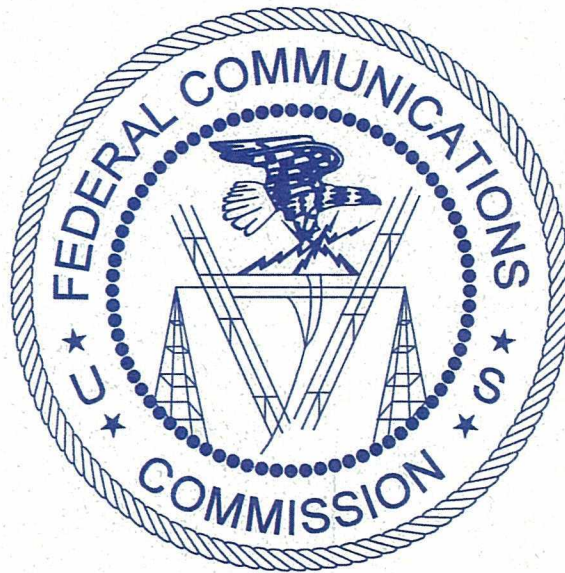


Federal Communications Commission



Fiscal Year 2002 Budget Estimates

Submitted to Congress

April 2001

FEDERAL COMMUNICATIONS COMMISSION

FY 2002 Budget Estimates to Congress

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Prefatory Note

When the FCC submitted the first strategic plan under the Government Performance and Results Act (GPRA) in September 1997, we noted that our continuing requirement to meet the implementation deadlines of the Telecommunications Act of 1996 had a major impact on the agency's strategic planning activities. We also noted that we would redo our strategic plan once we had completed the major implementation obligations under the Act.

We did redo our plan and we submitted it to Congress and to OMB in August 1999. A detailed narrative of our implementation strategy is included in the "Public Outreach" section of this plan. We want to note that since many of the performance goals are new for Fiscal Year 2000, we did not provide performance data for Fiscal Year 1999. Wherever possible, Fiscal Year 1999 information will serve as the baseline for measuring performance between each fiscal year thereafter.

In the next several months we intend to review our Strategic Plan and this Annual Performance Plan to determine whether revisions should be made based on a refocusing in the agency's mission, strategic objectives, and any reallocation of its resources. Any changes will be coordinated with Congress and will be noted in subsequent submissions.

In our FY 2002 Annual Performance Plan we provide summary performance data for Fiscal Year 2000. The diverse nature of FCC goals does not permit, in many cases, a simple percentile or numerical summary of data. We have provided a brief description of our accomplishments but ask that you refer to our Fiscal Year 2000 Annual Program Performance Report for a more detailed report on our actions and our accomplishments.

Goals and Objectives

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

In order to achieve those objectives at this time of great innovation in the communications industry, this agency must strive to stay on the cutting edge of changes in technology, economics and law. The advent of Internet-based and other new technology driven communications services will continue to erode the traditional regulatory distinctions between different sectors of the communications industry. Our most immediate challenge is to integrate the changing character of the industry into our core functions of 1) licensing; 2) consumer protection; 3) enforcement; 4)

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promotion of competitive markets; and 5) spectrum management. For this agency to fulfill its congressional charge, it must write and execute a new business plan built along four dimensions: (1) a clear substantive policy vision, consistent with the various communications statutes and rules, that guides our deliberations; (2) a pointed emphasis on management that builds a strong team, produces a cohesive and efficient operation, and leads to clear and timely decisions; (3) an extensive training and development program to ensure that we possess independent technical and economic expertise; and (4) organizational restructuring to align our institution with the realities of a dynamic and converging marketplace.

Overall Objectives

Consistent with the objectives of the Communications Act of 1996, the agency has sought to rely increasingly on market forces to promote competition in order to foster the availability of high quality services to consumers at reasonable prices. We are challenged to continue to find ways to foster competitive entry into established markets while encouraging the development of open, competitive markets featuring new and innovative technological services. The FCC must strive through its enforcement processes to ensure that its rules are adhered to faithfully and fully, and to continue to monitor business practices and their impact on consumers. The FCC must also keep focused on an ever increasing global communications marketplace, and the challenge globalization poses for spectrum sharing and maintaining open international markets.

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Additional Resources Requested for Fiscal Year 2002

In the past several budget submissions, the FCC has requested additional funding to support specific information technology initiatives in licensing, consumer information, enforcement and spectrum management. We have also requested additional funds for lifecycle replacement for our desktop computers and our Internet and agency network infrastructure hardware and software. We have not received all of the additional funding we have requested.

In Fiscal Year 2002, the FCC is requesting \$10.997 million in required, additional, funding for lifecycle replacement of our information technology infrastructure hardware and software, for mandatory enhancements to twelve mission critical electronic filing systems and funding to implement mandatory requirements for our disability accessibility, information security, and asset management programs. The funding will be distributed among all five FCC activities: licensing, competition, enforcement, consumer information and spectrum management.

Successful attainment of many of our strategic objectives depends on a robust and reliable information technology infrastructure. For example, two key strategic objectives are to transform the FCC into a model agency for the digital age and to provide "one-stop shopping" for our many stakeholders.

We have made tremendous strides towards reaching these objectives. In the past few years, we have streamlined our licensing procedures and implemented electronic filing capability in 78 services, 72% of all licensing systems. At the end of Fiscal Year 2000, 62% of all license applications were filed electronically. Additionally, 93% of all applications were acted on within our speed of disposal goals. Implementation of these electronic licensing systems has led to improved processing time and to a significant decrease in the number of backlogged applications.

Just as we provided "one-stop shopping" for licensing activities, we have made our website more accessible to our Internet users. In Fiscal Year 2000, we received 320 million "hits," making the FCC one of the most popular government online sites. Our consumer information centers received more than 789,000 consumer inquiries on such hot topics as cramming, slamming and spamming.

We again are requesting this funding for FY 2002 as a mandatory requirement. Much of our network and application infrastructure hardware and software are beyond their recommended life cycles. The same weakness can be found in our office automation hardware and software configurations.

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The additional funding would be expended in the following areas:

Application System Maintenance and Development: We are requesting \$3.03 million for critical refreshments to twelve (12) mission critical systems. Mandatory adjustments are needed to our International, Cable Services, Mass Media and Consumer Information systems, as well as to our Office of Engineering and Technology's electronic filing systems. These applications were implemented several years ago and require web/sql replacements or upgrades to include more robust JAVA modules.

We are resubmitting our request for \$1million to implement the mandatory requirements of 1998 amendments to the Rehabilitation Act that require every federal agency to provide workplace accommodations for the disabled. An additional \$270k is required to implement an improved property management inventory system. The agency's first financial audit revealed deficiencies in our information technology hardware/software inventory process. Funding will be used to design and implement a system to improve our data collection processes.

Internet, Telecommunications, Security, and Network Support: Approximately \$3.67 million is required for upgrades to our network infrastructure hardware and software which supports among other things; the agencies telecommuting program. We must replace many of our aging network servers, routers, switches, and local printers, as well as upgrade the network operating system and firewalls. \$331k is needed to ensure that all FCC applications fully meet federal government security requirements as called for in OMB Circular A-130.

Desktop Computer Support: We request \$2.7 million for lifecycle replacement of our office automation software and hardware including replacement of 900 personal computers and 200 laptops. In Fiscal Year 2002 we plan to migrate to the Microsoft Office suite and Windows 2000 as our desktop operating software.

A breakout of FCC **information technology expenditures**, including funding available in the base, is shown in the following chart. A description of what information technologies are included in each category is provided below the chart.

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FCC IT Budget Expenditures by Fiscal Year

Information Technology Budget Initiatives (\$ in millions)	FY 1999 (actual)	FY 2000 (actual)	FY 2001 (revised)	FY 2002 (request)	FY2002 Increase Above FY2001 Level
Application System Maintenance and Development	\$3.1	\$6.3	\$6.5	\$10.8	\$4.300
Internet and Network Support	\$3.0	\$3.8	\$3.5	\$7.5	\$4.000
Telecommunications	\$3.5	\$3.3	\$3.6	\$3.6	-
Desktop Computer Support	\$1.8	\$2.5	\$2.5	\$5.2	\$2.697
Y2K Supplemental Funding	\$4.2	\$2.4	-	-	-
Total IT Expenditures by Fiscal Year	\$15.6	\$18.3	\$16.1	\$27.1	\$10.997

Application System Maintenance and Development

Covers 30 database systems of which 18 incorporate electronic filing or offer public access to data. The databases supported include licensing, enforcement, rulemaking and internal administration. Provides for routine upgrades, bug fixes and day-to-day system maintenance functions.

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Internet and Network Support

Supports electronic filing of license applications and other data. Provides array of public information on Commission actions, proceedings and related telecommunications matters. Includes maintenance of local area network, Internet and Intranet facilities, remote access system, and computer/network security.

Telecommunications

Provides for ISDN desktop telephone with voice mail and FTS 2001 services, automated call distribution and other specialized systems for the help desk and the Gettysburg call center. Provides for telephone and cellular phone services, voice mail, video and audio conferences, automated call distribution and other specialized systems, data circuits, consulting and PBX support.

Desktop Computer Support

Includes desktop computers, peripherals and comprehensive software suite. Includes access to the Internet and agency and commercial databases. Provides Computer Resource Center helpdesk and training facility. File, print and email services supported by the local and wide area networks. Supports remote access system provides connectivity for telecommuters and travelers.

Y2K Expenditures

This category represents the expenditures in 1999 and 2000 to provide for the Year 2000 Bug remediation project. The expenditures for this category were completed by March 31, 2000.

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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 more efficient, effective, and responsive Agency with substantially reduced backlogs in licensing applications, petitions for reconsideration and other proceedings.

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

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

Resources have been requested to ensure that all Commission licensing systems are adequately maintained, upgraded or replaced according to the FCC's life cycle replacement schedule.

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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	Estimated FY 2002	Projected Change (+/-)
Cost by Activity	\$36,952	\$36,314	\$41,388	\$42,702	+\$1,314
Full Time Equivalents (FTEs)	430	402	370	350	-20

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LICENSING

Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE AND RESPONSIVE AGENCY

Strategic Objective: Automate Agency Processes

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Create a paperless FCC by automating functions & fully implementing automated licensing & electronic filing systems to promote one-stop shopping. Consolidate individual systems & adopt one standard user interface where possible to simplify public use of our systems.	Began implementation of electronic filing/licensing systems in Common Carrier, International, & Wireless Telecommunications Bureaus & in Office of Engineering & Technology.	✓ 60% filed electronically (Goal: 60%)	✓ 70% of all documents filed electronically.	80% of all documents filed electronically.	Performance will be measured by comparing the total number of filings and the total number of electronic filings. Results will also be obtained from feedback from our stakeholders via e-mail and comments received at public outreach forums.

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LICENSING

Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE AND RESPONSIVE AGENCY

Strategic Objective: Streamline Agency's Processes and Procedures

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Improve our speed of disposal for processing license applications	Goal met	89% of all applications processed within goals (FY00 goal: 90%)	90% of applications disposed of within speed of disposal goals.	✓ 95% of applications disposed of within speed of disposal goals.	Performance will be measured using the data provided in the quarterly Bureau/Office performance reports.
✓ Substantially reduce our backlog including licensing applications, petitions for reconsideration and other proceedings.	New FY 00 goal.	By the end of the 4 th Quarter, FY2000, backlog had been reduced by 96.4%.	✓ Backlog will not exceed 10% of receipts.	✓ Backlog will not exceed 5% of receipts.	Performance will be measured using the data provided in the quarterly Bureau/Office performance reports:
✓ Act on petitions for reconsideration that do not raise significant new issues within 60 days of the record closing.	New FY 00 goal.	38% acted on within 60 days. (Goal:75%) New procedures in place for FY01.	✓ 90% of all petitions for reconsideration that do not raise significant new issues acted on within 60 days of record closing.	✓ 95% of all petitions for reconsideration that do not raise significant new issues acted on within 60 days of record closing.	In FY 00, Bureaus/Offices expanded the quarterly performance reports to collect data on petitions for reconsideration.

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COMPETITION

This activity includes formal inquiries and rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards. 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, high quality communications systems, with a minimum of regulation or with an absence of regulation where appropriate in a competitive market. This will be accomplished by eliminating barriers to entrance in domestic markets, by deregulating where appropriate, by promoting competition and international communications markets, by promoting opportunities for all Americans to utilize communications services, and by the vigorous enforcement of our rules and regulations.

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

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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	Estimated FY 2002	Projected Change (+/-)
Cost by Activity	\$64,147	\$68,009	\$69,900	\$73,974	+\$4,074
Full Time Equivalents (FTEs)	556	528	510	495	-15

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COMPETITION

Strategic Goal B: PROMOTE COMPETITION IN ALL TELECOMMUNICATIONS MARKETS

Strategic Objective: Eliminate barriers to entrance in domestic markets

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Complete the opening of local telecommunications markets through procompetitive unbundling, interconnections, & co-location policies. 	Implemented a variety of rulemakings designed to provide guidance in the areas of unbundling, co-location, line sharing, and pricing in order to facilitate local competition.	<p>86% with 1 new LEC; 73% with 2. (Goal: 15% with 1 new local competitor)</p> <p>2.9% penetration for advanced cable (Goal: 15%)</p> <p>5% with access to 5 MVPDs; 91% with access to 3. (Goal: 10%)</p> <p>73%HH access to 5+ mobile (Goal: 73%)</p>	<ul style="list-style-type: none"> ✓ 30% of households live in zip codes with at least 1 CLEC ✓ 10% with 2 CLECs. ✓ 15% of households have access to advanced cable services. ✓ 10% households with access to 5 or more MVPDs. ✓ 78% households with access to 5 or more mobile wireless providers. 	<ul style="list-style-type: none"> ✓ 50% of households live in zip codes with at least 1 CLEC. ✓ 30% with 2 CLECs. ✓ 10% with 3 CLECs. ✓ 25% households have access to advanced cable services. ✓ 10% households with access to 5 or more MVPDs. ✓ 80% households with access to 5 or more mobile wireless providers. 	Performance will be measured by reviewing the "State of Competition" reports for: multivideo programming, wireless, & local telephone exchange and advanced telecommunications services, which track the growth of competition and the increase in consumer options on an annual basis. Performance also will be measured by the number of Section 271 applications the FCC approves each year.
<ul style="list-style-type: none"> ✓ Advanced technologies/DTV. ✓ Multi-channel Video/ Broadcasting 	New FY00 goal	<p>FCC on schedule to complete DTV build out</p> <p>FCC issued a rulemaking in July 00 to license MDS/ITFS to compete with LECs. 2300 MDS and ITFS applications filed. Projected license grant date is March 01.</p>	<ul style="list-style-type: none"> ✓ Authorize In-Band, On-Channel Service. ✓ Periodic review of UNE requirements. ✓ Adopt Report and Order in Digital Audio Broadcasting Proceeding 	<ul style="list-style-type: none"> ✓ License all commercial DTV stations (on air). Assess competition in multi-channel mkt. ✓ License national digital radio service 	
<ul style="list-style-type: none"> ✓ 271 applications 	Obtained ex-parte exemption to allow free communication/close coordination with Dept of Justice to review 271 applications. New FY 00 goal.	Received four (4) 271 applications; competed work on two (2).	<ul style="list-style-type: none"> ✓ Expediently process 271 applications 	<ul style="list-style-type: none"> ✓ Expediently process 271 applications 	

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COMPETITION

Strategic Goal B: PROMOTE COMPETITION IN ALL TELECOMMUNICATIONS MARKETS

Strategic Objective: Eliminate barriers to entrance in domestic markets

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Review unprecedented level of new merger proposals to ensure consolidation doesn't reduce competition & consumer choices & review process is predictable, streamlined & transparent.	New FY00 goal	New merger timetable implemented on an expedited basis. All mergers submitted after new procedure initiated were reviewed within 180 days.	✓ Develop a timetable to act on mergers within 180 days & internal procedures that are uniform & transparent across the Agency.	✓ Act on all major mergers and acquisitions within 180 days of receipt	The FCC has established a website that tracks all major merger activities Performance will be measured by a count of the number of days taken to act on a merger.

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COMPETITION

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS

Strategic Objective: Deregulate where Appropriate to Promote Competition

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<p>✓ Reduce the burden of filing, reporting, record keeping and accounting requirements across all communications industries.</p>	<p>Initiated a number of rulemakings to eliminate obsolete or overlapping regulations and/or reporting requirements identified in the FY 98 Biennial Review of Agency's rules and regulations.</p>	<p>Completed work on FY2000 Biennial Review. See http://www.fcc.gov/reports/biennial2000report. 31 forms eliminated; 17 added. 7% of forms eliminated. (Goal:10%)</p>	<p>✓ 20% reduction on the number of forms required by the FCC, using FY 98 as a baseline.</p>	<p>✓ 30% reduction on the number of forms required by the FCC using FY 98 as a baseline.</p>	<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 new or renewed information collection items. Baseline data from FY 98.</p>
<p>Streamline the technical rules for and privatize certain aspects of the certification of telephones and other equipment.</p>	<p>An NPRM proposing to deregulate Part 68-Equipment Registration was prepared for consideration during FY 00.</p>	<p>Rules for Part 68 Certification of Telecommunications Equipment eliminated. FCC also approved Telecommunications Certification Bodies for equipment authorization.</p>	<p>✓ 20% reduction in technical rules for certifying equipment.</p>	<p>✓ 40% reduction in technical rules for certifying equipment.</p>	<p>Progress will be measured by whether the technical rules were relaxed or whether certification of equipment was privatized.</p>

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COMPETITION

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS

Strategic Objective: Promote Competition in International Communications Markets

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<p>✓ 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.</p>	<p>New FY 00 goal.</p> <p>Proposed rules to implement the international arrangements governing Global Mobile Personal Communications by Satellite adopted by ITU.</p>	<p>Price for an international call \$0.51 (Goal: \$0 .65) See Annual Program Performance Report for other significant accomplishments.</p> <p>FCC issued four (4) Reports and Orders facilitating spectrum sharing between satellite and terrestrial services, between terrestrial fixed and fixed satellite services and between nongeostationary fixed satellite services and incumbent terrestrial and satellite services. Refer to the Annual Program Performance Report for additional activities related to this goal.</p>	<p>✓ Average price of an international phone call to \$0.55.</p> <p>✓ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many new entrant systems as possible.</p>	<p>✓ Average price of an international phone call to \$0.45.</p> <p>✓ Continue to encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many new entrant systems as possible</p>	<p>Performance will be measured by analyzing the average per-minute price of an international phone call.</p> <p>Performance will be measured by the number of new system entrants licensed and subscribership statistics to these new services.</p>

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COMPETITION

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS

Strategic Objective: Promote Competition in International Communications Markets

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Encourage the privatization of INTELSAT consistent with the transition to competitive markets.	New FY 00 goal.	In August 2000, the FCC approved INTELSAT's license applications to operate in the US market pending its privatization in FY01.	✓ Implement privatization of INTELSAT.	✓ Follow up, as appropriate, on the privatization of INTELSAT and impact on competition in the satellite communications market.	✓ Performance will be measured by whether INTELSAT was privatized and through analyzing competition in the satellite communications industry.

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COMPETITION

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

Strategic Objective: Promote Access for All Americans to Communications Services

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<p>✓ Increase penetration rates in underserved areas</p>	New FY 00 goal.	<p>FY00 data not available until Spring 2001. FY 99: 94%</p> <p>FY00 data not available until Spring 2001. FY99:+7%</p>	<p>✓ 65% penetration rate for underserved communities.</p> <p>✓ 30% increase in the penetration rate for mobile wireless telephone services.</p>	<p>✓ 75% penetration rate for underserved communities.</p> <p>✓ 35% increase in the penetration rate for mobile wireless telephone services.</p>	<p>Performance for Universal Service and related goals will be reported through analysis of data included in the Annual Report prepared by the Universal Service Administrator, data from the National Center for Educational Statistics. Additionally, annual competition reports prepared by bureaus will provide data on penetration rates and accessibility.</p>
<p>✓ Schools and Libraries</p>	Released Order extending funding for schools & libraries to get connected to the Internet.	FY00 data not available until Spring 2001. FY99: 63% of instructional classrooms	<p>✓ 90% of public school instructional classrooms connected to the Internet.</p>	<p>✓ 93% of public school instructional classrooms connected to the Internet.</p>	
<p>✓ Create joint conference with states on deployment of advanced services to rural areas</p>	New FY 00 goal.	Created joint conference with states to promote deployment of advanced services to all Americans. 6 hearings held; an online survey conducted and a website established. See Annual Program Performance Report for additional details. 70% of households had access as of 6/00.	<p>✓ 80% of households have access to advanced telecommunications services.</p>	<p>✓ 85% of households have access to advanced telecommunications services</p> <p>✓ Implement improved e-rate procedures to determine what services applicants will purchase with program funds.</p>	

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

Strategic Objective: Promote Consumer Education and Information

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Billing and Customer Privacy	New FY 00 goal.	No FY 2000 goal	✓ Design pricing/fee structure for telephone numbers.	✓ Implement new pricing/fee structure for telephone numbers.	Performance will be measured by reviewing success in establishing a new pricing/fee structure.
✓ Limit number of new area codes	New FY 00 goal.	FCC issued two (2) Reports and Orders on Number Resource Optimization.	✓ Decrease the number of new area codes added by at least 8% using FY 99 as a baseline.	✓ Decrease the number of new area codes added by at least 20% using FY 99 as a baseline.	Performance will be measured by increased utilization rates for numbers & the quantity of unused numbers returned.
✓ More efficient number block pooling	New FY 00 goal.	Ongoing National pooling framework established. Several states have pooling pilot projects in place.	✓ Implement more efficient number block pooling for at least 18 of the 100 Largest MSAs. (Assumes Congressional approval)	✓ Implement more efficient number block pooling for at least 40 of the 100 Largest MSAs. (Assumes Congressional approval)	

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ENFORCEMENT

This activity includes enforcement of the Communications Act and the Commission's rules, regulations and authorizations, including investigations, inspections, compliance monitoring and sanctions of all types. Also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription and audit of carrier accounting practices. 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 statutory provisions and rules and regulations that ensure that Americans are afforded efficient use of communications services and technologies. This will be accomplished by enforcing the existing rules so that businesses compete fairly.

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

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

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

(Dollars in Thousands)	Estimated FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated FY 2002	Projected Change (+/-)
Cost by Activity	\$58,037	\$65,070	\$72,889	\$78,789	+\$5,900
Full Time Equivalents (FTEs)	586	599	658	658	0

FEDERAL COMMUNICATIONS COMMISSION

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ENFORCEMENT

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS

Strategic Objective: Enforce the Rules so that Businesses Compete Fairly

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Use the Accelerated Docket and other means to expedite resolution of important competition related formal complaints. 	Pending formal Common Carrier complaints were reduced by over 21% over FY 98 levels.	Pending formal Common Carrier complaints reduced by 71% over FY99 level far exceeding goal of 10% reduction.	<ul style="list-style-type: none"> ✓ 25% increase in Common Carrier formal complaints resolved per attorney using FY 99 as a baseline. 	<ul style="list-style-type: none"> ✓ 50% increase in Common Carrier formal complaints resolved per attorney using FY 99 as a baseline. 	The number of formal complaints is tracked quarterly and cumulated annually.
<ul style="list-style-type: none"> ✓ Show zero tolerance for perpetrators of consumer fraud such as slamming and cramming. Impose substantial monetary forfeitures against the worst offenders. 	New FY 00 goal.	Data collection procedures under review. However, significant monetary fines were levied in FY 2000 on carriers guilty of slamming practices.	<ul style="list-style-type: none"> ✓ 20% reduction in the number of informal long distance slamming complaints using FY 00 as a baseline. 	<ul style="list-style-type: none"> ✓ 40% reduction in the number of informal long distance slamming complaints using FY 00 as a baseline. 	The number of slamming complaints is tracked quarterly and cumulated annually. Baseline statistics are available for multi-year comparison.

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ENFORCEMENT

Strategic Goal B: PROMOTE COMPETITION IN ALL COMMUNICATIONS MARKETS

Strategic Objective: Enforce the Rules so that Businesses Compete Fairly

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<p>✓ Enforce all disability accessibility provisions.</p>	Released Order implementing Section 255 of the Telecommunications Act, which is the basis for enforcement.	No formal complaints filed. FCC continues to monitor and is prepared to take action if we detect any non-compliance.	<p>✓ Implement all disability accessibility rules; achieve 80% compliance with new disability rules.</p>	<p>✓ Implement all disability accessibility rules; achieve 85% compliance with new disability rules.</p>	Performance will be measured by an analysis of formal complaints concerning disability rules compiled by the Enforcement Bureau.
<p>✓ Expediently resolve complaints regarding spectrum use, public safety and technical issues such as interference, equipment licensee requirements and Emergency Alert System (EAS) rules.</p>	Updated a variety of radio direction finding systems to aid in enforcement activities.	FCC inspected 2,151 towers: 92% were registered and 94% properly marked and lit. (Goal: 85%)	<p>✓ 90% compliance with antenna registration, interference complaints and equipment license requirements.</p>	<p>✓ 92% compliance with antenna registration, interference complaints and equipment license requirements.</p>	Compliance statistics in these areas are reported by the Enforcement Bureau.

FEDERAL COMMUNICATIONS COMMISSION

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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 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.

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 is to provide "one stop shopping" to the telecommunications consumer. Consolidation of information services under a single structure yields significant benefits to our customers and stakeholders. First, we are able to provide timely, accurate and consistent information regardless of its source or format – whether telephone, e-mail, voice mail, FAX, paper or via our website. Second, we can track trends and map "hot" consumer issues nationwide, by region or by state. Third, we can achieve economies of scale, all our dollars will be spent once – not several times throughout the Commission. Finally, we can develop a useful Consumer Information 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 homepage 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 and Washington, D.C. provide consumers with detailed information on all telecommunications-related topics. In Fiscal Year 2000 we conducted a thorough evaluation of our website services, including a survey of our users. We found that they want "one stop shopping" for all their information needs whether it is status checking on multi-service licenses, locating all the licenses held by a single entity, the daily status of a rulemaking or integrated access to our bureau/office databases. In Fiscal Year 2002, we intend to implement the findings of our Web Evaluation Task Force and we will continue our efforts to make our homepage one of the friendliest and most comprehensive in the federal government.

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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	Estimated FY 2002	Projected Change (+/-)
Cost by Activity	\$12,626	\$18,892	\$22,993	\$24,929	+\$1,936
Full Time Equivalentents (FTEs)	188	236	265	265	0

FEDERAL COMMUNICATIONS COMMISSION

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CONSUMER INFORMATION SERVICES

Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE AND RESPONSIVE AGENCY

Strategic Objective: Provide Improved Access to all Agency Information

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<p>✓ Evolve the FCC's website into a model for accessibility & availability of information. Develop electronic systems or sub-systems to provide Internet tracking information about Commission proceedings & processes, including licensing, policy development, & issues resolution</p>	New FY 00 goal.	We established a web evaluation task force to survey our customers and identify ways to improve access to all FCC information.	<p>✓ Develop phased-in plan to improve online access to FCC information.</p>	<p>✓ Implement plan to improve access to FCC information via the Internet.</p>	<p>This is a multi-year initiative & results and outcome cannot be measured until fully implemented. In the initial phase, performance will be measured in terms of completion of the requirements for the Agency's Intelligent Gateway. Following implementation, performance will be measured through the tracking of customer use statistics.</p>
<p>✓ Ensure that all agency electronic and information technologies are accessible to and usable by persons with disabilities.</p>	New FY 00 goal.	FCC has developed an "on demand" approach to making our material accessible. FCC material is available in audio, braille (transcribed), braille (embossed), diskette and large print.	<p>✓ With exception of audio tapes, 75% of Agency materials will be accessible within 3 days of receipt. Audio tapes will be available within one week.</p>	<p>✓ With exception of audio tapes, 90% of Agency materials will be accessible within 3 days of receipt. Audio tapes will be available within one week.</p>	<p>Performance will be measured by tracking the percent of alternative format documents requested vs. the total provided and the average response time for providing the alternative format documents.</p>

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CONSUMER INFORMATION SERVICES ACTIVITY

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

Strategic Objective: Promote Access for All Americans to Communications Services

Policy Initiative	FY 99 Performance	FY 2000 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Promote access of disabled Americans to communications technology.	New FY 99 goal.	Established the Disabilities Rights Office to oversee and monitor disability issues.	✓ Develop and implement specialized disability outreach efforts.	✓ Develop and implement specialized disability outreach efforts.	Measurement will be by an annual report compiled by the Disabilities Rights Office, Consumer Information Bureau with input from the Consumer/Disability Telecommunications Advisory Committee.

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CONSUMER INFORMATION SERVICES ACTIVITY

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

Strategic Objective: Promote Access for All Americans to Communications Services

Policy Initiative	FY 99 Performance	FY 2000 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Informal Consumer Complaints Response Time.	Y2K & other problems with the automated informal complaint system required significant upgrades & revisions, which delayed response time improvements.	FCC achieved a 100% reduction in backlog of informal consumer complaints. Overall, the average processing time was reduced from 318 to 10-13 days per complaint by the end of FY 00.	✓ Reduce response time to consumer complaints to less than 10 days.	✓ Reduce average response time to consumer complaints to 5-7 days.	Performance is measured by quarterly performance reports from the Consumer Information Bureau.

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CONSUMER INFORMATION SERVICES ACTIVITY

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

Strategic Objective: Promote Access for All Americans to Communications Services

Policy Initiative	FY 99 Performance	FY 2000 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Consumer Outreach.	New FY 00 goal.	<p>Established Consumer Advocacy partnerships with federal, state, and local governments.</p> <p>The FCC made major strides in forging relationships with state and local governments: launched database pilot project, the State and National Action Plan which shares data on slamming and cramming complaints and inquiries; created a new partnership with 33 states and territories to cooperate in handling slamming complaints. See Annual Program Performance Plan for additional, significant activities.</p>	✓ The Consumer Information Bureau will extend its partnerships with industry and consumer groups	✓ The Consumer Information Bureau will extend its partnerships with industry and consumer groups	Performance will be measured by the number of joint partnership programs the FCC partners in during fiscal year.

FEDERAL COMMUNICATIONS COMMISSION

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SPECTRUM MANAGEMENT

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

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

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

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

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

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	Estimated FY 2002	Projected Change (+/-)
Cost by Activity	\$20,205	\$21,620	\$22,764	\$28,151	+\$5,387
Full Time Equivalents (FTEs)	165	168	172	207	+35

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SPECTRUM MANAGEMENT

Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST

Strategic Objective: Promote More Efficient Use Of Spectrum

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Streamline & reform assignment & licensing procedures to facilitate getting spectrum into the marketplace.	New FY 00 goal.	The FCC initiated a number of actions to streamline and improve the use of the electronic spectrum. For a full list of initiatives please refer to our FY 2000 Annual Program Performance Plan.	✓ Convene a task force to work with industry and academia to develop recommendations on ways to improve assignment and licensing.	✓ Clarify our transfer of control policies to facilitate secondary market transactions.	Performance will be measured by greater spectrum utilization rules.

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SPECTRUM MANAGEMENT

Strategic Goal D: MANAGE THE ELECTROMAGNETIC SPECTRUM IN THE PUBLIC INTEREST

Strategic Objective: Promote More Efficient Use Of Spectrum

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Promote the use of more spectrum efficient and frequency technologies	Updated a variety of radio direction-finding systems to aid in interference investigations.	The FCC works with other federal agencies through the Inter Department Radio Advisory Committee to resolve interference etc. The FCC adopted Rules to provide government access to non-government public safety spectrum in the 700 MHz band.	Examine management of shared spectrum and vehicles to enhance conditions of shared spectrum with NTIA.	✓ Examine implementation of new spectrum technology uses.	Performance will be measured by the degree of equipment deployment.

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SPECTRUM MANAGEMENT

Strategic Goal D: MANAGE THE ELECTROMAGENETIC SPECTRUM IN THE PUBLIC INTEREST

Strategic Objective: Foster the Increased Availability of Spectrum

Policy Initiative	FY 99 Performance	FY 2000 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ New services	New FY 00 Goal	The FCC completed Report and Orders allocating additional spectrum for fixed mobile and public safety services.	✓ Initiate 3G allocations.	✓ Implement 3G allocation and service rules.	Performance will be measured by new mobile, fixed, and broadcast services.
✓ Spectrum Auctions.	No Congressionally mandated auctions in FY 99	Conducted auction of 6MHz in 700 MHz band	✓ Conduct all Congressionally mandated and other auctions necessary to make spectrum available consistent with the FCC's spectrum management goals.	✓ Conduct all Congressionally mandated and other auctions necessary to make spectrum available consistent with the FCC's spectrum management goals.	Performance will be measured by the number of auctions conducted by Congressionally scheduled dates.

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AGENCY-WIDE PERFORMANCE IMPROVEMENT INITIATIVES

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

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

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PERFORMANCE IMPROVEMENT INITIATIVES

Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE AND RESPONSIVE AGENCY

Strategic Objective: Reorganize to Create an Agency Infrastructure Conducive to Convergence

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
✓ Reorganize for Convergence	Completed all actions required to implement major reorganization, which established an Enforcement & Consumer Information Bureau, consolidating those functions. Actual implementation was scheduled for early FY 00.	A licensing task force reviewed options for streamlining the licensing process and provided recommendations to the Chairman in March 2000.	✓ Implement phase 2 of reorganization (prototype bureau). ✓ Develop plan for phase 3 of reorganization (restructuring of each bureau)	✓ Reevaluate restructuring initiatives.	Performance will be determined by whether planned phases are completed on schedule. Results will also be measured by feedback obtained at regularly scheduled public forums.

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PERFORMANCE IMPROVEMENT INITIATIVES

Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY

Strategic Objective: Improve the FCC's Technical and Economical Expertise

Policy Initiative	FY 99 Performance	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Increase training opportunities for employees in substantive areas and team-based project management. 	New FY 00 goal.	Established a Digital Age Steering Committee and Training Group to address issues of continuing education. New training schedule developed in 10/00.	<ul style="list-style-type: none"> ✓ Establish two legal, technical and managerial training modules. 	<ul style="list-style-type: none"> ✓ Establish one additional legal, technical and managerial training module. 	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.
<ul style="list-style-type: none"> ✓ Recruit high-quality staff knowledgeable about the communications market place. Strengthen technical capabilities by hiring more engineers/technologists and re-establishing entry-level engineering training program. 	New FY 00 goal.	FCC exceeded 5% goal by hiring 15 engineers, including 5 entry-level engineers.	<ul style="list-style-type: none"> ✓ Increase engineering staff by 5% over FY 99. Continue entry-level engineering program. 	<ul style="list-style-type: none"> ✓ Increase engineering and technology staff by 10% over FY 99. 	Performance will be measured by an analysis of the number of entry-level engineers recruited. Baseline data is available for comparison.
<ul style="list-style-type: none"> ✓ Pursue a number of alternative work schedules to attract and retain skilled employees. 	New FY 00 goal	15% of FCC staff telecommuting by end of FY 2000. Flexible work schedules available to all FCC employees.	<ul style="list-style-type: none"> ✓ Implement at least 2 alternative work schedules: ✓ Telecommuting ✓ Job-sharing ✓ Flexible work schedules 	<ul style="list-style-type: none"> ✓ Identify additional options to attract, reward, and retain skilled employees. 	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.

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GOVERNMENT - WIDE PERFORMANCE – BASED MANAGEMENT INITIATIVES

Strategic Goal A: CREATE A MORE EFFICIENT, EFFECTIVE, AND RESPONSIVE AGENCY

Strategic Objective: Preserve and Increase the Wealth of Knowledge and Expertise of FCC Staff

Policy Initiative	FY 00 Performance	FY 2001 Goal	FY 2002 Goal	Performance Measurement
<ul style="list-style-type: none"> ✓ Implement improved financial collections systems. 	Complete systems requirements and initiate a rulemaking to implement an FCC registration system.	<ul style="list-style-type: none"> ✓ Complete rulemaking and implement registration system in time for annual regulatory fee collection cycle. 	<ul style="list-style-type: none"> ✓ Begin replacement of “publish and pay” system with the direct billing of licenses. ✓ 25% of all licensees billed for regulatory fees. ✓ Modify collections system to allow for payment of fees for multiple licenses in a single transaction. 	Measurement will be made by comparing the total number of fee collections with the number of fees billed to licenses.
<ul style="list-style-type: none"> ✓ Implement improved E-Commerce procedures. 	Several solicitations posted at our website.	<ul style="list-style-type: none"> ✓ Complete review of e-commerce options in procurement. Prepare comprehensive plan for implementation 	<ul style="list-style-type: none"> ✓ Permit licenses to pay fees via the Internet. ✓ 15% of regulatory fees paid online. ✓ Make all FCC competitive solicitations available online at www.FedBizOpps.gov. 	Performance Measurement will be whether the single payment system was successfully implemented.
<ul style="list-style-type: none"> ✓ Implement performance – based contracting 	FCC currently has 9 performance – based contracts in place.	<ul style="list-style-type: none"> ✓ Conduct review to identify additional contracts with performance – based applications. 	<ul style="list-style-type: none"> ✓ Increase current number of performance – based contracts in excess of \$25k by 20% 	Performance measurement will be a comparison between the total number of fee payments and the total number of online payments.
<ul style="list-style-type: none"> ✓ A-76 Competitions/Fair Act Inventories 			<ul style="list-style-type: none"> ✓ Conduct a cost comparison of FTEs based on the FY2000 Fair Act Inventory 	Performance measurement will be an evaluation of the number of competitive solicitations published online.
				Performance measurement will be whether additional performance – based contracts were let
				Initial performance measurement will be whether the cost comparison was completed.

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Public Outreach

In March and May of 1999, the FCC Chairman and Commissioners testified before our Congressional oversight committees. As the time of their testimony, the FCC 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 homepage 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.

In March 2000 we compiled our "Report Card on Implementation," that tracked our progress on the major policy initiatives included in our Strategic Plan. The report card was completed one year after our initial report to Congress and six months after transmittal of the plan. The report card is available for review and input at our Internet homepage (<http://www.fcc.gov>).

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External Factors

A number of external factors will affect our ability to promote 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. Based on developments to date and current forecasts, this is an aggressive, but not unrealistic goal. 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.

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

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

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Cross-Cutting Functions

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

As we coordinate our efforts with other federal agencies, we must also seek the input of state and local government to achieve a truly national telecommunications policy. The 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.

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, wireless, the local telephony markets, and advanced television services. These reports track the growth of competition in these four 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 2000, GAO was reviewing our actions in the following areas: the Schools and Libraries Corporation, Incumbent Carrier Performance, DBS and Cable TV Pricing, and the Status of Competition in the Market for Internet Services. 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. The last biennial review was completed in Fiscal Year 2000.

INTRODUCTION

The Federal Communications Commission's primary mission is to promote competition, innovation, and deregulation in the communications industry and the availability of high quality communication services to all Americans.

The U.S communications markets will be characterized predominately by competition and innovation over the next 5 years that will greatly reduce the need for direct regulation and increase the need for the FCC to maintain an independent technical engineering and economic expertise. 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 new FCC must be an organization with (1) a clear substantive policy vision, consistent with various communications statutes and rules, that guides deliberations, (2) a pointed emphasis on management that builds a strong team, produces a cohesive and efficient operation, and leads to clear and timely decisions, (3) an extensive training and development program to ensure that the FCC possesses independent technical and economic expertise, and (4) an organizational structure which complements the dynamic and converging marketplace.

It is critical that the FCC go beyond the transition initiated in FY 2000 and move quickly to achieve the goals expressed in our strategic plan. Our FY 2002 budget request addresses the funding to begin the transition to a new, more efficient, effective, and responsive agency.

FCC Goals and Objectives

The Commission, under Chairman Powell, will set the following goals and objectives to retool and redirect the FCC to assist industry in it's transition to a vigorously competitive communications market:

Create a More Efficient, Effective, and Responsive Agency

- * Streamline Agency's Processes and Procedures
- * Automate Agency Processes
- * Reorganize to Create an Agency Infrastructure Conducive to Convergence.
- * Provide Improved Access to all Agency Information
- * Preserve and Increase the Wealth of Knowledge and Expertise of FCC Staff.

Promote Competition In All Communications Markets.

- * Eliminate Barriers to Entry in Domestic Markets.
- * Deregulate where appropriate to Promote Competition.
- * 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.

- * Promote Access for all Americans to Communications Services.
- * Promote Consumer Education and Information.

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

- * Promote More Efficient Use of Spectrum.
- * Manage the Amount of Spectrum Available for Use.
- * Foster the Increased Availability of Spectrum

These goals and objectives will guide the FCC's agenda in FY 2002 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 Americans to 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 the first results 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 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 and to do so with less rulemaking but instead use interagency task forces, advisory committees and state, local and regional consortia to accomplish the goals. We will vigorously review our rules and our spectrum allocation policies to ensure that our rules, regulations and activities do not deter the development of emerging technologies.

Enforcement and Consumer Access - Vigorous enforcement is a fundamental prerequisite for competitive markets and expeditious dispute resolution remain vital but are most effective when enforced fully and fairly. 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 will continue to promote universal service and other public interest policies to further the goal of ensuring all Americans have access to telecommunications tools.

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 new, emerging, advanced technology that will increase the amount of information that can be transmitted a given

amount of bandwidth. To meet these challenges, the Commission must constantly strive to improve the way it both allocates and assigns spectrum.

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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. The FCC will complete consolidation efforts to improve the efficiency and effectiveness of all Commission operations. Increased convergence and efficiency will require the FCC to streamline its licensing activities, accelerate the decision making process, and allow the public faster and easier access to information and maintain an expert knowledge of technical developments. The FCC will be a "one-stop, digital shop" where form-filing and document-location are easy and instantaneous.

The FCC's 2002 Budget

In order to accomplish this agenda, we estimate that the FCC will require a **FY 2002 budget of \$248,545,000 and 1,975 full-time equivalents (FTEs)**. These numbers reflect a **total increase of \$18,611,000** or approximately 8 percent over the FY 2001 Appropriation. Uncontrollable cost increases to fund proposed government-wide pay raises, and other **inflationary increases** constitute **41 percent of the total requested increase in funds**. Programmatic increases to accomplish the Commission's comprehensive **information technology strategic plan initiatives** comprise the remaining **59 percent** of the requested increases for FY 2002.

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 General Fund of Treasury. Since FY 1994, the fee offset to our appropriation has increased from 37% in the initial year of implementation to approximately 89% in FY 2000. Regulatory fees will offset 87% of our FY 2001 appropriation and 88% of our FY 2002 proposal included in this document.

OVERVIEW OF REQUEST

The Federal Communications Commission (FCC) proposes an FY 2002 appropriation of **\$248,545,000** and 1,975 Full Time Equivalents (FTEs) .

The Commission will use the FY 2002 funds to carry out its mission to promote competition in communications, protect and educate consumers, and support availability access for every American to existing and advanced communications services. The goals and objectives of the Commission during this time are to create a more efficient, effective, and responsive agency for the digital age, encourage competition in all communications markets, ensure 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 2002 funding increase will provide for uncontrollable and inflationary cost increases to personnel and non-personnel operating costs, including rents, contract services, etc. In addition, the increased funding will support information technology initiatives to allow the FCC to be more responsive to the industries we regulate as well as develop comprehensive information management systems. Funds are included to maintain and expand the capabilities of electronic filing systems and allow the Commission to implement mandatory requirements in FY 2002.

The Commission is requesting **\$10,997,000 for initiatives** which we believe are critical to the Commission if we are to achieve the mandates of the Communications Act and transform the agency to deal effectively with the industry we serve.. An additional **\$7,614,000 is for uncontrollable cost increases** for salaries and benefits, and inflationary cost increases for space rent, supplies, printing, postage and other contract services.

We have requested resources to **support effectively** the Commission's comprehensive **information technology initiatives**, including critical improvements to existing systems to ensure compliance with government-wide standards pertaining to system security, accessibility and financial management in an effort to accomplish our strategic goal of creating a more efficient, effective and responsive agency, with (1) a clear policy vision consistent with various communications statutes and rules, that guides deliberations, (2) a pointed emphasis on management that builds a strong team, producing a cohesive and efficient operation, that leads to clear and timely decisions, (3) an extensive training and development program to ensure that the FCC possesses independent technical and economic expertise; and (4) an organizational structure to align the agency with the realities of a dynamic and converging marketplace.

The Commission's limited resources will be utilized to administer communications policy which encourages competition and 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 encourage marketplace competition, protect consumers and safeguard the public interest. In FY 2002, we will be able to accomplish these fundamental and critical functions if this funding request is approved.

The Commission's discretionary funds continue to be very limited. Currently 71% of the FY 2001 appropriation is earmarked to pay the salaries and benefits of our employees. Additionally, 27% will be spent for totally non-discretionary expenses such as space rent, telephones, mail and utilities, etc. The remaining funds (2%) will enable the agency to meet only minimum

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requirements needed to continue efforts to streamline Commission operations, enhance technical and economic expertise and provide funds for resolution of ongoing issues such as enforcement of cramming/slamming, universal service, spectrum management, etc.

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

In order to develop our request for FY 2002, we assumed a base funding level or Budget Authority of \$229,934,000, which is the amount appropriated for FY 2001 for the Commission less a rescission of \$65,679 enacted subsequent to the appropriation. This amount represents \$29,788,000 in net direct budget authority assuming we collect \$200,146,000 in offsetting collections from regulatory fees.

In FY 2002 it is anticipated that FCC's uncontrollable cost increases, will total \$7,614,000. These uncontrollable costs include 25% of the FY 2001 pay raise (3.7%) to be annualized in FY 2002, as well as a projected FY 2002 locality and pay raise totaling 3.6%. 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 **\$237,548,000** for FY 2002. 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 continue to transition from an industry regulator to a market facilitator.

In addition to funds required to maintain this current services level, we have requested **\$10,997,000 in programmatic funds**. This **modest 4.8% 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 2002 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
FY 2001 Appropriation ^{1/}	\$ 229,934	1,975
o Direct \$29,788, as adjusted for rescission		
o Regulatory Fees \$200,146		
FY 2002 Uncontrollable Cost Increases:		
o Compensation/Benefits Cost Increases	\$ 6,000	
o Uncontrollable Inflationary Cost Increases	\$ 1,614	
FY 2002 Programmatic Increases to Support Strategic Goals:		
o Create a More Efficient, Effective and Responsive Agency		
- Application System Maintenance and Development	\$ 4,300	
- Internet and Network Support	\$ 4,000	
- Desktop Computer Support	\$ 2,697	
FY 2002 Total Request ^{1/}	\$248,545	1,975
o Direct \$29,788		
o Regulatory Fees \$218,757		

Table 1: Summary of FY 2002 Budget Request

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

FY 2002 UNCONTROLLABLE COST INCREASES

FY 2002 Uncontrollable Cost Increases

The Commission is requesting \$7,614,000 in funding increases to provide for inflationary and uncontrollable costs in FY 2002. These pay and inflationary costs increases have been based on assumptions contained in the economic assumptions included in the President's FY 2002 Budget Request. The costs have been identified as follows:

- **Personnel Compensation and Benefits (\$6,000,000):**
Provides funds to cover the cost of the FY 2002 payraise and locality pay (3.6%) for 75% of the fiscal year, funds to annualize 25% of the FY 2001 payraise and locality pay increases (3.7%). Benefits payments to OPM are also included.
- **Travel and Transportation of Persons and Things (\$27,000):**
Provides funds to cover inflationary increases (2.5%) to domestic and international travel and transportation costs.
- **GSA Rent(\$772,000):**
Provides funds to cover the increase in rental costs and operating fees to GSA for office space in FY 2002 at the Portals Complex as well as increased cost of field office space.
- **Rent, Communications and Utilities (\$186,000):**
Provides funds for inflationary increases (2.5%) to non-GSA space rent, utilities and cleaning services, departmental and FTS telephone services, postage fees, and miscellaneous equipment rentals.
- **Other Contractual Services (\$549,000):**
Provides funds for inflationary increases (2.5%) to federal and non-federal contract services, security, training, health services, maintenance of vehicles, repair of ADP and office equipment, repair of interior space, maintenance of software, and ADP data acquisitions.
- **Printing and Reproduction/Supplies and Materials (\$80,000):**
Provides 2.5% inflationary cost increases for printing, binding, photocomposition services, energy related supplies, departmental, technical and ADP supplies, and subscriptions.

PROGRAM REQUIREMENTS

Information Technology Program Requirements (\$10,997,000): As the FCC continues its transition from a telecommunications regulator to a market facilitator, the Commission requires additional funding to carry out the goals and objectives of its strategic plan to create a new FCC in the new millennium. To reach these stated goals, continued investment to support the existing information technology infrastructure is paramount to allow us to continue to accept and provide information to the public electronically.

For FY 2002 the Commission is requesting \$10,997,000 for critical Information Technology (IT) requirements and initiatives. This funding will provide for continued support and critical improvements for existing systems, and to ensure compliance with government-wide standards pertaining to system security, accessibility and financial management (see Table 2). The funding will impact all five key FCC activities: licensing, competition, enforcement, consumer information, and spectrum management. A narrative follows on how these information technology requests support one of the key goals contained in the Commission's strategic plan.

Create a More Efficient, Effective and Responsive Agency

Application System Maintenance and Development (\$4,300,000): By the end of FY 2000, the Commission had completed more than 15 new or significantly revised electronic filing and support systems that sustain increased usage of our licensing systems and related 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 the public. We are requesting \$3,030,000 for critical refreshments to 12 mission critical systems. These include mandatory adjustments of systems in our International, Cable Services, Mass Media and Consumer Information

Bureaus, as well as for our Office of Engineering and Technology's electronic filing systems.

We are also requesting \$1,000,000 to implement mandatory requirements emanating from the 1998 amendments to the Rehabilitation Act which requires every federal agency to provide workplace accommodations for the disabled. Additionally, \$270,000 is required to implement an improved asset/property management inventory system. The agency's first financial audit revealed deficiencies in our information technology hardware/software inventory process. Funding will be used to design and implement a system to improve our data collection processes.

Internet, Telecommunications, Network Support, and Security (\$4,000,000): Just as we provide for "one-stop shopping" for our licensing activities, we have made our public web site more accessible to the public. In FY 2000, www.fcc.gov received more than 320 million "hits" (averaging 700,000 per day) making the FCC one of the most visited government online sites. To continue this level of support, we require upgrades to our network and telecommunications infrastructure hardware and software. We must replace many of our aging application and database servers, routers, and switches, which are currently older than their recommended life span and can be quite costly to maintain. This level of activity places a heavy demand not only on the internet site but also on our internal network and telecommunications capabilities which requires additional contract staff to support and maintain. The requested funding also includes \$331,000 which is needed to ensure that all FCC major information system's fully meet federal government security requirements as required by OMB Circular A-130. This involves required security reviews as well as training.

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Desktop Computer Support (\$2,697,000): In FY 2002, the Commission will strive to catch up on its lifecycle replacement program of its desktop computers and peripherals, and will be upgrading the desktop office automation suite and operating system. The lifecycle replacement timeframes are consistent with industry accepted practices and will ensure that the Commission's information technology systems continue to function in a reliable manner to meet the agency's mission. The lifecycle replacement program also enables the Commission to spread the significant expense of component upgrading over a three- to five-year period. The FY 2002 request includes funding for equipment originally scheduled (but not funded) for replacement in FYs 2000 and 2001. In some cases, the age of the system or components makes it impractical or cost prohibitive to continue maintenance.

FY 2002 Information Technology Requirements	(\$000)
<i>Application System Maintenance and Development</i>	\$4,300
Mission Critical Systems Refreshment (\$3,030)	
Accessibility (\$1,000)	
Asset/Inventory Management (\$270)	
<i>Internet, Telecommunications, Network Support, and Security</i>	\$4,000
<i>Desktop Computer Support</i>	\$2,697
Total IT Requested Increase:	\$10,997

Table 2: FY 2002 Funding Request by IT Initiatives

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 August 2, 2000, a report and order was adopted which increased the processing fees to reflect these CPI changes. This was the first increase since May 18, 1998. The schedule will be adjusted for CPI changes again in FY 2002. Application Processing Fee Collections are summarized by Fiscal Year in Table 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 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 the current holder of the license as of a specific date and to other entities (e.g., cable television systems) which benefit from Commission regulatory activities not directly associated with its licensing or applications processing functions.

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

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

The Commission implemented the Regulatory Fee collection program by rulemaking on July 18, 1994. The most recent fee schedule became effective on September 11, 2000, pursuant to an order adopted by the Commission on June 30, 2000, and released July 10, 2000, and published in the Federal Register July 18, 2000 (FR 44575). The FCC collected a total of \$187.3 million in regulatory fees for FY 2000. This amount exceeded the \$185.8 million cited in our FY 2000 appropriation language by \$1.5 million. These excess funds were deposited in Treasury and are available for obligation in FY 2001 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. The remaining balance \$1.2 million of regulatory fees in FY 1998 available for use, has been carried forward into FY 2001, and combined with. FY 1999 fee collections of \$4.6 million in excess of the required level, available but not obligated. FY 2000 fee collections exceeded amounts cited in the Appropriations Language by \$1.5 million. These excess funds were carried into FY 2001 and became available for obligation on October 1, 2000. The combined total of all prior year carryover regulatory fee funds is \$7.3 million.

The FY 2001 Appropriation Language, authorizes the Commission to increase the fee schedule for regulatory fees so as to collect \$200.1 million in offsetting collections to be credited to the FCC Appropriation in FY 2001. The FY 2002 request assumes an additional increase for regulatory fees to a level of \$218.8 million. The increase to regulatory fees will fund inflationary increases and uncontrollable costs as well as 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.

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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 (Actual)	\$187.3
2001 (Estimate) ¹	\$200.1
2002 (Estimate) ²	\$218.8

Table 4: Regulatory Fee Collections

- 1. FY 2001 reflects the level contained in the appropriation language for FY 2001.**
- 2. Reflects the Regulatory Fee Schedule proposed for FY 2002.**

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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)	\$26.5
2000 (Actual)	\$27.5
2001 (Estimate)	\$28.0
2002 (Estimate)	\$28.0

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 the first quarter FY 2001, the Commission had completed 31 auctions. Between July, 1994 and February, 2001 actual and expected receipts from this program have exceeded \$31 billion including \$14.4 billion deposited in the General Fund of Treasury and \$16.8 billion expected from Auction #35. 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. These funds cover the personnel and administrative costs required to plan and execute spectrum auctions; operational costs to manage installment payments, loan processing, and collections activities; the costs of bankruptcy litigation; development, implementation, and maintenance of the Universal Licensing System (ULS); and development of a combinatorial bidding system. This budget submission assumes the Auctions program will continue to recover the costs of conducting all auctions activities from spectrum license receipts, as the FCC

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

The Balanced Budget Act of 1997, P.L. 105-33, required that the Commission 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 FY 1999 Auctions Report was provided to the appropriate committees on July 27, 2000. The information provided in that report was summarized in the FY 1999 Annual Report.

FEDERAL COMMUNICATIONS COMMISSION

FY 2002 Budget Estimates to Congress

FY 2002 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, [\$230,000,000] \$248,545,000, of which not to exceed \$300,000 shall remain available until September 30, [2002] 2003, for research and policy studies: Provided, That [\$200,146,000] \$218,757,000 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 [2001] 2002 so as to result in a final fiscal year [2001] 2002 appropriation estimated at [\$29,854,000] \$29,788,000: Provided further, That any offsetting collections received in excess of [\$200,146,000] \$218,757,000 in fiscal year [2001] 2002 shall remain available until expended, but shall not be available for obligation until October 1, [2001] 2002. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2001, as enacted by section 1(a)(2) of P.L. 106-553.

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FY 2002 Budget Estimates to Congress

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

Analog Spectrum Lease Fee:

Explanation of proposed legislation:

The Administration will propose legislation authorizing the FCC to establish a lease fee on the use of analog spectrum by Commercial television broadcasters. The FCC will promulgate a rulemaking to apportion the aggregate fee amount among broadcasters. Upon return of its analog spectrum license to the FCC, an individual broadcaster is exempt from the fee. The FCC will be authorized to recover up to \$2 million from the fee collections in 2002 in order to cover the costs of developing and implementing the fee program.

Spectrum Auction Proposal:

Explanation of proposed legislation:

The Administration will propose legislation regarding the auction of spectrum currently assigned to television channels 60-69 (747-762 and 777-792 MHz) and 52-59 (698-746 MHz). The legislation will: promote clearing the spectrum in channels 60-69 for new wireless services in a manner that ensures incumbent broadcasters are fairly compensated; shift the statutory deadline for the 60-69 (700 MHz) auction from 2000 to 2004; and shift the statutory deadline for the auction of channels 52-59 from 2002 to 2006.

**FY 2002 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)**

	<u>FTEs</u>	<u>\$ AMOUNT</u>
<u>Summary of adjustments to base and built-in changes:</u>		
FY 2002 Base Funding Level Assumes the FY 2001 Appropriation level Subsequent to rescission	1,975 1/	\$ 229,934
<hr/>		
<u>Uncontrollable and Inflationary Increases to base required for support of agency initiatives:</u>		
1. <u>Compensation and Benefits</u>		
a. FY 2001 Annualized Pay Raise/ Locality Pay Adjustments @3.7% (25% of Fiscal Year)		\$ 1,539
b. FY 2002 Pay Raise and Locality Pay Adjustment (3.6%) (75% of Fiscal Year)		\$ 4,461
2. <u>Non-Salary</u>		
a. FY 2002 amount required for inflationary increases to cover non-GSA Rent/Mail/ADP production support and maintenance/misc.		\$ 842
b. FY 2002 Increases for GSA office space and fees for headquarters and field		\$ <u>772</u>
Subtotal Uncontrollable and Inflationary Increases:		\$ 7,614

1/ No increase to FTEs has been requested for FY 2002.

**FY 2002 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)**

	<u>FTEs</u>	<u>\$ AMOUNT</u>
<u>Programmatic Increases to the Base:</u>		
(Requested funding increases to support the Commission's goals, objectives and initiatives)		
1. <u>Create a more Efficient, Effective and Responsive Agency</u>		
- Automate Agency Processes		
o Application System Maintenance and Development		\$ 4,300
o Internet, Telecommunications, Network Support and Security		\$ 4,000
o Desktop Computer Support		\$ 2,697
Subtotal Goal 1:		\$ 10,997
Subtotal Programmatic Increases:		\$ 10,997
<hr/>		
Total Requested Increase to Base:		\$ 18,611
<hr/>		
Total FY 2002 Commission Request:	1,975 1/	\$ 248,545

1/ No increase to FTEs has been requested for FY 2002.

**FY 2002 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Proposed Budget Authority
[Dollars in Thousands]**

	FY 2001			FY 2002			Requested Changes	
	FTEs	1/	\$ B/A	FTEs	1/	\$ B/A	FTEs	\$ B/A
Direct Appropriation	1,975		\$29,788 2/	1,975		\$29,788	--	\$0
Budget Authority to use								
Offsetting Collections:								
Regulatory Fees			200,146			218,757		\$18,611
Subtotal Appropriated B/A			\$229,934			\$248,545		\$18,611
Other Budget Authority:								
Y2K Supplemental			0 3/			0		
Authority to spend								
Other Offsetting Collections:								
1) Reg. Fees (Sec. 9) Carryover			7,362 4/					
2) Economy Act/Misc. Other Reimbursables			1,100			1,100		
3) Auction Cost Recovery Reimbursements			64,007			58,828		
4) Gift and Bequest			100					
Total Gross Budget Authority			\$302,503			\$308,473		

1/ The FY 2000/2001 FTE totals of 1,975 reflect FTEs as presented in the President's Budget. No increase to FTEs has been requested for FY 2002.

2/ Subsequent to rescission of \$65,679

3/ The FY 2001 Y2k balance of \$1,901 will be returned to Treasury and is not available for obligation in FY 2001.

4/ The Obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2002 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

**FY 2002 Budget Estimates to Congress
ORGANIZATIONAL TABLE**

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

	<u>Actual FY2000 FTE</u>	<u>Estimate FY2001 FTE</u>	<u>Proposed FY2002 FTE</u>	<u>Proposed Change +/-</u>
Office of the Commissioners	38	42	42	0
Cable Services Bureau	97	92	87	-5
Common Carrier Bureau	261	276	269	-7
Consumer Information Bureau.....	159	222	222	0
Enforcement Bureau	285	361	361	0
International Bureau	129	119	121	2
Mass Media Bureau	215	171	167	-4
Wireless Telecommunications Bureau.....	305	258	253	-5
Office of Administrative Law Judges	6	9	9	0
Office of Commun. Business Opportunities.....	9	9	9	0
Office of Engineering & Technology	88	80	99	19
Office of the General Counsel	69	67	67	0
Office of Inspector General	9	8	8	0
Office of Legislative & Intergovernmental Affairs ..	14	16	16	0
Office of the Managing Director	212	207	207	0
Office of Media Relations	14	14	14	0
Office of Plans & Policy	17	19	19	0
Office of Workplace Diversity	6	5	5	0
Commission FTE Totals	1,933	1,975	1,975 1/	0

1/ No increase to FTEs will be requested in FY 2002.

FY 2002 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 2000 FTE	Estimate FY 2001 FTE	Estimate FY 2002 FTE	Proposed Change (-/+)	
Mass Media	170	155	149	-6	
Common Carrier	0	0	0	0	
Wireless Telecommunications	147	139	131	-8	
Engineering & Technology	21	20	20	0	
Cable Services	8	8	6	-2	
International	56	48	44	-4	
Total FTEs – Licensing	402	370	350	-20	

FY 2002 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

COMPETITION ACTIVITY				
This activity includes formal inquiries and rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards. Includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with activities to promote competition in the public interest.				
	Actual FY 2000 FTE	Estimate FY 2001 FTE	Estimate FY 2001 FTE	Proposed Change (+/-)
Mass Media	63	60	58	-2
Common Carrier	247	245	238	-7
Wireless Telecommunications	155	149	146	-3
Engineering & Technology	12	10	10	0
Cable Services	33	31	28	-3
International	15	12	12	0
Enforcement	3	3	3	0
Total FTEs – Competition	528	510	495	-15

FY 2002 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

ENFORCEMENT ACTIVITY				
<p>This activity includes enforcement of the Communications Act and the Commission's rules, regulations and authorizations, including investigations, inspections, compliance monitoring and sanctions of all types. Also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs, and the review, prescription and audit of carrier accounting practices. It includes direct organizational FTE and FTE workyear effort provided by staff offices to support policy direction, program development, legal services, and executive direction, as well as support services associated with enforcement activities.</p>				
	Actual FY 2000 FTE	Estimate FY 2001 FTE	Estimate FY 2002 FTE	Proposed Change (+/-)
Mass Media	47	47	47	0
Common Carrier	66	73	73	0
Wireless Telecommunications	23	23	23	0
Engineering & Technology	3	3	3	0
Cable Services	72	74	74	0
International	2	2	2	0
Enforcement	386	436	436	0
Total FTEs - Enforcement	599	658	658	0

FY 2002 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 2000 FTE	Estimate FY 2001 FTE	Estimate FY 2002 FTE	Proposed Change (+/-)
Mass Media	12	12	12	0
Common Carrier	0	0	0	0
Wireless Telecommunications	6	6	6	0
Engineering & Technology	6	6	6	0
Cable Services	15	15	15	0
International	1	2	2	0
Consumer Information	196	224	224	0
Total FTEs – Consumer Info. Services	236	265	265	0

FY 2002 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

SPECTRUM MANAGEMENT ACTIVITY				
<p>This activity includes management of our Nation's airwaves as mandated by the Communications Act of 1934 as amended. Spectrum management includes the structure and processes for allocating, assigning, and licensing this scarce resource in a way that promotes competition while ensuring that the public interest is served. In order to manage spectrum in both an efficient and equitable manner, the Commission employs market-based technical solutions to maximize use of the spectrum. The FCC coordinates the management of the private sector radio spectrum with other federal agencies also involved in spectrum management issues. The FCC also represents U.S. communications interests in coordination with the State Department in international fora and advocates U.S. positions abroad. 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 2000 FTE	Estimate FY 2001 FTE	Estimate FY 2002 FTE	Proposed Change (+/-)
Mass Media	6	6	10	4
Common Carrier	0	0	0	0
Wireless Telecommunications	17	17	23	6
Engineering & Technology	58	60	79	19
Cable Services	0	0	0	0
International	87	89	95	6
Consumer Information	0	0	0	0
Total FTEs – Spectrum Management	168	172	207	35

FY 2002 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 2000 FTE	Estimate FY 2001 FTE	Estimate FY 2002 FTE	Proposed Change (+/-)
Mass Media	298	280	276	-4
Common Carrier	313	318	311	-7
Wireless Telecommunications	348	334	329	-5
Engineering & Technology	100	99	118	19
Cable Services	123	128	123	-5
International	161	153	155	2
Enforcement	389	439	439	0
Consumer Information	196	224	224	0
Commission FTE Totals	1,933	1,975	1,975 1/	0 2/

1/ No increase to FTEs will be requested in FY 2002.

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

FY 2002 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

The Federal Communications Commission's budget estimates for Fiscal Year 2002 are summarized below:

DISTRIBUTION OF BUDGET AUTHORITY:	FY-2000 <u>Actual BA</u>	FY-2001 <u>Actual BA</u>	FY-2002 <u>Request BA</u>	Change to Appropriated Budget Authority
Direct Appropriation:				
Current: (P.L. 106-113; P.L. 106-553)	\$24,246	\$29,854 4/	\$29,788	- - 4/
Authority to Spend Offsetting Collections:				
Regulatory Fees	185,754	200,146	218,757	18,611 6/
Appropriation Total (Prior to Rescission/Lapse):	\$210,000	\$230,000	\$248,545	\$18,611
Rescission: (P.L. 106-113; P.L. 106-554)	(91)	(66)	--	--
Lapsed year end	(4)	--	--	--
Y2K Supplemental:	\$4,289 1/	-- 1/	--	--
Unobligated balance transferred to other accounts Y2K	(1,901)			
Authority to spend				
Other Offsetting Collections:				
1) No-year Carryover Funds (Prior year)	18,325 2/	13,843 5/	--	--
2) Economy Act/Misc.Other	1,100	1,100	1,100	--
3) Auctions Cost Recovery/ Reimbursements (P.L. 104-104) ...	45,407	57,526	58,828	--
4) Gift and Bequest	--	100	--	--
Subtotal Other Offsetting Collections:	\$64,832	\$72,569	\$59,928	--
Unobligated Offsetting Collections (EOY)				
Available to be carried forward.		TBD	TBD	--
RegFees (Sec 9) carryover (Cumulative)	(5,862) 3/	--	--	--
Auctions carryover	(6,481) 3/	--	--	--
Lapsed or unutilized BA	(166)	--	--	--
Total Budget Authority -				
Available to incur obligations:	\$279,121	\$302,569	\$308,473	--
Obligated as of EOFY 2000:	\$264,616	TBD	TBD	

1/ \$4,289,000 in supplemental Y2K funding was carried forward from FY 1999 to FY 2000. \$2,388,000 was obligated in FY 2000, the balance of \$1,901,000 will be returned to Treasury and is not available for obligation in FY 2001.

2/ Includes \$12,463,000 in carryover Auctions operating funds (XA) and \$5,862,000 in carryover regulatory fees (XR).

3/ Includes \$5,432,000 in Auctions Fund 54 and \$1,049,000 in Auctions Fund XA carryover funds not obligated in FY 2000 and \$5,862,000 in prior year carryover regulatory fees not obligated in FY 2000.

4/ FY 2001 direct BA less rescinded amount of \$65,679 equals FY 2002 requested BA.

5/ Includes \$5,432,000 in Auctions Fund 54 and \$1,049,000 in Auctions Fund XA not obligated in FY 2000 carried over into FY 2001; \$5,862,000 prior year carryover regulatory fees not obligated in FY 2000; and \$1,500,000 in FY 2000 regulatory fee collections not available in FY 2000 carried over into FY 2001. Regulatory carryover fees must be authorized for use by Appropriation Subcommittee prior to actual obligation.

6/ Fixed Costs including \$7,614,000 for pay and non-pay costs and \$10,997,000 for program requirements.

FY 2002 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-2000</u> <u>Actual</u>	<u>FY-2001</u> <u>Estimate</u>	<u>FY-2002</u> <u>Request</u>	<u>Change to</u> <u>Appropriated</u> <u>Obligations</u>
Direct Appropriation:				
Personnel Compensation	\$14,384	\$17,385	\$17,385	\$0
Personnel Benefits	3,126	3,799	3,799	0
Benefits to Former Employees	4	9	9	0
Other Obligations	6,637	8,595	8,595	0
Sum - Direct Obligations	24,151	29,788	29,788	0
Offsetting Collections - Obligations:				
Regulatory Fees	185,754	200,146	218,757	18,611
<hr/>				
Subtotal - Obligations from Appropriated Funds:				
Direct Appropriation (Less Rescission/Lapsed):	\$209,905 1/	\$229,934 1/	\$248,545	\$18,611 6/
 Y2K Supplemental:	 2,388	 -- 2/	 --	 --
Obligations - Other Offsetting Collections				
1) No-year Carryover Funds (Prior year)	11,413 3/	13,843 5/	--	--
2) Economy Act/Misc.Other	952	1,100	1,100	--
3) Auctions Cost Recovery/ Reimbursements (P.L. 104-104)	39,958 4/	57,526	58,828	--
4) Gift and Bequest		100		
Subtotal - Obligations from Other Offsetting Collections	\$52,323	\$72,569	\$59,928	--
<hr/>				
TOTAL OBLIGATIONS	\$264,616	\$302,503	\$308,473	--
TOTAL OUTLAYS	\$270,476	\$300,615	\$319,685	--
(Includes Direct & All Offsetting Collections)				

1/ FY 2000: \$91,000 was rescinded in P.L. 106-113; \$4,000 lapsed at year end. FY 2001: \$65,679 was rescinded in P.L. 106-554.

2/ \$4,289,000 in supplemental Y2K funding was carried forward from FY 1999 to FY 2000, \$2,388,000 was obligated in FY 2000, the balance of \$1,901,000 will be returned to Treasury and is not available for obligation in FY 2001.

3/ Prior year: Auctions Reimb./XA funds \$11,413,000. \$1,049,000 in unobligated Auctions XA funds and \$5,862,000 in unobligated prior year regulatory fees carried over to FY 2001. (See Footnote 5/)

4/ \$5,432,000 in unobligated Auctions reimbursable funds were carried over to FY 2001. (See Footnote 5/)

5/ Includes \$5,432,000 in Auctions' Fund 54 and \$1,049,000 in Auctions' Fund XA carryover funding not obligated in FY 2000. Also includes \$5,862,000 in cumulative regulatory fee carryover and \$1,500,000 in FY 2000 regulatory fee collections available for obligation in FY 2001. All carryover regulatory fees must be authorized for use by Appropriation Subcommittee prior to actual obligation. The President's Budget assumes that all carryover funding will be obligated prior to year end.

6/ Fixed Costs including \$7,614,000 for pay and non-pay costs; and \$10,997,000 for program requirements.

FY 2002 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

	<u>FY-2000 Actual</u>	<u>FY-2001 Funded</u>	<u>FY-2002 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	198	220	216
Reimbursables	1,727	1,747	1,751
Auctions Credit Program Account	8	8	8
Total FTE Ceiling	1,933	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.

FY 2002 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

SUMMARY

	<u>FY 2000</u> <u>Actual</u>	<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Chg. to Requested</u> <u>Budget Authority</u>
Gross Direct Appropriations including Regulatory Fee Authority:	\$210,000	\$230,000	\$248,545	\$18,545
Rescission (P.L. 106-51, P.L. 106-113)	(91)	(66)	--	66
Lapsed Year-End	(4)	--	--	--
Y2K Supplemental 1/	<u>2,388</u>	<u>--</u>	<u>--</u>	<u>--</u>
Subtotal -- Direct Appropriations as adjusted	\$212,293	\$229,934	\$248,545	\$18,611
No Year Carryover Authority:				
-- Regulatory Fees (Sec. 9) 2/	--	7,362	--	--
-- Auctions Carryover 3/	<u>11,413</u>	<u>6,481</u>	<u>--</u>	<u>--</u>
Subtotal -- No Year Carryover Authority	\$11,413	\$13,843	\$--	\$--
Other Authority:				
-- Auctions Costs Recovery Reimbursable Authority	\$39,958	\$57,526	\$58,828	\$--
-- Government/Other Reimbursable Authority	952	1,100	1,100	--
-- Gift and Bequest	<u>--</u>	<u>100</u>	<u>--</u>	<u>--</u>
Subtotal -- Other Authority	\$40,910	\$58,726	\$59,928	\$--
TOTAL GROSS BUDGET AUTHORITY (Net):	\$264,616	\$302,503	\$308,473	\$18,611

1/ Y2K funds reflect the actual amount for FY 2000. These funds were managed separately from FY 2000 appropriated funds. Y2K funding balance of \$1,901,000 carried forward into FY 2001 will be returned to Treasury and is not available for obligation.

2/ Assumes no carryover into FY 2002 from FY 2001. The obligations associated with carryover regulatory fees reflect presentational data consistent with the President's FY 2002 Budget document and do not reflect any actual obligations in conflict with the will of Congress.

3/ Reflects funds carried forward from FY 2000 into FY 2001 for the Auctions program.

FY 2002 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 2000-2002 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 2000 <u>Actual</u>	Y2K Funding <u>Actual</u>	FY 2001 <u>Estimate</u>	Y2K Funding <u>Estimate</u>	FY 2002 <u>Request</u>	Increase to <u>Direct B.A.</u>
11 Personnel Compensation	\$14,384	\$--	\$17,385	\$--	\$17,385	\$--
12 Personnel Benefits	3,126	--	3,799	--	3,799	--
13 Benefits for Former Personnel	4	--	9	--	9	--
Other Obligations by Object Class						
21 Travel & Transportation of Persons	114	36	154	--	154	--
22 Transportation of Things	13	13	15	--	15	--
23 Rents, Communications, Utilities	3,562	112	4,724	--	4,724	--
24 Printing	165	--	190	--	190	--
25 Other Services	2,361	1,899	3,169	--	3,169	--
26 Supplies & Materials	188	8	212	--	212	--
31 Equipment	230	320	108	--	108	--
32 Land, Buildings, Structures	1	--	13	--	13	--
42 Insurance Claims & Indemnities	3	--	10	--	10	--
Total Direct Authority Obligations	\$24,151 4/	\$2,388	\$29,788 5/	\$-- 6/	\$29,788	\$--

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

5/ Reflects rescission of \$65,679 (P.L. 106-554).

6/ Y2K funding balance of \$1,901,000 carried forward into FY 2001 will be returned to Treasury and is not available for obligation.

FY 2002 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

AUTHORITY TO USE OFFSETTING COLLECTIONS:	FY 2000	FY 2001	FY 2002	Increase to
	<u>Actual</u>	<u>Estimates</u>	<u>Estimate</u>	<u>Offset. Collect.</u>
REGULATORY FEES - CURRENT:				
11 Personnel Compensation	\$110,639	\$116,823	\$121,748	\$4,925
12 Personnel Benefits	24,043	25,525	26,600	1,075
13 Benefits for Former Personnel	33	58	58	--
Other Obligations by Object Class				
21 Travel & Transportation of Persons	878	1,036	1,061	25
22 Transportation of Things	98	97	99	2
23 Rents, Communications, Utilities	27,394	31,736	32,694	958
24 Printing	1,265	1,275	1,312	37
25 Other Services	18,160	21,293	25,273	3,980
26 Supplies & Materials	1,449	1,427	1,470	43
31 Equipment	1,766	724	8,290	7,566
32 Land, Buildings, Structures	7	87	87	--
42 Insurance Claims & Indemnities	<u>22</u>	<u>65</u>	<u>65</u>	<u>--</u>
Total Obligations from Regulatory Fees	\$185,754	\$200,146	\$218,757	\$18,611
Total Obligations from Direct Appropriations	\$209,905 ^{7/}	\$229,934	\$248,545	\$18,611

7/ Does not include \$4,000 in lapsed funds and \$91,000 rescinded under P.L. 106-113.

**FY 2002 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. At the time of this submission, we assumed no carryover into FY 2002.

	FY 2000	FY 2001	FY 2002
	<u>Actual</u>	<u>Estimate</u>	<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	--	1,781	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Regulatory Fees (No-Year)	\$--	\$7,362	\$--

**FY 2002 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 2000 and FY 2001. Potential carryover balances into FY 2002 could not be determined at the time of this submission.

	FY 2000 <u>Actual</u>	FY 2001 <u>Estimate</u>	FY 2002 <u>Estimate</u>
11 Personnel Compensation	\$2,779	\$2,425	\$--
12 Personnel Benefits	444	512	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	21	50	--
22 Transportation of Things	--	--	--
23 Rents, Communications, Utilities	688	434	--
24 Printing	19	36	--
25 Other Services	6,667	2,460	--
26 Supplies & Materials	53	27	--
31 Equipment	742	537	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Auctions Carryover (No-Year)	\$11,413	\$6,481	\$--

**FY 2002 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 2000 and estimated FY 2001 and FY 2002 obligations utilizing auctions costs recovery reimbursable authority (P.L. 104-104).

	FY 2000	FY 2001	FY 2002
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u> 8/
11 Personnel Compensation	\$13,416	\$19,940	\$20,439
12 Personnel Benefits	2,327	3,491	3,578
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	189	297	304
22 Transportation of Things	3	12	12
23 Rents, Communications, Utilities	3,141	3,992	4,092
24 Printing	318	212	217
25 Other Services	15,280	23,797	24,393
26 Supplies & Materials	159	321	329
31 Equipment	5,125	5,464	5,464
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Auctions Costs Recovery Reimbursable Authority 9/	\$39,958	\$57,526	\$58,828

8/ FY 2002 estimates include adjustments for uncontrolled cost increases to address pay raise and inflation at the same level as recommended in the President's Budget for FY 2002.

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

**FY 2002 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 2000 and estimated FY 2001 and FY 2002 obligations.

	FY 2000	FY 2001	FY 2002
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$92	\$100	\$100
12 Personnel Benefits	20	20	20
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	102	130	130
22 Transportation of Things	6	--	--
23 Rents, Communications, Utilities	66	70	70
24 Printing	--	--	--
25 Other Services	277	330	330
26 Supplies & Materials	75	100	100
31 Equipment	307	350	350
32 Land, Buildings, Structures	7	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Govt./Other Reimbursable Authority	\$952	\$1,100	\$1,100

**FY 2002 Budget Estimates to Congress
SUMMARY TABLES**

**FY 2000/2001/2002 BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)**

Y2K APPROPRIATION

-- The following table depicts the actual distribution of obligations made against Y2K Supplemental Appropriations in FY 2000.
There is no funding available in FY 2001.

	<u>FY 2000</u> <u>Actual</u>	<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>
11 Personnel Compensation	\$--	\$--	\$--
12 Personnel Benefits	--	--	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	36	--	--
22 Transportation of Things	13	--	--
23 Rents, Communications, Utilities	112	--	--
24 Printing	--	--	--
25 Other Services	1,899	--	--
26 Supplies & Materials	8	--	--
31 Equipment	320	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Y2K Appropriation	\$2,388	\$-- 10/	\$--

10/ Y2K funding balance of \$1,901,000 carried forward into FY 2001 will be returned to Treasury and is not available for obligation.

FY 2002 Budget Estimates to Congress

**FY 2002 SUMMARY OF INCREASES
BY BUDGET OBJECT CLASS CODE
(Dollars in thousands)**

BOCC 11.00/12.00/13.00 - Salary Costs (net)	\$6,000
(• Fixed Costs	\$6,000)
BOCC 21-42 - Other Obligations	\$12,611
(• Fixed Costs	\$1,614)
(• Programmatic Increases.....	\$10,997)
Total Increase	\$+18,611

This section provides a description of the increased funding requested for FY 2002 by budget object class code. These requested increments are to be funded from Offsetting Collections (regulatory fees), available to the FCC.

Personnel Changes

<u>BOCC 11.00 Compensation</u>	\$+4,925
• Pay Raise for 75% of FY 2002 Provides funds for uncontrollable cost increases resulting from the FY 2002 pay raise (3.6%) effective January 2002 (75% of FY 2002)	3,657
• Pay Raise annualized for FY 2001 Provides funds for uncontrollable cost increases which are the result of the FY 2001 pay raise annualized for 25% of FY 2002	1,268
<u>BOCC 12.00 Benefits</u>	\$+1,075
• Benefits associated with compensation increases necessary to fund the pay raise for 75% of FY 2002 Provides funds for uncontrollable increased benefits costs to the agency for 75% of FY 2002 for the pay raise	799
• Benefits annualized for FY 2001 Provides funds for uncontrollable increased costs of agency benefits associated with FY 2001 pay raise annualized for 25% of FY 2002	271
• Workers' Compensation Provides funds for uncontrollable increased costs of Workers' Compensation	5
<u>BOCC 13.00 Benefits for Former Personnel</u>	\$0

Other Obligations

BOCC 21.00 Travel and Transportation of Persons	\$+25
• Domestic/International Travel	
Provides additional funds for travel and transportation costs, developed in accordance with the Office of Management and Budget guidelines to cover inflationary cost (2.5%)	24
• Leased, Passenger Vehicles	
Provides inflationary cost increases (2.5%)	1
BOCC 22.00 Transportation of Things	\$+2
• Rent, Non-Passenger GSA and Commercial Vehicles	
Provides inflationary cost increases (2.5%)	2
BOCC 23.00 Rents, Communications, Utilities	\$+958
• GSA Rent and Fees	
Provides funds to cover the increase in rental costs for GSA to provide office space to the FCC in FY 2002 at the Portals complex (\$730,000) and increased cost of field office space (\$37,000) and the warehouse (\$5,000)	772
• Non-GSA Space Rent	
Provides funds for inflationary cost increases (2.5%)	14
• GSA and Non-GSA Telephones	
Provides funds for inflationary cost increases (2.5%)	94
• Mail Service--Postage	
Provides funds for inflationary cost increases (2.5%)	20
• GSA, Electric, Other Utilities	
Provides funds for inflationary cost increases (2.5%)	22
• Telecommunications Service--Non-GSA	
Provides funds for inflationary cost increases (2.5%)	8
• Copier Rental	
Provides funds for inflationary cost increases (2.5%)	28

BOCC 24.00 Printing and Reproduction \$+37

- **Printing/Reproduction/Binding**
 Provides funds for inflationary cost increases (2.5%) 37

BOCC 25.00 Other Contractual Services \$+3,980

- **Commission-wide Information Technology Requirements**
 Provides funds that would permit system enhancements to twelve (12) mission critical systems. Also requesting \$1 million to implement the mandatory requirements of the 1998 amendments to the Rehabilitation Act that requires federal agencies to provide workplace accommodations for the disabled; \$270,000 to implement an improved property management inventory system; and funding to design and implement a system to improve the data collection processes 3,431
- **Contract Services--Non-Federal**
 Provides funds for inflationary cost increases (2.5%) 132
- **ADP Data Retrieval Services**
 Provides funds for inflationary cost increases (2.5%) 10
- **Training/Tuition/Fees**
 Provides funds for inflationary cost increases (2.5%) 3
- **Contract Purchases - Federal**
 Provides funds for inflationary cost increases (2.5%) for the guard services 42
- **Interagency Contracts**
 Provides funds for inflationary cost increases (2.5%) 33
- **Space Repair**
 Provides funds for inflationary cost increases (2.5%) 7
- **Health Services**
 Provides funds for inflationary cost increases (2.5%) 2
- **Repair/Maintenance of Vehicles**
 Provides funds for inflationary cost increases (2.5%) 2
- **ADP Software/Equipment Maintenance**
 Provides funds for inflationary cost increases (2.5%) 23

• Repair Office Equipment/Furniture Provides funds for inflationary cost increases (2.5%)	13
• ADP Service Contracts Provides funds for inflationary cost increases (2.5%)	281
• Telephone Maintenance Provides funds for inflationary cost increases (2.5%)	1
<u>BOCC 26.00 Supplies and Materials</u>	\$+43
• Field Fuel Supplies Provides funds for inflationary cost increases (2.5%)	3
• ADP Supplies Provides funds for inflationary cost increases (2.5%)	1
• Comm. Subscriptions/Periodicals Provides funds for inflationary cost increases (2.5%)	9
• General Supplies/Materials Provides funds for inflationary cost increases (2.5%)	30
<u>BOCC 31.00 Equipment</u>	\$+7,566
• Commission-wide Automation Requirements Provides funds to upgrade the network infrastructure hardware and software; lifecycle replacement of office automation hardware and software; and funding for application system maintenance and development, internet and network support and telecommunications equipment	7,566
<u>BOCC 32.00 Lands and Structures</u>	\$0
<u>BOCC 42.00 Insurance Claims and Indemnities</u>	\$0

FY 2002 Budget Estimates to Congress
ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
(Dollars in thousands)

OBJECT CLASS CODE	Actual FY 2000	Estimate FY 2001	Adjustments To Establish FY 2002 Base	FY 2002 Base	Programmatic Changes (+/-)	FY 2002 Total Request
11 Personnel Compensation	\$125,023	\$134,208	\$4,925	\$139,133	\$0	\$139,133
12 Personnel Benefits	27,169	29,324	1,075	30,399	0	30,399
13 Benefits for Former Personnel	37	67	0	67	0	67
21 Travel & Trans. of Persons	992	1,190	25	1,215	0	1,215
22 Transportation of Things	111	112	2	114	0	114
23.1 GSA Rent	24,422	29,199	772	29,971	0	29,971
23.3 Other Rents, Communications, Utilities	6,534	7,261	186	7,447	0	7,447
24 Printing	1,430	1,465	37	1,502	0	1,502
25.2 Other Services	4,577	9,605	145	9,750	0	9,750
25.3 Fed. Purchase, Goods & Services	3,155	1,764	75	1,839	0	1,839
25.7 Op/Maint. of Equip./Software/ Info Sys	12,789	13,093	329	13,422	3,431	16,853
26 Supplies & Materials	1,637	1,639	43	1,682	0	1,682
31 Equipment	1,996	832	0	832	7,566	8,398
32 Land, Buildings, Structures	8	100	0	100	0	100
42 Insur. Claims & Indemnities	25	75	0	75	0	75
SUB TOTAL APPROPRIATION AUTHORITY (Direct and Offsetting Collections)	\$209,905 ^{1/}	\$229,934 ^{4/}	\$7,614	\$237,548	\$10,997	\$248,545
Reg. Fees (Sec. 9) Carryover	0 ^{2/}	7,362 ^{5/}				
Auction Reimb. Carryover	11,413	6,481 ^{6/}				
Y2K Funding	2,388 ^{3/}	0 ^{3/}				
Gift & Bequest	0	100				
Reimbursables - Gov't/Other	952	1,100		1,100		1,100
Auctions Cost Recovery-Reimbursement	39,958	57,526		58,828		58,828
TOTAL REQUEST	\$264,616	\$302,503	\$7,614	\$297,476	\$10,997	\$308,473

1/ Reflects rescission of \$91,000; P.L. 106-113.

2/ \$5.8 million in Sec.9 Regulatory Fees were carried forward into FY 2000 but were not obligated under direction of Congress.

3/ Reflects the actual FY 2000 obligations for the Y2K Appropriation. Balance of \$1.9m will be returned to Treasury and is not available in FY 2001.

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

5/ The \$7.3 million in Sec. 9 Regulatory Fees includes \$5.8M from prior year and \$1.5M carried forward from FY2000 into FY 2001 for use following Congressional approval.

6/ This reflects the actual amount of funds carried forward from FY 2000 into FY 2001 for the Auctions Program XA account.

FY 2002 Budget Estimates to Congress
PRORATA ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
Direct Authority and Offsetting Collections
(Dollars in thousands)

OBJECT CLASS CODE	FY 2001 Funding Source			FY 2002 Funding Source		
	Direct Authority	+ Offsetting Collections	= FY 2001 Total OC Allocation	Direct Authority	+ Offsetting Collections	= FY 2002 Total OC Allocation
11 Personnel Compensation	\$17,385	\$116,823	\$134,208	\$17,385	\$121,748	\$139,133
12 Personnel Benefits	3,799	25,525	29,324	3,799	26,600	30,399
13 Benefits for Former Personnel	9	58	67	9	58	67
21 Travel & Trans. of Persons	154	1,036	1,190	154	1,061	1,215
22 Transportation of Things	15	97	112	15	99	114
23.1 GSA Rent	3,783	25,416	29,199	3,783	26,188	29,971
23.3 Other Rents, Communications, Utilities	941	6,320	7,261	941	6,506	
24 Printing	190	1,275	1,465	190	1,312	1,502
25.2 Other Services	1,244	8,361	9,605	1,244	8,506	9,750
25.3 Fed. Purchases, Goods & Services	229	1,535	1,764	229	1,610	1,839
25.7 Op/Maint. of Equip./Software/Info Sys	1,696	11,397	13,093	1,696	15,157	16,853
26 Supplies & Materials	212	1,427	1,639	212	1,470	1,682
31 Equipment	108	724	832	108	8,290	8,398
32 Land, Buildings, Structures	13	87	100	13	87	100
42 Insur. Claims & Indemnities	10	65	75	10	65	75
Appropriation-Direct B/A	\$29,788		\$29,788	\$29,788		\$29,788
Appropriation-Offsetting Collections B/A:						
Regulatory Fees		\$200,146	200,146		\$218,757	218,757
Subtotal-B/A in Language			\$229,934			\$248,545
Reg. Fees (Sec. 9) Carryover		7,362	7,362		0	0
Auction Reimb. Carryover		6,481	6,481		0	0
Reimbursable Program - Gov't/Other (Est.)		1,100	1,100		1,100	1,100
Gift & Bequest		100	100		0	0
Auctions Cost Recovery-Reimbursement		57,526	57,526		58,828	58,828
Total Gross Budget Authority			\$302,503			\$308,473



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

February 13, 2001

***VIA FACSIMILE TRANSMITTAL
AND HAND-DELIVERY***

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

Dear Mr. Chairman:

On December 15, 2000, the General Accounting Office issued a report entitled SCHOOLS AND LIBRARIES PROGRAM: Application and Invoice Review Procedures Need Strengthening (GAO-01-105). The Report made recommendations to the Chairman of the Federal Communications Commission. This letter summarizes the actions the Commission and the Universal Service Administrative Company (USAC), the Program Administrator, have taken regarding those recommendations.

While much of the day-to-day work on the audit took place directly with USAC, FCC staff worked with USAC throughout the audit process to address issues as they were identified. As a result, corrective actions have already been taken for most of the issues identified in the audit.

As recommended by the audit, FCC staff have finalized the outstanding internal review procedures, including the extent to which training, design, contingency and repair fees are eligible for program support, prior to making funding commitments in the fourth program year. We have established procedures for the prompt clarification of any future eligibility issues, as well as procedures for publicizing any clarifications. The eligible services list has been revised to more clearly identify eligible and ineligible services, as well as any conditions which affect the eligibility of certain services. In addition, the application process now requires more detailed information from applicants about the services they intend to purchase.

We also have begun to develop a strategy for reducing the percentages of committed funds that go unused by applicants. As a first step, the Schools and Libraries Committee of the USAC board, based on feedback from applicants, identified the major factors that it believes contribute to committed funds not being disbursed. Several of the factors which caused this gap in the early years are likely to be mitigated by changes we have made to the program over the

past year. Specifically:

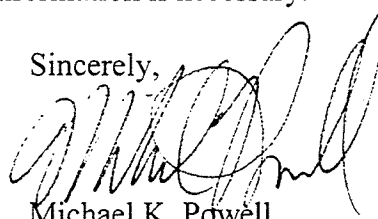
- Until May 2000, applicants had no way of officially notifying the Schools and Libraries Division if funds were no longer needed, thereby releasing these funds to be used for other applicants.
- Until September 2000, applicants had no way of substituting new services for obsolete services no longer available.
- Until December 2000, applicants who had changed service providers during a program year had no way to use the funds which had been committed to them. Procedures are now in place to allow applicants to change service provider and use the committed funds.
- Substantial delays in the commitment of funds resulted in fewer funds being used in a program year for several reasons. For instance, some applicants do not take service until funds are committed thereby reducing the amount of funds needed compared to their original request. In other instances the delay meant that applicants did not have time to complete the planned work within the program year or otherwise changed their plans in a way that made the specific services requested no longer useful to them.

We are continuing this analysis and are examining further changes that will increase the amount of committed funds which are disbursed. We expect changes to be in place for the next program year.

As it indicated in its responses to the audit in November, USAC has committed to establishing a quality assurance function within USAC and has added two internal audit positions to its 2001 budget. They have begun the hiring process. USAC has also begun a review of its invoicing in order to take full advantage of the quality control opportunities in the disbursement of funds process. The independent consultant will conclude its study this month. USAC, in consultation with the FCC, will be taking further action based on the results of the study once it is completed.

I will be happy to provide you with more information if necessary.

Sincerely,



Michael K. Powell
Chairman

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



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

February 13, 2001

***VIA FACSIMILE TRANSMITTAL
AND HAND-DELIVERY***

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

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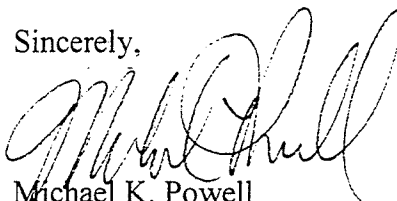
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I will be happy to provide you with more information if necessary.

Sincerely,



Michael K. Powell
Chairman

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

PIONEER'S PREFERENCE SETTLEMENT

On June 8, 2000, the Commission awarded Qualcomm, Inc. a transferable Auction Discount Voucher (ADV) in the amount of \$125,273,878, in satisfaction of the court's mandate in *Qualcomm Incorporated v. FCC*, 181 F.3d 1370 (D.C. Cir. 1999). This Auction Discount Voucher is structured to work in the same manner as an auction bidding credit. It may be used by Qualcomm or its transferee, in whole or in part, to adjust a winning bid in any spectrum auction for which short form applications have been accepted prior to June 8, 2003, subject to terms and conditions set forth in the Commission's Order. See *Qualcomm Incorporated Petition for Declaratory Ruling Giving Effect to the Mandate of the District of Columbia Circuit Court of Appeals*, Order, FCC 00-189 (rel June 8, 2000).

Program and Financing (in millions of dollars)

		2000 actual	2001 est.	2002 est.
Obligations by program activity:				
00.01	Direct Program Activity	125	0	0
10.00	Total new obligations (object class 41.0)	125		
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	125	0	0
23.95	Total new obligations	-125	0	0
New budget authority (gross), detail:				
Mandatory:				
67.10	Authority to borrow	125	0	0
Change in unpaid obligations:				
73.10	Total new obligations	125	0	0
73.20	Total outlays (gross)	-125	0	0
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	125	0	0
Net budget authority and outlays:				
89.00	Budget authority	125	0	0
90.00	Outlays	125	0	0

UNIVERSAL SERVICE FUND

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

Unavailable Collections (in millions of dollars)			
	2000 actual	2001 est.	2002 est.
01.99 Balance, start of year	0	0	0
Receipts:			
02.00 Universal service fund	4,547	5,599	5,638
Appropriations:			
05.00 Universal service fund	<u>(4,547)</u>	<u>(5,599)</u>	<u>(5,638)</u>
07.99 Balance, end of year	0	0	0

Program and Financing (in millions of dollars)			
	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
10.00 Total new obligations (object class 41.0)	4,506	5,613	5,637
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	140	181	167
22.00 New budget authority (gross)	<u>4,547</u>	<u>5,599</u>	<u>5,638</u>
23.90 Total budgetary resources available for obligation	4,687	5,780	5,805
23.95 Total new obligations	(4,506)	(5,613)	(5,637)
24.40 Unobligated balance carried forward, end of year	181	167	168
New budget authority (gross), detail:			
Mandatory:			
60.25 Appropriation (special fund, indefinite)	4,547	5,599	5,638

Program and Financing (in millions of dollars)

	2000 actual	2001 est.	2002 est.
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year	1,339	1,771	901
72.99 Obligated balance, start of year	1,339	1,771	901
73.10 Total New obligations	4,506	5,613	5,637
73.20 Total outlays (gross)	(4,074)	(6,483)	(5,468)
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year	1,771	901	1,071
74.99 Obligated balance, end of year	1,771	901	1,071
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	2,595	4,531	4,400
86.98 Outlays from mandatory authority	1,479	1,952	1,068
87.00 Total outlays (gross)	4,074	6,483	5,468
Net budget authority and outlays:			
89.00 Budget authority	4,547	5,599	5,638
90.00 Outlays	4,073	6,483	5,468

1/ The estimates contained in FY 2001 and FY 2002 are prepared by Office of Management and Budget.

SPECTRUM AUCTION PROGRAM ACCOUNT

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

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

NOTE: The subsidy cost allowance has been prepared under specific guidance provided by the OMB in efforts to ensure that the objectives of the Federal government, taken as a whole, are being achieved and does not represent the FCC's current policy position on the auction of Spectrum held previously by other parties.

Program and Financing (in millions of dollars)

	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.05 Reestimates of direct loan subsidy	22	7	0
00.06 Interest on reestimates of direct loan subsidy	6	3	0
00.09 Administrative Expenses	6	8	0
10.00 Total new obligations	34	18	0
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	0	1,821	0
22.00 New budget authority (gross)	1,855	0	0
22.40 Capital transfer to general fund	0	-1,803	0
23.90 Total budgetary resources available for obligation	1,855	18	0
23.95 Total new obligations	-34	-18	0
24.40 Unobligated balance carried forward, end of year	1,821	0	0
New budget authority (gross), detail:			
Mandatory:			
60.05 Appropriation (indefinite)	0	0	0
60.25 Appropriation (special fund, indefinite)	0	0	0
62.50 Appropriation (total mandatory)	0	0	0
69.00 Offsetting collections (cash)	1,855	12,219	0
69.27 Capital transfer to general fund	0	-12,219	0
69.90 Spending authority from offsetting collections (total mandatory)	1,855	0	0
70.00 Total new budget authority (gross)	1,855	0	0
Change in unpaid obligations:			
73.10 Total new obligations	34	18	0
73.20 Total outlays (gross)	-34	-18	0

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	34	0	0
86.98 Outlays from mandatory balances	<u>0</u>	<u>18</u>	<u>0</u>
87.00 Total outlays (gross)	34	18	0

Offsets:**Against gross budget authority and outlays:**

88.00 Offsetting collections (cash) from: Federal sources	-1,855	-12,219	0
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Net budget authority and outlays:

89.00 Budget authority	0	-12,219	0
90.00 Outlays	-1,822	-12,201	0

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

	2000 actual	2001 est.	2002 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loan levels	1	0	0
1159 Total direct loan levels	1	0	0
Direct loan subsidy (in percent):			
1320 Subsidy Rate	8.25	0.00	0.00
1329 Weighted average subsidy rate	8.25	0.00	0.00
Direct loan subsidy budget authority:			
1330 Subsidy budget authority	0	0	0
1330 Reestimates	<u>-1,827</u>	<u>-12,219</u>	<u>0</u>
1339 Total subsidy budget authority	-1,827	-12,219	0
Direct loan subsidy outlays:			
1340 Upward Reestimates	28	10	0
1340 Downward Reestimates	<u>-1,855</u>	<u>-12,219</u>	<u>0</u>
1349 Total subsidy outlays	-1,827	-12,209	0
Administrative expense data:			
3510 Budget authority	6	0	0
3580 Outlays from balances	6	8	0
3590 Outlays from new authority	0	0	0

Object Classification (in millions of dollars)

11.1 Personnel compensation: Full-time permanent	1	1	0
25.2 Other services	5	7	0
41.0 Grants, subsidies, and contributions	<u>28</u>	<u>10</u>	<u>0</u>
99.9 Total new obligations	34	18	0

Personnel Summary

1001 Total compensable workyears: Full-time equivalent employment	8	8	8
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SPECTRUM AUCTION DIRECT LOAN FINANCING ACCOUNT

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

Program and Financing (in millions of dollars)

	2000 actual	2001 est.	2002 est.
Obligations by program activity:			
00.01 Direct loans	1	0	0
00.02 Interest Paid to Treasury	369	345	1,154
00.05 IVDS Restructuring	0	8	0
00.91 Direct Program by Activities - Subtotal (1 level)	<u>370</u>	<u>353</u>	<u>1,154</u>
08.02 Downward subsidy reestimate	1,523	9,625	0
08.04 Interest on downward reestimate	332	2,594	0
08.91 Direct Program by Activities - Subtotal (1 level)	<u>1,855</u>	<u>12,219</u>	<u>0</u>
10.00 Total new obligations	<u>2,225</u>	<u>12,572</u>	<u>1,154</u>
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	40	10	0
22.00 New financing authority (gross)	2,615	12,562	1,154
22.60 Portion applied to repay debt	-420	0	0
23.90 Total budgetary resources available for obligation	<u>2,235</u>	<u>12,572</u>	<u>1,154</u>
23.95 Total new obligations	-2,235	-12,572	-1,154
24.40 Unobligated balance carried forward, end of year	10	0	0
New budget authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow:	2,209	12,454	0
Offsetting collections (cash):			
69.00 Offsetting collections (New Subsidy)	0	0	0
69.00 Offsetting collections (Re-estimate)	22	7	0
69.00 Offsetting collections (Int-reestimate)	6	3	0

69.00 Offsetting collections (Payment on loans)	338	98	94
69.00 Offsetting collections (Int-Treasury)	25	0	0
69.00 Other Treasury collections	435	0	0
69.00 Other Treasury collections (Auction 35 receipts)	0	0	16,942
69.47 Portion applied to repay debt	-420	0	-15,882
69.90 Spending authority from offsetting collections (total mandatory)	<u>406</u>	<u>108</u>	<u>1,154</u>
70.00 Total new financing authority (gross)	<u>2,615</u>	<u>12,562</u>	<u>1,154</u>

Change in unpaid obligations:

73.10 Total new obligations	2,225	12,572	1,154
73.20 Total financing disbursements (gross)	-2,225	-12,572	-1,154
87.00 Total financing disbursements (gross)	<u>2,225</u>	<u>12,572</u>	<u>1,154</u>

Offsets:

Against gross financing authority and financing disbursements:

Offsetting collections (cash) from:

Federal Sources:

88.00 Program account: total revised subsidy	-28	-10	0
88.00 Other Treasury collections	-435	0	0
88.25 Interest on uninvested funds	-25	0	0

Non-Federal sources:

88.40 Interest received on loans	-101	-60	-56
88.40 Principal received on loans	-71	-38	-38
88.40 Recoveries	-166	0	-16,942
88.40 Recoveries (Auction 35 receipts)	0	0	0
88.90 Total, offsetting collections (cash)	<u>-826</u>	<u>-108</u>	<u>-17,036</u>

Net financing authority and financing disbursements:

89.00 Financing authority	1,789	12,454	-15,882
90.00 Financing disbursements	1,399	12,464	-15,882

Status of Direct Loans (in millions of dollars)

	2000 actual	2001 est.	2002 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	0	0	0
1131 Direct loan obligations exempt from limitation	<u>1</u>	<u>0</u>	<u>0</u>
1150 Total direct loan obligations	<u>1</u>	<u>0</u>	<u>0</u>
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	8,243	8,177	8,139
1231 Disbursements: Direct loan disbursements	1	0	0
1251 Repayments: Repayments and prepayments	-67	-38	-38
1263 Direct loans	<u>0</u>	<u>0</u>	<u>0</u>
1290 Outstanding, end of year	<u>8,177</u>	<u>8,139</u>	<u>8,101</u>

Balance Sheet (in millions of dollars)

	1999 actual	2000 actual	2001 est.	2002 est.
ASSETS:				
Net value of assest related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	8,287	8,177	8,139	8,101
1402 Interest receivable	372	430	140	0
1405 Allowance for subsidy cost (-)	<u>-4,761</u>	<u>-4,286</u>	<u>-4,138</u>	<u>-6,122</u>
1499 Net present value of assets related to direct loans	3,898	4,321	4,141	1,880
1901 Other Federal assests: Other assets	<u>41</u>	<u>0</u>	<u>0</u>	<u>0</u>
1999 Total assets	<u>3,939</u>	<u>4,321</u>	<u>4,141</u>	<u>1,880</u>
LIABILITIES:				
Federal liabilities:				
2103 Resources payable to Treasury	3,939	5,307	17,761	1,879
2105 Other Debt	<u>0</u>	<u>4,285</u>	<u>0</u>	<u>0</u>
2999 Total liabilities	<u>3,939</u>	<u>9,592</u>	<u>17,761</u>	<u>1,879</u>
4999 Total liabilities and net position	3,939	9,592	17,761	1,879