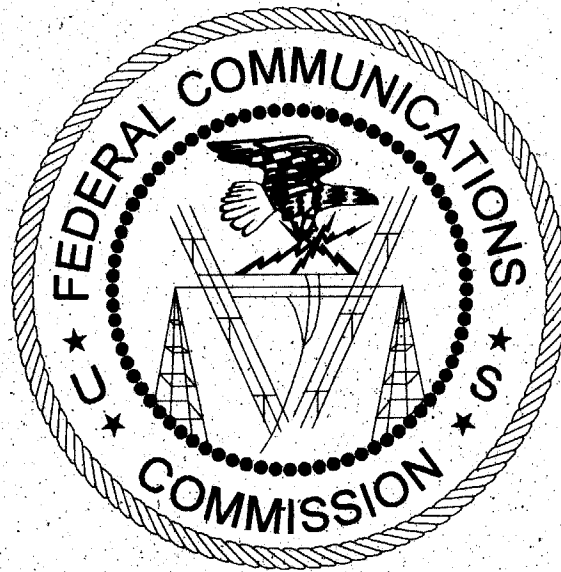


Federal Communications Commission



Fiscal Year 2001 Budget Estimates

Submitted to Congress

February 2000

FEDERAL COMMUNICATIONS COMMISSION

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Goals and Objectives

The Federal Communications Commission's primary mission is to promote competition in communications, protect consumers, and support access for every American to existing and advanced communications services.

In the next several years, we expect U.S. communications markets to be characterized predominately by vigorous competition that will greatly reduce the need for direct regulation. 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. The Federal Communications Commission's (FCC) primary mission of promoting competition in communications, protecting consumers, and supporting access for every American to existing and advanced communications services will continue unabated. What will change are the means and mix of resources necessary to achieve these goals in an environment marked by greater competition and convergence of technology and industry sectors.

In this new environment, the FCC must focus on sustaining competitive communications markets and protecting the public interest where markets fail to do so. Our core functions will include: 1) licensing of current and, where appropriate, emerging technologies; 2) consumer protection and information and universal service; 3) enforcement; 4) the promotion of competitive markets domestically and internationally, and 5) spectrum management.

As a result, a number of the FCC's current functions and regulatory structures no longer will be necessary. The FCC as we know it today will be very different both in structure and function. Increased automation and efficiency will enable the FCC to streamline its licensing activities, accelerate the decision-making process, and allow the public faster and easier access to information. The FCC will be a "one-stop, digital shop" where form-filling and document location are easy and instantaneous.

Overall Objective

Over the next five years, the FCC must wisely manage the transition from an industry regulator to a market facilitator. The enactment of the Telecommunications Act of 1996—and the establishment of a new pro-competitive, deregulatory model for communications policy—necessitates a reassessment of our core policy functions, structure, and processes. New competitors and technological innovation are currently transforming communications markets, but history has shown that markets that have been highly

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monopolistic often do not naturally become fully competitive. History has also shown that domestic markets that have been protected from foreign competition do not naturally open to global competition. Therefore, during this critical period of transition, the overall strategic objective of the FCC must be to continue to promote competition, open markets, and technological innovation, while also continuing to protect and empower consumers as they navigate the new world of communications. At the same time, the Commission must significantly revamp its functions, processes, and structure to meet the challenges of a rapidly evolving global information-age economy and an emerging global communications market. Pursuing these strategic objectives will require the identification of clear goals and the execution of year-by-year action plans. As we accomplish our transition goals, we set the stage for a competitive environment in which communications markets look and function like other competitive industries.

It is critical that the FCC begins the transition and that the resources to achieve the goals expressed in our strategic plan are available to meet the demands of this multiyear plan. Our FY 2001 budget request addresses the funding to accomplish our continued progress in meeting our strategic objectives.

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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. 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.

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 faster, flatter, more functional 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 electronic government. Across the agency, we must invest in new technology that will improve our processes and allow us to be as responsive to the public 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 thorough implementation of interactive, electronic filing systems. These initiatives have included consolidation of licensing functions, streamlined application processes, revised and simplified licensing forms, blanket authorizations, delicensing of previously licensed services and electronic filing of license applications and certifications. The benefits we have begun to derive from these projects are manifold and include a more efficient 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. The net results of these initiatives also provide improved service to the public.

In Fiscal Year 2001 we intend to continue our efforts to maintain and expand our electronic filing initiatives-- first, by improving and strengthening our information technology infrastructure on which these electronic filing systems reside, and, second, by

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improving and expanding on current system capabilities by fully utilizing the new opportunities offered by e-commerce. Additional resources are required in Fiscal Year 2001 to enable us to achieve these objectives.

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)	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Projected Change (+/-)
Cost by Activity	\$36,952	\$36,417	\$42,776	+\$6,359
Full Time Equivalents (FTEs)	430	410	370	-40

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LICENSING ACTIVITY OBJECTIVE 1

Strategic Goal A: CREATE A MODEL AGENCY FOR THE DIGITAL AGE		
Strategic Objective: Lead the way in the Information Age		
Policy Initiative	FY 2001 Goal	Performance Measurement
<p>✓ Create a paperless FCC by automating functions and fully implementing automated licensing and electronic filing systems across the agency to promote "one-stop shopping." Consolidate individual systems and adopt one standard user interface as much as possible to simplify public use of our systems.</p>	<p>✓ 70% of all documents filed electronically.</p> <p>*N.B. FCC can never attain 100% since some users do not have the ability to file electronically.</p>	<p>Performance will be measured by comparing the total number of filings and the total number of electronic filings. Quarterly baseline figures are available for a number of systems in FY 1999; data for other systems will be captured beginning in FY 2000. Results will also be obtained from feedback from our stakeholders via e-mail and comments received at public outreach forums.</p>

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Additional Resources/Justification: Total: \$12.75m

For the past several years, the FCC has spent nearly all its discretionary funding on two information technology goals: (1) to improve our Internet Home Page including our web applications, and; (2) to convert our traditional licensing applications to state-of-the-art, Internet-based electronic filing systems. We are well on our way to completing these initiatives with an improved, more accessible Home Page and with more than 20 licensing applications converted to electronic commerce technology.

One of our strategic objectives for Fiscal Year 2001 and beyond is to transform the FCC into a model agency for the digital age. We need to continue our efforts to provide more technology proficient systems and to implement further enhancements to those already online. As the industries we oversee converge, our stakeholders are looking for fast, accurate and integrated access to our technology-specific databases. Just as the industries we oversee are moving toward one another, so must our databases be linked to provide our licensees access to one-stop shopping for all information of interest to them. If we are to become a model, digital agency, we need adequate funding to continually improve and to expand on our current systems, integrating new technologies as they are developed into our current electronic systems.

In Fiscal Year 2001, we require \$11.392 million to provide adequate support of existing systems, to ensure compliance with government – wide system security, accessibility and financial management requirements. In Fiscal Years 1999 and 2000 the Commission completed work on more than 15 new or significantly revised electronic filing and support systems. These sophisticated systems offer our customers a host of capabilities including electronic filing via the Internet.

\$3.15 million is required in Fiscal Year 2001 to ensure that these systems are effectively maintained and upgraded. \$1.932 million is required to ensure that all FCC data systems fully meet federal government security practices as required by OMB Circular A-130. Funding will be used to conduct thorough security reviews, which is especially critical given the high volume of traffic at our Home Page (700,000 hits per day). We must also make substantial enhancements to our financial accounting systems to accommodate payments from regulated entities. In addition, we must upgrade key systems to ensure that these are accessible by individuals with disabilities. \$6.310 million is needed to fund our planned, comprehensive, life-cycle replacement program for our network and telecommunications infrastructure, specialized applications, public access and user productivity hardware and software. Life-cycle replacement in accordance with industry standards will ensure that our information systems will function and meet our basic

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Additional Resources/Justification (Cont'd.):

technology requirements. In some hardware & software categories, the age of the system or its components makes its impossible to continue maintenance. In these systems and components fail and we will have to return to manual processing and others unacceptable alternatives. In addition, if these systems fail it would adversely impact the telecommunication industry, affect public access to FCC information, and disrupt staff productivity. A planned, life-cycle replacement program will enable us to spread the significant expense of upgrading components over a three to five-year period.

Before we can upgrade and expand our current e-commerce applications we need additional funding -- \$310k -- to ensure that our information technology infrastructure can support the new and improved applications. These funds are in addition to the monies currently available in the base for maintenance and life cycle replacement. Specifically, \$500k will be used for upgrade and expansion of the FCC network to support new applications including upgrades to the local area network and to the network's firewall. \$250k is needed to expand Sybase database servers and to purchase additional Sybase software licenses.

We are requesting an additional \$370k to continue our efforts to implement state-of-the-art electronic filing and tracking systems. Our stakeholders have asked us to rely more on electronic media and information technology in our decision-making processes. \$100k is required for enhancements to our Automated Congressional Management System (ACMS) that will allow electronic filing of Congressional correspondence at our website. This will allow for the electronic receipt and dispatch of all Congressional correspondence eliminating the costly manual tracking, copying and mailing of documents and resulting in a significant decrease in the amount of time needed to respond to inquiries. \$150k is requested to expand Common Carrier Bureau's Electronic Tariff Filing System to allow Internet filing of tariffs by non-dominant carriers such as MCI/Worldcom, AT&T, and Sprint, as well as the tariffs of the Operator Services Providers. \$100k will be spent on ADP service contracts and an additional \$50k for hardware and software. \$120k is required to automate applications for certification of Customer Premises Equipment (Part 68) for telephones. Automation of certification procedures will reduce the turn around time of the issuance of a certification from the current 11 business days to 6 business days: a 50% improvement in application processing time.

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LICENSING ACTIVITY OBJECTIVE 2

Strategic Goal A: CREATE A MODEL AGENCY FOR THE DIGITAL AGE		
Strategic Objective: Create a Faster, Flatter, More Functional Agency		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Substantially reduce our backlog including licensing applications, petitions for reconsideration and other proceedings. (A backlog is defined as 1.5 times the actual speed of disposal.) 	<ul style="list-style-type: none"> ✓ 60% in overall reduction of current backlogs: ✓ 80% Cable ✓ 100% Wireless ✓ 25% Broadcast ✓ 65% International ✓ 75% OET and CCB 	<p>The FCC tracks backlog statistics for all authorization of service and related activities. Recently, Bureaus/Offices have expanded the Quarterly Workload Reports to collect data on petitions for reconsideration and other review procedures.</p>
<ul style="list-style-type: none"> ✓ Act on petitions for reconsideration that do not raise significant new issues within 60 days of the record closing. 	<ul style="list-style-type: none"> ✓ 90% of all petitions for reconsideration that do not raise significant new issues acted on within 60 days of record closing. 	<p>Same as above.</p>

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COMPETITION

This activity includes formal inquiries, rulemaking 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; spectrum planning, modeling, propagation-interference analyses and allocation; 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.

Activity Goal: To encourage, through our policy and rulemaking activities, the development of competitive, innovative and excellent 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 as competition develops, by promoting competition in international communications markets, by promoting opportunities for all Americans to utilize existing and future communications services, and by fostering a more consumer friendly market place.

Means/Strategies/Resources: As the FCC's role changes from a market regulator to a market facilitator we must maintain a delicate balance between promoting competition in the marketplace and protecting consumer rights and increasing consumer choices. The means we use to achieve this equilibrium will change as our role changes. 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 to promote the development of a unified, national policy for the development of broadband and other advanced telecommunications services. We will endeavor to assist rather than deter the rapid expansion of e-commerce by promoting access for all Americans to high speed pipelines.

At the same time, we will vigorously review our rules and our spectrum allocation policies to ensure that our rules, regulations and activities to not deter the development of emerging technologies. We will promote and participate in the exchange of information and data collection of data between and among state and federal jurisdictions that will ensure a cohesive national telecommunications policy. We will actively promote agreements on industry standards between competing industries to ensure that deployment of advanced communications services is not delayed through industry roadblocks or conflicts.

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As we strive to promote competition we will continue to monitor the marketplace to ensure that the benefits of advanced telecommunications services and the new information economy are available to everyone, able-bodied or disabled, in every school, library and rural community throughout the United States.

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)	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Projected Change (+/-)
Cost by Activity	\$64,147	\$67,931	\$71,911	+\$3,980
Full Time Equivalents (FTEs)	556	540	510	-30

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COMPETITION ACTIVITY OBJECTIVE 1

Strategic Goal B: PROMOTE COMPETITION IN ALL TELECOMMUNICATIONS MARKETS		
Strategic Objective: Eliminate barriers to entry in domestic markets		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Complete the opening of local telecommunications markets through pro-competitive unbundling, interconnections, and collocation policies. ✓ Advanced technologies/DTV. ✓ Multi-channel Video/Broadcasting. ✓ Review unprecedented level of new mergers proposals to ensure that consolidation does not reduce competition or consumer choices, Ensure that the review process is predictable, streamlined, and transparent. 	<ul style="list-style-type: none"> ✓ 30% of households with an additional local residential competitors. ✓ 10% have 2 additional local residential competitors. ✓ 15% penetration of advanced cable services. ✓ 10% households with access to 5 or more MVPDs. ✓ 78% households with access to 5 or more mobile wireless providers. ✓ Authorize In-Band, On-Channel Service. ✓ Develop a timetable to act on mergers within 180 days and internal procedures that are uniform and transparent across the Agency. 	<p>Each year, at the request of Congress, the FCC prepares "State of Competition" reports for:</p> <ul style="list-style-type: none"> Multivideo programming (since 1995); Wireless competition (since 1995); Local telephone exchange (since 1998). <p>These reports track the growth of competition and the increase in consumer options on an annual basis. Performance will also be measured by the number of Section 271 applications the FCC approves each year.</p> <p>Progress will be measured based on the development of new procedures and on the success of meeting established timelines. This measurement will also attempt to track customer satisfaction.</p>

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Additional Comments:

In most areas of telecommunications, competition is flourishing. There are over 600 long distance providers offering services and prices have steadily dropped. The wireless industry is surging and international markets are expanding. While local competition is still nascent, it is making significant strides. New local competitors provide between four and five million telephone lines to customers.

Parallel to competition, the communication industry has embarked upon an unprecedented level of consolidation. The FCC has acted on more than 117,000 license transfers since the passage of the 1996 Act and on over 60 mergers or major acquisitions. In response to unprecedented consolidation in the telecommunications industry, FCC Chairman William Kennard directed his General Counsel to assess the Commission's merger review process. The General Counsel was tasked with the challenge of how to facilitate the review of major transactions while ensuring that the public interest is protected in an era of consolidation and convergence. In response to the Chairman's challenge, the Office of General Counsel has developed a timetable to ensure that even the most complex transactions are processed in 180 days and that internal procedures are uniform and transparent across the Agency. This team is also developing internal procedures to streamline and accelerate the Commission's merger review process while ensuring consistent public interest analysis. These procedures will ensure that applicants know what is expected of them, what will happen when, and the current status of their application.

A team is being established to work with the Bureaus to ensure consistent analysis of major transactions in a timely fashion. In addition to a Team Leader, the team will consist of four additional lawyers, an economist, and two support staff.

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COMPETITION ACTIVITY OBJECTIVE 2

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Deregulate as Competition Develops		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Reduce the burden of filing, reporting, record keeping and accounting requirements across all communications industries. ✓ Streamline the technical rules for and privatize certain aspects of the certification of telephones and other equipment. 	<ul style="list-style-type: none"> ✓ 20% reduction on the number of forms required by the FCC. ✓ 20% reduction in technical rules for certifying equipment. 	<p>Baseline data is available from the agency's annual Information Collection Budget submitted to OMB. Measurement will track any reductions in the number of information collection items.</p> <p>Progress will be measured by whether the technical rules were eliminated or whether certification of equipment was privatized. The two key bureaus/offices involved in certification of equipment are the Office of Engineering and Technology and the Common Carrier Bureau.</p>

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COMPETITION ACTIVITY OBJECTIVE 3

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Promote Competition in International Communications Markets		
Policy Initiative	FY 2001 Goal	Performance Measurement
✓ 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.	✓ Average price of an international phone call to \$0.55.	Performance will be measured by analyzing the average per-minute price of an international phone call.

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COMPETITION ACTIVITY OBJECTIVE 3 (CONTINUED)

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Promote Competition in International Communications Markets		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none">✓ Encourage the privatization of INTELSAT consistent with the transition to competitive markets. ✓ Encourage new market entrants for wireless and satellite industries, including fixed and mobile voice, fixed and mobile data, direct broadcast, and earth exploration services.	<ul style="list-style-type: none">✓ Implement privatization of INTELSAT. ✓ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many new entrant systems as possible.	<p>Performance will be measured by whether INTELSAT was privatized.</p> <p>Performance will be measured by the number of new system entrants licensed and subscribership statistics to these new entrants.</p>

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COMPETITION ACTIVITY OBJECTIVE 4

Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION		
Strategic Objective: Promote Opportunities for all Americans to Utilize Existing and Future Communications Services		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Increase penetration rates in underserved areas. ✓ Fully implement Schools and Libraries program to ensure access to advanced telecommunications services at reasonable rates. 	<ul style="list-style-type: none"> ✓ 65% penetration rate for underserved communities. ✓ 30% increase in the penetration rate for mobile wireless telephone services. ✓ 90% of schools and libraries connected to the Internet. ✓ 80% of households have access to advanced telecommunications services. 	<p>Performance for Universal Service and related goals will be reported through analysis of data included in the Annual Report prepared by the Universal Service Administrator.</p>

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COMPETITION ACTIVITY OBJECTIVE 5

Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION		
Strategic Objective: Foster a More Consumer Friendly Market Place		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Limit number of new telephone area codes 	<ul style="list-style-type: none"> ✓ Decrease the number of new area codes added by at least 8%. 	<p>Performance will be measured by increased utilization rates for numbers and the quantity of unused numbers returned to the numbering administrator.</p> <p>Measurement will be the number of area codes added in FY 2001 compared to the baseline of area codes added in FY 1999.</p>
<ul style="list-style-type: none"> ✓ More efficient number block pooling 	<ul style="list-style-type: none"> ✓ Implement more efficient number block pooling for the largest MSAs. 	<p>Implementation of number block pooling plan completed for at least 18 of the 100 largest MSAs.</p>
<ul style="list-style-type: none"> ✓ Response Times 	<ul style="list-style-type: none"> ✓ 25% reduction in response time to consumer complaints. 	<p>Performance is measured in the Quarterly Workload Reports that track the number of consumer complaints received, resolved and pending. Statistics are available for multi-year comparisons.</p>

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ENFORCEMENT

This activity includes enforcement of 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. 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.

Activity Goal: To promote the public interest and pro-competitive policies by enforcing rules and regulations that ensure that all 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 undesirable by-product of the rise of competition in various telecommunications markets has been an increase in intentional as well as inadvertent violations of FCC rules by certain providers of telecommunications services. 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, enhance choice for consumers, and maintain public support for deregulation. An essential step in our achieving this objective was the creation of the Enforcement Bureau that consolidates functions formerly dispersed throughout the agency so that we can 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 we will be 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 new organizations will work closely to watch for trends and to share data with each other. For example, if our Consumer Information Bureau continues to track an increase in the number of complaints concerning a single issue or one company, they will transmit this information to the Enforcement Bureau for investigation and possible enforcement action. The Consumer Information Bureau will, in coordination with the Enforcement Bureau, issue "consumer alert" bulletins and establish special websites focused on this single issue. The end result will be improvements in performance for

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both these activities through an improved outreach program, a better educated telecommunications consumer, and a more law-abiding industry.

The following chart reflects resources dedicated to **enforcement 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 enforcement activities.

(Dollars in Thousands)	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Projected Change (+/-)
Cost by Activity	\$58,037	\$65,054	\$75,263	+\$10,209
Full Time Equivalent (FTEs)	586	613	658	+45

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ENFORCEMENT ACTIVITY OBJECTIVE 1

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Enforce the Rules so that Businesses Compete Fairly		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Use the Accelerated Docket and other mechanisms to expedite resolution of important competition related formal complaints. 	<ul style="list-style-type: none"> ✓ 25% increase in Common Carrier formal complaints resolved. 	<p>The number of common carrier complaints resolved is tracked by the Enforcement Bureau.</p>
<ul style="list-style-type: none"> ✓ Show zero tolerance for perpetrators of consumer fraud such as slamming. Impose substantial monetary forfeitures against the worst offenders. 	<ul style="list-style-type: none"> ✓ 20% reduction in the number of long distance slamming complaints. 	<p>The number of slamming complaints is tracked quarterly and cumulated annually. Baseline statistics are available for multi-year comparison.</p>