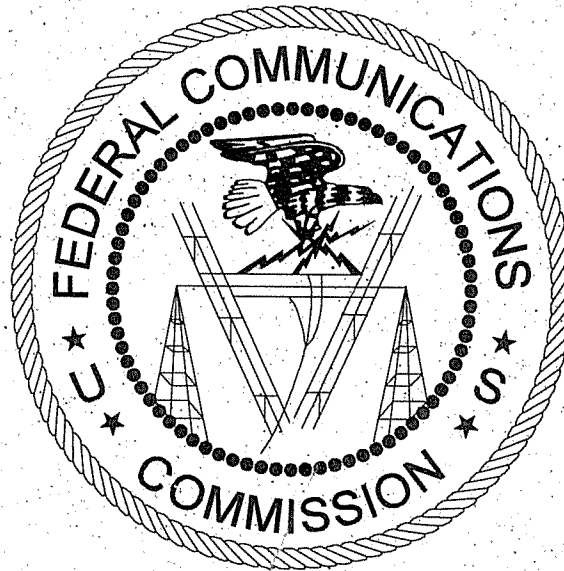


Federal Communications Commission



Fiscal Year 2001 Budget Estimates

Submitted to Congress

February 2000

FEDERAL COMMUNICATIONS COMMISSION

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Goals and Objectives

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

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

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

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

Overall Objective

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

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

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

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LICENSING

This activity includes the authorization or licensing of radio stations, telecommunications equipment and radio operators, as well as the authorization of common carrier and other services and facilities. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with licensing activities.

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

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

Means/Strategies/Resources: The FCC has sought to improve its licensing activities through a multiyear plan to reengineer and integrate its licensing databases and thorough implementation of interactive, electronic filing systems. These initiatives have included consolidation of licensing functions, streamlined application processes, revised and simplified licensing forms, blanket authorizations, delicensing of previously licensed services and electronic filing of license applications and certifications. The benefits we have begun to derive from these projects are manifold and include a more efficient use of FCC personnel resources, improvement in processing times, the ability of our customers to file via the Internet or through other electronic filing mechanisms, and the ability to provide our customers with immediate status reports on their applications. The net results of these initiatives also provide improved service to the public.

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

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

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

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

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LICENSING ACTIVITY OBJECTIVE 1

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

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Additional Resources/Justification: Total: \$12.75m

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

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

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

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

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Additional Resources/Justification (Cont'd.):

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

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

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

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LICENSING ACTIVITY OBJECTIVE 2

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

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COMPETITION

This activity includes formal inquiries, rulemaking proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; spectrum planning, modeling, propagation-interference analyses and allocation; and development of equipment standards. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with activities to promote competition.

Activity Goal: To encourage, through our policy and rulemaking activities, the development of competitive, innovative and excellent communications systems, with a minimum of regulation or with an absence of regulation where appropriate in a competitive market. This will be accomplished by eliminating barriers to entry in domestic markets, by deregulating as competition develops, by promoting competition in international communications markets, by promoting opportunities for all Americans to utilize existing and future communications services, and by fostering a more consumer friendly market place.

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

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

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

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

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

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COMPETITION ACTIVITY OBJECTIVE 1

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

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Additional Comments:

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

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

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

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COMPETITION ACTIVITY OBJECTIVE 2

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

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COMPETITION ACTIVITY OBJECTIVE 3

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Promote Competition in International Communications Markets		
Policy Initiative	FY 2001 Goal	Performance Measurement
✓ Encourage new market entrants and opportunities for the wireless and satellite industries, including fixed and mobile voice services, fixed and mobile data services, direct broadcast services and earth exploration services.	✓ Average price of an international phone call to \$0.55.	Performance will be measured by analyzing the average per-minute price of an international phone call.

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COMPETITION ACTIVITY OBJECTIVE 3 (CONTINUED)

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Promote Competition in International Communications Markets		
Policy Initiative	FY 2001 Goal	Performance Measurement
✓ Encourage the privatization of INTELSAT consistent with the transition to competitive markets.	✓ Implement privatization of INTELSAT.	Performance will be measured by whether INTELSAT was privatized.
✓ Encourage new market entrants for wireless and satellite industries, including fixed and mobile voice, fixed and mobile data, direct broadcast, and earth exploration services.	✓ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many new entrant systems as possible.	Performance will be measured by the number of new system entrants licensed and subscribership statistics to these new entrants.

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COMPETITION ACTIVITY OBJECTIVE 4

Strategic Goal C: PROMOTE OPPORTUNITIES FOR ALL AMERICANS TO BENEFIT FROM THE COMMUNICATIONS REVOLUTION

Strategic Objective: Promote Opportunities for all Americans to Utilize Existing and Future Communications Services

Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none">✓ Increase penetration rates in underserved areas. ✓ Fully implement Schools and Libraries program to ensure access to advanced telecommunications services at reasonable rates.	<ul style="list-style-type: none">✓ 65% penetration rate for underserved communities.✓ 30% increase in the penetration rate for mobile wireless telephone services. ✓ 90% of schools and libraries connected to the Internet.✓ 80% of households have access to advanced telecommunications services.	Performance for Universal Service and related goals will be reported through analysis of data included in the Annual Report prepared by the Universal Service Administrator.

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COMPETITION ACTIVITY OBJECTIVE 5

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

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ENFORCEMENT

This activity includes enforcement of the Commission's rules, regulations and authorizations, including investigations, inspections, compliance monitoring and sanctions of all types. Also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription and audit of carrier accounting practices. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with enforcement activities.

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

Means/Strategies/Resources: An undesirable by-product of the rise of competition in various telecommunications markets has been an increase in intentional as well as inadvertent violations of FCC rules by certain providers of telecommunications services. Effective use of the FCC's resources is critical to ensuring full implementation of the Communications Act and the Commission's rules designed to open communications markets to competition, enhance choice for consumers, and maintain public support for deregulation. An essential step in our achieving this objective was the creation of the Enforcement Bureau that consolidates functions formerly dispersed throughout the agency so that we can respond quickly and efficiently to the demands of a competitive environment. The consolidation of our enforcement activities allows us to create a streamlined, centralized enforcement program, capable of spotting problems as they emerge and we will be better equipped to provide a wide range of enforcement initiatives.

As part of our efforts to consolidate all like activities under the Enforcement and Consumer Information Bureaus, we will continue to strengthen the links between these two activities. The two new organizations will work closely to watch for trends and to share data with each other. For example, if our Consumer Information Bureau continues to track an increase in the number of complaints concerning a single issue or one company, they will transmit this information to the Enforcement Bureau for investigation and possible enforcement action. The Consumer Information Bureau will, in coordination with the Enforcement Bureau, issue "consumer alert" bulletins and establish special websites focused on this single issue. The end result will be improvements in performance for

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

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

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

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ENFORCEMENT ACTIVITY OBJECTIVE 1

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

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Additional Resources/Justification: Total: \$795k

The FCC consolidated the majority of its Enforcement activities at the beginning of Fiscal Year 2000 combining organizations from the Common Carrier, Compliance and Information, Mass Media and Wireless Telecommunications Bureaus. Each of these bureaus tracked their workload statistics using different criteria and software. The Enforcement Bureau requires \$578k in FY 2001 to redesign and integrate their workload and project loading systems. We are planning to use this tracking system to serve as a model for our other bureaus as we consolidate like functions. \$500k will be spent on contract support with the additional \$78k used for the purchase of hardware, software and supplies.

\$217k is required by the Enforcement Bureau to establish desktop access to the Consumer Information Bureau's database. As we consolidate our functions along activity lines we must also establish links where functions and concerns overlap. One link that must be established is between the Enforcement Bureau's Telecommunications Consumers Division (TCD) and CIB's Consumer Information Center. TCD is required to analyze consumer complaints and recommend or initiate investigations and/or enforcement actions. To be able to do this, TCD must have access to the Consumer Information Center's database of consumer complaints and other material. \$160k is required for contract support funding to design and implement the access protocols. An additional \$57k is needed to upgrade existing personal computers and to purchase additional hardware and software.

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ENFORCEMENT ACTIVITY OBJECTIVE 1 (CONTINUED)

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS		
Strategic Objective: Enforce the Rules so that Businesses Compete Fairly		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Enforce all disability accessibility provisions. ✓ Expediently resolve complaints regarding spectrum use, public safety and technical issues such as interference, equipment licensee requirements and Emergency Alert System (EAS) rules. 	<ul style="list-style-type: none"> ✓ Implement all disability accessibility rules; achieve 80% compliance with new disability rules. ✓ 90% compliance with antenna registration, interference complaints and equipment license requirements. 	<p>Performance will be measured by an analysis of our enforcement of disability rules compiled by the Enforcement Bureau based on the number of complaints received.</p> <p>Enforcement statistics are currently compiled by the Enforcement Bureau and are based on the number of complaints received.</p>

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CONSUMER INFORMATION SERVICES

This activity includes the publication and dissemination of Commission decisions and actions, and related activities; public reference and library services; the duplication and dissemination of Commission records and databases; the receipt and disposition of public inquiries; informal complaints, consumer, small business and public assistance; and public affairs and media relations. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with consumer information activities.

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

Means/Strategies/Resources: In Fiscal Year 2000 the FCC took a final step in the consolidation of its consumer information activities by centralizing all information services within one organization. Our goal in consumer information services to provide "one-stop shopping" to the telecommunications consumer.

Consolidation of information services under a single structure yields significant benefits to our customers and stakeholders. First, we are able to provide timely, accurate and consistent information regardless of its source or format – whether telephone, e-mail, voice mail, FAX, paper or via our website. Second, we can track trends and map "hot" consumer issues nationwide, by region or by state. Third, we can achieve economies of scale – or "more bang for our buck" – all our dollars will be spent once – not several times throughout the Commission. Finally, we can develop a useful Consumer Information Strategic Plan for FCC-wide applications with no duplication in our coverage.

Over the past several years we have made remarkable progress in improving our consumer information services. Our Internet Home Page provides consumers with a wealth of information on all telecommunications topics. Moreover, in FY 1999 we inaugurated our electronic filing comment system that allows our stakeholders throughout the country to file their rulemaking comments electronically. Our Consumer Information Centers in Gettysburg, Pennsylvania, and at headquarters, provide consumers with detailed information on all telecommunications-related topics. In Fiscal Year 2001 we will continue to improve and expand our current information outreach efforts.

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As extensive as our consumer efforts have been we have learned that our stakeholders want and need more. They want to have “one-stop shopping” for all their telecommunications information needs whether it is status checking on multi-service licenses, locating all the licenses held by a single entity, the daily status or a rulemaking or integrated access to our bureaus/offices databases. In Fiscal Year 2001 we intend to start construction on an electronic “gateway” that will provide our customers with this access. The construction of this electronic gateway will have many benefits for our customers and for us. For the first time, FCC staff can share information and data collection activities across all organization and database boundaries which will result in more accurate and timely information on which to base our decisions.

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

(Dollars in Thousands)	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Projected Change (+/-)
Cost by Activity	\$12,626	\$18,940	\$23,690	+\$4,750
Full Time Equivalent (FTEs)	188	240	265	+25

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CONSUMER INFORMATION SERVICES ACTIVITY OBJECTIVE 1

Strategic Goal A: CREATE A MODEL AGENCY FOR THE DIGITAL AGE		
Strategic Objective: Lead the Way in the Information Age		
Policy Initiative	FY 2001 Goal	Performance Measurement
<p>✓ Evolve the FCC's web site into a model for accessibility and availability of information. Develop electronic systems or sub-systems to provide via the Internet tracking information about Commission proceedings and processes, including licensing, policy development, and issues resolution.</p>	<p>✓ Define requirements for agency-wide Intelligent Gateway.</p>	<p>This initiative is a multi-year project and the results or outcome of this initiative cannot be measured until after the Gateway is fully implemented. For the initial phase of the goal, performance will be measured by whether the requirements study is completed on time. Following implementation, success will be measured through the tracking of customer use statistics.</p>
<p>Additional Resources/Justification: Total: \$900k</p> <p>\$900k is required in contract support funding for development work on an agency-wide Intelligent Gateway. In the past few years, the FCC has developed electronic filing and licensing systems that are available either over the Internet or through a wide-area network. An Intelligent Gateway will tie all FCC information systems together and will provide the user with a single, easy-to-use electronic access to FCC information.</p> <p>A key demand of our stakeholders has been faster and more efficient access to our decision-making processes. Often, the same company has multiple licenses in a number of services overseen by more than one bureau. The Gateway will offer users status tracking, electronic filing, document management and electronic processing capabilities for all Bureaus/Offices through a single portal. Building the Gateway will entail developing interactive Internet queries, a common query language for all electronic filing systems, interfaces from operating systems and down or "off" loading capability.</p>		

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Additional Resources/Justification (Cont'd):

The Gateway will be a multi-phased, multi-year project. \$900k is needed in contract support funding to complete the requirements analysis and to develop a blueprint for planning and implementing the Gateway. The second phase, planned for Fiscal Year 2002, is a "proof in concept" system that will develop a working model including status tracking, document management and electronic filing. The third phase will complete the project by extending the Intelligent Gateway capability to all FCC electronic systems.

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CONSUMER INFORMATION SERVICES ACTIVITY OBJECTIVE 1 (CONTINUED)

Strategic Goal A: CREATE A MODEL AGENCY FOR THE DIGITAL AGE		
Strategic Objective: Lead the Way in the Information Age		
Policy Initiative	FY 2001 Goal	Performance Measurement
✓ Ensure that all agency electronic and information technologies are accessible and usable by persons with disabilities.	✓ 75% of all agency materials accessible by persons with disabilities.	Measurement will be the total number of documents available to the general public versus the number of documents available to the disabled population. The number of documents available in alternative formats will be tracked beginning in FY 2000.

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SPECTRUM MANAGEMENT

This activity includes management of the electromagnetic spectrum as mandated by the Communications Act of 1934 as amended. Spectrum management includes the structure and processes for allocating, allotting, assigning, and licensing this scarce resource to the private sector and state and local governments in a way that promotes competition while ensuring that the public interest is best served. In order to manage spectrum in both an efficient and equitable manner, the Commission prepares economic, technical and engineering studies, coordinates with Federal agencies, and represents U.S. industry in international fora. Includes direct organizational FTE and FTE work year effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with spectrum management activities.

Activity Goal: To manage the use of the Nation's airwaves in the public interest for all non-Federal government users, including private sector, and state and local government users. This will be accomplished by creating more efficient spectrum markets and by increasing the amount of spectrum available, particularly for new services.

Means/Strategies/Resources: The successful deployment of many new communications technologies depends on the availability of electronic spectrum. To ensure that the FCC does not hinder the growth of new services, we issued guidelines in November, 1999, for our future spectrum management policies that we believe will maximize the efficient use of spectrum and make more spectrum available while ensuring that public safety interests are served. Our spectrum management goals are based on principles that will:

- Allow flexibility in allocations as appropriate;
- Promote new spectrum efficient technologies, such as those that support ultra-wideband and spread spectrum operations;
- Ensure that important communications needs, such as public safety, are met;
- Improve the efficiency of our spectrum assignment processes;
- Encourage the development of secondary markets for spectrum to ensure full utilization;
- Continue to seek out ways to make more spectrum available, for example, through refarming methods, user fees or by reclaiming existing spectrum.

In addition to publishing our spectrum principles, we also established a Spectrum Policy Executive Committee that will: (1) address broad policy issues affecting spectrum management; (2) implement initiatives consistent with our spectrum principles, and (3) coordinate inter-bureau spectrum issues. The FCC has established a Chief Technologist position and recruited nationally known scientists to serve in this

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position. Finally, the FCC has established a Technological Advisory Council comprised of a diverse number of recognized technical experts who will continue to provide the advise the Commission needs to stay abreast of innovations and new developments in the telecommunications industry.

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

(Dollars in Thousands)	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Projected Change (+/-)
Cost by Activity	\$20,205	\$21,658	\$23,548	+\$1,890
Full Time Equivalents (FTEs)	165	172	172	0

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SPECTRUM MANAGMENT ACTIVITY OBJECTIVE 1

Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST		
Strategic Objective: Create More Efficient Spectrum Markets		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Streamline and reform assignment and licensing procedures to facilitate getting spectrum into the marketplace. ✓ Facilitate efficient aftermarket trading and aggregation of spectrum by creating tool such as a public database of current spectrum users and forums to bring together buyers and sellers of "aftermarket" spectrum. ✓ Seek ways to reduce interference through alternate dispute resolution and improve coordination with the National Telecommunications and Information Administration (NTIA). 	<ul style="list-style-type: none"> ✓ Convene a task force to work with industry and academia to develop recommendations on ways to improve assignment and licensing. Conduct at least one auction with new assignment mechanisms. ✓ Define data requirements needed by industry to increase secondary market. Complete design for the database. ✓ Convene a task force with NTIA and other Federal users to discuss methods to improve sharing of spectrum. Develop a plan in conjunction with the Enforcement Bureau to use alternative dispute resolution to negotiate interference. 	<p>Performance will be measured based on reduction in the time needed to license spectrum. Baseline data is available from previously completed auctions.</p> <p>Performance will be measured by the increase in the number of secondary transactions taking place and percentage of capacity utilization of spectrum.</p> <p>Performance will be measured by reductions in the number of interference complaints relative to current baselines.</p>

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<p>✓ Promote the efficient use of public safety spectrum to ensure that critical communications needs for the protection of life, health and property are met.</p>	<p>✓ Implement the interoperability recommendations of the National Coordinating Committee.</p>	<p>Performance will be measured based on the full implementation of the recommendations, which will not be available until the end of 2000.</p>
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Additional Resources/Justification: Total: \$625k

As active participants in the Information Age it has become clear that as the agency that regulates the public spectrum we have been handicapped by our lack of essential analytic tools to respond quickly to the demand for more flexible and enhanced use of this spectrum. We are requesting \$625k to develop a comprehensive public database of existing use of the radio-frequency spectrum. The database will result in the public spectrum being put to its highest possible use. Currently, the FCC collects data on site-specific licensed facilities. The spectrum database will allow improved spectrum management, encourage the development of an active secondary market for spectrum by providing for the collection of additional data, including site-specific deployment information for area-wide licensees.

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SPECTRUM MANAGMENT ACTIVITY OBJECTIVE 2

Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST		
Strategic Objective: Increase the Amount of Spectrum Available, Particularly for New Services		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Create incentives for freeing up spectrum (e.g., foster the adoption of digital television, two-sided auctions, and fees for some non-auctionable services. ✓ Allocate spectrum made available pursuant to legislation. ✓ Consider expanded provision of spectrum for ultrawideband use and unlicensed services. 	<ul style="list-style-type: none"> ✓ Complete the design of two-sided auctions and initiate implementation. Convene a working group with NTIA and industry to develop recommendations on incentives. ✓ Allocate and assign (auction) roughly 200 MHz of spectrum reallocated pursuant to legislation. ✓ Complete the NPRM and NOI on ultrawideband and software-defined radio technology. 	<p>Performance will be measured by completion of milestones associated with the implementation plan for two-sided auctions and recommendations for incentives.</p> <p>Performance will be measured in terms of number of new licenses issued for spectrum.</p> <p>Performance will be measured by completion of rulemaking for new spectrum efficient technologies.</p>

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AGENCY-WIDE PERFORMANCE IMPROVEMENT INITIATIVES

Activity Goal: To establish organizational structures within the Agency and preserve and increase the wealth of knowledge and expertise of the FCC staff in order to fulfill the Agency's changing role in the "Information Age." This will be accomplished by reorganizing the Agency infrastructure to make it more conducive to technological convergence and by pursuing alternative work schedules to attract and retain skilled employees.

Means/Strategies/Resources: The FCC has traditionally been structured along the technology lines of wire, wireless, satellite, broadcast, and cable communications. As the lines between these industries merge and blur as a result of technological convergence and the removal of artificial barriers to entry, the FCC needs to reorganize itself in a way that recognizes these changes and prepares for the future rather than remaining tied to the past. A reorganization of the Agency, over time, along functional rather than technology lines, will put the FCC in a better position to carry out its core responsibilities more productively and efficiently. As the first step in this process, in November 1999, the FCC completed the process needed to consolidate the currently dispersed enforcement functions into a new Enforcement Bureau and the public information functions into a Consumer Information Bureau. These two key functions -- providing swift and effective enforcement to respond to consumer concerns and promote competition and providing consumers with information about their rights in a competitive environment -- are critical in a competitive world. In the second phase of the reorganization process, the FCC will begin the transition to consolidate the authorization of service/licensing functions across the Agency in order to achieve economies of scale in the administration of the FCC's core responsibilities. Consolidation of the licensing functions will provide one-stop shopping facilitating access and timeliness.

It is critical to the success of the FCC's efforts to create a model agency for the digital age that we preserve the integrity of our employees and capitalize on the wealth of knowledge and expertise at the Commission. It is the employees who have made the FCC a unique and vital organization and who will be at the forefront of defining how the FCC of the future responds to the dynamic changes in today's communications industry. Moreover, we must minimize workplace disruption that may result from restructuring efforts. Among the initiatives we will pursue to accomplish this are efforts to preserve and increase the wealth of knowledge and expertise of the FCC staff and the implementation of alternate work schedules to attract and retain skilled employees.

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PERFORMANCE IMPROVEMENT INITIATIVES ACTIVITY OBJECTIVE 1

Strategic Goal A: CREATE A MODEL AGENCY FOR THE DIGITAL AGE		
Strategic Objective: Reorganize to Create an Agency Infrastructure Conducive to Convergence		
Policy Initiative	FY 2001 Goal	Performance Measurement
✓ Reorganize for Convergence	<ul style="list-style-type: none">✓ Implement phase 2 of reorganization Consolidate licensing functions.✓ Develop plan for phase 3 of reorganization (restructuring of each bureau).	Performance will be determined by whether Phase 2 of the reorganization is completed on schedule. Results will also be measured by feedback obtained at regularly scheduled public forums.

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PERFORMANCE IMPROVEMENT INITIATIVES ACTIVITY OBJECTIVE 2

Strategic Goal A: CREATE A MODEL AGENCY FOR THE DIGITAL AGE		
Strategic Objective: Preserve and Increase the Wealth of Knowledge and Expertise of FCC staff		
Policy Initiative	FY 2001 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Increase training opportunities for employees in substantive areas and team-based project management. ✓ Recruit high-quality staff knowledgeable about the communications market place. Strengthen technical capabilities by hiring more engineers/technologists and re-establishing an entry-level engineering training program. ✓ Pursue a number of alternative work schedules to attract and retain skilled employees. 	<ul style="list-style-type: none"> ✓ Establish 2 legal, technical and managerial training modules. ✓ Increase engineering staff by 5%. ✓ Continue entry-level engineering program. ✓ Implement at least 2 alternative work schedules: <ul style="list-style-type: none"> ✓ Telecommuting ✓ Job-sharing ✓ Flexible work schedules 	<p>Performance will be measured by whether the training modules were implemented, the number of employees trained and from feedback from the employees who participated in the training modules.</p> <p>Performance will be measured by an analysis of the number of entry-level engineers recruited. Baseline data is available for comparison.</p> <p>Performance will be measured by whether job opportunity programs are implemented and through analyses of surveys completed by participants in the alternative work schedule programs.</p>

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Additional Resources/Justification:

The Agency plans to utilize existing resources during FY 2001 to begin the process of assessing training needs, developing training modules, and developing recruiting sources for entry-level engineers. Implementation of the expanded training plans and specialized recruitment will require additional funding in future fiscal years.

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Public Outreach

In March and May of 1999, Chairman William E. Kennard testified, along with the other FCC Commissioners, before our Congressional oversight committees. As part of his testimony, Chairman Kennard submitted a report to Congress, "A New FCC for the 21st Century." This report served as the conceptual framework for the Commission's senior managers to meet and discuss the implications of the changing communications marketplace for the FCC and for the American people. From these discussions, we developed the framework of this Strategic Plan, including our draft vision statement, goals and major objectives. Next, senior executives from each of our Bureaus and Offices were asked to review their organization's functions, determine if they were still essential to the agency's key missions as determined by senior management, and provide specific policy initiatives and performance measurements for the next five years.

We also began to gather extensive input from our stakeholders to help us develop this strategic plan. We held three public forums seeking the views of general industry (May 20, 1999; 26 panel members), consumer, state and local government representatives (June 2, 1999; 24 panel members), and academic and organizational experts (June 11, 1999; 24 panel members). We also held an internal forum for FCC staff (June 24, 1999; 11 panel members and field offices). We asked for input at each forum on three key questions:

1. What should the FCC's role be in the 21st century?
2. How can the FCC work more efficiently and effectively to deliver services to the public?
3. How should the FCC be structured in the communications marketplace of the future?

Interested individuals who wanted to participate, but could not attend the sessions in Washington, D.C. were encouraged to participate through teleconferencing or to e-mail us via the Internet. A new web site was created at the FCC Home Page entitled "A New FCC for the 21st Century," and our stakeholders were encouraged to e-mail us at "newfcc@fcc.gov". The forums were broadcast live on the Internet and the public could listen to the forums via the FCC Internet Broadcast Home Page (<http://www.fcc.gov/realaudio/>). A transcript of each of the public forums can be downloaded from our Internet site (www.fcc.gov/21st_century/) and interested parties can also purchase the transcripts or audio or videotapes of these sessions.

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Much of the input we received from our stakeholders focused on how competition, convergence, globalization, and the Internet are currently affecting the communications marketplace, and will continue to do so in the future. Interestingly, there was a good deal of consensus from our stakeholders about the FCC's proposed core functions, as set forth in our March 1999 report: i) universal service, consumer protection and information; ii) enforcement and promotion of competitive markets domestically and worldwide; and iii) spectrum management. There was also a substantial amount of agreement -- both among our internal staff and our external stakeholders -- on the need to make the FCC a faster, flatter, and more functional agency. We have tried to incorporate many of common themes and ideas elicited at the forums in this report. (See Appendix C for a matrix summarizing the recommendations for a "New FCC" received from our stakeholders.)

External Factors

A number of external factors will affect our ability to achieve our vision of fully competitive communications markets in five years. The implementation plans contained in this strategic plan are based on the emergence of competition across all communications markets in five years. Based on developments to date and current forecasts, this is an aggressive, but not unrealistic objective. The fortitude with which the FCC and the states enforce the pro-competition mandates of the 1996 Act will continue to be a significant factor. Whether or not litigation delays the introduction or implementation of key FCC and state decisions is another factor. Our success will depend on whether previously monopolized communications markets are successfully opened up so that new entrants can compete in those markets.

Nonetheless, a range of additional external factors -- some of which can be influenced by FCC actions, and others, which largely cannot -- may affect the continued development of competition in communications markets. For example, convergence-driven competition depends heavily on investments in new technology by incumbent and new communications providers. To date, traditional wireline telephone service providers, cable operators, wireless firms, and satellite companies have made massive investments in the new networks that will allow, for example, cable operators to offer phone service, telephone companies to offer high-speed Internet and possibly video service, and wireless companies to offer phone service reliable and inexpensive enough to compete for basic local voice telephony. Should the pace of investment in these networks diminish, competition will be slower to develop.

Similarly, significant technological uncertainty remains for many new "converged" technologies. For example, although the carriage of voice traffic over packet-based, Internet Protocol networks promises significant new competitive entry into the local and long

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distance voice markets, so-called "IP telephony" technology currently cannot offer sufficient quality of service or feature functionality to be fully competitive with traditional telephone networks. Also, the use of shared "tree-and-branch" networks such as hybrid fiber-coax cable networks for voice or data service similarly poses technical obstacles at moderate to high penetration levels, and until the full reliability of cable networks can be demonstrated, the competitive impact of cable entry into telephone and data markets may be delayed. As a third example, a significant factor in the development of robust competition in the broadband access market is the rate of technological development of various "xDSL" (digital subscriber line which provides high speed data transmission) technologies that will be used to offer high-speed service over copper telephone loops. Each of these, as well as many other technological factors, could affect the rate at which competition develops across communications markets.

Cross-Cutting Functions

The Commission routinely interacts with a number of Federal agencies. For example, we: coordinate radio antenna and tower proposals with the Federal Aviation Administration to prevent interference and to ensure the safety of life and property; measure spurious radio signal emissions in cooperation with the Environmental Protection Agency (EPA) to monitor public risks associated with radiation; coordinate with the U.S. Customs Service concerning the import of electronic devices. We will continue to work with the National Technical Information Administration to coordinate efforts to ensure effective management of the public and private spectrum.

In order to fulfill our goal of creating a fully competitive communications marketplace in five years, we need a national, pro-competitive, pro-consumer communications policy, supplemented by state and local government involvement. We work particularly closely with the Federal Trade Commission on consumer issues. We will continue to coordinate our efforts to halt the unscrupulous practices such as "slamming" and "cramming" practiced by some service providers. We will continue to work with the Department of Justice in the area of reviewing the scope and effect on the communications marketplace of the continuing wave of media mergers.

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

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Program Evaluations

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

At the request of Congress the FCC prepares “Annual State of Competition Reports” for cable television, CMRS and the local telephony markets. These reports track the growth of competition in these three large service areas. In addition and again, at the request of Congress, the General Accounting Office has embarked on an ambitious series of audits. In Fiscal Year 1999, GAO was reviewing our actions in the following areas: the Schools and Libraries Corporation, the status of cross ownership among providers of multi-channel video programming, the Impact of Sports Programming Costs on Cable Television Rates, Competition in Local Telephone Markets, and Telephone Company mergers. GAO is also working on several audits of FCC internal management systems. Where applicable, the FCC adopts GAO’s recommendations and we revise our rules and regulations or internal procedures. In addition, the FCC conducts a biennial review of its rules and regulations.

INTRODUCTION

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

In five years, we expect U.S. communications markets to be characterized predominately by vigorous competition that will greatly reduce the need for direct regulation. The advent of Internet-based and other new technology-driven communications services will continue to erode the traditional regulatory distinctions between different sectors of the communications industry.

As a result, over the next five years, the FCC must manage the transition from an industry regulator to a market facilitator. The enactment of the Telecommunications Act of 1996 - and the establishment of a new pro-competitive, deregulatory model for communications policy - necessitates a reassessment of our core policy functions, structure, and processes. New competitors and technological innovation currently are transforming communications markets, but history has shown that markets that have been highly monopolistic often do not naturally become fully competitive. History also has shown that domestic markets that have been protected from foreign competition do not naturally become open to global competition. Therefore, during this critical period of transition, the overall strategic objective of the FCC must be to continue to promote competition, open markets, and technological innovation, while also continuing to protect and empower consumers as they navigate the new world of communications.

Pursuing these strategic objectives will require the identification of clear goals and the execution of year-by-year action plans. As we accomplish our transition goals, we set the stage for a competitive environment in which communications markets look and function like other competitive industries.

It is critical that the FCC continues the transition initiated in FY 2000 and that the resources to achieve the goals expressed in our strategic plan are available to meet the demands of this multiyear plan. Our FY 2001 budget request addresses the funding to accomplish our continued progress in meeting our strategic objectives.

FCC Goals and Objectives

The Commission, under Chairman Kennard, has set forth the following goals and objectives to help the FCC manage the transition to vigorously competitive communications markets:

Create A Model Agency For The Digital Age.

- * Lead the way in the Information Age.
- * Reorganize to create an agency infrastructure conducive to convergence.
- * Create a faster, flatter, more functional agency.
- * Preserve and increase the wealth of knowledge and expertise of FCC staff.

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Promote Competition In All Communications Markets.

- * Eliminate barriers to entry in domestic markets.
- * Deregulate as competition develops.
- * Enforce the rules so that businesses compete fairly.
- * Promote competition in international communications markets.

Promote Opportunities For All Americans To Benefit From The Communications Revolution.

- * Ensure access for all Americans to existing and future communications services.
- * Promote opportunities to expand direct participation in existing and future communications businesses.
- * Foster a consumer friendly marketplace.

Manage The Electromagnetic Spectrum (The Nation's Airwaves) In The Public Interest.

- * Create more efficient spectrum markets.
- * Increase the amount of spectrum available for use, particularly for new services.

These goals and objectives will guide the FCC's agenda in FY 2000 and FY 2001 and beyond, and are thus given particular emphasis in the programmatic funding requested in these budget estimates. For example, the FCC proposes to fund a series of information technology initiatives to enhance productivity, promote public availability of information and further the effectiveness of reorganization efforts approved by Congress.

The FCC's Agenda: Managing the Transition to Competition

Promoting Competition - The new, pro-competitive, deregulatory communications model established in the 1996 Telecommunications Act is based on two principal goals – a fully competitive marketplace and access for every American to current and future advanced communications services. Congress defined a new policy framework for achieving these goals in the 1996 Act, and over the past few years, the FCC and the states have been working toward full implementation of these policies.

Today we see glimpses of the competitive, deregulated telecommunications marketplace that Congress had in mind. Many markets, such as mobile wireless and wireline long distance markets, are already quite competitive, and many – but by no means all – of the fundamental prerequisites for fully competitive, deregulated local telecommunications markets are now in place. In many markets, consumers are receiving the benefits of competition through lower prices, greater choices, and better quality service. The challenge ahead for the FCC is to continue to promote the pro-competitive deregulatory framework in order to extend benefits domestically and worldwide.

Enforcement and Consumer Access - Vigorous enforcement of the fundamental prerequisites for competitive markets and expeditious dispute resolution are vital during the transition to full competition and will remain necessary for some years to come. Similarly, effective consumer information programs are essential during this period. Consumers must become familiar with the myriad new communications options and providers available, as well as the new demands which emerge from the advent of increased competition. Where competition does not ensure access for all Americans to communications services, the FCC must continue to promote universal service and other public interest policies to further that goal.

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Managing the Spectrum - Fundamental to spectrum management is the difficult task of advancing the pro-competitive goals of the Communications Act, while at the same time ensuring that other public interest goals are met. Competing demands and changing technologies make spectrum management a unique challenge. Since spectrum is a finite public resource, it is important that it be allocated and assigned efficiently to provide the greatest possible benefit to the American public. It is also important to encourage the development and deployment of technology that will increase the amount of information that can be transmitted in a given amount of bandwidth. To meet these challenges, the Commission must constantly strive to improve the way it both allocates and assigns spectrum.

Transforming the FCC - At the same time, the Commission must significantly revamp its functions, processes, and structure agency-wide to meet the challenges of a rapidly progressing global information-age economy and an evolving global communications market.

The FCC as we know it today will be very different both in structure and mission as we evolve to meet the challenges of the future. Increased automation and efficiency will enable the FCC to streamline its licensing activities, accelerate the decision making process, and allow the public faster and easier access to information. The FCC will be a "one-stop, digital shop" where form-filing and document-location are easy and instantaneous. The FCC will continue consolidation along functional lines so that its structure is more consistent with convergence.

The FCC's 2001 Budget

In order to continue this agenda, we estimate that the FCC will require a **FY 2001 budget of \$237,188,000** and a staff ceiling of **1,975 full-time equivalents (FTEs)**. This includes 1,930 FTEs to be funded from resources

requested in this document and 45 FTEs to address increases in the auctions workload, should there be a requirement. These numbers reflect a **total increase of \$27,188,000** or approximately 13 percent over the FY 2000 Appropriation. Uncontrollable cost increases to fund proposed government-wide pay raises, Portals rent increases and other **inflationary increases** constitute **47 percent of the total requested increase in funds**. Programmatic increases to accomplish the Commission's comprehensive **information technology strategic plan initiatives** comprise the remaining **53 percent** of the requested increases for FY 2001.

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

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 competition, enforcement and public information services. 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.

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In FY 1994, these fees offset approximately 37% of the FCC appropriation. In FY 1995, the offset grew to 63%, in FY 1996 to 68%, and in FY 1997 the

FCC offset 81% of the total appropriation from regulatory fees. In FY 1998 the Commission offset 83% of the total appropriation from regulatory fees and offset approximately 90% of the FY 1999 appropriation from regulatory fees. The regulatory fees authorized in FY 2000 will offset 89% of the total appropriation. Our FY 2001 request assumes regulatory fees will increase for the cost of information technology enhancements which will directly benefit the industry. Regulatory fees proposed for FY 2001 would offset approximately 84% of the resources requested in this document.

OVERVIEW OF REQUEST

The Federal Communications Commission (FCC) proposes an FY 2001 appropriation of **\$237,188,000**. The FCC has proposed to maintain a Full Time Equivalent (FTE) **ceiling of 1,975**. This includes an estimated **1,930** FTEs to be funded from resources requested in this document and an additional **45 FTEs** to address increases in the auctions program workload, should there be a requirement.

The Commission will use the FY 2001 funds to carry out its mission to promote competition in communications, protect consumers, and support access for every American to existing and advanced communications services. The goals and objectives of the Commission during this time are to create a model agency for the digital age, promote competition in all communications markets, promote opportunities for all Americans to benefit from the communications revolution, and manage the electromagnetic spectrum (the Nation's airwaves) in the public interest.

This FY 2001 funding increase will provide for uncontrollable and inflationary cost increases to personnel and non-personnel operating costs, including GSA rents, contract services, etc. In addition, the increased funding will support information technology initiatives to allow the FCC to lead the way in the information age, as we create a model agency for the 21st century. Funds are included to maintain and expand the capabilities of electronic filing systems activated in FY 1999 and FY 2000 and allow the Commission to initiate additional productivity and public access enhancements in FY 2001.

The Commission is requesting **\$14,392,000 for initiatives** which we believe are critical to the Commission if we are to achieve the mandates of the Communications Act and allow us to manage the transition to vigorously competitive communications markets. We have requested resources to

support effectively the Commission's comprehensive **information technology initiatives** including new program initiatives to enhance internet access and tracking of Commission rulemakings and proceedings, development of data bases to better manage spectrum, and consolidation of enforcement workload and data management reporting systems, all of which will allow increased public access and participation in the FCC's decision making process and provide efficiencies in serving the public. In FY 2001 we plan to continue our efforts to increase productivity and better utilize FTE resources by enhancing our electronic filing systems and automated information accessibility to the public.

An additional **\$12,796,000 is for uncontrollable cost increases** for salaries and benefits, and inflationary cost increases for space rent, supplies, printing, postage and other contract services.

The Commission's limited resources will be utilized to accomplish changes in communication policy which encourage competition and promote access to existing and enhanced communications services. Our funding request reflects the high priority the Commission places on programs and activities which authorize service, enforce federal legislation and Commission regulations, resolve critical safety-of-life interference problems, promote economic growth through the introduction of advanced telecommunications and increased marketplace competition, protect consumers and safeguard the public interest. In FY 2001, we will be able to accomplish these fundamental and critical functions if this funding request is approved.

The Commission's discretionary funds remain very limited. Currently 74% of the FY 2000 appropriation is earmarked to pay the salaries and benefits of our employees. Additionally, 23% will be spent for totally non-discretionary

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expenses such as space rent, telephones, mail and utilities, etc. The remaining funds (3%) will enable the agency to meet only minimum requirements needed to continue efforts to streamline Commission operations, and provide funds for resolution of ongoing issues such as enforcement of cramming/slamming, universal service, spectrum management, etc.

FCC's success is tied directly to its ability to maintain critical staffing levels and fund the ongoing and new initiatives requested in this document.

In order to develop our request for FY 2001, we assumed a base funding level or Budget Authority of \$210,000,000, the amount appropriated for FY 2000 for the Commission. This amount represents \$24,246,000 in net direct budget authority assuming we collect \$185,754,000 in offsetting collections from regulatory fees.

In FY 2001 it is anticipated that FCC's uncontrollable cost increases, including additional GSA rent and fees will total \$12,796,000. These uncontrollable costs include 25% of the FY 2000 pay raise (4.94%) to be annualized in FY 2001, as well as a projected FY 2001 locality and pay raise totaling 3.7%. Also included are inflationary costs for various non-compensation accounts including miscellaneous rents, mail, service contracts, etc. These uncontrollable increases when added to the base total a "current services" level of **\$222,796,000** for FY 2001. This funding is critical if we are to maintain a level of response to the universe of communications issues the FCC must address as we transition from an industry regulator to a market facilitator.

In addition to this current services level, we have requested **\$14,392,000 in programmatic funds**. This **modest 6.9% increase** will allow the FCC to maintain our information technology infrastructure and continue electronic filing and other initiatives intended to enhance public access and expedite Commission activities in efforts to address the issues of an exploding communications industry in a timely manner that will result in economic growth for the Nation.

Our FY 2001 budget request is summarized in Table 1. Details of this request and a justification for specific increases follow.

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	\$ in Thousands	FTEs Ceiling ^{2/}
FY 2000 Appropriation ^{1/}	\$ 210,000	1,975
o Direct \$24,246		
o Regulatory Fees \$185,754		
FY 2001 Uncontrollable Cost Increases:		
o Compensation/Benefits Cost Increases	\$ 6,844	
o Increase to GSA Rent and Operating Fees	\$ 5,102	
o Uncontrollable Inflationary Cost Increases	\$ 850	
FY 2001 Programmatic Increases to Support Strategic Goals:		
o Create a Model Agency	\$ 12,972	
- Life-cycle Replacement	\$6,310	
- Maintenance of Electronic Filing/Licensing Systems	\$3,150	
- Mandatory Enhancements	\$1,932	
- New Initiatives	\$1,580	
o Promote Competition	\$ 795	
o Manage Electromagnetic Spectrum	\$ 625	
FY 2001 Total Request ^{1/}	\$237,188	1,975
o Direct \$37,042		
o Regulatory Fees \$200,146		

Table 1: Summary of FY 2001 Budget Request

- ^{1/} Does not include any reimbursable costs to be collected from auctions or \$1,000,000 anticipated from interagency and/or other authorized reimbursable resources.
^{2/} The FTE ceiling (1,975) includes 1,930 FTEs to be funded from resources requested in this document and an additional 45 FTEs to address the Auctions workload increases should there be a requirement.

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FY 2001 Budget Estimates to Congress

FY 2001 UNCONTROLLABLE COST INCREASES

FY 2001 Uncontrollable Cost Increases

The Commission is requesting \$12,796,000 in funding increases to provide for inflationary and uncontrollable costs in FY 2001. These pay and inflationary costs increases have been based on assumptions contained in the economic assumptions included in the President's FY 2001 Budget Request. The costs have been identified as follows:

- **Personnel Compensation and Benefits (\$6,844,000):**
Provides funds to cover the cost of the FY 2001 payraise and locality pay (3.7%) for 75% of the fiscal year, funds to annualize 25% of the FY 2000 payraise and locality pay increases (4.94%). Benefits payments to OPM are also included.
- **Travel and Transportation of Persons and Things (\$34,000):**
Provides funds to cover inflationary increases (2.4%) to domestic and international travel and transportation costs.
- **GSA Rent(\$5,102,000):**
Provides funds to cover the increase in rental costs and operating fees to GSA for office space in FY 2001 at the Portals Complex as well as increased cost of field office space including the impact of an increase in indemnification fees (\$702,000) requested by GSA for all government agencies.
- **Rent, Communications and Utilities (\$185,000):**
Provides funds for inflationary increases (2.4%) to non-GSA space rent, utilities and cleaning services, departmental and FTS telephone services, postage fees, and miscellaneous equipment rentals.
- **Other Contractual Services (\$560,000):**
Provides funds for inflationary increases (2.4%) to federal and non-federal contract services, security, training, health services, maintenance of vehicles, repair of ADP and office equipment, repair of interior space, maintenance of software, and ADP data acquisitions.
- **Printing and Reproduction/Supplies and Materials (\$71,000):**
Provides 2.4% inflationary cost increases for printing, binding, photocomposition services, energy related supplies, departmental, technical and ADP supplies, and subscriptions.

NOTE: This amount includes \$3,300,000 in adjustments to rent funds to allow GSA to repay the building owner for the financing of certain move costs.

PROGRAM REQUIREMENTS

Program Requirements (\$14,392,000): As the FCC manages the transition from an industry regulator to a market facilitator, the Commission will need funding to carry out the goals and objectives of its strategic plan to create a new FCC for the 21st century. To reach these goals investment in technology is critical to allow the Commission to continue to automate our processes and to make more information available to the public electronically.

For FY 2001 the Commission is requesting \$14,392,000 for critical Information Technology (IT) requirements. Most of this funding (\$11,392,000) would permit adequate support of existing systems and ensure compliance with government-wide system security, accessibility and financial management requirements (see Table 2). The remaining funds (\$3,000,000) would permit system enhancements or development of new systems that are critical to supporting the FCC's mission. These initiatives are summarized in Table 3. A narrative follows on how these requests support each goal in the FCC strategic plan.

Create a Model Agency for the Digital Age

Maintenance of Electronic Filing/Licensing Systems (\$3,150,000): In FY 1999 and FY 2000 the Commission completed more than 15 new or significantly revised electronic filing and support systems that sustain our licensing and other activities. These systems incorporate electronic filing, remote data access, and other enhancements that reduce staffing requirements and provide much faster service and better information to the telecommunications industry and public. The new systems are quite sophisticated and require increased contract maintenance to sustain their operation. In addition, the new applications place a heavy demand on our internal network and our internet site and require additional contract staff

to ensure that our infrastructure is operating properly, that the databases are properly backed-up, and to resolve system access problems.

Mandatory Enhancements (\$1,932,000): Funding is required to ensure that our security practices meet Federal Government standards (i.e., OMB A-130). This involves performing security reviews and training that cover all major systems. This is especially critical given the high volume of traffic on our internet site and internal network (e.g., 700,000 daily hits on our internet site, up 100% from last year). Enhancements to our financial accounting systems also are required to facilitate handling payments from regulated entities. In addition, we need to implement several upgrades to ensure that our systems remain reliable and consistent with our rules, and are accessible by individuals with disabilities.

Life-cycle Replacement (\$6,310,000): In FY 2001, the Commission intends to initiate a comprehensive life-cycle replacement program of its network and telecommunications infrastructure, specialized applications, public access and end-user productivity hardware and software. Life-cycle replacement in accordance with industry standards ensures that the Commission's IT systems will continue to function in a reliable manner and meet the basic requirements necessary for the agency to carry out its mission. Implementing a life-cycle replacement program also enables the Commission to spread the significant expense of component upgrading over a three to five-year period. The FY 2001 cost includes \$1,900,000 for equipment that was originally scheduled for replacement in FY 2000 that was not funded. In some areas, the age of the system or its components makes it impossible to continue maintenance. In these cases, the system could simply fail and force a return to manual processing that would drag down major segments of the industry, adversely affect the public, and disrupt staff productivity.

New Initiatives (\$1,580,000): In FY 2001 the Commission continues on its path to create a paperless FCC by requesting funds to continue to automate and fully implement electronic filing and internet data access systems across the agency. The Commission is requesting \$1,270,000 in funding for strategic initiatives including the development of an Intelligent Gateway, or internet tracking system, to track proceedings and processes and to provide on-line access to the public of proceeding status; automation of the applications process for certification of Customer Premises Equipment (Part 68); and to support electronic filing of Tariffs and Congressional inquiries. \$310,000 in funding is included to provide for the integration of all new initiatives into the existing computer network infrastructure of the Commission.

Promote Competition in all Communications Markets

IT Enforcement Initiatives (\$795,000): Effective use of the Commission's enforcement resources is critical to ensuring full implementation of the Communications Act. Specifically, funding is required to consolidate the enforcement workload reporting and tracking systems that had been previously used in most of the FCC's bureaus/offices prior to establishing the new Enforcement Bureau. This initiative also will provide desktop access to consumer complaints and other data needed to identify emerging problem areas that could require investigation and possible enforcement action. In addition, these initiatives will allow us to accurately measure the agency's output and achievements as required in the Government Performance and Results Act (GPRA).

Manage The Electromagnetic Spectrum In The Public Interest

Spectrum Database (\$625,000): The Commission is charged with managing the use of the nation's airwaves in the public interest for all non-Federal government users, including private sector, state and local government. Spectrum is an important public resource; it is essential that it be allocated and assigned efficiently to provide the greatest possible benefit to the American public. To aid in creating more efficient spectrum markets, the FCC is requesting funds to provide the first increment of a four-year plan to develop a comprehensive data base of existing use of the RF spectrum to facilitate improved spectrum management and encourage development of markets for spectrum.

FY 2001 Information Technology Requirements for Existing Systems	(\$000)
Maintenance of Electronic Filing/Licensing Systems	\$ 3,150,000
Mandatory Enhancements	\$ 1,932,000
Life-cycle Replacement	\$ 6,310,000
TOTAL	\$ 11,392,000

Table 2: Funding Requirements to Support Existing Systems

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FY 2001 Information Technology Initiatives to Support Strategic Goals:	(\$000)
Intelligent Gateway Internet Tracking System	\$ 900,000
Electronic Tariff Filing System for Non-Dominant Carriers	\$ 150,000
On-line Filing for Certification of Customer Premises Equipment	\$ 120,000
Electronic Filing of Congressional Inquiries	\$ 100,000
Consolidation of Enforcement Workload Reporting /Tracking Systems	\$ 578,000
Desktop Access to Database of Consumer Complaints/Inquiries	\$ 217,000
Database of RF Spectrum Use to Improve Spectrum Management	\$ 625,000
Subtotal:	\$2,690,000
IT Infrastructure Support for Requested Initiatives	\$ 310,000
Total Cost of Information Technology Initiatives	\$3,000,000

Table 3: Funding Requirements to Support Enhancement and Development of FCC Information Technology Systems

FEE COLLECTIONS AND AUCTIONS

Application Processing Fees

Since 1990 the Federal Communications Commission (FCC) has collected and deposited into the general fund of the Treasury application processing fees, often referred to as Section (8) fees. The fees are designed to recover a substantial portion of the costs of the Commission's applications processing functions. The program encompasses over 300 different fees with the vast majority collected at the time an original license application, renewal or request for modification is filed with the Commission. Most fees are assessed as a one-time charge on a per-application basis, although there are certain exceptions. Government, nonprofit, non-commercial broadcast and amateur license applicants are exempt from the fees. A lockbox bank is utilized to collect the fees, with all fees deposited into the General Fund of the U.S. Treasury. The Commission must review and revise the fees every two years based upon changes to the Consumer Price Index (CPI). On May 8, 1998, a report and order was adopted which increased the processing fees to reflect these CPI changes. This was the first increase since August 7, 1996. The schedule will be adjusted for CPI changes again in FY 2000. Application Processing Fee Collections are summarized by Fiscal Year in Table 5.

Regulatory Fees

PL 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 still intended to recover the costs attributable to the Commission's policy and rulemaking, enforcement, and user information activities.

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

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

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

The Commission implemented the Regulatory Fee collection program by rulemaking on July 18, 1994. The most recent fee schedule became effective on September 13, 1999, pursuant to an order adopted by the Commission on June 11, 1999, and released June 18, 1999, and published in the Federal Register July 1, 1999 (FR 35832). The FCC collected a total of \$177.1 million in regulatory fees for FY 1999. This amount exceeded the \$172.5 million cited in our FY 1999 appropriation language by \$4.6 million. These excess funds were deposited in Treasury and are available for obligation in FY 2000 as authorized.

The FCC collected \$155.9 million in offsetting regulatory fees in FY 1997. This was \$3.4 million in excess of the required level established in the Appropriation Language. The FY 1997 excess funds became available for Commission use in FY 1998 under authorization contained in the Appropriation Language. A total of \$5.1 million excess regulatory fees was carried forward as no-year funds into FY 1998, from FY 1996 and FY 1997. These collections in excess of the required level are available until expended and are not limited to the one-year spending rule established for our salaries and expenses appropriation. In FY 1998, the Commission utilized \$3.9 million of these funds to begin critical Y2K transition projects after receiving authorization from the House and Senate Appropriations Committees. An additional \$1.2 million, the remaining balance of regulatory fees in FY 1998 available for use, was then carried forward into FY 1999. The \$1.2 million in regulatory fees available, but not obligated in FY 1999, was carried forward into FY 2000. The FY 1999 fee collections exceeded amounts cited in the Appropriation Language by \$4.6 million. These excess funds were also carried into FY 2000 and became available for obligation on October 1, 1999. The combined total of all carryover regulatory fee funds is \$5.8 million.

The FY 2000 Appropriation Language, authorizes the Commission to increase the fee schedule for regulatory fees so as to collect \$185.8 million in offsetting collections to be credited to the FCC Appropriation in FY 2000. The FY 2001 request assumes an additional increase for regulatory fees to a level of \$200.1 million. The increase to regulatory fees will fund \$14.4 million in critical information technology initiatives which will allow the FCC to better serve the industry. Regulatory Fee Collections are summarized by fiscal year in Table 4.

Section (9) Fees – Dollars in Millions	
1994 (Actual)	\$ 58.7
1995 (Actual)	\$119.0
1996 (Actual)	\$126.5
1997 (Actual)	\$155.9
1998 (Actual)	\$155.1
1999 (Actual)	\$177.1
2000 (Estimate) ¹	\$185.8
2001 (Estimate) ²	\$200.1

Table 4: Regulatory Fee Collections

- 1. FY 2000 reflects the level contained in the appropriation language for FY 2000.**
- 2. Reflects the Regulatory Fee Schedule proposed for FY 2001.**

Section (8) Fees - Dollars in Millions	
1987 (Actual)	\$10.3
1988 (Actual)	\$41.2
1989 (Actual)	\$56.9
1990 (Actual)	\$27.6
1991 (Actual)	\$46.3
1992 (Actual)	\$50.6
1993 (Actual)	\$39.1
1994 (Actual)	\$42.8
1995 (Actual)	\$50.6
1996 (Actual)	\$42.8
1997 (Actual)	\$38.0
1998 (Actual)	\$32.0
1999 (Actual)	\$26.0
2000 (Estimate)	\$26.0
2001 (Estimate)	\$26.0

Table 5: Application Processing Fee Collections

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 of 1994. By the end of 1999, the Commission had completed 22 auctions. Between July, 1994 and January, 2000 total receipts from this program deposited in the General Fund of the Treasury have exceeded \$15.0 billion. Congress is currently looking at additional spectrum to be made available for public use through the auction process. In addition, the Commission and Congress are reviewing the possibility of applying the auctions concept to other services licensed by the Commission to expedite response to customer needs and encourage economic growth.

The Commission is authorized to retain from auction revenues those funds necessary to develop and implement the auction program. Beginning in FY 1994, the Commission utilized approximately \$7 million to initiate the first round of Auctions. During FY 1995, the Commission recouped approximately \$23.9 million from auction revenues to cover the costs of conducting Auctions and operating the program as an offset. In FY 1996, the program required \$18.4 million to conduct all auctions activities, and as complexities and litigation surrounding C-Block began to evolve, the program operating costs totalled \$25.2 million in FY 1997, including \$1.3 million in administrative costs to manage the credit program financing accounts for Auctions. \$36.2 million was required to provide for all Auctions activities in FY 1998.

A total of \$47.8 million was obligated for auctions program support in FY 1999, including the personnel and administrative costs required to plan and execute spectrum auctions; operational costs to manage installment payments, loan processing, and collections activities; the costs of bankruptcy litigation; development, implementation, and maintenance of the Universal Licensing System (ULS); and development of a combinatorial bidding system. This budget submission assumes the Auctions program will continue to recover the costs of conducting all auctions activities from spectrum license receipts, as the FCC continues to use auctions as a licensing mechanism for communications services spectrum.

The Balanced Budget Act of 1997, P.L. 105-33, required that the Commission publish a detailed report of all obligations in support of the Auctions Program as part of the FCC Annual Report beginning in FY 1997. This annual requirement must be met in order for the Commission to have continued access to auction receipts to fund the conduct of auction activities. The first report reflecting FY 1997 Auctions expenditures was provided to Congressional Committees responsible for FCC operations in August of 1998. A summary of FY 1997 Auctions expenditures was included in the Commission's FY 1997 Annual Report. The FY 1998 Auctions Report was provided to the appropriate committees on August 5, 1999. The information provided in that report was summarized in the FY 1998 Annual Report.

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FY 2001 Budget Estimates to Congress

FY 2001 PROPOSED APPROPRIATION LANGUAGE

FEDERAL COMMUNICATIONS COMMISSION SALARIES AND EXPENSES

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefor, as authorized by 5 U.S.C. 5901-5902; not to exceed \$600,000 for land and structure; not to exceed \$500,000 for improvement and care of grounds and repair to buildings; not to exceed \$4,000 for official reception and representation expenses; purchase (not to exceed 16) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109, [\$210,000,000] \$237,188,000, of which not to exceed \$300,000 shall remain available until September 30, [2001] 2002, for research and policy studies: Provided, That [\$185,754,000] \$200,146,000 of offsetting collections shall be assessed and collected pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year [2000] 2001 so as to result in a final fiscal year [2000] 2001 appropriation estimated at [\$24,246,000] \$37,042,000: Provided further, That any offsetting collections received in excess of [\$185,754,000] \$200,146,000 in fiscal year [2000] 2001 shall remain available until expended, but shall not be available for obligation until October 1, [2000] 2001. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(1) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)

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Additional Legislative Proposals contained in the President's FY 2001 Budget Request to Congress:

Analog Spectrum Lease Fee:

Contingent upon the enactment of authorizing legislation, the Commission shall assess fees totaling not less than \$200,000,000 for use of analog spectrum by commercial television broadcasters, and collect the fees by no later than September 30, 2001. Such fees shall be deposited as offsetting receipts to this account, to be available for transfer as follows, subject to the terms and conditions of the receiving account: "Salaries and Expenses", Federal Communications Commission, not to exceed \$2,000,000, to remain available until expended, for the costs of developing and implementing the program required by this section; and for upgrading Federal public safety wireless communications equipment and facilities, to "Narrowband Communications", Department of Justice, \$138,000,000; to "department-wide Systems and Capital Investment Programs", Department of the Treasury, \$55,000,000; and to "Operation of Indian Programs", Bureau of Indian Affairs, Department of the Interior, \$5,000,000: Provided further, That upon enactment of authorizing legislation for such fee, the amounts appropriated from the General Fund to the above-named accounts shall be reduced by the respective amounts specified above.

The Commission will receive \$2 million transferred from the proposed Analog Spectrum Lease Fee to cover the cost of developing and implementing the program in 2001.

Explanation of proposed legislation:

The Administration will propose legislation authorizing the FCC to establish a lease fee on the use of analog spectrum by television broadcasters, subject to appropriations as indicated in the language. The FCC will promulgate a rulemaking to apportion the aggregate fee amount among broadcasters. Upon return of its analog channel to the FCC, an individual broadcaster is exempt from the fee. As indicated in the appropriation language, the amounts collected will be transferred to the Department of Justice, the Department of the Treasury, and the Bureau of Indian Affairs to be used for the purpose of promoting digital and wireless communications.

**FY 2001 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)**

	<u>FTE</u> <u>Ceiling</u>		<u>\$</u> <u>AMOUNT</u>
<u>Summary of adjustments to base and built-in changes:</u>			
FY 2001 Base Funding Level Assumes the FY 2000 Appropriation level prior to rescission	1,975 ^{1/}	\$	210,000
<hr/>			
<u>Uncontrollable and Inflationary Increases to base required for support of agency initiatives:</u>			
1. <u>Compensation and Benefits</u>			
a. FY 2000 Annualized Pay Raise/ Locality Pay Adjustments @4.94% (25% of Fiscal Year)		\$	2,381
b. FY 2001 Pay Raise and Locality Pay Adjustment (3.7%) (75% of Fiscal Year)		\$	4,463
2. <u>Non-Salary</u>			
a. FY 2001 amount required for inflationary increases to cover non-GSA Rent/Mail/ADP production support and maintenance/misc.		\$	850
b. FY 2001 Increases for GSA office space and fees for headquarters and field		\$	<u>5,102</u>
Subtotal Uncontrollable and Inflationary Increases:		\$	12,796

1/ The current FCC FTE ceiling for FY 1999/2000 of 1,975 FTEs includes 45 FTEs to address Auctions workload, should there be a requirement. No increase to FTEs has been requested for FY 2001.

FY 2001 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)

	<u>FTE</u> <u>Ceiling</u>	<u>\$</u> <u>AMOUNT</u>
<u>Programmatic Increases to the Base:</u>		
(Requested funding increases to support Commission's goals, objectives and initiatives)		
1. <u>Create a Model Agency For The Digital Age.</u>		
- Lead the way in the Information Age.		
o Maintenance of Electronic Filing/Licensing systems		\$ 3,150
o Mandatory Enhancements/Security upgrades/training		\$ 1,932
o Life-cycle replacement program		\$ 6,310
o Develop Intelligent Gateway (EDOCs) internet tracking system		\$ 900
o Enhance/develop electronic filing and licensing systems		\$ 370
o Infrastructure software/hardware to support initiatives		\$ <u>310</u>
Subtotal Goal 1:		\$ 12,972
2. <u>Promote Competition In All Communications Markets.</u>		
- Enforce the rules so that businesses compete fairly.		
o Provide desktop access to consumer complaints/inquiries database		\$ 217
o Consolidation of enforcement workload reporting and tracking systems		\$ <u>578</u>
Subtotal Goal 2:		\$ 795
3. <u>Promote Opportunity For All Americans To Benefit From The Communications Revolution.</u>		
- There are no requested increases to base funds for this goal in FY 2001		\$ --
Subtotal Goal 3:		\$ 0
4. <u>Manage The Electromagnetic Spectrum In The Public Interest.</u>		
- Create more efficient spectrum markets.		
o Establish database of RF spectrum to improve spectrum management		\$ <u>625</u>
Subtotal Goal 4:		\$ 625
Subtotal Programmatic Increases:		\$ 14,392
<hr/>		
Total Requested Increase to Base:		\$ 27,188
<hr/>		
Total FY 2001 Commission Request:	1,975 ^{1/}	\$ 237,188

1/ The current FCC FTE ceiling for FY 1999/2000 of 1,975 FTEs includes 45 FTEs to address Auctions workload, should there be a requirement. No increase to FTEs has been requested for FY 2001.

**FY 2001 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Proposed Budget Authority
[Dollars in Thousands]**

	<u>FY 2000</u>		<u>FY 2001</u>		<u>Requested Changes</u>	
	<u>FTE Ceiling</u>	<u>1/</u>	<u>\$ B/A</u>	<u>FTE Ceiling</u>	<u>1/</u>	<u>\$ B/A</u>
Direct Appropriation	1,975		\$24,246	1,975		\$12,796
Budget Authority to use Offsetting Collections:						
Regulatory Fees			185,754			200,146
						\$14,392
Subtotal Appropriated B/A			\$210,000			\$27,188
Other Budget Authority:						
Y2K Supplemental			4,289			--
Authority to spend Other Offsetting Collections:						
1) Reg. Fees (Sec. 9) Carryover			5,862			3/
2) Economy Act/Misc. Other Reimbursables			1,000			1,000
3) Auction Cost Recovery Reimbursements			53,870			1,407
Total Gross Budget Authority			\$275,021			\$279,595

1/ The current FCC FTE ceiling for FY 1999/2000 of 1,975 FTEs includes 45 FTEs to address Auctions workload, should there be a requirement. No increase to FTEs has been requested for FY 2001.

2/ Prior to rescission of \$91,000.

3/ The Obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2001 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

FY 2001 Budget Estimates to Congress

FY 2001 Uncontrollable Cost Increases

- o **Personnel Compensation and Benefits**..... \$ 6,844,000

Provides funds to cover the cost of the FY 2001 payraise and locality pay (3.7%) for 75% of the fiscal year, as well as funds to annualize 25% of the FY 2000 payraise and locality pay increases.
- o **Travel and Transportation of Persons and Things** \$ 34,000

Provides funds to cover increase in travel and transportation costs, developed in accordance with Office of Management and Budget guidelines for projected inflationary costs (2.4%).
- o **GSA Rent and Fees (Headquarters and Field)** \$ 5,102,000

Provides funds to cover the increase in rental costs for GSA to provide office space to the FCC in FY 2000 at the Portals complex (\$4,281,000) including service fees (\$702,000) and increased cost of field office space (\$119,000)
- o **Other Rent, Communications and Utilities** \$ 185,000

Provides funds to cover inflationary cost increases (2.4%) for utilities, cleaning services, non-GSA space rentals, departmental and FTS telephone services, postage fees, and miscellaneous equipment rentals.

FY 2001 Budget Estimates to Congress

FY 2001 Uncontrollable Cost Increases (Con't):

o **Other Contractual Services**..... \$ 560,000

Provides funds for estimated cost increases based on 2.4% inflationary assumptions provided by the Office of Management and Budget. Increase covers federal and non-federal contract services, security, training, health units, maintenance of vehicles, repair of ADP and office equipment, repair of interior space, maintenance of software, and ADP data acquisitions.

o **Printing and Reproductions/Supplies and Material**.....\$ 71,000

Provides 2.4% inflationary cost increases for printing, binding, photocompositon services, energy related supplies, departmental, technical and ADP supplies, and subscriptions.

Total Uncontrollable Cost Increases

\$12,796,000

**FY 2001 Budget Estimates to Congress
ORGANIZATIONAL TABLE**

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

	Actual	Estimate	Proposed	Proposed
	FY1999	FY2000	FY2001	Change
	FTE	FTE	FTE 3/	+/- 3/
Office of the Commissioners	40	42	42	0
Cable Services Bureau	105	95	92	-3
Common Carrier Bureau	334	278	276	-2
Compliance & Information Bureau.....	272	0	0	0
Consumer Information Bureau.....1/.....	0	198	222	24
Enforcement Bureau1/.....	0	321	361	40
International Bureau	130	130	119	-11
Mass Media Bureau	240	194	171	-23
Wireless Telecommunications Bureau.....	323	279	258	-21
Office of Administrative Law Judges	9	9	9	0
Office of Commun. Business Opportunities.....	9	9	9	0
Office of Engineering & Technology	87	84	80	-4
Office of the General Counsel	68	67	67	0
Office of Inspector General	7	8	8	0
Office of Legislative & Intergovernmental Affairs ..	15	16	16	0
Office of the Managing Director	193	207	207	0
Office of Media Relations	0	14	14	0
Office of Plans & Policy	18	19	19	0
Office of Public Affairs	70	0	0	0
Office of Workplace Diversity	5	5	5	0
Commission FTE Totals	1,925 2/	1,975 2/	1,975 2/	0

- 1/ This allocation reflects the reorganization of Commission activities as approved by both appropriations committees.
- 2/ The FY 1999 FTE total reflects actual FTEs worked from the authorized ceiling level of 1,975. FY 2000 and 2001 FTE totals reflect the ceiling as authorized in the President's Budget.
- 3/ These organizational allocations support initiatives identified in the Chairman's draft strategic plan.

FY 2001 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

LICENSING ACTIVITY				
This activity includes the authorization or licensing of radio stations, telecommunications equipment and radio operators, as well as the authorization of common carrier and other services and facilities. It also includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with licensing activities.				
	Actual FY 1999 FTE	Estimate FY 2000 FTE	Estimate FY 2001 FTE	Proposed Change (-/+)
Mass Media	176	173	155	-18
Common Carrier	0	0	0	0
Wireless Telecommunications	161	150	139	-11
Engineering & Technology	24	22	20	-2
Cable Services	8	8	8	0
International	61	57	48	-9
Total FTEs – Licensing	430	410	370	-40

FY 2001 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

COMPETITION ACTIVITY				
This activity includes formal inquiries, rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with activities to promote competition in the public interest.				
	Actual FY 1999 FTE	Estimate FY 2000 FTE	Estimate FY 2001 FTE	Proposed Change (+/-)
Mass Media	64	65	60	-5
Common Carrier	283	252	245	-7
Wireless Telecommunications	145	159	149	-10
Engineering & Technology	12	12	10	-2
Cable Services	34	34	31	-3
International	15	15	12	-3
Compliance & Information	3	0	0	0
Enforcement	0	3	3	0
Total FTEs - Competition	556	540	510	-30

FY 2001 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

ENFORCEMENT ACTIVITY				
This activity includes enforcement of the Commission's rules, regulations and authorizations, including investigations, inspections, compliance monitoring and sanctions of all types. Also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription and audit of carrier accounting practices. It includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with enforcement activities.				
	Actual FY 1999 FTE	Estimate FY 2000 FTE	Estimate FY 2001 FTE	Proposed Change (+/-)
Mass Media	59	47	47	0
Common Carrier	175	68	73	+5
Wireless Telecommunications	37	23	23	0
Engineering & Technology	2	3	3	0
Cable Services	73	74	74	0
International	2	2	2	0
Compliance & Information	238	0	0	0
Enforcement	0	396	436	+40
Total FTEs - Enforcement	586	613	658	45

FY 2001 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

CONSUMER INFORMATION SERVICES ACTIVITY				
<p>This activity includes the publication and dissemination of Commission decisions and actions, and related activities; public reference and library services; the duplication and dissemination of Commission records and databases; the receipt and disposition of public inquiries and informal consumer complaints; consumer, small business and public assistance; and public affairs and media relations. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with consumer information activities.</p>				
	Actual FY 1999 FTE	Estimate FY 2000 FTE	Estimate FY 2001 FTE	Proposed Change (+/-)
Mass Media	12	12	12	0
Common Carrier	13	0	0	0
Wireless Telecommunications	33	6	6	0
Engineering & Technology	13	6	6	0
Cable Services	33	15	15	0
International	4	1	2	+1
Compliance & Information	80	0	0	0
Consumer Information	0	200	224	+24
Total FTEs - Consumer Info. Services	188	240	265	+25

FY 2001 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

SPECTRUM MANAGEMENT ACTIVITY				
<p>This activity includes management of the electromagnetic spectrum as mandated by the Communications Act of 1934 as amended. Spectrum management includes the structure and processes for allocating, assigning, licensing and regulating the use of this scarce resource to the private sector and state and local governments in a way that promotes competition while ensuring that the public interest is best served. In order to manage spectrum in both an efficient and equitable manner, the Commission evaluates needs, prepares economic, technical and engineering studies, coordinates with Federal agencies, develops cross-border sharing arrangements, and represents U.S. interests in international for a. It includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with spectrum management activities.</p>				
	Actual FY 1999 FTE	Estimate FY 2000 FTE	Estimate FY 2001 FTE	Proposed Change (+/-)
Mass Media	6	6	6	0
Common Carrier	0	0	0	0
Wireless Telecommunications	17	17	17	0
Engineering & Technology	58	60	60	0
Cable Services	0	0	0	0
International	84	89	89	0
Compliance & Information	0	0	0	0
Consumer Information	0	0	0	0
Total FTEs – Spectrum Management	165	172	172	0

FY 2001 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

The following table summarizes by organization the total number of FTEs available to conduct the five major activities. These totals include both direct organizational FTEs, as well as FTE workyear effort provided by staff offices to support policy direction, program support, legal services, and executive direction, as well as support services for all five major activities.				
	Actual FY 1999 FTE	Estimate FY 2000 FTE	Estimate FY 2001 FTE	Proposed Change (+/-)
Mass Media	317	303	280	-23
Common Carrier	471	320	318	-2
Wireless Telecommunications	393	355	334	-21
Engineering & Technology	109	103	99	-4
Cable Services	148	131	128	-3
International	166	164	153	-11
Compliance & Information	321	0	0	0
Enforcement	0	399	439	+40
Consumer Information	0	200	224	+24
Commission FTE Totals	1,925 1/	1,975 1/	1,975 1/	0 2/

1/ The FY 1999 FTE total reflects actual FTEs worked from the authorized ceiling level of 1,975. FY 2000 and 2001 FTE totals reflect the ceiling as authorized in the President's Budget.

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

FY 2001 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

The Federal Communications Commission's budget estimates for Fiscal Year 2001 are summarized below:

DISTRIBUTION OF BUDGET AUTHORITY:	FY-1999 <u>Actual</u>	FY-2000 <u>Estimate</u>	FY-2001 <u>Request</u>	Change to <u>Appropriated Budget Authority</u>
Direct Appropriation:	\$19,477	\$24,246	\$37,042	\$12,796
Current: (P.L. 105-277, P.L. 106-113)				
Authority to Spend Offsetting Collections:				
Regulatory Fees	172,523	185,754	200,146	14,392
Appropriation Total (Prior to Rescission/Lapse):	\$192,000	\$210,000	\$237,188	\$27,188
Rescission: (P.L. 106-51, P.L. 106-113)	(25)	(91)	--	--
Lapsed year end	(8)	--	--	--
Y2K Supplemental: 1/	4,217	4,289	--	--
Authority to spend				
Other Offsetting Collections:				
1) No-year Carryover Funds (Prior year)	5,394 2/	\$18,325 3/	--	--
2) Economy Act/Misc.Other (Including GSA reimbursables) ..	2,122	1,000 --	1,000 --	-- --
3) Auctions Cost Recovery/ Reimbursements (P.L. 104-104) ...	50,071	41,407	41,407	--
Subtotal Other Offsetting Collections:	\$57,587	\$60,732	\$42,407	--
Total Budget Authority - Available to incur obligations:	\$253,771	\$274,930	\$279,595	--
Unobligated Offsetting Collections (EOY)				
Available to be carried forward.	(18,325) 3/	TBD	TBD	--
RegFees (Sec 9) carryover (Cumulative)	5,862			
Auctions carryover	12,463			

- 1/ \$8,516,000 in supplemental funding was provided to the FCC. These funds are authorized for 3 fiscal years. \$4,217,000 was obligated in FY 1999, and \$4,289,000 is estimated in FY 2000.
- 2/ Includes \$4,118,000 in carryover Auctions operating funds and \$1,276,000 carryover regulatory fees.
- 3/ Includes \$12,463,000 Auctions carryover funding from FY 1999 into FY 2000; \$1,276,000 prior year carryover regulatory fees; and \$4,586,000 in FY1999 collections to carryover into FY2000 .
- 4/ Fixed Costs including \$8,794 for pay and non-pay costs; \$4,002 for GSA Rent adjustments/Fees and \$14,392 for program requirements.

FY 2001 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

DISTRIBUTION OF OBLIGATIONS:

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

	<u>FY-1999</u> <u>Actual</u>	<u>FY-2000</u> <u>Estimate</u>	<u>FY-2001</u> <u>Request</u>	<u>Change to</u> <u>Appropriated</u> <u>Obligations</u>
Direct Appropriation:				
Personnel Compensation	\$12,229	\$14,760	\$20,408	\$5,648
Personnel Benefits	2,571	3,180	4,467	1,287
Benefits to Former Employees	7	8	8	0
Other Obligations	4,670 2/	6,298 2/	12,159	5,861
Sum - Direct Obligations	19,477	24,246	37,042	12,796
Offsetting Collections - Obligations:				
Regulatory Fees	172,523	185,754	200,146	14,392
Subtotal - Obligations from Appropriated Funds:				
Direct Appropriation (Less Rescission/Lapsed):	\$192,000	\$210,000	\$237,188	\$27,188
Rescission: (P.L. 106-51, P.L. 106-113)	(25)	(91)	--	--
Lapsed year end	(8)	--	--	--
Y2K Supplemental:	4,217	4,289	--	--
Obligations - Other Offsetting Collections				
1) No-year Carryover Funds (Prior year)	5,394 1/	18,325 3/	--	--
2) Economy Act/Misc.Other (Including GSA reimbursables)	2,122	1,000	1,000	--
3) Auctions Cost Recovery/ Reimbursements (P.L. 104-104)	37,598	41,407	41,407	--
Subtotal - Obligations from Other Offsetting Collections	\$45,114	\$60,732	\$42,407	--
TOTAL OBLIGATIONS	\$241,298	\$274,930	\$279,595	--
TOTAL OUTLAYS	\$231,218	\$279,259	\$280,149	--
(Includes Direct & All Offsetting Collections)				

1/ Prior year: Auctions reimb. XA funds \$4,118,000. Prior year carryover regulatory fees(\$1,276,000) were not obligated in FY 1999.

2/ Estimated obligations prior to rescission.

3/ Includes Auctions (\$12,463,000) and cumulative regulatory fee carryover (\$5,862,000). Presidential Budget assumes that all carryover funding will be obligated prior to year end. These funds must be authorized for use by the Appropriations Subcommittee prior to actual obligation.

4/ Fixed Costs including \$8,794 for pay and non-pay costs; \$4,002 for GSA Rent adjustments/Fees and \$14,392 for program requirements.

FY 2001 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

	<u>FY-1999 Actual</u>	<u>FY-2000 Funded</u>	<u>FY-2001 Funded</u>
Total Compensable Workyears:			
Full-Time Equivalent (FTEs) Authorized Ceiling, in President's Budget.	1,975	1,975	1,975
Proposed Distribution: 1/			
Direct	179	203	272
Reimbursables	1,738	1,764	1,695
Auctions Credit Program Account	8	8	8
Total FTE Ceiling	1,925	1,975	1,975

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

SUMMARY TABLES
DISTRIBUTION OF RESOURCES

(Dollars in Thousands)

SUMMARY

	FY 1999 <u>Actual</u>	FY 2000 <u>Estimate</u>	FY 2001 <u>Estimate</u>	Chg. to Requested <u>Budget Authority</u>
Direct Appropriations including Regulatory Fee Authority:	\$192,000	\$210,000	\$237,188	\$27,188
 Rescission (P.L. 106-51, P.L. 106-113)	(25)	(91)	--	--
Lapsed Year-End	(8)	--	--	--
Y2K Supplemental 1/	4,217	4,289	--	--
 No Year Carryover Authority:				
-- Regulatory Fees (Sec. 9) 2/	1,276	5,862	--	--
-- Auctions Carryover 3/	<u>4,118</u>	<u>12,463</u>	<u>--</u>	<u>--</u>
Subtotal -- No Year Carryover Authority	\$5,394	\$18,325	\$--	\$--
 Other Authority:				
-- Auctions Costs Recovery Reimbursable Authority	\$50,071	\$41,407	\$41,407	\$--
-- Government/Other Reimbursable Authority 4/	<u>2,122</u>	<u>1,000</u>	<u>1,000</u>	<u>--</u>
Subtotal -- Other Authority	\$52,193	\$42,407	\$42,407	\$--
 TOTAL GROSS BUDGET AUTHORITY (Net):	\$253,771	\$274,930	\$279,595	\$27,188

1/ Y2K funds reflect the actual amount for FY 1999 and estimated amount for FY 2000. Funds may be obligated through FY 2001. These funds are managed separately from FY 1999 and FY 2000 appropriated funds.

2/ Assumes no carryover into FY 2001 from FY 2000. The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2001 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

3/ Reflects funds carried forward from FY 1999 into FY 2000 for the Auctions program.

4/ FY 1999 includes \$1,000,000 transferred to the FCC by GSA to provide for Portal Guard Service costs.

FY 2001 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

-- The following tables depict the prorata distribution of personnel compensation and benefits and other obligations for Fiscal Years 1999-2001 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

DIRECT AUTHORITY - CURRENT:	FY 1999 Actual	Y2K Funding Actual	FY 2000 Estimate	Y2K Funding Estimate	FY 2001 Request	Increase to Direct B.A.
11 Personnel Compensation	\$12,229	\$--	\$14,760	\$--	\$20,317	\$5,557
12 Personnel Benefits	2,571	--	3,180	--	4,467	1,287
13 Benefits for Former Personnel	7	--	8	--	8	--
Other Obligations by Object Class						
21 Travel & Transportation of Persons	111	44	150	70	182	32
22 Transportation of Things	8	--	9	8	11	2
23 Rents, Communications, Utilities	2,249	--	3,689	51	8,976	5,287
24 Printing	131	8	134	241	164	30
25 Other Services	1,593	2,736	2,053	3,614	2,613	560
26 Supplies & Materials	158	14	193	6	234	41
31 Equipment	385	1,415	61	299	61	--
32 Land, Buildings, Structures	--	--	--	--	--	--
42 Insurance Claims & Indemnities	2	--	9	--	9	--
Total Direct Authority Obligations	\$19,444 ^{5/}	\$4,217	\$24,246 ^{6/}	\$4,289	\$37,042	\$12,796

5/ Total reflects rescission of funds and lapsed year-end.

6/ Reflects total prior to rescission of \$91,000 for comparative presentation.

FY 2001 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

AUTHORITY TO USE OFFSETTING COLLECTIONS:	FY 1999 Actual	FY 2000 Estimates	FY 2001 Estimate	Increase to Offset. Collect.
REGULATORY FEES - CURRENT:				
11 Personnel Compensation	\$108,493	\$113,517	\$113,517	\$--
12 Personnel Benefits	22,814	24,452	24,452	--
13 Benefits for Former Personnel	60	59	59	--
Other Obligations by Object Class				
21 Travel & Transportation of Persons	986	1,150	1,150	--
22 Transportation of Things	71	72	72	--
23 Rents, Communications, Utilities	19,962	28,368	28,368	--
24 Printing	1,161	1,030	1,030	--
25 Other Services	14,136	15,090	24,398	9,308
26 Supplies & Materials	1,402	1,480	1,480	--
31 Equipment	3,420	470	5,554	5,084
32 Land, Buildings, Structures	--	--	--	--
42 Insurance Claims & Indemnities	18	66	66	--
Total Obligations from Regulatory Fees	\$172,523	\$185,754	\$200,146	\$14,392
Total Obligations from Direct Appropriations	\$191,967 ^{7/}	\$210,000	\$237,188	\$27,188

7/ Does not include \$8,000 in lapsed funds and \$25,000 rescinded under P.L. 106-51.

**FY 2001 Budget Estimates to Congress
SUMMARY TABLES**

**NO-YEAR/CARRYOVER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)**

CARRYOVER REGULATORY FEES (NO-YEAR):

-- The following table depicts the estimated distribution of obligations from cumulative Regulatory Fees collected in excess of legislative levels which are available for obligation until expended. The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2001 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

	FY 1999 <u>Actual</u>	FY 2000 <u>Estimate</u>	FY 2001 <u>Estimate</u>
11 Personnel Compensation	\$--	\$--	\$--
12 Personnel Benefits	--	--	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class	--	--	--
21 Travel & Transportation of Persons	--	--	--
22 Transportation of Things	--	--	--
23 Rents, Communications, Utilities	--	--	--
24 Printing	--	--	--
25 Other Services	--	5,581	--
26 Supplies & Materials	--	--	--
31 Equipment	--	281	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Regulatory Fees (No-Year)	\$--	\$5,862	\$--

**FY 2001 Budget Estimates to Congress
SUMMARY TABLES**

**NO-YEAR/CARRYOVER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)**

CARRYOVER AUCTIONS (NO-YEAR):

-- The following table depicts the distribution of obligations from Auctions funds brought forward from available unobligated balances for the purpose of conducting auctions in FY 1999 and FY 2000. Carryover balances into FY 2001 could not be determined at the time of this submission.

	FY 1999	FY 2000	FY 2001
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$878	\$1,600	\$--
12 Personnel Benefits	159	400	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	13	15	--
22 Transportation of Things	--	1	--
23 Rents, Communications, Utilities	417	737	--
24 Printing	--	90	--
25 Other Services	2,252	7,661	--
26 Supplies & Materials	17	59	--
31 Equipment	229	1,900	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Auctions Carryover (No-Year)	\$3,965	\$12,463	\$--

FY 2001 Budget Estimates to Congress

SUMMARY TABLES

**OTHER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES**

(Dollars in Thousands)

AUCTIONS COST RECOVERY REIMBURSABLE AUTHORITY:

-- The following table depicts the distribution of actual FY 1999 and estimated FY 2000 and FY 2001 obligations utilizing auctions costs recovery reimbursable authority (P.L. 104-104).

	FY 1999	FY 2000	FY 2001
	Actual	Estimate	Estimate
11 Personnel Compensation	\$9,906	\$10,676	\$10,676
12 Personnel Benefits	1,589	2,669	2,669
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	97	203	203
22 Transportation of Things	1	9	9
23 Rents, Communications, Utilities	2,055	1,924	1,924
24 Printing	276	273	273
25 Other Services	21,146	22,937	22,937
26 Supplies & Materials	202	211	211
31 Equipment	2,336	2,505	2,505
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Auctions Costs Recovery Reimbursable Authority	\$37,608	\$41,407	\$41,407

FY 2001 Budget Estimates to Congress

SUMMARY TABLES

**OTHER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES**

(Dollars in Thousands)

GOVERNMENT/OTHER REIMBURSABLE AUTHORITY:

-- The following table depicts the Economy Act/Other Reimbursable actual obligations for FY 1999 and estimated FY 2000 and FY 2001 obligations.

	FY 1999	FY 2000	FY 2001
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$316	\$250	\$250
12 Personnel Benefits	33	25	25
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	174	150	150
22 Transportation of Things	1	--	--
23 Rents, Communications, Utilities	13	10	10
24 Printing	--	--	--
25 Other Services 8/	1,180	170	170
26 Supplies & Materials	203	200	200
31 Equipment	202	195	195
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Govt./Other Reimbursable Authority	\$2,122	\$1,000	\$1,000

8/ Includes \$1,000,000 transferred to the FCC by GSA to provide for Portals Guard Service costs.

**FY 2001 Budget Estimates to Congress
SUMMARY TABLES**

**FY 1999/2000/2001 BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)**

Y2K APPROPRIATION

-- The following table depicts the distribution of obligations made against Y2K Supplemental Appropriations; balance is available for obligation through FY 2001. At the time of this submission, we assumed no carryover balances into FY 2001.

	FY 1999 <u>Actual</u>	FY 2000 <u>Estimate</u>	FY 2001 <u>Estimate</u>
11 Personnel Compensation	\$--	\$--	\$--
12 Personnel Benefits	--	--	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	44	70	--
22 Transportation of Things	--	8	--
23 Rents, Communications, Utilities	--	51	--
24 Printing	8	241	--
25 Other Services	2,736	3,614	--
26 Supplies & Materials	14	6	--
31 Equipment	1,415	299	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Y2K Appropriation	\$4,217	\$4,289	\$--

FY 2001 Budget Estimates to Congress

**FY 2001 SUMMARY OF INCREASES
BY BUDGET OBJECT CLASS CODE
(Dollars in thousands)**

BOCC 11.00/12.00/13.00 - Salary Costs (net).....	\$6,844
(• Fixed Costs	\$6,844)
BOCC 21-42 - Other Obligations	\$20,344
(• Fixed Costs	\$5,952)
(• Programmatic Increases	\$14,392)
Total Increase.....	\$+27,188

This section provides a description of the increased funding requested for FY 2001 by budget object class code. These requested increments are to be funded from the Direct Budget Authority and Offsetting Collections (regulatory fees), available to the FCC.

Personnel Changes

<u>BOCC 11.00 Compensation</u>	\$+5,557
• Pay Raise for 75% of FY 2001 Provides funds for uncontrollable cost increases resulting from the FY 2001 pay raise (3.7%) effective January 2001 (75% of FY 2001)	3,624
• Pay Raise annualized for FY 2000 Provides funds for uncontrollable cost increases which are the result of the FY 2000 pay raise annualized for 25% of FY 2001	1,933
<u>BOCC 12.00 Benefits</u>	\$+1,287
• Benefits associated with compensation increases necessary to fund the pay raise for 75% of FY 2001 Provides funds for uncontrollable increased benefits costs to the agency for 75% of FY 2001 for the pay raise	839
• Benefits annualized for FY 2000 Provides funds for uncontrollable increased costs of agency benefits associated with FY 2000 pay raise annualized for 25% of FY 2001 including increases for CSRS/FERS/Thrift Savings/etc.	448
<u>BOCC 13.00 Benefits for Former Personnel</u>	\$0

Other Obligations

BOCC 21.00 Travel and Transportation of Persons	\$+32
• Domestic/Joint Board/International Travel	
Provides additional funds for travel and transportation costs, developed in accordance with the Office of Management and Budget guidelines to cover inflationary cost (2.4%)	31
• Leased, Passenger Vehicles	
Provides inflationary cost increases (2.4%)	1
BOCC 22.00 Transportation of Things	\$+2
• Rent, Non-Passenger GSA and Commercial Vehicles	
Provides inflationary cost increases (2.4%)	2
BOCC 23.00 Rents, Communications, Utilities	\$+1,485
• GSA Rent and Fees	
Provides funds to cover the increase in rental costs for GSA to provide office to the FCC in FY 2001 at the Portals complex (\$4,281,000), indemnification fees (\$702,000) and increased cost of field office space (\$119,000).....	5,102
• Non-GSA Space Rent	
Provides funds for inflationary cost increases (2.4%).....	18
• GSA and Non-GSA Telephones	
Provides funds for inflationary cost increases (2.4%).....	98
• Mail Service--Postage	
Provides funds for inflationary cost increases (2.4%).....	20
• GSA, Electric, Other Utilities	
Provides funds for inflationary cost increases (2.4%).....	19
• Telecommunications Service--Non-GSA	
Provides funds for inflationary cost increases (2.4%).....	13
• ADP/Copier/Equipment Rental	
Provides funds for inflationary cost increases (2.4%).....	17

BOCC 24.00 Printing and Reproduction	\$+30
• Printing/Reproduction/Binding/Microfiche Provides funds for inflationary cost increases (2.4%)	30
BOCC 25.00 Other Contractual Services	\$+9,868
• Commission-wide Information Technology Requirements Provides funds that would permit system enhancement or development of new systems that are critical to supporting the Commission's mission including: a database of RF spectrum to improve spectrum management; electronic tariff filing system; on-line filing for certification of CPE; consolidation of Enforcement workload reporting/tracking system; desktop access to database of consumer complaints/inquiries; and an Intelligent Gateway Internet Tracking System; enhancements to the financial accounting systems that are required to handle payments from regulated entities; includes funding to provide for the integration of all new initiatives into existing computer infrastructure and funding to ensure our security practices meet Federal government standards	4,932
• Contract Services--Non-Federal Provides funds for inflationary cost increases (2.4%)	80
• ADP Data Retrieval Services Provides funds for inflationary cost increases (2.4%)	10
• Training/Tuition/Fees Provides funds for inflationary cost increases (2.4%)	3
• Contract Purchases - Federal Provides funds for inflationary cost increases (2.4%) for the guard services	33
• Interagency Contracts Provides funds for inflationary cost increases (2.4%)	30
• Space Repair Provides funds for inflationary cost increases (2.4%)	12
• Health Services Provides funds for inflationary cost increases (2.4%)	2
• Repair/Maintenance of Vehicles Provides funds for inflationary cost increases (2.4%)	1

• ADP Software/Equipment Maintenance Provides funds for inflationary cost increases (2.4%)	19
• Repair Office Equipment/Furniture Provides funds for inflationary cost increases (2.4%)	15
• ADP Service Contracts Provides funds to increase contract maintenance on new or revised electronic filing and licensing systems and initiate service portions of the life-cycle replacement program of the network and telecommunications infrastructure, and for inflationary cost increases (2.4%)	4,730
• Telephone Maintenance Provides funds for inflationary cost increases (2.4%)	1
<u>BOCC 26.00 Supplies and Materials</u>	\$+41
• Field Fuel Supplies Provides funds for inflationary cost increases (2.4%)	3
• ADP Supplies Provides funds for inflationary cost increases (2.4%)	1
• Comm. Subscriptions/Periodicals Provides funds for inflationary cost increases (2.4%)	6
• General Supplies/Materials Provides funds for inflationary cost increases (2.4%)	31
<u>BOCC 31.00 Equipment</u>	\$+5,084
• Commission-wide Automation Requirements Provides funds to implement a life-cycle replacement program of the network and telecommunications infrastructure including \$1,900,000 for equipment that was originally scheduled for replacement in FY 2000 that was not funded	5,084
<u>BOCC 32.00 Lands and Structures</u>	\$0
<u>BOCC 42.00 Insurance Claims and Indemnities</u>	\$0

FY 2001 Budget Estimates to Congress
ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
(\$000)

OBJECT CLASS CODE	Y2K Obligations FY 1999	Y2K Estimate FY 2000	Actual FY 1999	Estimate FY 2000	Uncontrollable Cost Increase FY 2001 Base GSA Rent/Fee	FY 2001 Current Services	Programmatic Increases	FY 2001 Total Request
11 Personnel Compensation	\$0	\$0	\$120,722	\$128,277	\$5,557	\$133,834	\$0	\$133,834
12 Personnel Benefits	0	0	25,385	27,632	1,287	28,919	0	28,919
13 Benefits for Former Personnel	0	0	67	67	0	67	0	67
21 Travel & Trans. of Persons	44	70	1,097	1,300	32	1,332	0	1,332
22 Transportation of Things	0	8	79	81	2	83	0	83
23.1 Rental Payments to GSA	0	0	15,464	25,100	5,102	30,202	0	30,202
23.3 Other Rents, Communications, Utilities	0	51	6,747	6,957	185	7,142	0	7,142
24 Printing	8	241	1,292	1,164	30	1,194	0	1,194
25.2 Other Services	2,736	1,194	4,599	4,891	93	4,984	0	4,984
25.3 Purchase of Goods and Services from Government Accounts	0	1	2,105	3,024	63	3,087	0	3,087
25.7 Operation and Maint. of Equip./ Software/Information Systems	0	2,419	9,025	9,228	404	9,632	9,308	18,940
26 Supplies & Materials	14	6	1,560	1,673	41	1,714	0	1,714
31 Equipment	1,415	299	3,805	531	0	531	5,084	5,615
32 Land, Buildings, Structures	0	0	0	0	0	0	0	0
42 Insur. Claims & Indemnities	0	0	20	75	0	75	0	75
SUB TOTAL OBLIGATIONS-APPROPRIATION AUTHORITY (Direct and Offsetting Collections)	\$4,217 ^{1/}	\$4,289	\$191,967	\$210,000 ^{2/}	\$12,796	\$222,796	\$14,392	\$237,188
Reg. Fees (Sec. 9) Carryover			0	5,862 ^{3/}				
Auction Reimb. Carryover			3,965	12,463				
Reimbursables - Gov't/Other			1,122	1,000		1,000		1,000
Reimbursables - GSA			1,000	0		0		0
Auctions Cost Recovery-Reimbursement			37,608	41,407		41,407		41,407
TOTAL REQUEST	\$4,217	\$4,289	\$235,662	\$270,732	\$12,796	\$265,203	\$14,392	\$279,595

1/ Reflects the actual FY 1999 obligations for the Y2K appropriation. Balance carried forward into FY 2000.

2/ Appropriation prior to rescission of \$91,000 in FY 2000.

3/ The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2001 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

FY 2001 Budget Estimates to Congress
PRORATA ALLOCATION OF OBLIGATIONS DISTRIBUTED BY BUDGET AUTHORITY AND OBJECT CLASS CODE

-- The following tables depict the prorata distribution of personnel compensation and benefits and other obligations for Fiscal Years 2000- 2001 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

OBJECT CLASS CODE	FY 2000 Funding Source (\$000)				FY 2001 Funding Source (\$000)							
	Y2K Funding	+	Direct Authority	+	Offsetting Collections	=	FY 2000 Total OC Allocation	Direct Authority	+	Offsetting Collections	=	FY 2001 Total OC Allocation
11 Personnel Compensation	\$0		\$14,760		\$113,517		128,277	\$20,317		\$113,517		\$133,834
12 Personnel Benefits	0		3,180		24,452		27,632	4,467		24,452		28,919
13 Benefits for Former Personnel	0		8		59		67	8		59		67
21 Travel & Trans. of Persons	70		150		1,150		1,370	182		1,150		1,332
22 Transportation of Things	8		9		72		89	11		72		83
23 Rents, Communications, Utilities	51		3,689		28,368		32,108	8,976		28,368		37,344
24 Printing	241		134		1,030		1,405	164		1,030		1,194
25 Other Services	3,614		2,053		15,090		20,757	2,613		24,398		27,011
26 Supplies & Materials	6		193		1,480		1,679	234		1,480		1,714
31 Equipment	299		61		470		830	61		5,554		5,615
32 Land, Buildings, Structures	0		0		0		0	0		0		0
42 Insur. Claims & Indemnities	0		9		66		75	9		66		75
Appropriation-Direct B/A	\$4,289	1/	\$24,246	2/			\$28,535	\$37,042				\$37,042
Appropriation-Offsetting Collections B/A:												
Regulatory Fees					\$185,754		185,754		\$200,146			200,146
Subtotal-B/A in language (\$210M plus Y2K Balance)							\$214,289					\$237,188
Reg. Fees (Sec. 9) Carryover					5,862		5,862					5,862
Auction Reimb. Carryover					12,463		12,463					12,463
Reimbursables - Gov't/Other (Est.)					1,000		1,000		1,000			1,000
Auctions Cost Recovery-Reimbursement (Est.)					41,407		41,407		41,407			41,407
Total Gross Budget Authority							\$275,021					\$279,595

1/ Y2K funds carried forward from FY 1999.

2/ Direct appropriation prior to rescission of \$91,000.

3/ The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2001 Budget document and do not reflect any actual obligations in conflict with the will of Congress.



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 1, 1999

OFFICE OF
THE CHAIRMAN

The Honorable Fred Thompson
Chairman
Committee on Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

On August 31, 1999, the U.S. General Accounting Office (GAO) submitted a report entitled TELECOMMUNICATIONS: FCC Does Not Know If All Required Fees Are Collected (GAO/RCED-99-216) to the Chairman of the Permanent Subcommittee on Investigations, Committee on Governmental Affairs, U.S. Senate. That report was subsequently released to the public on September 30, 1999. The report made three recommendations to the Federal Communications Commission (FCC). This letter is to inform you of the actions the Commission has taken on the recommendations made by the GAO.

The first recommendation was to develop a plan to use existing data to identify entities that have not paid the required regulatory fees and to collect the amounts they owe. The FCC's Credit and Debt Management Center is documenting the expanded collection processes that have been implemented over the past year and will publish that plan internally by December 30, 1999. The plan will be revised by March 30, 2000, when the new revenue tracking system will allow us to substantially expand our analysis.

The second recommendation was to implement written procedures to ensure that required application fees have been paid before an application is approved. In the first quarter of this fiscal year, the Office of Inspector General will initiate an audit to review Bureau and Office written policies and procedures to ensure that required application and regulatory fees are paid prior to granting a license application.

The third recommendation directed the Commission to conduct an audit of the FCC data on civil monetary penalties and to correct any errors and internal control weaknesses before implementing the new financial system. This recommendation, too, is being implemented. The FCC's new Research, Reports and Reconciliation Group, with the assistance of an outside public accounting firm, will audit the civil monetary penalties records for errors and internal control weaknesses prior to the conversion of that data to the new system. Any discrepancies will be corrected prior to conversion.

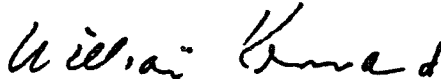
The Honorable Fred Thompson

2.

The Commission is making every effort to correct deficiencies found by the GAO and to improve overall fee collection and reporting. Substantial staffing and monetary resources are being devoted to the implementation of the new Commission Registration System (CORES) and the Revenue Accounting and Management Information System (RAMIS) to replace the system reviewed by the GAO.

If you have any questions concerning the actions that the Commission is taking, please contact the Managing Director, Andrew Fishel at 418-1919.

Sincerely,



William E. Kennard
Chairman

Copies to: Office of Management and Budget
U.S. General Accounting Office



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 1, 1999

OFFICE OF
THE CHAIRMAN

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Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
2157 Rayburn House Office Building
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