INTRODUCTION

Most people know that if you watch television, talk on the phone, or listen to the radio, the Federal Communications Commission (FCC) is part of your life due to its role in regulating interstate and international communications by radio, television, wire, satellite, and cable. What people may not recognize is the extent to which every area of their life is intertwined with the communications technologies that the FCC has responsibility to regulate under the Communications Act of 1934, as amended. For example, because almost all electrical and electronic equipment emits radio frequencies, FCC equipment authorization rules protect you:

- When you heat your breakfast waffle in the microwave,
- When your child plays with their radio-controlled airplane,
- When you push the button on your garage door opener,
- When your toll fee is automatically deducted from the little plastic box attached to your windshield without having to stop at the booth,
- When the cashier at the coffee shop rings up your favorite morning drink using an electronic cash register and inventory control system,
- When you turn on your computer,
- When you go to the medical center for a CAT scan,
- When you upgrade to a digital hearing aide,
- When your child's class uses the Internet to visit with other school children in another country,
- When the local video store contacts its remote, central computer network to find out if you have enough bonus points to qualify for a free rental,
- When you swipe your credit card at the gasoline pump,
- When you lock your car with your remote entry system,
- When your teenager upstairs sends their homework assignment to the printer downstairs via your new wireless home network, or
- When you activate your home alarm system before going to bed.

And, these are just a few of the thousands of ways in which the vital work of the FCC contributes to the economy and helps facilitate both personal freedoms and public goods. Perhaps no one example better illustrates the breadth and importance of the FCC's role in modern America than September 11, 2001, when all Americans were reminded of the importance of reliable, easily available, and interoperable communications systems – both for emergency personnel responding to a tragedy and individuals checking on family and friends.

So, while the formal charge of Congress to the FCC can be summed up in less than 30 words – ensure that the American people have available, at reasonable costs and without discrimination, rapid, efficient, Nation-and world-wide communication services whether by radio, television, wire, satellite, or cable[1] – the day-to-day reality may be that there is no more ubiquitous presence in the lives of most Americans than the FCC-regulated communications industries.[2]

To successfully carry out the responsibilities inherent to this daily reality, the FCC is requesting from Congress a Fiscal Year 2005 budget of $292,958,000. We project we will work 2,015 full-time equivalents (FTEs) in order to carry out the following commitments:

1. **Implement the policy vision set forth in the FY 2003 – FY 2008 Strategic Plan:**

   Since its founding, the United States has transformed itself through the use of technology. Communications technologies – from Alexander Graham Bell's telephone to Marconi's radio to today's Internet – have been one of the primary drivers of this transformation. While some of today's providers of communications services and technologies struggle through economic and technological upheavals, Americans generally understand that today's immediate problems do not signal a crisis or collapse in the possibility of continued growth through the application of technology. Instead, a slow, but steady, stream of technological advances coupled with sounder business practices and appropriate enforcement of regulations will ensure that American consumers, governments, businesses, and industry continue to enjoy the advantages of technological and economic progress based upon the availability of reliable, innovative communications products and services.

   More than half of the FCC's FY 2005 budget request will be used to support the following Strategic Goals:

   a. **Broadband** – The FCC intends to continue its efforts in FY 2005 to establish regulatory policies that promote competition, innovation, and investment in broadband services. It will also closely monitor and report to Congress and the American people on the Nation's progress toward the deployment of broadband services in the United States and abroad.

[1] 47 U.S.C §151 – Title 1, Section 1 of the Communications Act of 1934, as amended.

[2] Irwin Stelzer, "The Politics of Broadband," *Public Interest*, 85-96, Winter 2002.

b. **Spectrum** – FCC efforts to encourage the highest and best use of spectrum domestically and internationally will become even more essential in FY 2005 if the United States is to encourage the growth and rapid deployment of innovative and efficient communications technologies and services.

c. **Media** – In conformance with congressional mandates and judicial decisions, in FY 2005 the FCC must revise its media regulations so that media ownership rules promote competition and diversity in a comprehensive, legally sustainable manner and continue to implement the mandated migration to digital modes of delivery. We also will continue to clarify and ensure compliance with general media regulations.

d. **Homeland Security** – The FCC is dedicated to providing the leadership and policy guidance necessary to promote the reliability, security, and survivability of our Nation's communications infrastructure.

2. Continue the investment in "new beginnings for an old Commission":

The FCC is responsible to Congress and the American people for ensuring that an orderly, efficient, and effective framework exists within which communications products and services can quickly and affordably be provided to consumers and businesses. This includes the Commission's day-to-day work of licensing and authorizing providers of communications products and services. Equally important, the FCC must also vigorously enforce non-interference rules, ensure the universal availability of basic telephone service, make communications services accessible to all people whether they live in a rural area or have a disability, and protect and inform consumers about their rights.

The FY 2005 budget request also focuses on two additional strategic goals in this area:

e. **Competition** – In FY 2005 the FCC will continue its important work of supporting and enhancing the Nation's economy through implementing the investment and competition portions of the Telecommunications Act of 1996. This includes the licensing and authorization of several thousand communications products and services each year. It also includes vigorous enforcement and consumer education programs. By carrying out programs in this area the FCC will help ensure that the communications and video programming revolution continues and that all consumers will have the opportunity to make meaningful choices among and have equal access to communications services.

f. **Modernize the FCC** – The FCC is committed to being an up-to-date, well run organization capable of achieving the goals and programs in the FY 2005 performance budget. The Commission will continue on a variety of fronts to emphasize effective, efficient, and legally compliant performance and results through excellent management. The FCC will also strive to ensure that it has the appropriate mix of expert, well-prepared staff, that it maximizes the benefits of technology in its programs, and that it uses other best management practices to meet the mission critical challenges ahead.

EXECUTIVE SUMMARY

In order to attain the goals set forth in our Strategic Plan and implement the FY 2005 Performance Budget, **the Federal Communications Commission ("FCC") is requesting an FY 2005 appropriation of $292,958,000. [1] We project the FCC will work 2,015 full-time equivalents (FTEs) in FY 2005.**

The Commission will use the FY 2005 funds to carry out its fundamental mission to implement the Communications Act of 1934, as amended, in a manner that promotes the availability, at reasonable costs and without discrimination, rapid, efficient, Nation-and world-wide communications services whether by radio, television, wire, satellite, or cable, for the American people.

Our Fiscal Year 2005 request reflects resources necessary for the Commission to keep abreast of industry changes and set rational regulatory and productivity goals. This request builds on the resources originally identified and requested in the FY 2003/FY 2004 President's Budget. The Commission **is requesting $13,107,000 in funding to ensure that the FCC has the tools and services** to facilitate its efforts. This 4.8% increase to the FY 2004 Budget for essential Commission activities 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, including maintenance and modernization of our information technology systems and infrastructure, equipment and vehicle lifecycle replacement for our enforcement and engineering field facilities and skills-based training to enhance employee productivity Commission-wide. An **additional $5,893,000 is requested for uncontrollable increases to pay employee salaries and provide for inflationary increases** for office space rental, supplies, printing, postage and contractual services.

FY 2004 Baseline Assumptions

The requested resources will be utilized to accomplish the mission and goals of the FCC. Currently 72% of the FY 2004 appropriation recommended level is earmarked to pay the salaries and benefits of our employees. Additionally, 26% will be spent for non-discretionary expenses such as space rental, telephones, mail, utilities, etc. The remaining 2% will enable the agency to meet only minimum requirements for outreach, employee training, programmatic travel, economic and engineering analysis and the myriad of needs to accomplish the six goals of the FCC.

The FCC's success in ensuring 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 2005, under guidance from the Office of Management and Budget, we began with the **base funding level assumptions** contained in the FY 2004 Budget for the FCC of **$273,958,000.** This amount represents **$1,000,000 in net direct budget authority** and assumes we collect **$272,958,000 in offsetting collections** from regulatory fees.

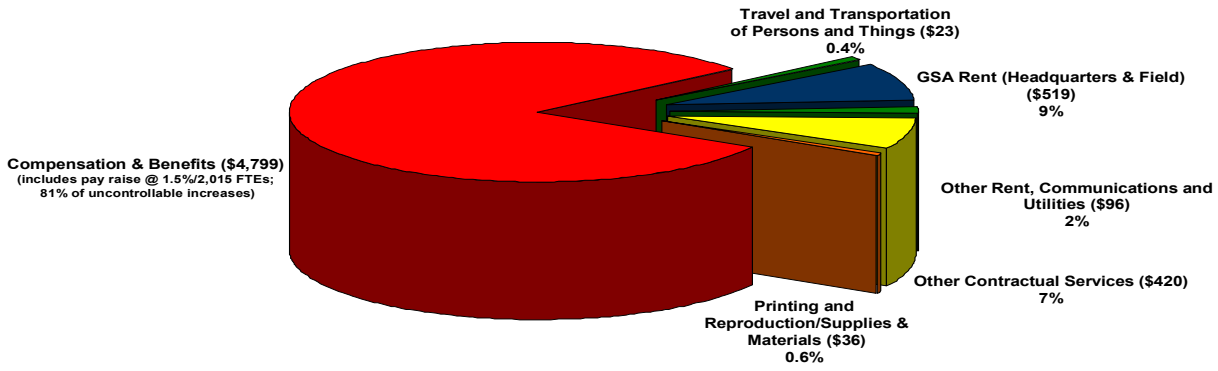
[1] This amount does not include any reimbursable costs to be funded from spectrum auctions program receipts as offsetting collections. The distribution of auctions operating cost is presented in Appendix D.

FY 2005 Current Services

In FY 2005 it is anticipated that FCC's uncontrollable and inflationary cost increases will total $5,893,000. These uncontrollable costs include 25% of the FY 2004 pay raise (4.1%), which must be annualized in FY 2005, as well as a projected FY 2005 locality and pay raise totaling 1.5%. In addition funds are included for inflationary costs for various non-compensation accounts including miscellaneous rents, mail, service contracts, etc.

The following chart illustrates the distribution of uncontrollable pay and inflationary cost increases for FY 2005.

Distribution of Requested Funding for
Pay Raise and Inflationary Costs $5,893,000
(Dollars in Thousands)



These uncontrollable increases, when added to the base, total a **"current services" level of $279,851,000** for FY 2005. Funding at this level is critical if we are to respond to the universe of communications issues and current challenges facing the FCC to provide the industry and the consumer with well-defined communications policy and oversight. In addition to funds required to maintain this current services level, we have requested funds to restore critical programmatic initiatives.

FY 2005 Programmatic Increases

In order to achieve our 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, and must have the tools necessary to respond effectively to the challenges posed in the telecommunications sector. The Commission is requesting **$13,107,000 in funding to maintain 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**. We are requesting $13,107,000 to provide funding to continue critical long term program initiatives which were delayed and/or significantly unfunded in FY 2004 due to budgetary constraints, including:**

- **$6,295,000 for several key multi-year information technology initiatives that directly further all aspects of our performance budget. These include replacing obsolete programming tools integral to the effective functioning of systems that allow the public to file license applications on line and to participate in the rulemaking process electronically. These funds will also enable continued development and enhancement of several electronic systems, including the Customer Information Management System (CIMS), which improves our ability to handle consumer inquiries, and the International Bureau Filing System (IBFS), which accelerates licensing of satellite, earth and space station facilities. This funding will also provide for the restoration of contract staff lost in FY 2004 who provide "help desk" services to individuals using FCC licensing, fee payment and website services, as well as to FCC staff.**

- **$2,460,000 for information technology equipment to support our multiyear lifecycle management program. This funding provides for the replacement of aged end user equipment and enhances the Commission's infrastructure by replacing a number of the primary servers and other application–specific database servers, providing for the replacement and technology refreshment offered under certain lease/purchase agreements, as well as the replacement of critical network components.**

- **$2,800,000 for technical equipment to ensure the Commission has up-to-date tools to achieve the agency's Spectrum and Homeland Security initiatives. These funds will enable us to continue our long term plans for lifecycle replacement of outdated enforcement field monitoring equipment and scientific engineering test equipment, which was delayed in FY 2004 due to budget constraints, and to meet the requirements for FY 2005. The agency's multiyear plan to upgrade all technical and test equipment, first identified in the President's Budget for FY 2003, is vital to success of the agency's effective management of the electromagnetic spectrum and ability to respond to threats to safety of life.**

- **$802,000 to provide for the purchase of replacement monitoring vehicles including the materials to equip them. These resources will strengthen the effectiveness of the Commission's field enforcement activities, directly furthering Spectrum and Homeland Security goals and objectives.**

- **$750,000 to provide funds to enhance the skills-based training to critical FCC program areas including Excellence in Engineering and Excellence in Economic Analysis programs. A central element of our Modernization agenda, enhanced funding of FCC University's career development activities, will ensure that the Commission has cutting edge technical, economic and other expertise needed to fulfill the myriad challenges outlined in this performance budget.**

The funding for programmatic initiatives, when added to the "current services" funding, brings the Commission's **total request for FY 2005 to $292,958,000**. This amount represents **$20,000,000 in net direct budget authority assuming a collection of $272,958,000 in offsetting collections from regulatory fees.**

Cost Recovery Programs

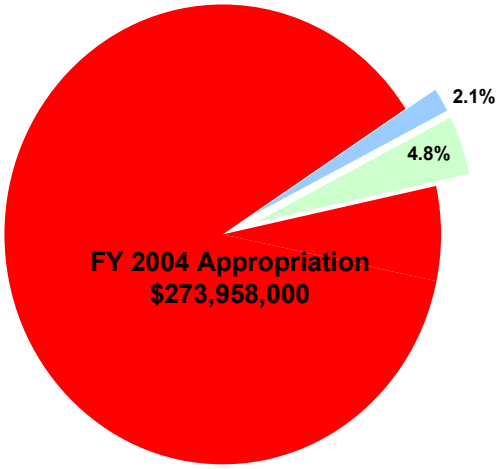
Since FY 1987 the **Commission has strived to reduce the cost of Government operations through user fee cost recovery programs.** The **first program** initiated at the Commission was the Application Processing Fee program, referred to as **"Section 8" fees**. That program was designed to recover a substantial portion of the costs of the Commission's application processing functions, which account for the majority of the licensing activity costs. **The funds received under this program are deposited directly into the General Fund of Treasury and are not available for use by the FCC.** Congress appropriates approximately this same amount annually to offset the agency's costs.

The **second cost recovery program** is the **Regulatory Fee program**. Implemented in FY 1994, this program collects fees to recover the costs attributable to the Commission's non-licensing activities. These fees are often referred to as "Section 9" fees. These fees apply to most current licensees and to other entities (*e.g.*, cable television systems) 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 FCC's appropriation has increased from 37% in the initial year of implementation to more than 99% of the agency's FY 2004 appropriation. The FY 2005 proposal would offset more than 93% of the total request.

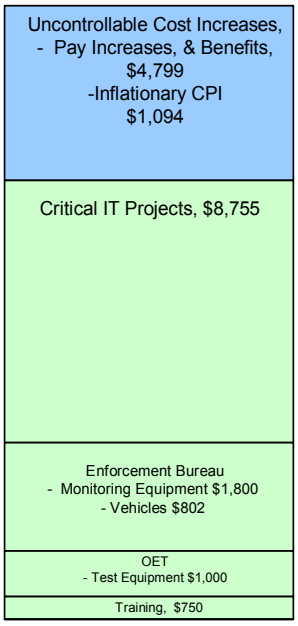
These fee programs are discussed in more detail in the "Fee Collections and Auctions" section of this submission.

Our FY 2005 budget request is summarized in the following charts.

FY 2005 Budget Request, $292,958,000
Incremental Increases to Base
(Dollars in Thousands)



FY 2005 Request: $292,958,000



FCC Uncontrollable/ Inflationary Increases: $5,893 (2.1%)

FCC Programmatic Increases: $13,107 (4.8%)

Total Requested Increase: $19,000 (6.9%)

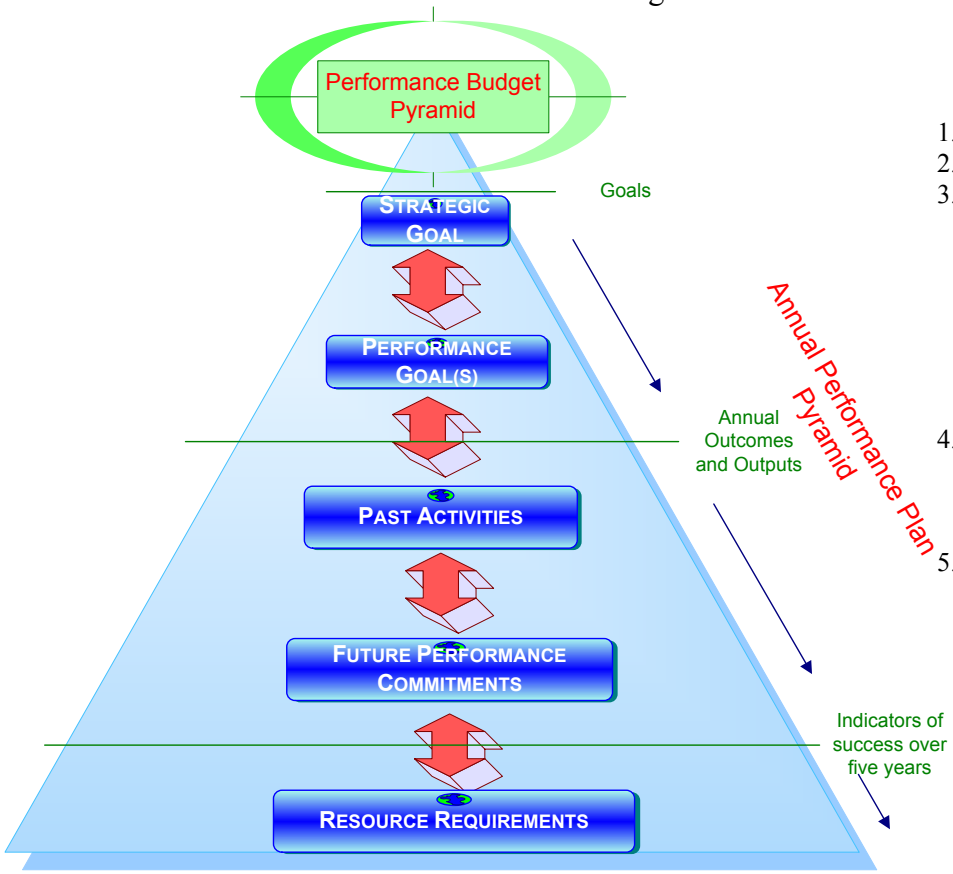
Distribution of Budget Authority:	FY 2004	FY 2005
Direct Appropriation	$1,000	$20,000
Regulatory Fees (Offsetting Collections)	$272,958	$272,958

FISCAL YEAR 2005 PERFORMANCE BUDGET

The impact of the Federal Communications Commission (FCC) can be seen in most Americans' daily lives as they flip open their phones, click through their television channels, and flick off their radios before going to sleep at night. The FCC's mission – ***ensuring that the American people have available, at reasonable costs and without discrimination, rapid, efficient, nation- and world-wide communication services; whether by radio, television, wire, satellite, or cable*** – has an enduring impact on modern American life. Nowhere is this success more evident than in the communications network, such as the deployment of advanced, ubiquitous radio communications equipment, the nationwide infrastructure of wired telephone lines, and hundreds of thousands of miles of television-carrying cable.

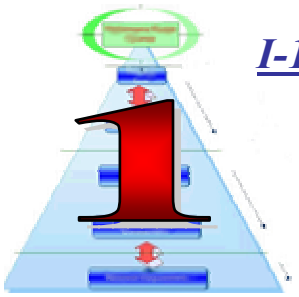
To carry out the responsibilities inherent in this mission, the FCC is requesting from Congress a Fiscal Year 2005 budget of $292,958,000, which we project will fund 2,015 full-time equivalents (FTEs), in order to carry out the Output Measures made in the following performance budget.

Each of the following six sections follows the suggested structure of the most recent OMB A-11 and contains the following elements:



1. FCC Strategic Goal
2. Performance Goal(s)
3. Past Activities Related to the Goal
   - 3a – Outcome Indicators
   - 3b – Output Measures
   - 3c – Previous PART Evaluations (where they have been conducted)
4. Future Output Measures Related to the Goal
   - 4a – Planned Program Evaluations
5. Resources Needed to Achieve Future Output Measures
   - 5a – Financial request for this goal as a percentage of the total FCC request
   - 5b – Sources of increased request when compared to FY04

This performance budget provides summary information on our FY 2003 output measures. More detailed information is provided in the FY 2003 Annual Program Performance Report.



I-1. Strategic Goal: Broadband

Establish regulatory policies that promote competition, innovation, and investment in broadband services and facilities while monitoring progress toward the deployment of broadband services in the United States and abroad.

I-2. Performance Goal:

Broaden the deployment of broadband technologies across the US and globally.

I-3. Past Activities Related To This Goal:

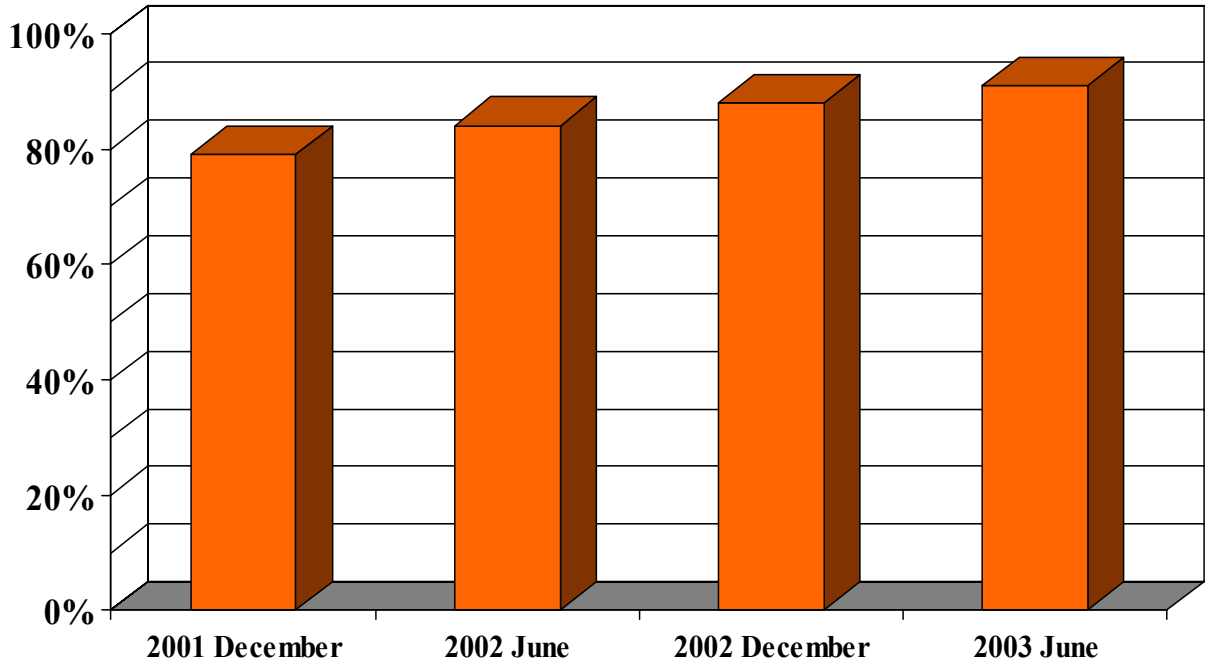
I-3a. Outcome Indicators:

1. Increasing access to broadband services.
2. Increasing access to broadband services and devices across multiple platforms: DSL, cable modem, satellite, terrestrial wireless, etc.
3. Increasing number and types of unlicensed/licensed wireless broadband devices.

Outcome Indicator 1:

Percentage of Zip Codes with Access to High-Speed Internet Services

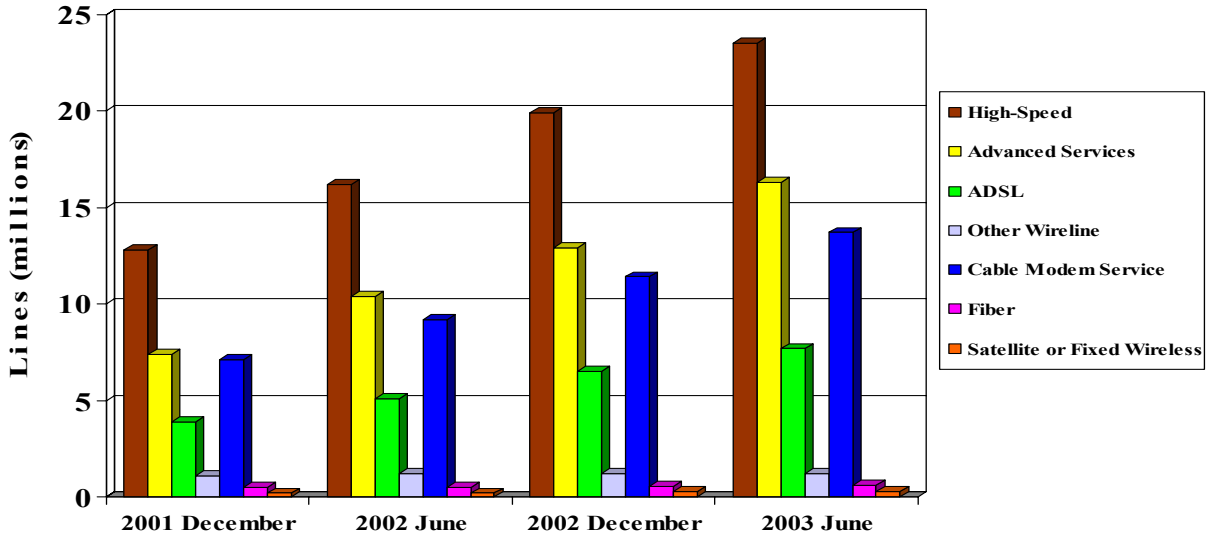
Source of Data: Wireline Competition Bureau's *High-Speed Services for Internet Access*



Outcome Indicator 2:

Access to Broadband Services/ Devices Across Multiple Platforms

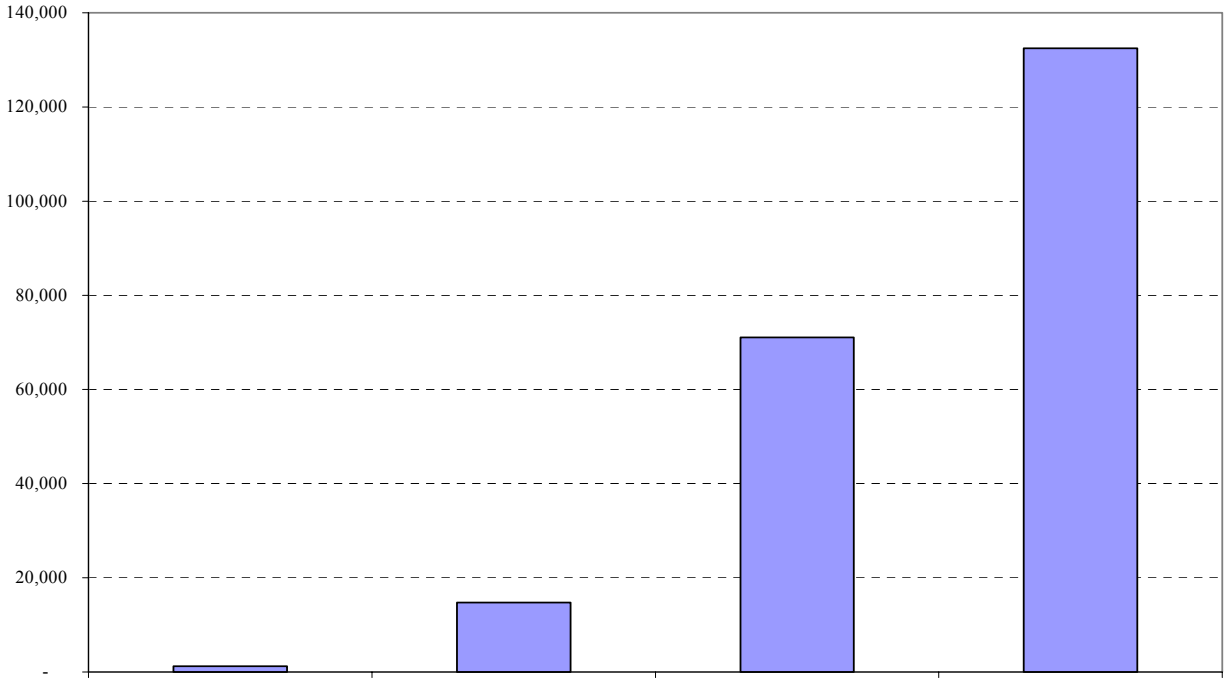
Source of Data: Wireline Competition Bureau's *High-Speed Services for Internet Access Semi-Annual Report*



- **High-Speed Services: Services with the capability of supporting a bandwidth in excess of 200 kilobits per second (kbps) in at least one direction. High-speed Internet (access) and digital TV (service) are examples of applications that could "ride" over advanced services, whereas asymmetric digital subscriber lines (ADSL) and cable modem service are particular technologies that are used to deliver advanced services and/or high-speed services.**
- **Advanced Services: Services that have the capability of supporting, in both the provider-to-customer (downstream) and the customer-to-provider (upstream) directions, a bandwidth in excess of 200 kbps in the last mile.**

Outcome Indicator 3:

Number of Wi-Fi Hotspots Worldwide (2001-2004)

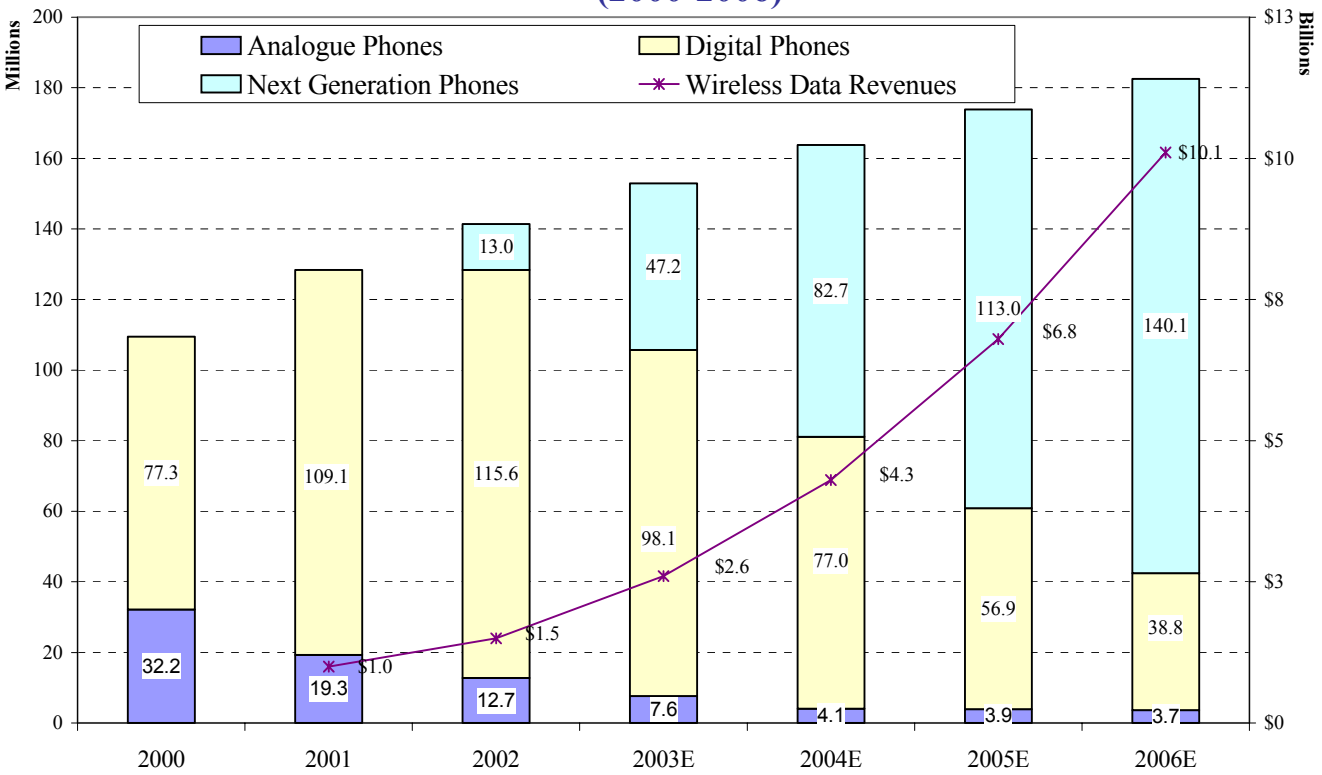


Source: Gartner Dataquest, June 2003

Outcome Indicator 3:

U.S. Cellular Phone Adoption

(2000-2006)



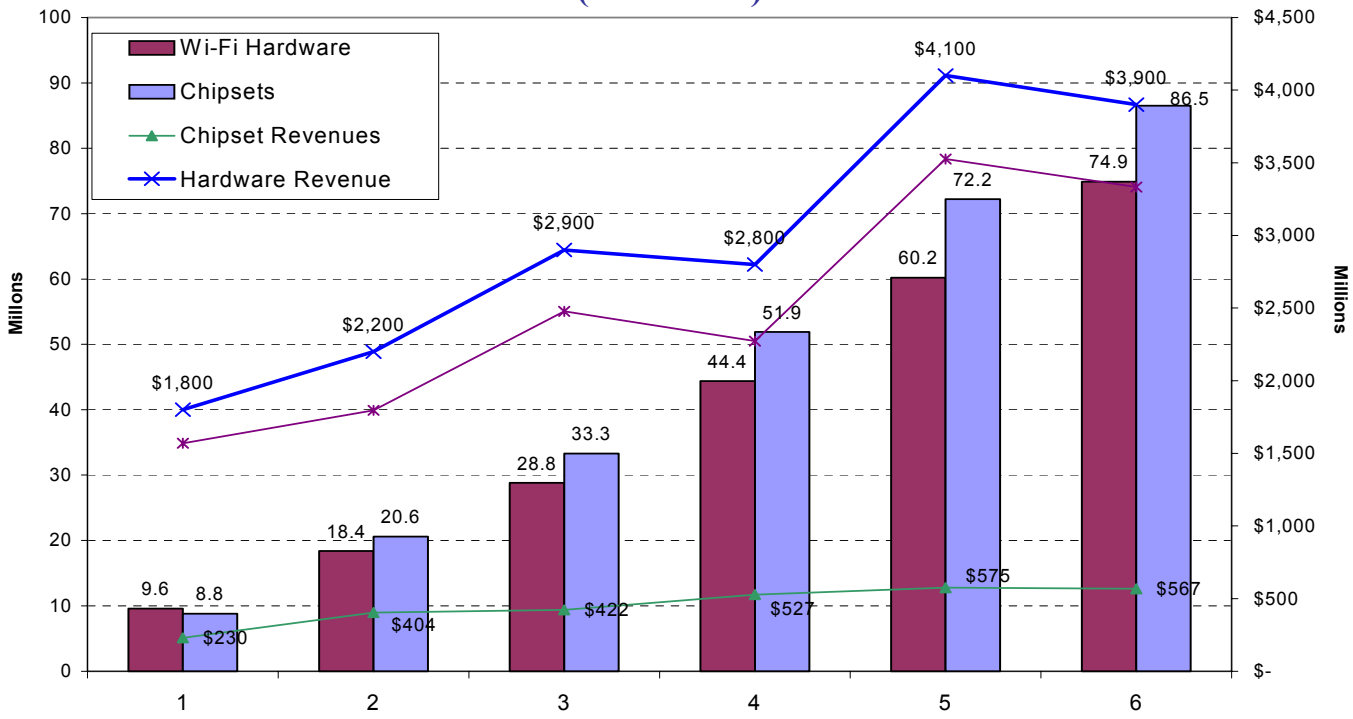
Source: MorganStanley, March 2003

"Next Generation" refers to 2.5G and 3G advanced wireless services.

Outcome Indicator 3:

Worldwide Wi-Fi Hardward and Chipset Sales

(2001-2007)



Sources: In-Stat/MDR, December 2002 & March 2003

"Wi-Fi" collectively refers to the Institute of Electrical and Electronic Engineers' (IEEE) suite of wireless networking protocols 802.11b, 802.11g, and 802.11a.

I-3b. Output Measures:

FY03 Output 1 –Conduct rulemakings that encourage the deployment and adoption of broadband technologies:

- National Performance Standards Measure Notice of Proposed Rulemaking (NPRM),
- The Incumbent Local Exchange Carrier broadband notice,
- Triennial Unbundled Network Element review,
- Wireline broadband NPRM,
- Cable Modem proceeding,

FCC adopted five of the proceedings listed above that will build the foundation for a comprehensive and consistent national broadband policy and will promote greater investment in the Nation's broadband infrastructure.

FY03 Output 2 – Develop a statutory definition and analytical framework for broadband services across multiple platforms.

In a Declaratory Ruling, the FCC classified the cable modem service as an interstate "information service" that is subject to FCC jurisdiction and not a "cable service" as previously defined by the Communications Act (classification under Court Appeal).

FY03 Output 3 – Initiate study of power line communications in the provision of broadband services to the home.

On April 23, 2003, the FCC issued a Notice of Inquiry seeking public comment on using existing electrical power lines to provide Internet and broadband services to homes and offices.

FY03 Output 4 – Collect and publish baseline data on the deployment of broadband services, particularly to rural America.

As of December 2002, 417 providers (holding companies) of local telecommunications and broadband services filed a FCC Form 477, a questionnaire used to determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion.

FY04 Output 1 – Conduct rulemakings/issue and vigorously enforce regulations that influence the deployment and adoption of broadband technologies:

- Wireline Broadband Proceeding,
- Cable Modem Proceeding,
- Advanced Wireless Services,
- MVDDS proceeding,
- MDS/ITFS NPRM, and
- Biennial Review proceedings.

FY04 Output 2 – Review and, if necessary, adjust the definition of what constitutes broadband.

FY04 Output 3 –Continue to measure the deployment of broadband technology, particularly to rural America.

FY04 Output 4 – Take further action in ongoing rulemaking proceeding to evaluate Broadband over Power Lines.

FY04 Output 5 – Continue to facilitate access to spectrum in order to encourage deployment of new and innovative broadband services.

FY04 Output 6 – Create and maintain a dialogue with regulators at the state, local and tribal level and around the globe on policies to promote broadband development.

I-4. Future Output Measures Related To This Goal:

FY05 Output 1 – Conduct rulemakings/issue and vigorously enforce regulations that influence the deployment and adoption of broadband technologies:

- Wireline Broadband Proceeding,
- Cable Modem Proceeding,
- Advanced Wireless Services,
- MDS/ITFS NPRM, and
- Biennial Review proceedings.

FY05 Output 2 – Review economic and regulatory factors that impede broadband's deployment, particularly to rural America.

FY05 Output 3 – Continue to measure the deployment of broadband technology, particularly to rural America.

FY05 Output 4 – In connection with Commission proceedings, develop testing procedures for broadband equipment useful for facilitating authorization under Commission rules.

FY05 Output 5 – Create and maintain a dialogue with regulators at the state, local and tribal level and around the globe on policies to promote broadband development.

FY05 Output 6 – Facilitate deployment of satellite broadband services.

I-4a. Planned Program Evaluations: [1]

FY 2005 – Universal Service Fund
FY 2006 – Spectrum Auction Program Account
FY 2007 – Spectrum Auction Direct Loan Financing Account
FY 2008 – FCC (General Salaries and Expenses)

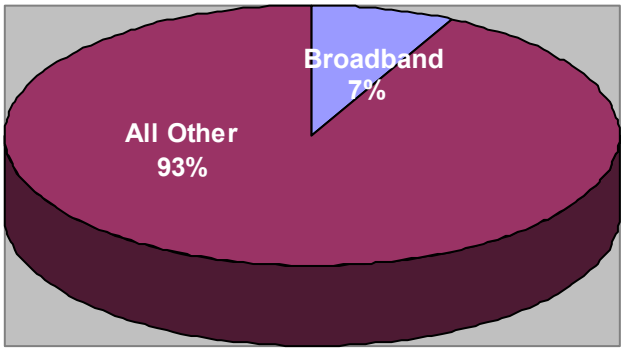
I-5. Resources Needed To Achieve Future Output Measures:

Processes	Skills	Technology
▪ Rulemaking ▪ Industry analysis ▪ Data collection ▪ Discussions with state, local, tribal and global regulators ▪ Technology analysis ▪ Notice of Apparent Liability/Forfeitures	▪ Understanding of relevant legal, economic, international and regional factors. ▪ Ability to analyze impact of multiple communications markets. ▪ Forecasting likely scenarios for convergence of varied technologies. ▪ Assessing opportunities for emerging technologies. ▪ Auditing, investigating, and enforcing.	▪ Electronic Document Management System (EDOCS) ▪ Electronic Comment Filing System (ECFS) ▪ Desktop/Network Document Development and Data Access Analysis Tools ▪ Universal Licensing System (ULS) ▪ Columbia Engineering Lab ▪ International Bureau Filing System (IBFS)

Funds and Staff					
FY 2003		**FY 2004**		**FY 2005**	
$20,323,094	151 FTE's	$18,629,144	137 FTE's	$19,659,368	142 FTE's

[1] Program evaluations, using the Program Assessment Rating Tool (PART) methodology and format, will be conducted by staff or contractors of the FCC's Office of Managing Director in the fiscal years indicated. Program evaluations are one of several methods the FCC uses to validate measured values. The other validation techniques are certifications of reliability from data sources; the FCC's ongoing vulnerability assessment program; and audits, reports, and reviews performed by groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO). Specific detail on data sources, baseline data, use of agency systems, and reliance on external data sources are part of the methodology section associated with each of these validation techniques.

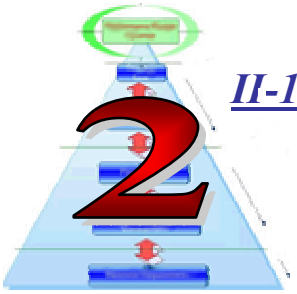
I-5a. Broadband As A Percentage Of Total FY05 Financial Requests:



I-5b. Sources Of Increased Request When Compared To FY04:

FY04 Goal Request	Goal's Distributed Fixed Increases [2]	Goal's Programmatic Increases	FY05 Goal Request
$18,629,144	$400,724	$629,500	$19,659,368

[2] These increases are proportionally distributed across all six strategic goals.



II-1. Strategic Goal: Competition

Support the Nation's economy by ensuring that there is a comprehensive and sound competitive framework for communications services and devices. Such a framework should foster innovation and offer businesses and consumers meaningful choice in services and devices. Such a pro-competitive framework should be promoted domestically and overseas.

II-2. Performance Goals:

Ensure American consumers can choose among multiple reliable and affordable means of communications.

Ensure that all American consumers have and retain reliable wireless and wireline phone services.

Create and maintain a dialogue with regulators around the globe to foster and sustain the creation of pro-competitive foreign and domestic markets.

Create and maintain a dialogue with American consumers so that they are informed about their rights, choices and responsibilities and ensure these rights through strong enforcement.

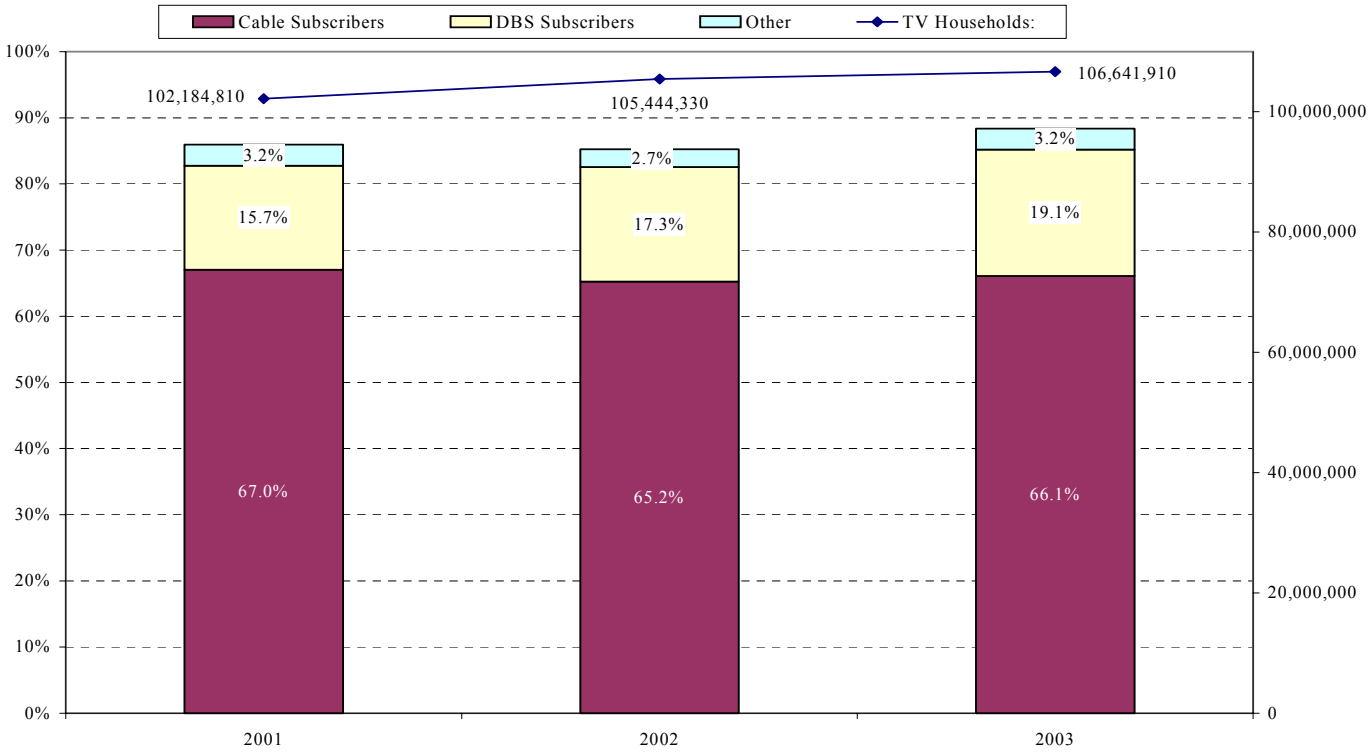
II-3. Past Activities Related To This Goal:

II-3a. Outcome Indicators:

1. Increasing percentage of households with competing providers for multichannel video programming and information services.
2. Increasing number of consumers and businesses have a choice among wireless and wireline service providers.
3. Lower relative price for wireless and wireline services.
4. Decreasing price for international calls.

Outcome Indicator 1:

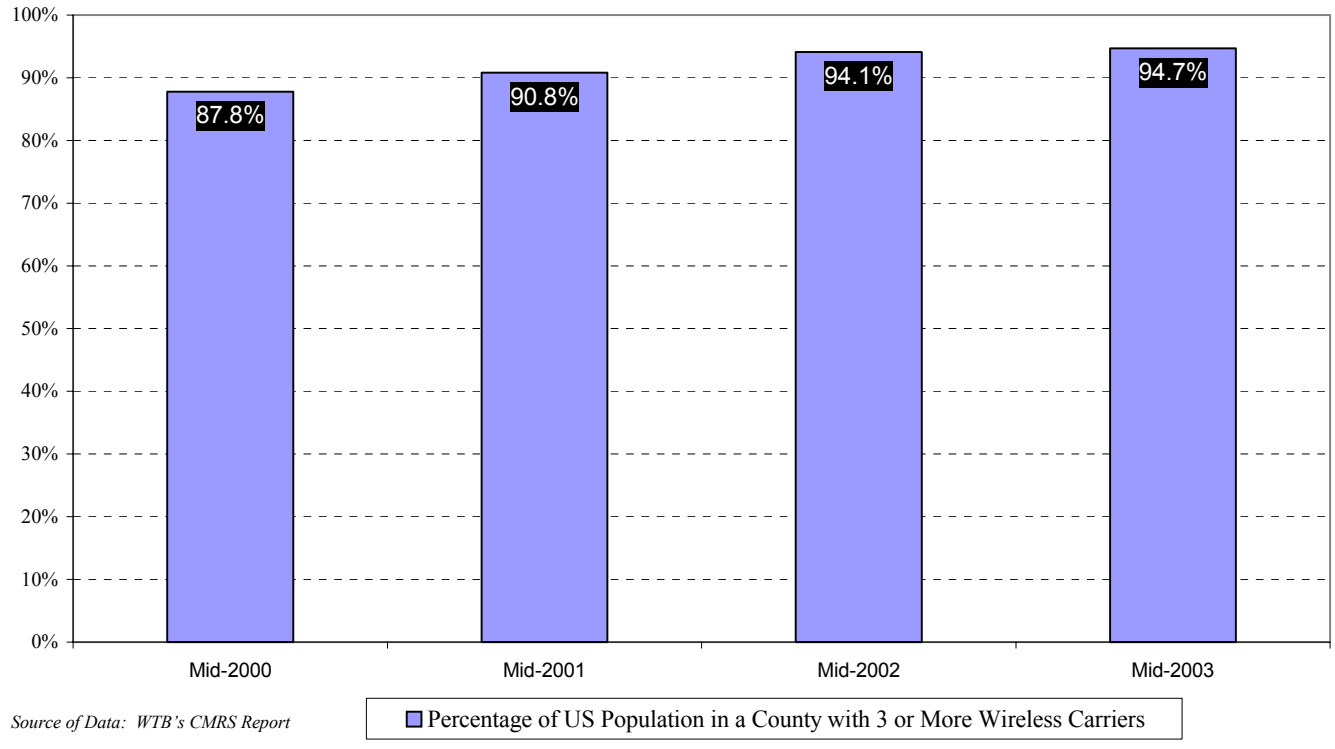
MVPD Subscribers as a Percentage of TV Households



Source: FCC

Outcome Indicator 2:

Wireless Carrier Market Entry

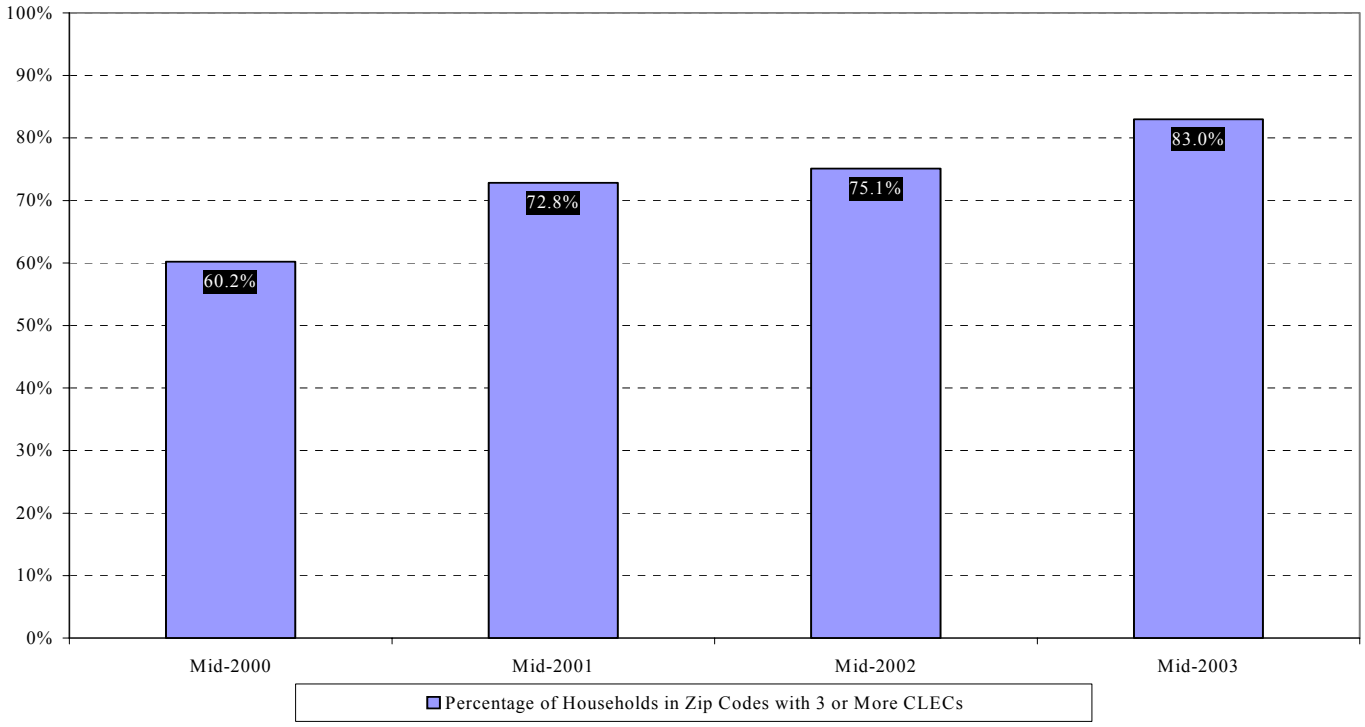


Source of Data: WTB's CMRS Report

Wireless carriers generally do not release information on the number of completed calls or service downtime. However, the existence of multiple carriers in the same geographic areas permits customers multiple avenues of access to wireless service.

Outcome Indicator 2:

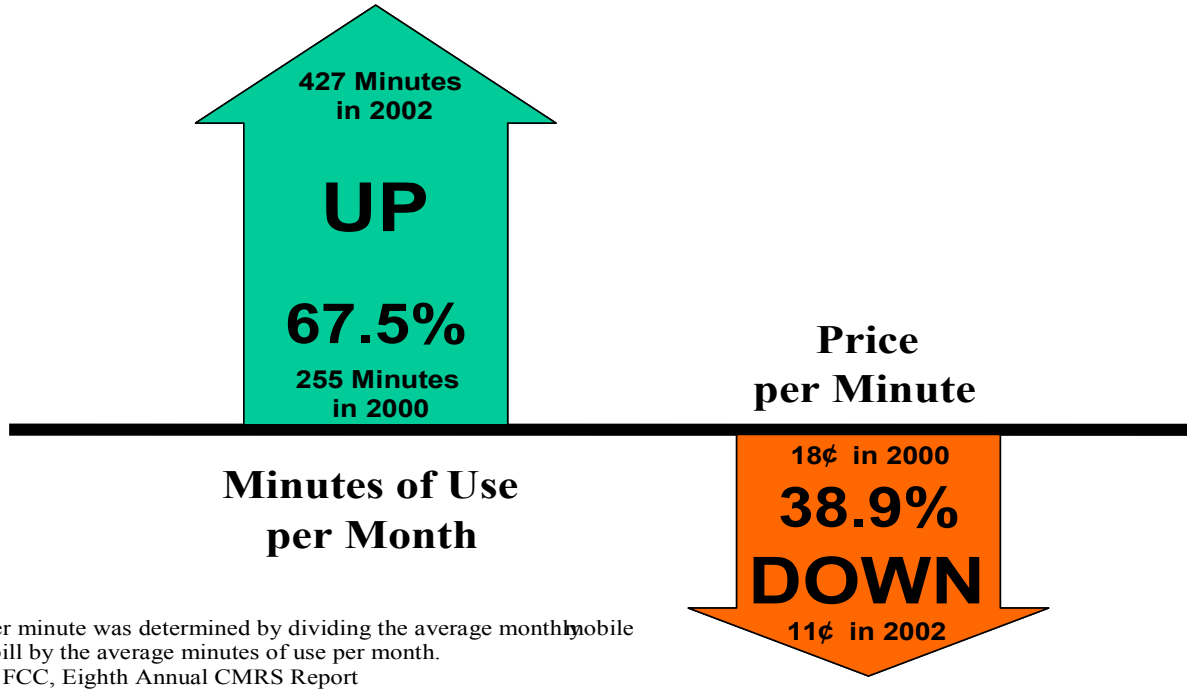
Competitive Local Exchange Carrier Market Entry (2000-2003)



Source: Local Telephone Competition: Status as of June 30, 2003, Industry Analysis and Technology Division, Wireline Competition Bureau, FCC, Table 15 (Dec 2003).

Outcome Indicator 3:

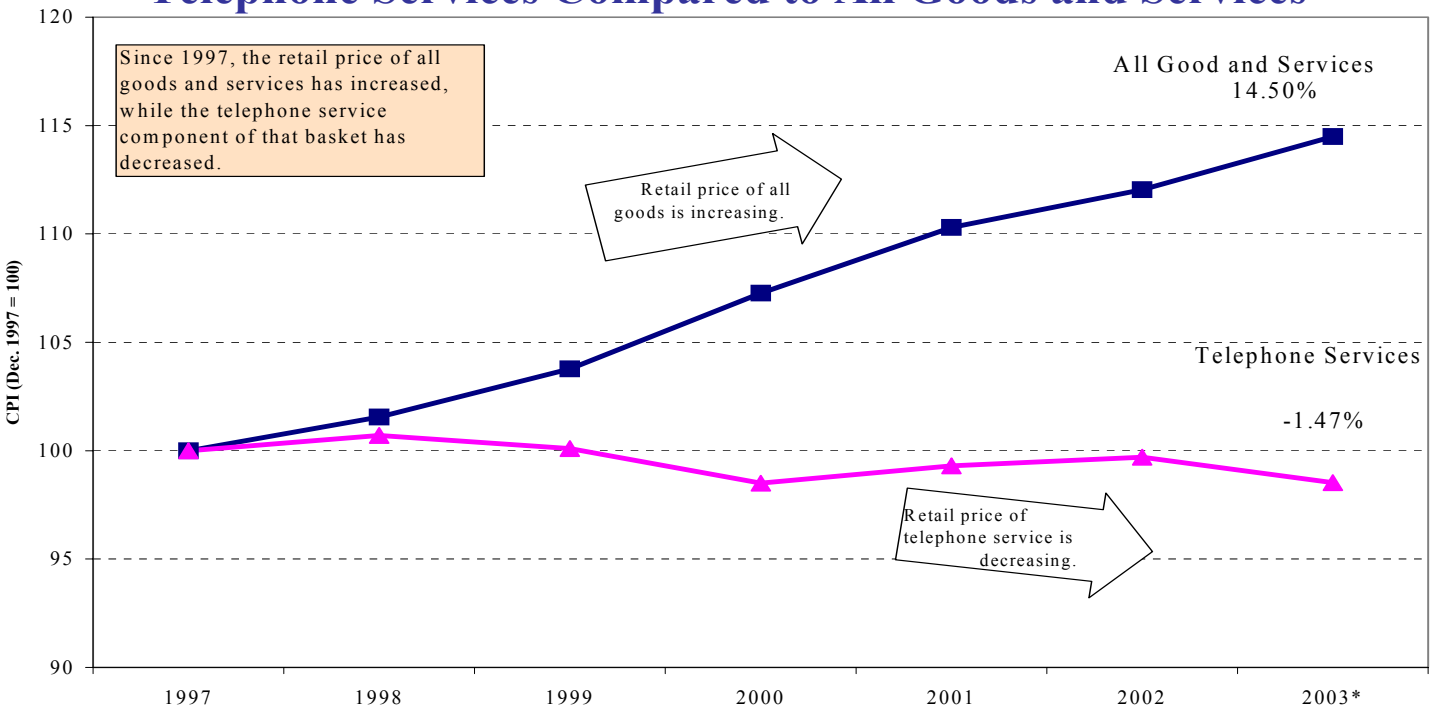
Wireless Minutes of Use per Month 2000 to 2002



Price per minute was determined by dividing the average monthly mobile phone bill by the average minutes of use per month.
Source: FCC, Eighth Annual CMRS Report
NB: December 2003 statistical data will not be available until July 2004.

Outcome Indicator 3:

Consumer Price Indices
Telephone Services Compared to All Goods and Services

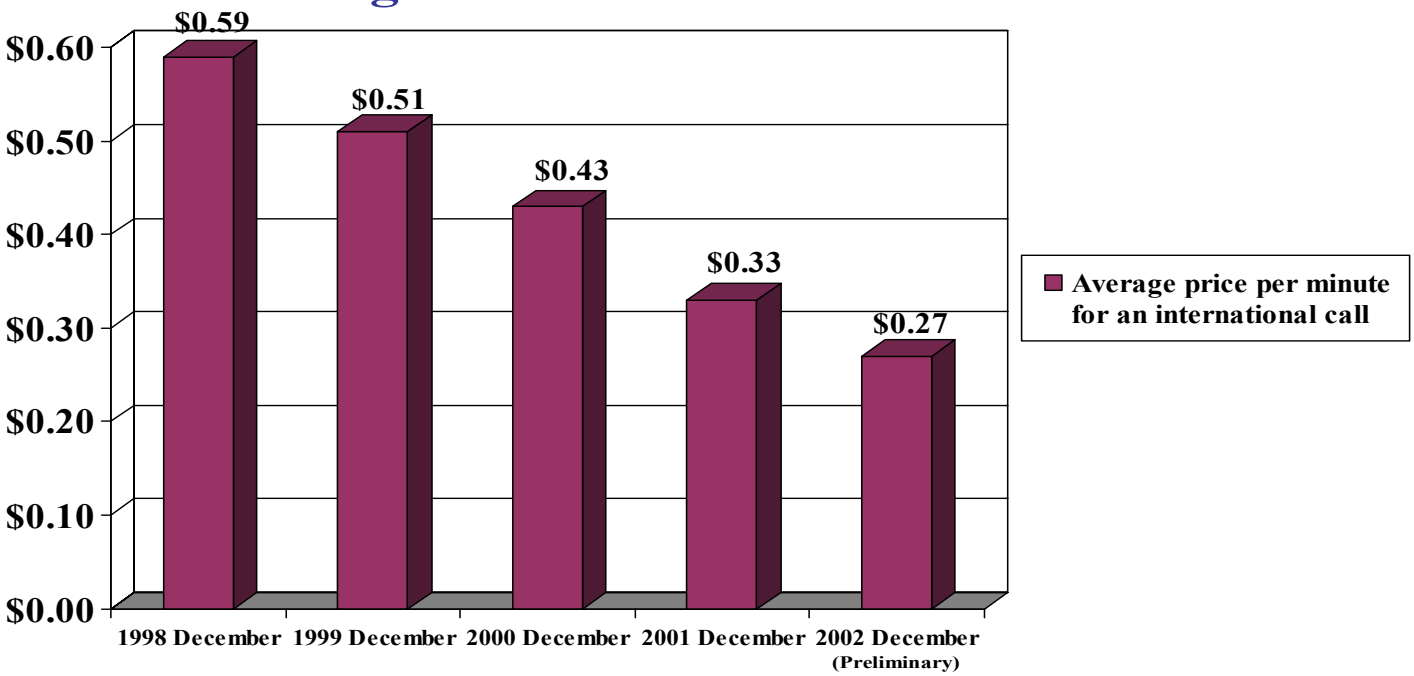


Source: Bureau of Labor Statistics.
The CPI index of telephone services is based on a market basket intended to represent the telephone-related expenditures of a typical urban household, includes local, long distance, and cellular services.

* Jan-Oct

Outcome Indicator 4:

Average Price of an International Call



December 2003 statistical data will not be available until January 2005.

Total U.S. Revenue/Outgoing U.S. minutes = Price Per Minute.

II-3b. Output Measures:

FY03 Output 1 – Conduct review and make recommendations to improve the Universal Service Fund (USF) contribution methodology.

In December 2002, the FCC adopted new rules to improve the USF contribution methodology.

FY03 Output 2 –Enforce regulations that encourage reliable, affordable provision of multichannel video programming services by multiple providers.

On December 23, 2002, the FCC adopted its Ninth Annual Report on competition in the market for the delivery of video programming.

FY03 Output 3 – Conduct quarterly reviews of carrier compliance with Section 214 (continuity of service) requirements.

As of September 30, 2003, 49 applications were filed with the FCC under Section 214 of the Telecommunications Act of 1996 for discontinuance of wireline service.

FY03 Output 4 – Conduct review of international regulatory and and accounting rate policies that will promote competition and lower international calling rates for U.S. consumers.

On October 10, 2002, the FCC adopted an Notice of Proposed Rulemaking addressing the reform of the International Settlements Policy, international simple resale and benchmarks policy, and the issue of foreign mobile termination rates.

FY03 Output 5 – Initiate and maintain a dialogue with regulators around the globe on broadband and other emerging technologies.

The FCC held discussions with regulators from Italy, Germany, India, Denmark, Jamaica, China, Singapore, Brazil, Spain, Russia, Japan, Korea, and representatives of the Telecommunications Regulators Association of Southern Africa on broadband and other emerging technologies. Additionally, the agency hosted 490 international visitors from 124 countries during FY 2003.

FY04 Output 1 – Foster the pro-competitive goals of the Telecommunications Act by reforming total element long-run incremental cost (TELRIC), intercarrier compensation, and universal service, examining voice over internet protocol (VOIP), local number portability, forbearance, biennial review proceeding, and implementing and enforcing provisions of the UNE proceeding.

FY04 Output 2 – Adopt and enforce regulations which streamline and encourage reliable affordable communications services by multiple providers.

FY04 Output 3 – Adopt and enforce rules to streamline administration of the Universal Service support mechanism and protect against waste, fraud, and abuse.

FY04 Output 4 – Conduct quarterly reviews of carrier compliance to ensure continuity of service requirements are met.

FY04 Output 5 – Increase consumer awareness of their rights in relation to phone service and enforce regulations to ensure those rights.

FY04 Output 6 – Maintain a dialogue with regulators around the globe on competition issues.

FY04 Output 7 – Review and analyze merger and transfers of control requests to ensure that consumers retain reliable and affordable communications services that serve the public interest.

FY04 Output 8 – Adopt and implement policies that will decrease the price of international calls.

FY04 Output 9 – Initiate international reporting reform.

II-3c. PART Results:

Schools and Libraries (E-rate) program analysis is contained in the President's FY 2005 Budget. In accordance with the Program Assessment Rating Tool (PART) results, FCC is developing long-term and annual measures, including efficiency measures.

II-4. Future Output Measures Related To This Goal:

FY05 Output 1 – Foster the pro-competitive goals of the Telecommunications Act by reforming TELRIC, intercarrier compensation, and universal service, examining voice over internet protocol (VOIP), local number portability, forbearance, biennial review proceeding, and implementing and enforcing provisions of the unbundled network elements (UNE) proceeding.

FY05 Output 2 – Adopt, implement and enforce regulations that promote the provision of advanced communications to all consumers, including wireless and satellite multichannel video services.

FY05 Output 3 – Implement rules to streamline Universal Service Fund (USF) administration and protect against waste, fraud, and abuse through effective enforcement.

FY05 Output 4 – Conduct quarterly reviews of carrier compliance to ensure continuity of service requirements are met.

FY05 Output 5 – Continue international reporting reform.

FY05 Output 6 – Increase consumer awareness of their rights in relation to phone service and enforce regulations to ensure those rights.

FY05 Output 7 – Maintain a dialogue with regulators around the globe on competition issues.

FY05 Output 8 – Review and analyze merger and transfers of control requests to ensure that consumers retain reliable and affordable communications services that serve the public interest.

FY05 Output 9 – Adopt and implement policies that will decrease the price of international calls.

FY05 Output 10 – Prepare for WRC-07.

II-4a. Planned Program Evaluations: [3]

FY 2005 – Universal Service Fund
FY 2006 – Spectrum Auction Program Account
FY 2007 – Spectrum Auction Direct Loan Financing Account
FY 2008 – FCC (General Salaries and Expenses)

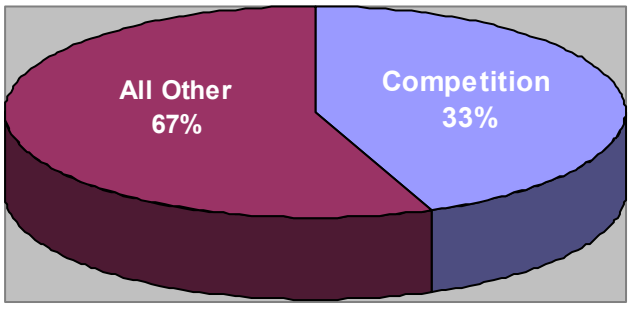
[3] Program evaluations, using the Program Assessment Rating Tool (PART) methodology and format, will be conducted by staff or contractors of the FCC's Office of Managing Director in the fiscal years indicated. Program evaluations are one of several methods the FCC uses to validate measured values. The other validation techniques are certifications of reliability from data sources; the FCC's ongoing vulnerability assessment program; and audits, reports, and reviews performed by groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO). Specific detail on data sources, baseline data, use of agency systems, and reliance on external data sources are part of the methodology section associated with each of these validation techniques.

II-5. Resources Needed To Achieve Output Measures:

Processes	Skills	Technology
▪ Rulemaking ▪ Industry and consumer analysis ▪ Consumer protection ▪ Discussions with state, local, tribal and global regulators ▪ Notice of Apparent Liability/Forfeitures	▪ Understanding of relevant legal and economic policies and various communications marketplaces. ▪ Understanding of international and regional factors. ▪ Understanding the limitations, time frames, lead times, compatibility and testing problems involved in implementation of technologies and their deployment. ▪ Consumer and public education and interaction skills. ▪ Auditing, investigating, enforcing. ▪ Forecasting changing needs and expectations toward underserved publics.	▪ Complaint Analysis and Resolution Reporting System (OSCAR) ▪ Consumer Information Management System (CIMS) ▪ Automated Reporting Management Information Systems (ARMIS and Equipment Authorization System) ▪ Electronic Tariff Filing System (ETFS) ▪ Desktop/Network Document Development and Data Access Tools ▪ International Bureau Filing System (IBFS)

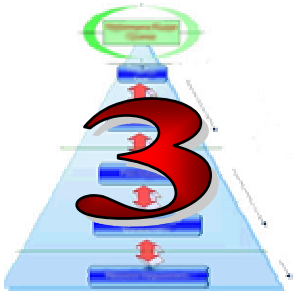
Funds and Staff					
FY 2003		**FY 2004**		**FY 2005**	
$95,925,002	714 FTE's	$93,693,636	690 FTE's	$96,338,542	690 FTE's

II-5a. Competition As A Percentage Of Total FY05 Financial Requests:



II-5b. Sources Of Increased Request When Compared To FY04:

FY04 Goal Request	Goal's Distributed Fixed Increases	Goal's Programmatic Increases	FY05 Goal Request
$93,693,636	$2,015,406	$629,500	$96,338,542



III-1. Strategic Goal: Spectrum

Facilitate the highest and best use of spectrum domestically and internationally to promote the growth and rapid deployment of innovative and efficient communications technologies and services.

III-2. Performance Goals:

Ensure that spectrum is used efficiently and effectively.

Facilitate domestic and international deployment of new spectrum-based technologies and services.

Generally shift from rigid to flexible policy models.

Promote ease of access to spectrum by more users.

III-3. Past Activities Related To This Goal:

III-3a. Outcome Indicators:

1. Increasing number of approvals for enhanced telecommunications equipment.
2. Facilitate deployment of new or existing services/devices that make efficient use of spectrum, while ensuring continued operation of existing services.
3. Effectively advance U.S. positions on spectrum in international negotiations and enforcement of treaties (number of U.S. positions partially or fully adopted).

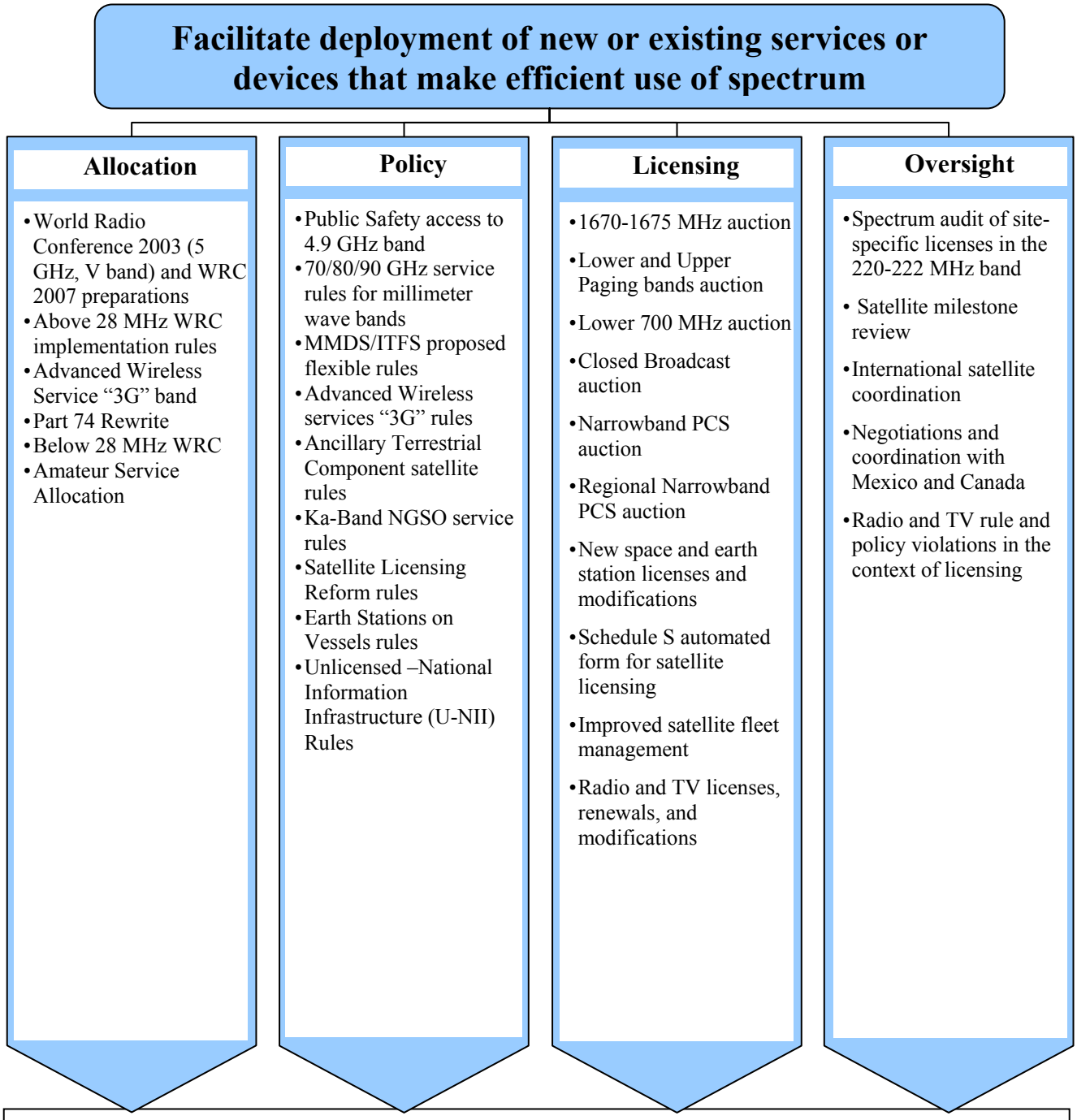
Outcome Indicator 1:

Enhanced Telecommunications Equipment Authorizations in Fiscal Year 2003

Source of Data: Office of Engineering Technology (Lab) Equipment Authorization System Reports

Type of Telecommunications Equipment Approved (Grants Issued)	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**Total FY 03**
Telecommunications Certification Bodies (TCB)	1,054	1,166	1,250	1,475	4,945
FCC Equipment Authorization Services (EAS)	158	134	122	107	521
Total	1,212	1,300	1,372	1,582	5,466

Outcome Indicator 2:



Potential Long-term Outcomes for Spectrum

In FY 2003, the Commission made significant progress in developing and implementing spectrum initiatives that contribute to overall performance goals for spectrum both domestically and internationally. Collectively, these activities promote:

- **Increased access to spectrum** by making new or more flexible spectrum available (via auction or other means) for public safety, broadband mobile and fixed, satellite and other uses, including unlicensed applications.
- **Expeditious delivery of service to consumers** through improved licensing mechanisms that utilize automation, encourage licensee due diligence and sharing of spectrum to further efficiency.
- **Deployment of new technologies and robust services** though enhanced performance standards, and other rules that will encourage future investment as well as research and development activities.
- **Efficient and effective use of spectrum** through build-out compliance and audit procedures.

Outcome Indicator 3:
International Negotiations

Source of Data: International Bureau

The World Radiocommunication Conference (WRC) 2003 established treaty text in the form of Radio Regulations, which bind countries once ratified. The FCC participates in the U.S. delegation to the WRC as the advocate for commercial operators for two main reasons: (1) to secure spectrum allocations that allow for new telecommunications services to enter the market; and (2) to protect incumbent telecommunication services from interference.		
	Agenda Items (Major WRC-03 Issues)	**United States Position Advanced**
World Radiocommunications Conference for 2003 (WRC-2003)	➢ Harmonization of Public Protection/Disaster Relief Spectrum	The WRC-2003 adopted a Resolution that provides guidance to countries on possible bands for use by public protection or disaster relief systems. The United States achieved its objective of including in the Resolution the ranges 746-806 MHz, 806-869 MHz and 4940-4990 MHz for future advanced solutions for public protection and disaster relief.
	➢ High Speed Internet Access for Airline Passengers	The United States succeeded in getting the WRC-2003 to make a secondary aeronautical mobile satellite service allocation in the 14-14.5 GHz band. This allocation will allow systems, including the Boeing *Connexion* system, to provide high speed broadband service to airline passengers. Lufthansa and British Air have already provided the service on a test basis.
	➢ Regulatory Restrictions on the Global Positioning System (GPS)	The WRC-2003 addressed regulatory issues related to the radio navigation satellite service (RNSS) such as GPS. The United States successfully resolved the regulatory issues including the most contentious related to coordination of systems. As a result of negotiations, the U.S. GPS system and Galileo (the proposed European system) will follow formal coordination procedures on a going-forward basis only. The U.S. achieved its goal of ensuring the International Telecommunication Union would not retroactively apply radio regulation procedures to earlier GPS filings.
	➢ Wi-Fi (5 GHz spectrum)	The United States achieved its goal of allocating additional spectrum for mobile systems including Wi-Fi operations. The WRC-03 allocated 455 MHz of spectrum in the 5 GHz band. Consistent with the FCC's position, the WRC-03 decision provides flexibility to allow outdoor applications in part of the band. U.S. consumers will benefit by the economies of scale that this international allocation affords the ICT manufacturers.

Outcome Indicator 3:
Enforcement of Treaties

During FY 2003, work was performed on a large number of issues dealing with coordination of bilateral cross-border spectrum use in Canada and Mexico.
CANADA Interim Arrangement with Wireless Communications Service Amendment to Digital Television Letter of Understanding for Public Safety Access to Channels 63 & 68 Special Coordination Protocol (SCP) between Skytel Corp. of U.S and DataTrail of Canada SCP between Nextel Comm of U.S. and Tele-Mobile Co. in Canada
MEXICO United States and the Secretaria de Comunicaciones y Transportes FM and TV Channel 6 United States and the Secretaria de Comunicaciones y Transportes Low Power TV & other services in the 700 MHz band

III-3b. Output Measures:

FY03 Output 1 – Increase the number of new spectrum use licenses (prompt assignment).

> During FY 2003, the FCC processed nearly 521,000 applications for wireless telecommunications services. This included 236,000 applications for new and renewed licenses and special temporary authority, 50,000 assignments of licenses and transfers of control, 56,000 license modifications, and 179,000 other requests. Ninety-eight percent of these applications were processed in 90 days or less.

FY03 Output 2 – Improve satellite licensing and fleet management.

> The FCC completed three steps to reform its satellite licensing. First, in April 2003, the FCC adopted a new first-come/first-served approach for satellite space station licensing. Second, in June 2003, the FCC allowed companies the ability to move satellites within their fleets to locations for which they have a license. Third, in June 2003, the FCC introduced a number of initiatives to facilitate the application process for satellite and earth station licenses.

FY03 Output 3 – Complete study to determine measures to facilitate deployment of cognitive radio.

> During FY 2003, the FCC held two public workshops on cognitive radio technologies to discuss the latest developments in this area.

FY03 Output 4 – Initiate proceedings to allocate spectrum and promote the efficient use of unlicensed devices.

> As of September 2003, the FCC adopted seven rulemakings to increase the deployment and allocation of underutilized spectrum and to promote the use of unlicensed spectrum.

FY03 Output 5 – Negotiate and enforce satellite and other coordination treaties with affected countries.

> In FY 2003, work was performed on a large number of issues dealing with coordination of bilateral cross-border spectrum use in Canada and Mexico.

FY03 Output 6 – Advance U.S. positions on spectrum use at the 2003 World Radiocommunications Conference.

> At the World Radiocommunication Conference for 2003, the U.S. addressed and resolved three major issues: Harmonization of Public Protection/Disaster Relief Spectrum; (2) High Speed Internet for Airline Passengers; and (3) Regulatory Restrictions on the Global Positioning System (GPS).

FY04 Output 1 – Continue implementation of recommendations made by the Spectrum Policy Task Force and take steps to improve the efficient and effective use of spectrum such as promoting the use of spectrum for new efficient technologies and systems.

FY04 Output 2 – Increase the number of new spectrum users.

FY04 Output 3 – Negotiate and enforce satellite and other coordination treaties with affected countries.

FY04 Output 4 – Develop rules to permit the licensing of innovative satellite technologies.

FY04 Output 5 – Advance U.S. positions on spectrum through the International Telecommunications Union and other for a, including preparations for WRC-07.

FY04 Output 6 – Enforce satellite milestones.

FY04 Output 7 – Encourage the deployment of new spectrum efficient technologies, including spread spectrum systems, ultra-wideband systems and cognitive radio.

FY04 Output 8 – Enforce regulations and investigate complaints affecting communications systems and infrastructure.

FY04 Output 9 – Construct anechoic test facility for making sensitive measurements for advanced equipment and systems at the Columbia Engineering Laboratory.

FY04 Output 10 – Increase reliance on market-driven transactions to promote and facilitate efficient spectrum usage.

III-4. Future Output Measures Related To This Goal:

FY05 Output 1 – Continue implementation of recommendations made by the Spectrum Policy Task Force and take steps to improve the efficient and effective use of spectrum such as promoting the use of spectrum for new, spectrum efficient technologies and systems.

FY05 Output 2 – Increase the number of new spectrum users.

FY05 Output 3 – Negotiate and enforce satellite and other coordination treaties with affected countries.

FY05 Output 4 – Develop rules to permit the licensing of innovative satellite technologies.

FY05 Output 5 – Advance U.S. positions on spectrum through the International Telecommunications Union and other for a, including preparations for WRC-07.

FY05 Output 6 – Enforce satellite milestones.

FY05 Output 7 – Encourage the deployment of new spectrum efficient technologies, including spread spectrum systems, ultra-wideband systems and cognitive radio.

FY05 Output 8 – Enforce regulations and investigate complaints affecting communications systems and infrastructure.

FY05 Output 9 – Promote the efficient use of spectrum for new technologies.

FY05 Output 10 – Increase reliance on market-driven transactions to promote and facilitate efficient spectrum usage.

FY05 Output 11 – Begin a multi-year audit of spectrum use to identify underutilized blocks of spectrum.

FY05 Output 12 – Identify 100 megahertz of encumbered spectrum bands below 5 GHz and currently licensed under legacy command-and-control regimes to transition to expanded flexible rights licensing models within the next five years.

III-4a. Planned Program Evaluations:[4]

FY 2005 – Universal Service Fund
FY 2006 – Spectrum Auction Program Account
FY 2007 – Spectrum Auction Direct Loan Financing Account
FY 2008 – FCC (General Salaries and Expenses)

III-5. Resources Needed To Achieve Output Measures:

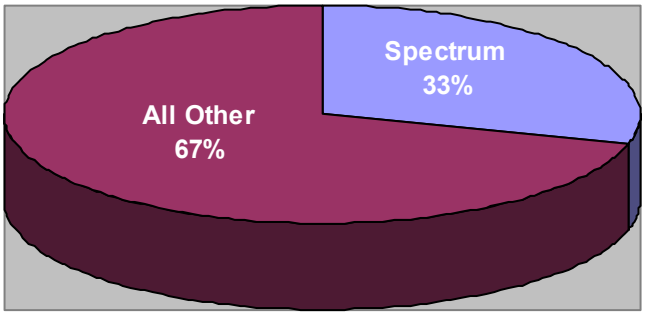
Processes	Skills	Technology
▪ Rulemaking ▪ Industry analysis ▪ Data collection ▪ Licensing ▪ Engineering	▪ Prospective and innovative thinking in order to identify ways to use spectrum while ensuring adequate communications for public	▪ Auctions system ▪ Universal Licensing System (ULS) ▪ International Bureau Filing System (IBFS)

[4] Program evaluations, using the Program Assessment Rating Tool (PART) methodology and format, will be conducted by staff or contractors of the FCC's Office of Managing Director in the fiscal years indicated. Program evaluations are one of several methods the FCC uses to validate measured values. The other validation techniques are certifications of reliability from data sources; the FCC's ongoing vulnerability assessment program; and audits, reports, and reviews performed by groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO). Specific detail on data sources, baseline data, use of agency systems, and reliance on external data sources are part of the methodology section associated with each of these validation techniques.

▪ Intergovernmental collaboration and international negotiations ▪ Notice of Apparent Liability/Forfeitures ▪ Spectrum audits	safety and critical infrastructure protection. ▪ Auditing, investigating, enforcing. ▪ Understanding of economical and technical aspects of spectrum uses for the benefit of the public. ▪ Understanding of international and regional factors.	▪ Experimental Licensing System (ELS) ▪ Cable Operations and Licensing System (COALS) ▪ Antenna Structure Registration System (ASRS) ▪ Columbia Engineering Laboratory ▪ Enforcement equipment ▪ Equipment Authorization System (EAS) ▪ Consolidated Database System (CDBS) ▪ Desktop/Network Document Development and Data Access Tools ▪ COSER Database System

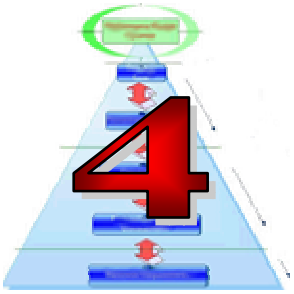
Funds and Staff					
FY 2003		**FY 2004**		**FY 2005**	
$80,750,426	600 FTE's	$89,584,266	658 FTE's	$96,015,527	653 FTE's

III-5a. Spectrum As A Percentage Of Total FY05 Financial Requests:



III-5b. Sources Of Increased Request When Compared To FY04:

FY04 Goal Request	Goal's Distributed Fixed Increases	Goal's Programmatic Increases	FY05 Goal Request
$89,584,266	$1,927,011	$4,504,250	$96,015,527



IV-1. Strategic Goal: Media

Revise media regulations so that media ownership rules promote competition and diversity in a comprehensive, legally sustainable manner, facilitate the mandated migration to digital modes of delivery, and clarify and ensure compliance with general media obligations.

IV-2. Performance Goals:

Develop a sound analytic foundation for media ownership rules.

Facilitate the transition to digital television and radio.

Clarify and ensure compliance with general media obligations.

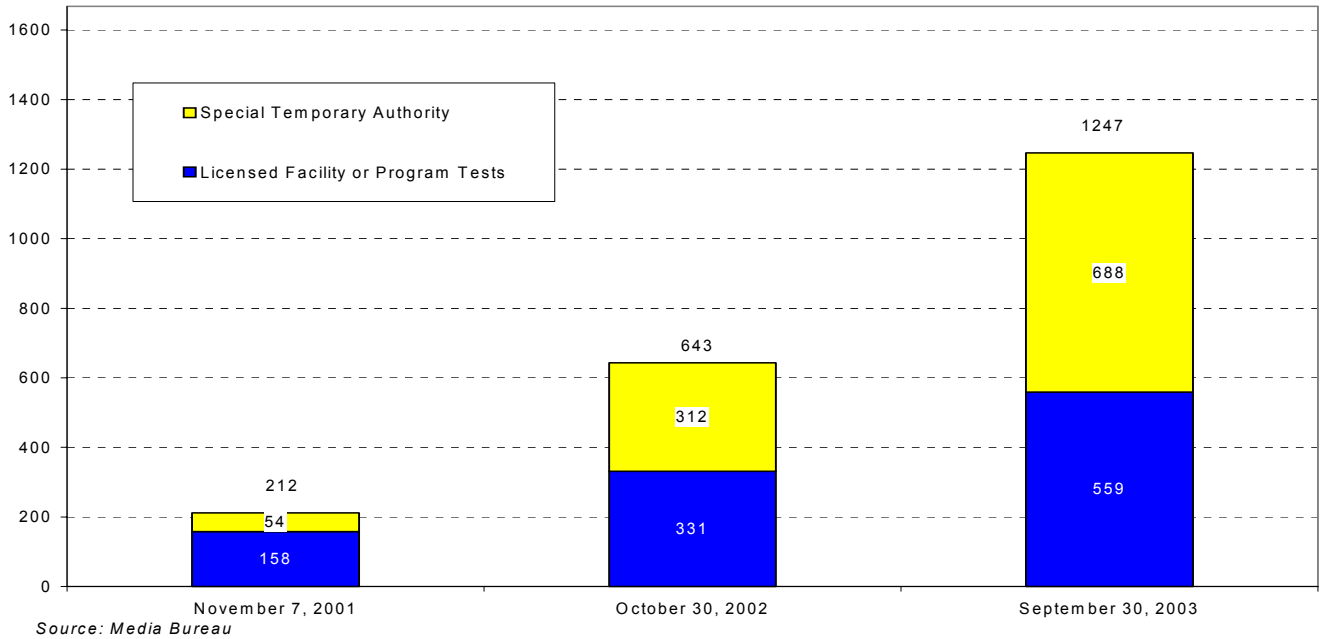
IV-3. Past Activities Related To This Goal:

IV-3a. Outcome Indicators:

1. Significant progress in the transition to digital television and radio.
2. Increasing investment by consumers in digital equipment.
3. Increasing deployment by industry in digital programming, equipment, and infrastructure.

Outcome Indicator 1:

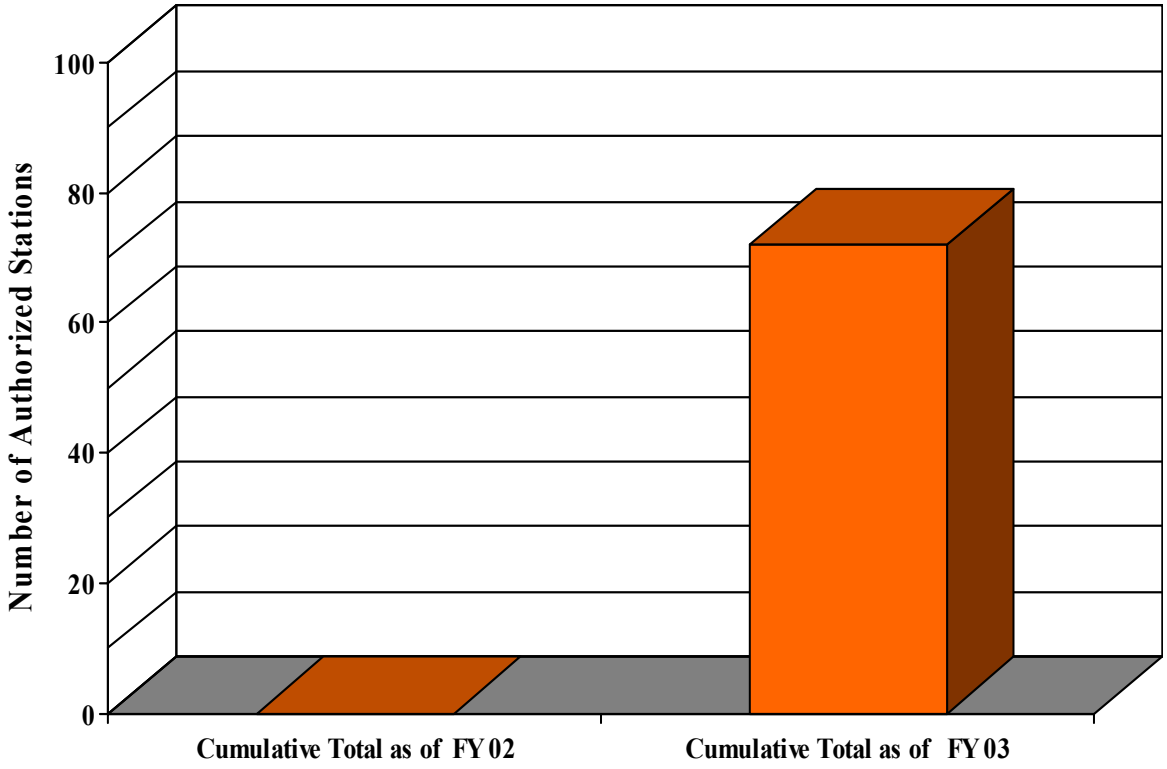
DTV Stations Authorized to be on the Air



Source: Media Bureau

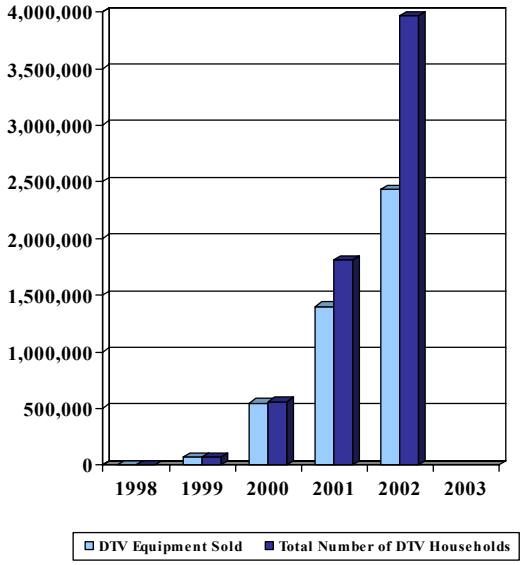
Outcome Indicator 1:

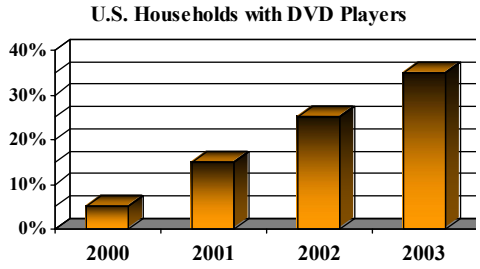
Transition To Digital Terrestrial Radio

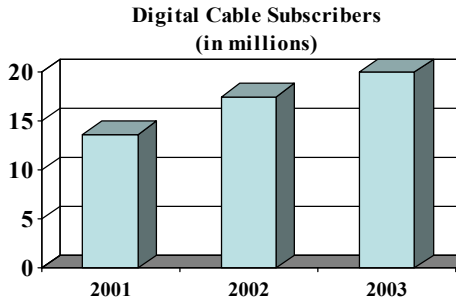


Outcome Indicator 2:

Increasing Investment by Consumers in Digital Equipment



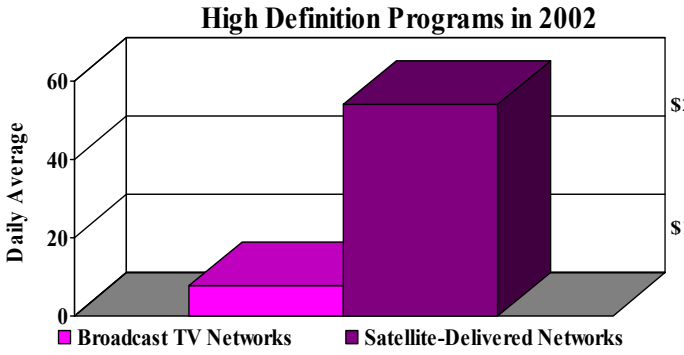


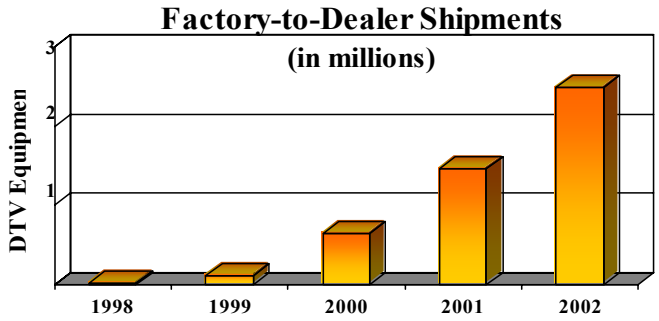


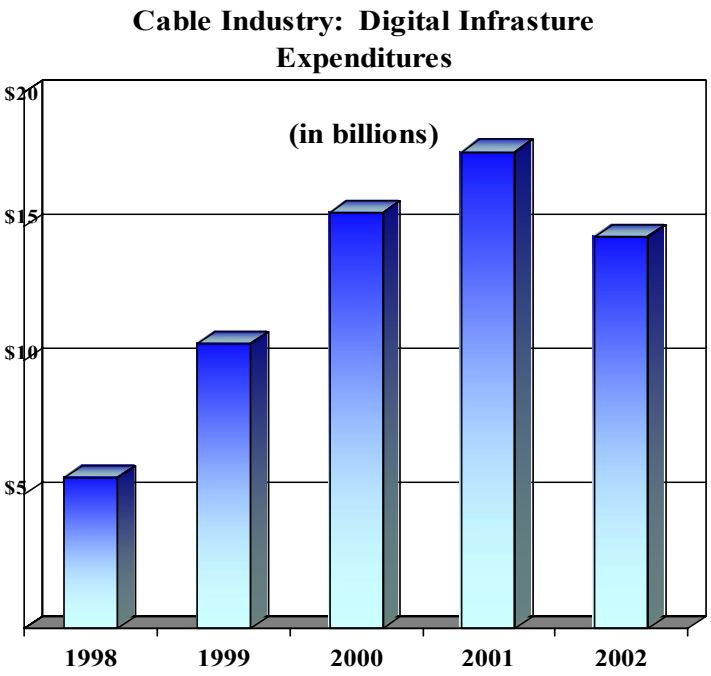
2003 statistical data will not be available until the Summer of 2004.

Outcome Indicator 3:

Deployment by Industry in Digital Programming, Equipment, and Infrastructure







2003 statistical data will not be available until the Summer 2004.

IV-3b. Output Measures:

FY03 Output 1 – Complete selected studies that support development of appropriate media rules for the current media marketplace.

On October 1, 2002, the FCC's Media Ownership Working Group released 12 media ownership studies that support the development of appropriate media rules for the media marketplace.

FY03 Output 2 – Issue Third Biennial Review Report of Broadcast Ownership Rules.

On June 2, 2003, the FCC revised its broadcast ownership rules, in compliance with Section 202(h) of the Communications Act, to assure that the rules protect diversity, localism, and competition while taking account of the media marketplace.

FY03 Output 3 – Create and enforce regulations to advance the digital transition and implement public education efforts.

In October 2002, the Commission adopted a Report and Order selecting a digital audio transmission standard. This actions permits, but does not require, broadcasters to begin providing terrestrial digital radio service immediately. The FCC continues to license commercial and non-commercial digital television (DTV) stations. The FCC also addressed key standard and technology issues related to the broadcast flag and plug-and-play.

FY03 Output 4 – Develop statistical data for tracking consumer/industry investment in digital programming and equipment.

The FCC created a mechanism to track investments in digital programming, equipment, and infrastructure.

FY04 Output 1 – Resolve challenges to revised rules issued in Third Biennial Review of Broadcast Ownership Rules and issue NPRM for Fourth Biennial Review of broadcast ownership rules to assure that the rules reflect the current media marketplace.

FY04 Output 2 – Adopt and enforce regulations to advance the digital transition and implement public education efforts, e.g., DTV Must-Carry, DTV Periodic Review, DTV LPTV and TV Translators, Plug-and-Play, Broadcast Flag, and Digital Audio Systems and Service Rules.

FY04 Output 3 – Initiate any further actions to gather information and data from consumers, industry, civic organizations, and others to assess broadcasters' service to local communities.

FY04 Output 4 – Resolve and enforce broadcast, cable and satellite operating matters in a timely way (e.g., children's television, public files, leased access, main studio, EEO, political programming, closed captioning, analog must carry, and other non-technical rules).

FY04 Output 5 – Conduct staff review of DTV technical rules to identify any changes needed to facilitate the completion of the DTV transition mandated by statute.

FY04 Output 6 – Foster the digital television transition by negotiating cross-border agreements with Canada and Mexico.

IV-4. Future Output Measures Related To This Goal:

FY05 Output 1 – Complete Fourth Biennial Review of Broadcast Ownership Rules, including adoption of revised Media Ownership Rules that reflect the current media marketplace.

FY05 Output 2 – Continue to adopt and enforce regulations to advance the digital transition and implement public education efforts, e.g., DTV Must-Carry, DTV Periodic Review, DTV LPTV and TV Translators, Plug-and-Play, Broadcast Flag, and Digital Audio Systems and Service Rules.

FY05 Output 3 – Issue a Report to gather information and data from consumers, industry, civic organizations, and others to assess broadcasters' service to local communities.

FY05 Output 4 – Resolve and enforce broadcast, cable and satellite rule compliance matters that arise in licensing proceedings in a timely way (e.g., children's television, public files, leased access, main studio, EEO, political programming, closed captioning, analog must carry, and other non-technical rules).

FY05 Output 5 – Initiate any actions to revise DTV technical rules and table of allotments necessary to facilitate the completion of the DTV transition mandated by statute.

FY05 Output 6 – Foster the digital television transition by working with industry to educate consumers to stimulate consumer investment in digital equipment.

FY05 Output 7 – Foster the digital television transition by negotiating cross-border agreements with Canada and Mexico.

IV-4a. Planned Program Evaluations:[5]

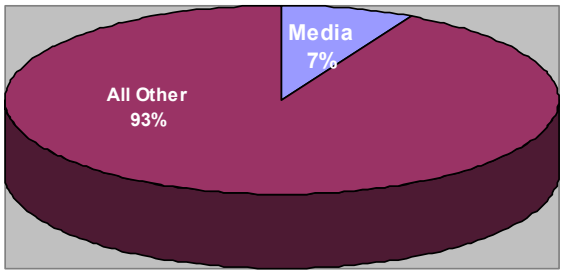
FY 2005 – Universal Service Fund
FY 2006 – Spectrum Auction Program Account
FY 2007 – Spectrum Auction Direct Loan Financing Account
FY 2008 – FCC (General Salaries and Expenses)

IV-5. Resources Needed To Achieve Output Measures:

Processes	Skills	Technology
▪ Rulemaking ▪ Industry monitoring and analysis ▪ Data collection ▪ Licensing ▪ Notice of Apparent Liability/Forfeitures ▪ Education	▪ Engineering, economic, and legal skills necessary to implement mandatory digital transitions. ▪ Auditing, investigating, enforcing. ▪ Understanding of economic and legal impacts of converging media technologies. ▪ Ability to educate American consumers on the advantages of digital media.	▪ Columbia Engineering Laboratory ▪ Enforcement equipment ▪ Engineering utilities applications ▪ Consolidated Database System (CDBS) ▪ International Bureau Filing System (IBFS) ▪ Cable Operations and Licensing System (COALS) ▪ Desktop/Network Document Development and Data Access Tools ▪ Auctions system

Funds and Staff					
FY 2003		**FY 2004**		**FY 2005**	
$21,677,967	162 FTE's	$21,368,724	158 FTE's	$22,457,878	158 FTE's

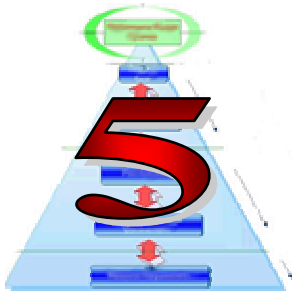
IV-5a. Media As A Percentage Of Total FY05 Financial Requests:



[5] Program evaluations, using the Program Assessment Rating Tool (PART) methodology and format, will be conducted by staff or contractors of the FCC's Office of Managing Director in the fiscal years indicated. Program evaluations are one of several methods the FCC uses to validate measured values. The other validation techniques are certifications of reliability from data sources; the FCC's ongoing vulnerability assessment program; and audits, reports, and reviews performed by groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO). Specific detail on data sources, baseline data, use of agency systems, and reliance on external data sources are part of the methodology section associated with each of these validation techniques.

IV-5b. Sources Of Increased Request When Compared To FY04:

FY04 Goal Request	Goal's Distributed Fixed Increases	Goal's Programmatic Increases	FY05 Goal Request
$21,368,724	$459,654	$629,500	$22,457,878



V-1. Strategic Goal: Homeland Security

Provide leadership in evaluating and strengthening the Nation's communications infrastructure, in ensuring rapid restoration of that infrastructure in the event of disruption, and in ensuring that essential public health and safety personnel have effective communications services available to them in emergency situations.

V-2. Performance Goal:

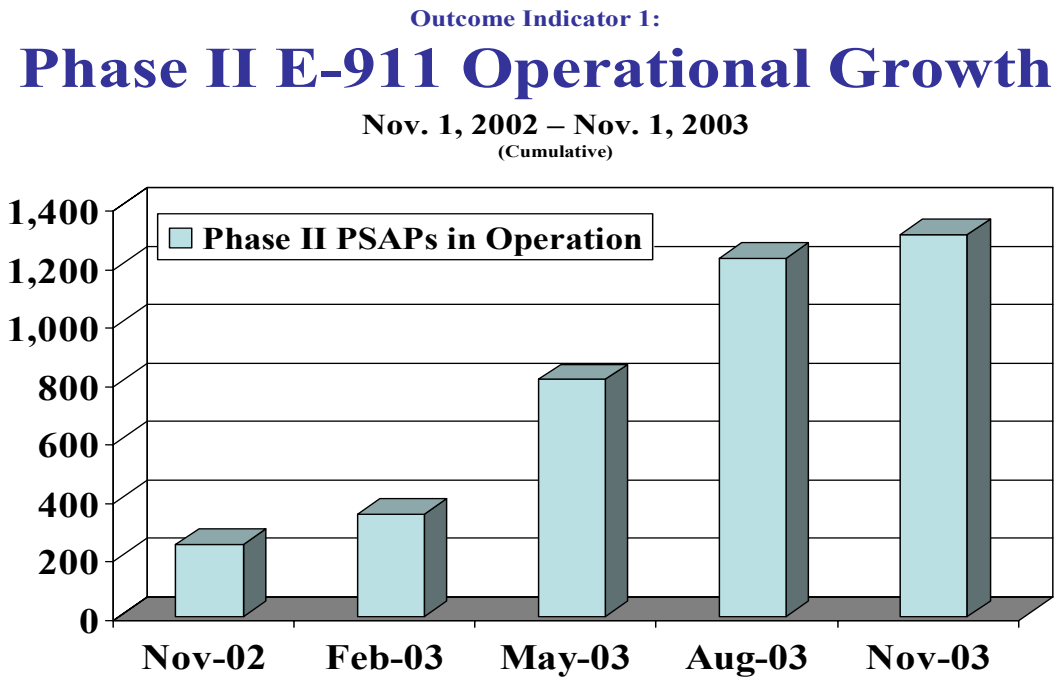
Promote a reliable, secure, and survivable communications infrastructure for the United States.

V-3. Past Activities Related To This Goal:

V-3a. Outcome Indicators:

1. Increasing deployment of E-911.
2. Increasing Telecommunications Service Priority (TSP) participation.
3. Increasing amounts of spectrum available for public safety communications.
4. Decreasing number of interference complaints affecting public safety communications [measurement under development].

Outcome Indicator 1:



Number of Public Safety Answering Points (PSAPs) receiving Phase II location information from at least one mobile service licensee. Phase II rules require licensees to transmit 911 caller location information to PSAPs with greater accuracy than Phase I deployment.

Outcome Indicator 2:

Increase Telecommunications Service Priority Participation

Source of Data: Office of Engineering Technology TSP Restoration Program Summary Report

Fiscal Year 2003				
User Type	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
911 Administrators	759 (1.0%)	1,211 (1.6%)	1,947 (2.6%)	2,471 (3.3%)

The Telecommunications Service Priority (TSP) program is an FCC initiative to identify and prioritize telecommunication services that support national security or emergency preparedness (NS/EP) missions. TSP consists of 75,000 nationwide telephone and data (to computer centers) lines. The TSP program also provides a legal means for the telecommunications industry to provide preferential treatment to services enrolled in the program. By this being a new initiative, the Commission is focusing outreach efforts in the area of 911 centers because their TSP participation numbers are low and their communications-related activities are important.

Outcome Indicator 3:

Spectrum Available for Public Safety Communications

Source of Data: Office of Engineering Technology and Wireless Telecommunications Bureau

Spectrum Service/Device	Frequency	Detail
FCC affirmed rules to authorize the deployment of ultra-wideband technology in a Memorandum Opinion and Order on Reconsideration (MO&O).	960-3100 MHz	On February 13, 2003, the FCC adopted a MO&O that largely reaffirmed the procedures adopted in 2002 to authorize the unlicensed operations of ultra-wideband devices. Minor changes were implemented to further facilitate the operation of imaging devices (i.e., through-wall imaging systems by law enforcement, emergency rescue and firefighter personnel in emergency situations, etc.).
The 4.9. GHz Band Transferred from Federal Government Use in a Memorandum Opinion and Order on Reconsideration (MO&O) and 3rd Report and Order (R&O).	4940-4990 MHz	On April 23, 2003, the FCC adopted a MO&O and 3rd R&O that established licensing and service rules for the 4940-4990 MHz to promote effective public safety communications and innovation in wireless broadband services in support of public safety.
Multi-channel Video Distribution and Data Service (MVDDS) (12 GHz) in 3rd R&O	12.2-12.7 GHz	On June 13, 2003, the FCC adopted an 3rd R&O that revised the service area definition as well as the build out requirements for the Multi-channel Video Distribution and Data Service (MVDDS) in the 12.2-12.7 GHz band to facilitate delivery of Advanced Wireless services in the 12 GHz band and promote expeditious deployment of such services to wide range of populations, including unserved and underserved communities.
Licensing electromagnetic spectrum (27 MHz) in MO&O	216-220 MHz, 1390-1395 MHz, 1427-1432 MHz, 1670-1675 MHz, 2385-2390 MHz	On August 7, 2003, the FCC adopted a MO&O adopting service rules to govern the licensing of 27 MHz of electromagnetic spectrum in the 216-220 MHz, 1390-1395 MHz, 1427-1429 MHz, 1429-1432 MHz, 1670-1675 MHz, & 2385-2390 MHz bands, which were reallocated for non-Government use.

V-3b. Output Measures:

FY03 Output 1 – Complete the deliverables required by the Network Reliability and Interoperability Council (NRIC).

On March 14, 2003, NRIC met to consider best practices for network restoration and disaster recovery/business continuity; and received progress reports from various focus groups. NRIC VI completed Phase I and identified seven accomplishments.

FY03 Output 2 – Complete work of the National Coordination Committee (NCC), a federal advisory committee established to facilitate implementation of wireless public safety interoperability.

The NCC issued its final recommendations to the Commission concerning 700 MHz interoperability equipment standards and concluded its federal advisory committee activities.

FY03 Output 3 – Issue regulations facilitating the implementation of wireless public safety interoperability.

In FY 2003, the FCC adopted six rulemaking proceedings addressing spectrum issues to improve wireless pubic safety interoperability.

FY03 Output 4 – Increase coordination with the National Communications System (NCS) on implementation of the Wireless Priority Access System (WPAS).

On January 21, 2003, the NCS announced implementation of the Wireless Priority Access System (WPAS) to areas of the Eastern United States. As of April 2003, 33 cities nationwide have access to WPAS.

FY03 Output 5 – Facilitate deployment of enhanced 911 services through new regulations, clarification of existing regulations, enforcement proceedings, and data tracking.

During 2003, the FCC continued its strategic plan to achieve rapid E911 deployment, including rulings to clarify and expand implementation responsibilities, investigation of technical and operational challenges, and outreach and coordination. The FCC brought together representatives from the Federal government, public safety community, wireless carriers, local exchange carriers (LECs), and other interested stakeholders to address ongoing implementation issues such as Public Safety Answering Point (PSAP) funding, wireless carrier implementation and prioritization, issues related to LECs, and the challenges faced by rural carriers.

FY04 Output 1 – Identify and engage domestic and international counterparts on homeland security issues.

FY04 Output 2 – Develop regulations to ensure the security and survivability of the satellite communications infrastructure, including treatment of orbital debris.

FY04 Output 3 – Ensure public safety has adequate means of meeting communications needs through spectrum and technology.

FY04 Output 4 – Increase the deployment of Telecommunications Service Priority participation.

FY04 Output 5 – Enhance consumer awareness of communications security and reliability issues in emergency situations.

FY04 Output 6 – Enforce technical regulations and investigate harmful interference complaints affecting public safety communications systems and infrastructure.

FY04 Output 7 - Enhance public safety communications.

FY04 Output 8 – Enhance telecommunications and media network reliability.

FY04 Output 9 – Complete rulemakings/issue regulations that further the accessibility of the telecommunications network to people with disabilities (e.g., Telecom Relay Services (TRS) including annual review of TRS issues, and Section 255 accessibility to equipment and services).

FY04 Output 10 – Facilitate deployment of enhanced 911 services through new regulations, clarification of existing regulations, enforcement proceedings, and data tracking.

FY04 Output 11 – Coordinate Section 214 market access and Section 310 foreign ownership reviews with the Executive Branch.

FY04 Output 12 – Complete the deliverables required by the Network Reliability and Interoperability Council (NRIC) and Media Security and Reliability Council (MSRC) charters.

FY04 Output 13 – Enhance the Emergency Alert System through consistent, strong enforcement of EAS equipment and testing requirements.

V-4. Future Output Measures Related To This Goal:

FY05 Output 1 – Identify and engage domestic and international counterparts on homeland security issues.

FY05 Output 2 – Develop regulations to ensure the security and survivability of the satellite communications infrastructure.

FY05 Output 3 – Ensure public safety has adequate means of meeting communications needs through spectrum and technology.

FY05 Output 4 – Increase the deployment of Telecommunications Service Priority participation.

FY05 Output 5 – Enhance the delivery of alert and public warning messages.

FY05 Output 6 – Enforce technical regulations and investigate harmful interference complaints affecting public safety communications systems and infrastructure.

FY05 Output 7 – Enhance public safety communications.

FY05 Output 8 – Enhance telecommunications and media network reliability.

FY05 Output 9 – Complete rulemakings/issue regulations that further the accessibility of the telecommunications network to people with disabilities (e.g., Telecom Relay Services (TRS) including annual review of TRS issues, and Section 255 accessibility to equipment and services).

FY05 Output 10 – Facilitate deployment of enhanced 911 services through new regulations, clarification of existing regulations, enforcement proceedings, and data tracking.

FY05 Output 11 – Enhance consumer awareness of communications security and reliability issues in emergency situations.

FY05 Output 12 – Coordinate Section 214 market access and Section 310 foreign ownership reviews with the Executive Branch.

V-4a. Planned Program Evaluations: [6]

FY 2005 – Universal Service Fund
FY 2006 – Spectrum Auction Program Account
FY 2007 – Spectrum Auction Direct Loan Financing Account
FY 2008 – FCC (General Salaries and Expenses)

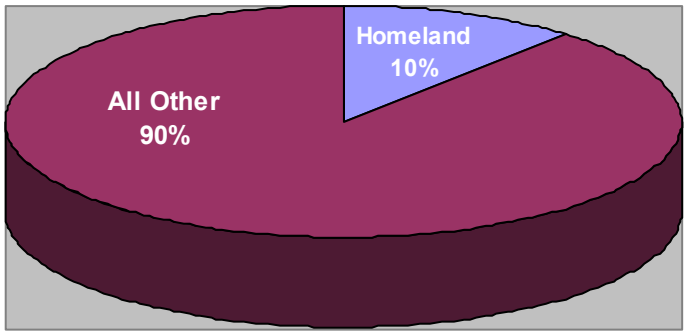
[6] Program evaluations, using the Program Assessment Rating Tool (PART) methodology and format, will be conducted by staff or contractors of the FCC's Office of Managing Director in the fiscal years indicated. Program evaluations are one of several methods the FCC uses to validate measured values. The other validation techniques are certifications of reliability from data sources; the FCC's ongoing vulnerability assessment program; and audits, reports, and reviews performed by groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO). Specific detail on data sources, baseline data, use of agency systems, and reliance on external data sources are part of the methodology section associated with each of these validation techniques.

V-5. Resources Needed To Achieve Output Measures:

Processes	Skills	Technology
▪ Rulemaking ▪ Data collection and analysis ▪ Intergovernmental and international discussions ▪ Public safety licensing ▪ Communications and Crisis Management Center ▪ Public Safety National Coordination Committee (NCC) ▪ National Communications System (NCS) ▪ Government Emergency Telecommunications Service (GETS) ▪ Telecommunications Service Priority System (TSP) ▪ Continuity of Operations Plan (COOP) ▪ Network Reliability and Interoperability Council (NRIC) ▪ Media Security and Reliability Council (MSRC) ▪ Notice of Apparent Liability/Forfeitures ▪ Adjudicatory proceedings ▪ E-911 planning and coordination	▪ Knowledge of federal and state public safety and emergency procedures. ▪ Understanding of national defense operations. ▪ Understanding technologies, evaluating their vulnerabilities, assessing the needs and evaluating technical solutions. ▪ Facilitation and communication skills to promote awareness and coordination among numerous emergency services and plans. ▪ Risk assessment. ▪ Investigating and enforcing. ▪ Training ▪ Drills/planning	▪ E-911/Wireless E-911 ▪ Emergency Alert System (EAS) ▪ Wireless Priority Access System (WPAS) ▪ International Bureau Filing System (IBFS)

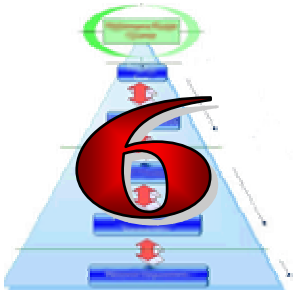
Funds and Staff					
FY 2003		**FY 2004**		**FY 2005**	
$28,452,331	212 FTE's	$28,217,674	208 FTE's	$30,440,405	208 FTE's

V-5a. Homeland Security As A Percentage Of Total FY05 Financial Requests:



V-5b. Sources Of Increased Request When Compared To FY04:

FY04 Goal Request	Goal's Distributed Fixed Increases	Goal's Programmatic Increases	FY05 Goal Request
$28,217,674	$606,979	$1,615,750	$30,440,403



VI-1. Strategic Goal: Modernize the FCC

Emphasize performance and results through excellent management. Develop and retain independent mission-critical expertise and align the FCC with the dynamic communications markets.

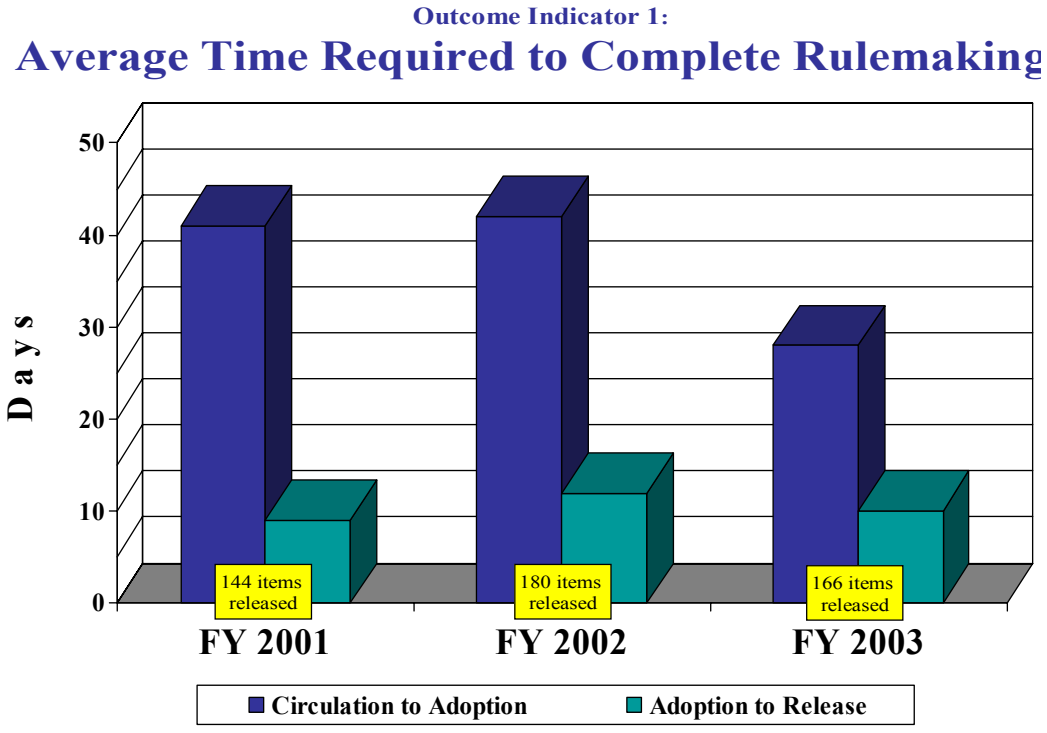
VI-2. Performance Goal:

Become a more responsive, efficient, and effective agency.

VI-3. Past Activities Related To This Goal:

VI-3a. Outcome Indicators:

1. Reducing the average time required to complete rulemakings (improve workflow, document and knowledge management).
2. Increasing efficiency in the processing of workload (measured by and reported in the Quarterly Performance and Results Review (QPRR)).
3. Employing appropriate number of attorneys, engineers and economists [measurement under development].
4. All FCC employees participating in appropriate career development activities [data will be available for FY 2004].
5. Increasing rate of agency achievement of strategic objectives [measurement under development].

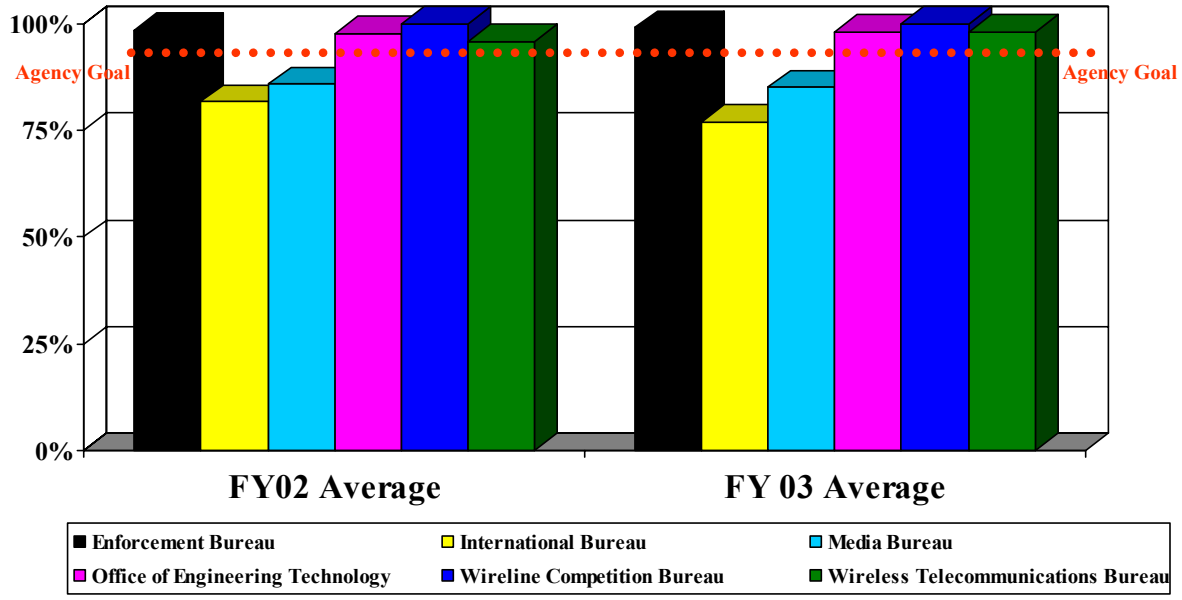


Outcome Indicator 2:

Percentage Of Actions Disposed Of Within Speed Of Disposal Goals

FY03 Goal: 95%

Source of Data: Speed of Disposal Reports from Bureaus/Offices



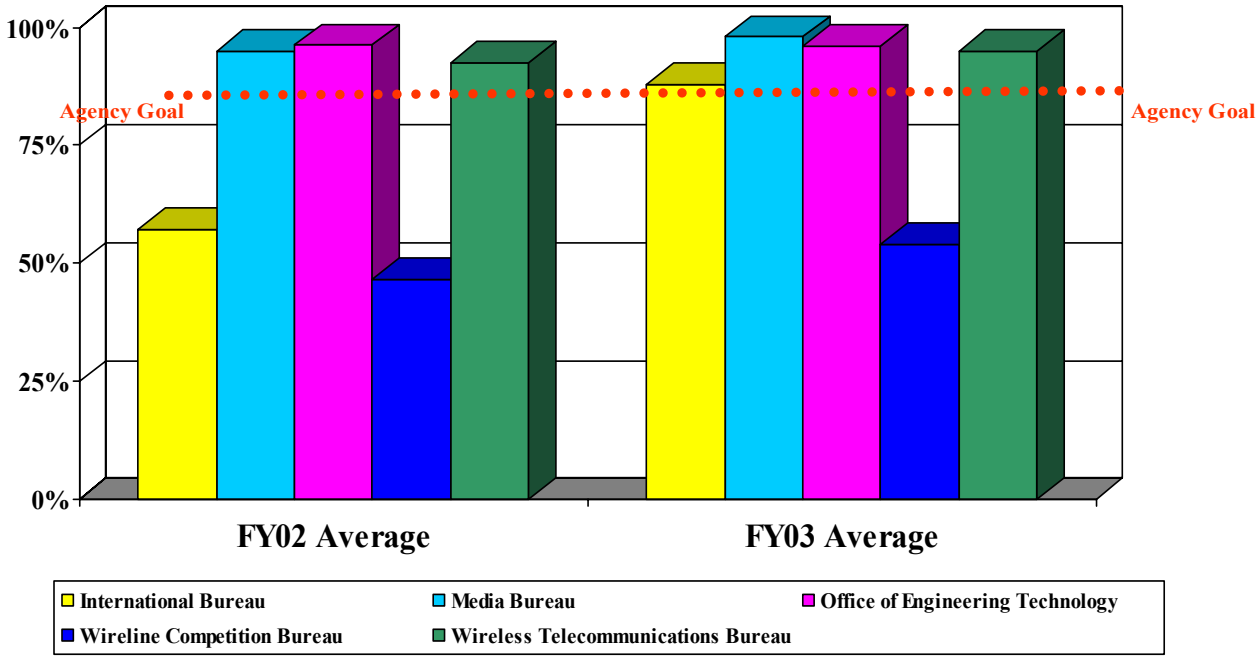
This chart reflects Customer Service Goals.

Outcome Indicator 2:

Percentage Of Actions Filed Electronically

FY03 Goal: 85%

Source of Data: Speed of Disposal Reports from Bureaus/Offices



VI-3b. Output Measures:

FY03 Output 1 – Initiate analysis and design of an integrated licensing interface portal and Help Desk.

The FCC took the first steps leading to the modernization of outdated web based application systems. Using external customer feedback, FCC created a new Support Center Website that is more customer focused and provides toll-free telephone assistance. This effort involved the integration of separate processes, as well as the introduction of new technologies and web based self-help tools including online submission of password reset requests and technical support requests.

FY03 Output 2 – Initiate policy and rulemaking system (document/knowledge management and workflow) pilot for selected auctions proceedings.

In FY 2003, the FCC initiated a pilot project to improve productivity, decision-making, and collaboration in the policy and rulemaking process. This project, Improving the Management of Policy Activities through Collaborative Technologies (IMPACT) will implement document management, workflow, knowledge management and collaboration tools, and new document editing capabilities to increase the timeliness of policy and rulemaking activities.

FY03 Output 3 – Report on Bureau and Office efficiency initiatives identified in the FCC's Quarterly Performance and Results Review (QPRR) Report.

The FCC identified 28 outcome (performance) indicators to be tracked and monitored in the QPRR categorized under the six agency-wide goals – Broadband, Competition, Spectrum, Media, Homeland Security, and Modernize the FCC.

FY03 Output 4 – Develop plan to ensure agency has appropriate engineering, legal, and economic expertise.

During FY 2003, the FCC initiated a workforce analysis to determine the appropriate mix of engineers, attorneys, and economists.

FY03 Output 5 – Formalize Engineer-in-Training (EIT) Program and establish a mentoring program.

The FCC hired 7 engineers through the Engineer-in-Training program and visited 15 universities to conduct on-campus recruitment.

FY03 Output 6 – Expand competency-based career development program for key groups.

During FY 2003, the FCC established a performance baseline through an agency-wide survey and implemented Individual Development Plan (IDP) program for all employees.

FY03 Output 7 – Senior Executive Service (SES) performance plans and awards are linked to the FCC's Strategic Plan goals and measures.

As of March 2003, the FCC linked all SES performance plans and awards to the FCC Strategic Plan.

FY03 Output 8 – Develop plan for implementation of performance-based budgeting.

The FCC established a performance-based budgeting system through the integration of budget, performance goals, and resources.

FY04 Output 1 – Assess and report on the initial results of the IMPACT pilot.

FY04 Output 2 – Bureau/Office efficiency initiatives reported in Quarterly Performance and Review Report.

FY04 Output 3 – Ensure appropriate number of engineers, economists, and attorneys.

FY04 Output 4 – All agency staff participates in appropriate career development discussions with their supervisor.

FY04 Output 5 – Supervisory and managerial performance plans and awards are linked to the FCC's Strategic Plan goals and measures.

FY04 Output 6 – Implement performance-based budgeting based on OMB guidelines.

FY04 Output 7 – To improve FCC operations, conduct audits, assessments and evaluations and make recommendations (e.g., Fiscal Year Financial Statements, Federal Information Security Management Act (FISMA) Evaluations, and Continuity of Operations Plan (COOP)).

VI-4. Future Output Measures Related To This Goal:

FY05 Output 1 – Bureau/Office efficiency initiatives reported in the Quarterly Performance and Review Report.

FY05 Output 2 – Expand the Improving Management of Policy Activities through Collaborative Technologies (IMPACT) project.

FY05 Output 3 – Continue to review and adjust staff composition to ensure a high-performing, diverse workforce.

FY05Output 4 – Implement a learning management system.

FY05 Output 5 – Employee performance plans and awards are linked to the FCC's Strategic Plan's goals and measures.

FY05 Output 6 – Continue implementation of performance-based budgeting based on OMB guidelines.

FY05 Output 7 – To improve FCC operations, conduct audits, assessments and evaluations and make recommendations (e.g., Fiscal Year Financial Statements, and Federal Information Security Management Act (FISMA) Evaluations).

VI-4a. Planned Program Evaluations:[7]

FY 2005 – Universal Service Fund
FY 2006 – Spectrum Auction Program Account
FY 2007 – Spectrum Auction Direct Loan Financing Account
FY 2008 – FCC (General Salaries and Expenses)

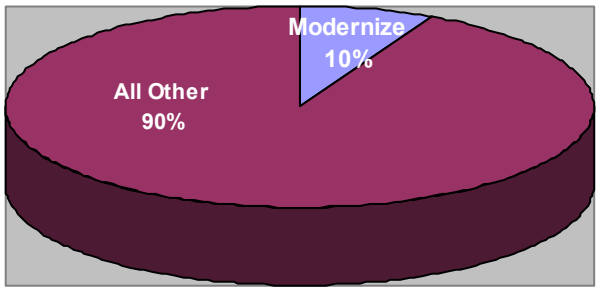
VI-5. Resources Needed To Achieve Output Measures:

Processes	Skills	Technology
▪ Management and document tracking and change control ▪ Workforce analysis ▪ Capital asset planning and deployment ▪ Strategic and performance planning ▪ Information technology planning and deployment ▪ Performance budgeting	▪ Planning, scheduling, and budgeting. ▪ Change management. ▪ Productivity and efficiency improvement. ▪ Training and workforce development. ▪ Workforce analysis.	▪ Commission Registration System (CORES) ▪ Budget Execution and Management System (BEAMS) ▪ Fee Filer ▪ Document Management for IMPACT Project ▪ Refreshed Design and Updated Platforms for Licensing Systems ▪ Electronic Management Tracking System (EMTS) ▪ Commission Lifecycle Agenda Tracking System (CLASPlus)

[7] Program evaluations, using the Program Assessment Rating Tool (PART) methodology and format, will be conducted by staff or contractors of the FCC's Office of Managing Director in the fiscal years indicated. Program evaluations are one of several methods the FCC uses to validate measured values. The other validation techniques are certifications of reliability from data sources; the FCC's ongoing vulnerability assessment program; and audits, reports, and reviews performed by groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO). Specific detail on data sources, baseline data, use of agency systems, and reliance on external data sources are part of the methodology section associated with each of these validation techniques.

Funds and Staff					
FY 2003		FY 2004		FY 2005	
$23,845,763	176 FTE's	$22,464,556	164 FTE's	$28,046,282	164 FTE's

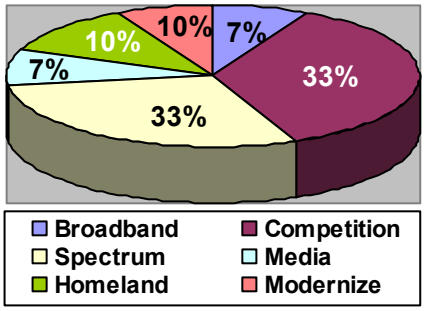
VI-5a. Modernizing The FCC As A Percentage Of Total FY05 Financial Requests:



VI-5b. Sources Of Increased Request When Compared To FY04:

FY04 Goal Request	Goal's Distributed Fixed Increases	Goal's Programmatic Increases	FY05 Goal Request
$22,464,556	$483,226	$5,098,500	$28,046,282

Distribution of Total FY 2005 Budget Request by Strategic Goal



Total Sources of Increased FY 2005 Request Compared to FY 2004

FY04 Total Request	Total Distributed Fixed Increases	Total Programmatic Increases	FY05 Total Request
$273,958,000	$5,893,000	$13,107,000	$292,958,000

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, nonprofit entities holding tax exempt status under section 501(c) of the Internal Revenue code, 26 U.S.C. 501, and certain other non-commercial entities.

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, 2003, pursuant to an order adopted by the Commission on July 21, 2003, released July 25, 2003, and published in the Federal Register August 13, 2003 (68FR 46297).

Authorization to Retain Fees

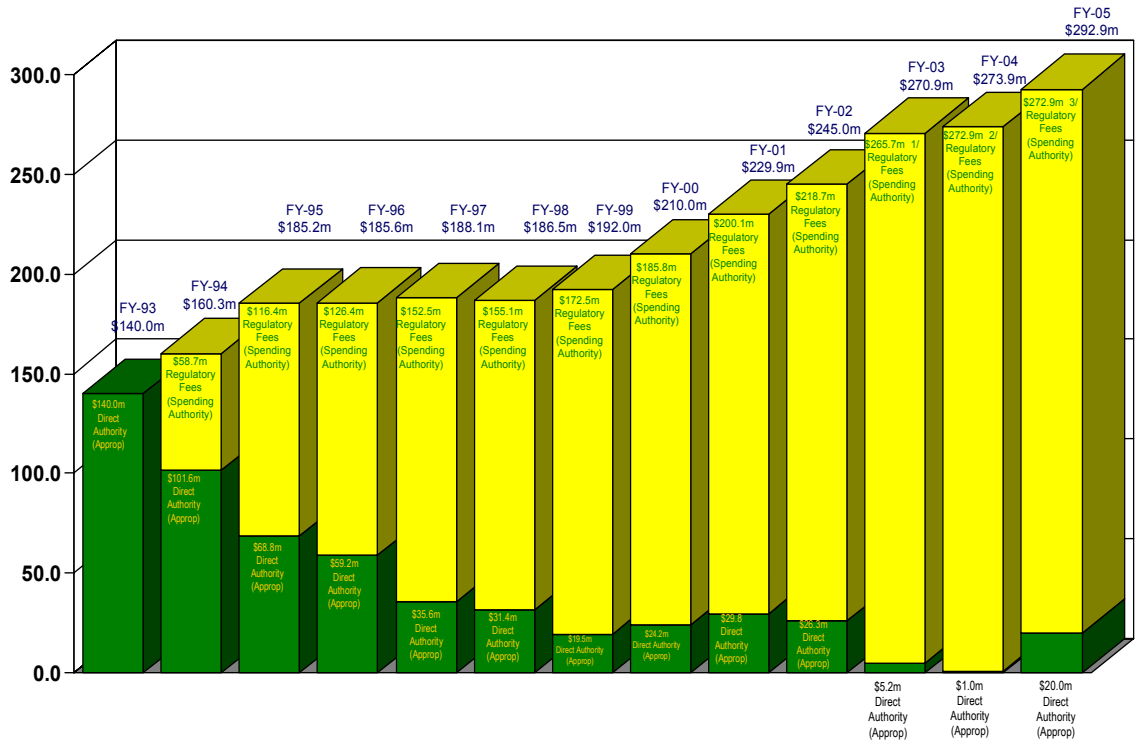
Regulatory fee collections in excess of levels specified in the appropriation language are available for obligation by the Commission and remain available until expended. These excess collections become available for obligation on October 1, following the year in which they are collected. These funds 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 2002 was $18.9 million. A total of $11.2 million in carryover funds were approved for use and obligated as of FY 2001. The remaining $6.6 million in regulatory fees, from the FY 2001 appropriation became available for obligation in FY 2002. In FY 2002 Congress authorized the Commission’s use of $2.0 million of the $6.6 million in excess funds to meet critical physical security needs following the events of September 11th. A total of $5.7 million in carryover funds remained at

the beginning of FY 2003, $4.6 million in carryover funds from prior years plus $1.1 million in regulatory fees collected in excess of the FY 2002 Appropriation required levels. In FY 2003 pursuant to P.L. 108-7, the $5.7 million in carryover funds was rescinded.

FY 2005 Regulatory Fee Assumptions

The FY 2004 Budget provides $272.9 million in the collection of regulatory fees. The President's FY 2005 request for the FCC assumes no increase for regulatory fees above the FY 2004 Omnibus level of $272.9 million. These funds will support Commission-wide goals which will allow the FCC to serve the American public in an efficient, effective and responsive manner. The distribution of Budget Authority between direct and offsetting collections from Regulatory Fees is illustrated in the following graph.

FY 1993 – 2005 RESOURCE COMPARISON
Budget Authority



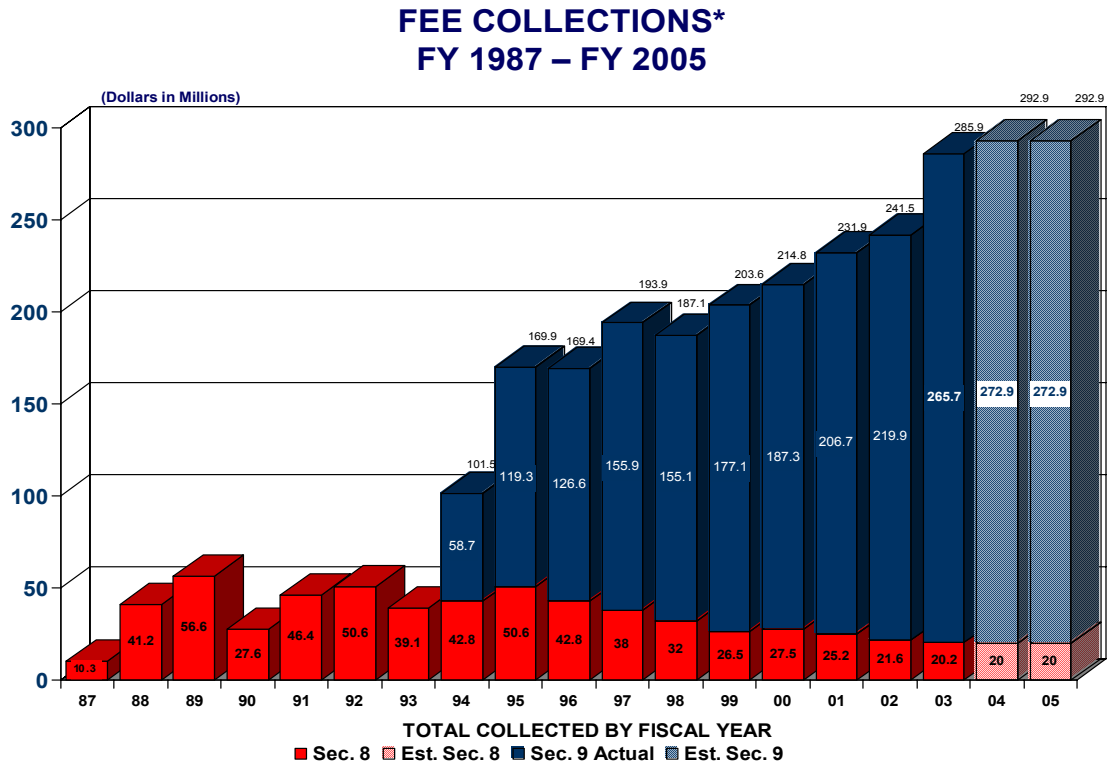
1/ Reflects actual Regulatory Fees collected in FY 2003.

2/ Reflects Regulatory Fees for FY 2004 as enacted in the FY2004 Appropriation and reflected in the President's Budget for FY 2005

3/ Reflects the Regulatory Fee Schedule proposed for FY 2005.

Application Processing Fees

Since FY 1987 the Federal Communications Commission (FCC) has collected and deposited into the General Fund of the U.S. 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. Once deposited, these fees are generally not refundable regardless of the outcome of the application process. The Commission must review and revise the fees every two years based upon changes to the Consumer Price Index (CPI). On July 1, 2002, an order was adopted which increased application fees to reflect these CPI changes; this change became effective on December 5, 2002. Application Processing Fee Collections (Section 8) and Regulatory Fee collections are summarized in the following graph.



*In addition to Sec. 8 processing fees which go to the General Fund of Treasury, totals for FY 1994-2005 include Sec. 9 regulatory fees. Sec. 9 actual reflects fees collected thru 9/30. Sec. 9 Est. reflects fees established in appropriations language.

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 2004, the Commission had completed 48 auctions. Between July 1994 and December 2003, total receipts from this program deposited in the General Fund of the U.S. Treasury have exceeded $14 billion. The Commission is involved in an ongoing 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, implement and maintain the auction program. These funds cover the personnel and administrative costs required to plan and execute spectrum auctions; operational costs to manage installment payments and collections activities; development, implementation, and maintenance of all information technology systems necessary for Auctions operations including 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 prerequisite to the continued use of auctions receipts for the costs of all auctions activities. The Commission is no longer required to submit an FCC Annual Report; however, the FY 2002 Auctions Report was provided to the appropriate oversight committees on September 10, 2003.