area of Internet network reliability. We, therefore, wish to share with you the latest developments with the NRIC. The NRIC was established in 1991 with the mission “to provide recommendations to the Commission that will help prevent network outages or limit their impact.” Since that time, NRIC has assisted the Commission with the reliability of the public telephone network, an analysis of the Internet’s impact on the telecommunications network, and preparing the telecommunications network for Y2K. As the GAO Report notes, NRIC V actively explored reporting of Internet backbone outages. NRIC VI, which will soon convene, will have increased emphasis on Internet reliability and Homeland Security. A recent press release concerning NRIC VI is enclosed.

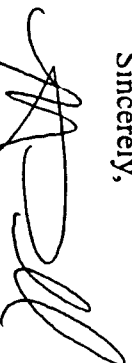
There are multiple government efforts addressing Internet reliability and security. We wish to ensure that the FCC’s work complements the work of other agencies. Other federal work includes the Office of Homeland Security, the Critical Infrastructure Protection Board, The US National Infrastructure Protection Center, the CERT Coordination Center, The Critical Infrastructure Assurance Office, the National Coordination Center for Telecommunications, the National Communications System, the National Security Telecommunications Advisory Committee, and the Federal Computer Incident Response Center. At the state level there is the

National Association of State Chief Information Officers ("NASCIO"). There are also multiple private sector efforts that include the Forum of Incident Response and Security Teams, IT Information Sharing and Analysis Center ("ISAC"), the forming ISP ISAC, IOPS, and the North American Network Operators Group. Government work on network reliability should take advantage of and build upon the excellent work being achieved by the private sector.

The Report also mentions the need for data concerning local broadband deployment. Broadband deployment is, of course, the subject of the Commission's mandate under Section 706 of the Telecommunications Act. As previously noted, the Commission is currently concluding its third Section 706 proceeding and the report to Congress is imminent. As part of this process, the Commission has implemented a regular and ongoing data collection and releases data every six months.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Michael K. Powell  
Chairman

Enclosure

cc: Director, Office of Management and Budget  
Director, Physical Infrastructure Issues, U.S. General Accounting Office





# NEWS

Federal Communications Commission  
445 12th Street, S.W.  
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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See WCI v. FCC, 513 F.2d 385 (D.C. Cir. 1974).

FOR IMMEDIATE RELEASE  
January 4, 2002

Contact: Audrey Spiwack  
(202) 418-0512

## QWEST COMMUNICATIONS CHAIRMAN AND CEO JOSEPH NACCHIO ASSUMES CHAIR OF NETWORK RELIABILITY AND INTEROPERABILITY COUNCIL

Washington - FCC Chairman Michael K. Powell today announced that Joseph P. Nacchio, Chairman and Chief Executive Officer of Qwest Communications, will chair the next term of the Network Reliability and Interoperability Council (NRIC VI). Chairman Powell thanked Level 3 Communications President and Chief Executive Officer, James Q. Crowe, for leading the Council during its previous term (NRIC V).

The Council's members are senior representatives of providers and users of telecommunications services and products, including telecommunications carriers, the satellite, cable television, wireless and computer industries, trade associations, labor and consumer representatives, manufacturers, research organizations and government related organizations.

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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

January 11, 2002

The Honorable Henry A. Waxman  
Ranking Member  
Committee on Government Reform  
U.S. House of Representatives  
B-350A Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Waxman:

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In addition to the recommendation, we note that the Report observes a need for data related to network reliability and local broadband deployment. We also note that, while the Report identifies a possible need for data, the Report did not identify a specific problem that requires regulatory action. The Report stated, "[n]o evidence came to light in the course of this study to suggest that the long-standing hands-off regulatory approach for the Internet has not worked or should be modified." (p. 29).

This letter is to inform you of the Commission's response to the GAO recommendation.

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If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'MPowell', written over a horizontal line.

Michael K. Powell  
Chairman

Enclosure

cc: Director, Office of Management and Budget  
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