



Federal Communications Commission

Fiscal Year 2004 Budget Estimates

Submitted to Congress

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INTRODUCTION

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

- When you heat your breakfast waffle in the microwave,
- When your child plays with their radio-controlled airplane,
- When you push the button on your garage door opener,
- When your toll fee is automatically deducted from the little plastic box attached to your windshield without having to stop at the booth,
- When the cashier at the coffee shop rings up your favorite morning drink using an electronic cash register and inventory control system,
- When you turn on your computer,
- When you go to the medical center for a CAT scan,
- When you upgrade to a digital hearing aide,

- When your child's class uses the Internet to visit with other school children in another country,
- When the local video store contacts its remote, central computer network to find out if you have enough bonus points to qualify for a free rental,
- When you swipe your credit card at the gasoline pump,
- When you lock your car with your remote entry system,
- When your teenager upstairs sends their homework assignment to the printer downstairs via your new wireless home network, or
- When you activate your home alarm system before going to bed.

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

So, while the formal charge of Congress to the FCC can be summed up in less than 30 words – ensure that the American people have available, at reasonable costs and without discrimination, rapid,

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efficient, Nation - and world-wide communication services; whether by radio, television, wire, satellite, or cable¹ – the day-to-day reality may be that there is no more ubiquitous presence in the lives of most Americans than the FCC-regulated communications industries.²

To successfully carry out the responsibilities inherent to this daily reality, the FCC is requesting from Congress a Fiscal Year 2004 budget of \$280,798,000 and 2,015 full-time equivalents (FTE's) in order to carry out the following commitments:

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

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

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

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

and industry continue to enjoy the advantages of technological progress based upon the availability of reliable, innovative communications products and services.

More than half of the FCC's FY 2004 budget request will be used to support the following Strategic Goals:

- a. **Broadband** – The FCC intends to continue its efforts in FY 2004 to establish regulatory policies that promote competition, innovation, and investment in broadband services. It will also closely monitor and report to Congress and the American people on the Nation's progress toward the deployment of broadband services in the United States and abroad.
- b. **Spectrum** – FCC efforts to encourage the highest and best use of spectrum domestically and internationally will become even more essential in FY 2004 if the United States is to encourage the growth and rapid deployment of innovative and efficient communications technologies and services.
- c. **Media** – In conformance with congressional mandates and judicial decisions, in FY 2004 the FCC must revise its media regulations so that media ownership rules promote competition and diversity in a comprehensive, legally sustainable manner and continue to implement the mandated migration to digital modes of delivery.
- d. **Homeland Security** – The FCC is dedicated to providing the leadership and policy guidance necessary to promote the reliability, security, and survivability of our Nation's communications infrastructure.

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

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

The FY 2004 budget request focuses on two additional strategic goals in this area:

- a. **Competition** – In FY 2004 the FCC will continue its important work of supporting and enhancing the Nation’s economy through implementing the investment and competition portions of the Telecommunications Act of 1996. This includes the licensing and authorization of several thousand communications products and services each year. It also includes vigorous enforcement and consumer education programs. By carrying out programs in this area the FCC will help ensure that the communications and video programming revolution continues and that all consumers will have the opportunity to make meaningful choices among and have equal access to communications services.

- b. **Modernize the FCC** – Emphasizing effective, efficient, and legally-compliant performance and results through excellent management requires a dedication to monitoring, auditing, and reporting on the work of the FCC. In FY 2004, the essential efforts of the Inspector General require an additional investment of contract staff and funds.

In total, to successfully achieve the policy vision set forth in the FY 2003 – FY 2008 Strategic Plan, including efforts to create a new Commission, the FCC requests a Fiscal Year 2004 budget of \$280,798,000 and 2,015 full-time equivalents (FTE’s). An explanation of the assumptions and rationale for this level of resources is presented in the Annual Performance Plan, narrative sections, tables, and appendices included in this document.

OVERVIEW OF REQUEST

In order to attain the goals set forth in our Strategic Plan and implement the FY 2004 Annual Performance Plan, the Federal Communications Commission (“FCC”) is requesting **\$280,798,000 and 2,015 full-time equivalents (FTEs)**.

The Commission will use the FY 2004 funds to carry out its fundamental mission to implement the Communications Act of 1934, as amended, in a manner that promotes competition, innovation, and deregulation in the communications industry and the availability of high quality communications services for all Americans.

In order to achieve those objectives at this time of great innovation in the communications industry, the FCC must strive to stay on the cutting edge of changes in technology, economics and law. The Commission is requesting **\$6,100,000 for additional staff and critical programmatic initiatives** to achieve the mandates of the Communications Act and transform the FCC to deal effectively with the industry we serve, to the benefit of consumers. An additional **\$6,371,000 is for uncontrollable cost increases** for salaries and benefits, and inflationary cost increases for office space rental, supplies, printing, postage, and other contract services.

Of the \$6,100,000 to improve programmatic performance:

- **\$2,600,000 will provide funds for 20 additional employees** as well as the related support costs to provide office space, equipment, supplies, etc. These FTEs will be utilized for engineering expertise to ensure effective management of the electromagnetic spectrum and encourage the provision of new technologies and services to the public.

- **\$500,000 has been requested to fund the completion of the enclosed test facility at the Commission’s Office of Engineering and Technology Laboratory at Laurel, Maryland.**
- **\$3,000,000 will provide contract audit support for our Office of Inspector General.** These funds will support the agency efforts to prevent waste, fraud and abuse within Commission programs. Additional contract audit support is necessary to perform audits and support investigations as necessary for the review of financial statements, audits of the Commission’s workplace violence program, commercial contract audits, audits of controlled entities and the associated beneficiaries, and annual evaluation under the Government Information Security Reform Act (GISRA).

The requested resources will be utilized to accomplish the mission of the FCC.

Currently 67% of the FY 2003 appropriation requested by the President, is earmarked to pay the salaries and benefits of our employees. Additionally, 29% will be spent for totally non-discretionary expenses such as space rental, telephones, mail, utilities, etc. The remaining 4% will enable the agency to meet only minimum requirements.

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

In order to develop our request for FY 2004, we began with a base funding level or Budget Authority of \$268,327,000 which is the amount requested in the President’s Budget for FY 2003, excluding the funding for the

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Retirement and Health Benefits Proposal. This amount represents \$28,814,000 in net direct budget authority assuming we collect \$239,513,000 in offsetting collections from regulatory fees.

In FY 2004 it is anticipated that FCC's uncontrollable cost increases will total \$6,371,000. These uncontrollable costs include 25% of the FY 2003 pay raise (3.1%) which must be annualized in FY 2004, as well as a projected FY 2004 locality and pay raise totaling 2%.

In addition funds are included for inflationary costs for various non-compensation accounts including miscellaneous rents, mail, service contracts, etc. These uncontrollable increases when added to the base total a **"current services" level of \$274,698,000** for FY 2004. Funding at this level is critical if we are to respond to the universe of communications issues and current challenges facing the FCC to provide the industry and the consumer with well defined communications policy and direction.

In addition to funds required to maintain this current services level, we have requested **\$6,100,000 for additional staff and critical programmatic initiatives.** This modest 2.2% increase for essential Commission activities will support our efforts to address in a timely manner the issues arising from an exploding communications industry, resulting in economic growth for the Nation.

Since FY 1987 the Commission has strived to reduce the cost of Government operations through user fee cost recovery programs. The first program initiated at the Commission was the Application Processing Fee program. That program was designed to recover a substantial portion of the costs of the Commission's application processing functions, which account for the majority of the licensing activity costs. The funds received under this program are deposited directly into the General Fund of Treasury and are not

available for use by the FCC. Congress appropriates approximately this same amount annually to offset the agency's costs.

The second cost recovery program is the Regulatory Fee program. Implemented in FY 1994, this program collects fees to recover the costs attributable to the Commission's Competition, Enforcement, Consumer Information Services and Spectrum Management activities. These fees apply to most current licensees and to other entities (*e.g.*, cable television systems) which benefit from the Commission's regulatory activities not directly associated with its licensing or application processing functions. These fees can be retained by the Commission and applied to obligations incurred during the fiscal year, thereby reducing the amount of appropriated funds required to be provided from the General Fund of Treasury. Since FY 1994, the fee offset to the FCC's appropriation has increased from 37% in the initial year of implementation to approximately 89% of the agency's FY 2003 appropriation as requested by the President. The FY 2004 requested regulatory fee collections would offset 90% of the proposed FY 2004 budget.

Our FY 2004 budget request is summarized in Table 1. Details of this request and a justification for specific increases follow.

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Table 1: Summary of FY 2004 Budget Request

	(\$ in 000)	FTEs
FY 2003 Appropriation		1,995
• Direct \$28,814	\$268,327	
• Regulatory Fees \$239,513		
FY 2004 Uncontrollable Cost Increases:		
• Compensation/Benefits Cost Increases	\$ 4,723	
• Uncontrollable Inflationary Cost Increases	\$1,648	
FY 2004 Programmatic Increases:		
• Compensation, Benefits & Operational Support to provide 20 additional FTEs		20
- 20 FTEs for Commission-wide Engineering Expertise including Operational Support Costs for 20 FTEs	\$ 2,600	
• Audit Contracts to Support the Office of Inspector General	\$3,000	
• Laural Laboratory Enclosed Test Facility Structures		
- Promote More Efficient use of Spectrum	\$ 500	
FY 2004 Total Request ^{1/}	\$280,798	2,015
• Direct \$28,814		
• Regulatory Fees \$251,984		

1/ Does not include any reimbursable costs to be funded from auctions receipts as offsetting collections or \$1,300,000 anticipated from interagency and/or other authorized reimbursable resources.

FY 2004 UNCONTROLLABLE COST INCREASES

The Commission is requesting **\$6,371,000 in funding increases to provide for inflationary and uncontrollable costs** in FY 2004 to maintain current programs. These pay and inflationary cost increases have been based on the economic assumptions included in the President's FY 2004 Budget Request. The costs have been identified as follows:

- o **Personnel Compensation and Benefits (\$4,723,000):**

Provides funds to cover the cost of the FY 2004 payraise and locality pay (2.0%) for 75% of the fiscal year, as well as funds to annualize 25% of the FY 2003 payraise (3.1%) and locality pay increases.
- o **Travel and Transportation of Persons and Things (\$28,000):**

Provides funds to cover increase in travel and transportation costs, developed in accordance with Office of Management and Budget guidelines for projected inflationary costs (2.0%).
- o **GSA Rent (Headquarters and Field) (\$855,000):**

Provides funds to cover the inflationary increase in rental costs to provide office space to the FCC in FY 2004 at the Portals complex and increased cost estimates for field office space.
- o **Other Rent, Communications and Utilities (\$134,000):**

Provides funds to cover inflationary cost increases (2.0%) for utilities, cleaning services, non-GSA space rentals, departmental and FTS telephone services, postage fees, and miscellaneous equipment rentals.
- o **Other Contractual Services (\$569,000):**

Provides funds for estimated cost increases based on 2.0% inflationary assumptions provided by the Office of Management and Budget. Increase covers federal and non-federal contract support services, security, training, health units, maintenance of vehicles, repair of ADP and office equipment, repair of interior space, maintenance of software, and ADP data acquisitions.
- o **Printing and Reproductions/Supplies and Material (\$62,000):**

Provides 2.0% inflationary cost increases for printing, binding, photocomposition services, energy-related supplies, departmental, technical and ADP supplies, and subscriptions.

PROGRAM ENHANCEMENTS

Total Program Performance Enhancements (\$6,100,000):

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

Our Fiscal Year 2004 request reflects resources necessary for the Commission to keep abreast of industry changes and set rational productivity and regulatory goals. This request builds on the resources requested in the FY 2003 President's Budget. The Commission is requesting funds to ensure that the FCC has the staff to facilitate its reform efforts.

The FCC regulates a bigger telecommunications economy every year. Our high-growth areas include cellular phones, the circuits that carry Internet traffic, high definition digital television, local broadband services such as DSL and competitive cable service, and new wireless devices such as "Blackberries" and wireless Palm Pilots. We continue to regulate radio and television broadcasting, telephones, cable TV, and two-way radios in everything from police cars to airliners. As we regulate less by command and control, and more by creating competition, our workload includes enforcing all competitors' access to bottleneck facilities, and ruling on mergers and acquisitions. Much of the FCC's efforts to oversee the development of competition in telecommunications markets since enactment of the Telecommunications Act of 1996 has focused on developing local competition rules and reviewing applications by the Bell Operating Companies (BOC) to demonstrate that their local markets are sufficiently

open to competition to permit them to enter the long distance market under Section 271 of the Act. The Commission has recently received an influx of applications. Over the next few months it is likely that the number of states in which a BOC has been granted Section 271 authority to provide long distance service will increase from a handful to a majority. In the coming years, the Commission's local competition efforts will increasingly focus on enforcement to ensure that companies continue to keep their local markets open after they get long distance authorization. Recent events in the communications marketplace, including major bankruptcies, have underscored the need for the FCC to provide strong, swift enforcement regarding matters within its regulatory jurisdiction in order to promote competition and broadband deployment.

Provide Funding for 20 Additional Full-Time Equivalents to Promote Spectrum Efficiency and Educate the Consumer (\$2,600,000):

Managing the electromagnetic spectrum effectively and encouraging the provision of new technologies and services to the public are among the FCC's most important core functions. Engineering expertise is essential to fulfilling these objectives. The Excellence in Engineering program established in 2001 launched a multi-dimensional, multi-year effort to rebuild the agency's engineering staff and equipment. These efforts have been necessarily incremental and a number of mission-critical functions are not being adequately staffed, including spectrum management, broadband, and competition-related engineering matters. We are requesting funding for 20 additional staff with engineering expertise to be devoted to identifying spectrum for new services, handling increased complexities of spectrum sharing and interference analyses, and developing flexible use policies. In addition the increase in staff would enhance the effectiveness of the agency's work on media-related digital service issues, wireless and network homeland security issues, and advanced wireless and high speed internet access issues.

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Promote More Efficient Use of Spectrum (\$500,000):

The Commission is requesting \$500,000 in funding to complete an initiative first identified in the FY 2003 budget cycle to fund an enclosed equipment test facility for the Commission's Office of Engineering and Technology Laboratory at Laurel, Maryland. The FCC's FY 2003 Budget Request identified \$200,000 for the initial architectural and engineering requirements for this project. The cost of equipment in FY 2004 would be provided from baseline funding. The funding requested for FY 2004 would provide the cost of the actual enclosed structure to house the equipment and provide a facility with a controlled environment which could be used throughout the year to accurately measure and test equipment. Currently the Commission can only test during favorable climate conditions as the weather permits.

Create a More Efficient and Effective Agency (\$3,000,000):

The Office of Inspector General is tasked with the responsibility of performing operational, program and financial audits in efforts to ensure the prevention of waste, fraud and abuse within Commission programs. We are requesting \$3,000,000 to enhance those audit capabilities through the retention of contractors with unique levels of expertise in the financial, loan servicing, and information technology areas. This funding will be used to procure assistance from commercial and intergovernmental sources to provide the necessary expertise to continue the financial statement audit in FY 2004, assess the effectiveness of the Commission's workplace violence prevention program, as well as information technology (IT) security at all FCC locations, including the field offices and the Commission's Consumer Center and increase the FCC's oversight of controlled entities including audits associated with the beneficiaries of the Universal Service Fund. This assessment will help ensure the Commission's IT security program is meeting the requirements of the Government Information Security Reform Act (GISRA). We believe that this funding will allow the Commission to take a proactive audit and investigative stance which represents a significant

and sound investment in the operations of the Commission, much as insurance represents a prudent investment for an individual.

Table 2 summaries the total of all programmatic enhancements requested for FY 2004.

Table 2: FY 2004 Program Performance Enhancements

PROGRAM PERFORMANCE ENHANCEMENTS SUMMARY	
	(\$000)
20 FTEs to Provide Engineering Expertise Commission-wide	\$2,600
Enclosed Test Facility to Enhance Test Capability at Laurel Laboratory	\$500
Contract Audit Support for the Office of Inspector General	\$3,000
Total Request for Program Performance Enhancements:	\$6,100

FEE COLLECTIONS AND AUCTIONS

Regulatory Fees

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

The fees collected are intended to recover the costs attributable to the Commission's Competition, Enforcement, Consumer Information, and Spectrum Management activities.

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

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

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

The Commission implemented the Regulatory Fee collection program by rulemaking on July 18, 1994. The most recent fee schedule became effective on September 9, 2002, pursuant to an order adopted by the Commission on

July 3, 2002, released July 5, 2002, and published in the Federal Register July 12, 2002 (67 FR 46297).

Authorization to Retain Fees

Regulatory fee collections in excess of levels specified in the appropriation language are available for obligation by the Commission and remain available until expended. These excess collections become available for obligation on October 1, following the year in which they are collected. These funds are not limited to the one-year spending rule established for our salaries and expenses appropriation and are carried forward as no-year funds indefinitely. The combined total of all prior year carryover regulatory fees from FY 1997 – FY 2001 was \$17.8 million. A total of \$11.2 million in carryover funds were approved for use and obligated as of FY 2001. The remaining \$6.6 million in regulatory fees, from the FY 2001 appropriation, became available for obligation in FY 2002. In FY 2002 Congress authorized the Commission's use of \$2.0 million of the \$6.6 million in excess funds to meet critical physical security needs following the events of September 11th. The remaining \$4.6 million in carryover funds from prior years plus \$1.1 million in regulatory fees collected in excess of the FY 2002 Appropriation required levels could provide \$5.7 million in funding available for obligation in FY 2003 upon approval from Congress.

FY 2004 Regulatory Fee Assumptions

Pending final resolution of the FY 2003 appropriation, the President's Budget request for FY 2003 proposes to increase the collection of regulatory fees to \$239.5 million in FY 2003. The FY 2004 request assumes an additional increase for regulatory fees to a level of \$252.0 million. This increase reflects the cost of increased staff and other program enhancements such as the

completion of an enclosed laboratory test facility and the support of audit activities to ensure the integrity of all the Commission's programs including the FCC's financial audit and the security of the Commission's information technology systems. Additional engineering staff will assist the FCC in managing the electromagnetic spectrum effectively and encouraging the provision of new technologies and services to the public. These initiatives will provide better services to the industries we regulate, therefore the increase in regulatory fees is an appropriate adjustment for the benefits to be derived from these initiatives. Regulatory Fee Collections are summarized by fiscal year in Table 3.

Application Processing Fees

Since FY 1987 the Federal Communications Commission (FCC) has collected and deposited into the General Fund of the U.S. Treasury application processing fees, often referred to as Section (8) fees. The fees are designed to recover a substantial portion of the costs of the Commission's applications processing functions. The program encompasses over 300 different fees with the vast majority collected at the time an original license application, renewal or request for modification is filed with the Commission. Most fees are assessed as a one-time charge on a per-application basis, although there are certain exceptions. Government, nonprofit, non-commercial broadcast and amateur license applicants are exempt from the fees. A lockbox bank is utilized to collect the fees, with all fees deposited into the General Fund of the U.S. Treasury. The Commission must review and revise the fees every two years based upon changes to the Consumer Price Index (CPI). On July 1, 2002, an order was adopted which increased application fees to reflect these CPI changes, this change became effective on September 10, 2002. Application Processing Fee Collections are summarized by fiscal year in Table 4.

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Table 3: Regulatory Fee Collections

Fiscal Year	Appropriation Offset	Actual Collections	Difference
1994 (Actual)	\$63.0	\$ 58.7	\$ -1.7
1995 (Actual)	\$116.4	\$119.3	+\$2.9
1996 (Actual)	\$126.4	\$126.5	+\$.1
1997 (Actual)	\$152.5	\$155.9	+\$3.4
1998 (Actual)	\$162.5	\$155.1	\$ -7.4
1999 (Actual)	\$172.5	\$177.1	+\$4.6
2000 (Actual)	\$185.8	\$187.2	+\$1.4
2001 (Actual)	\$200.1	\$206.7	+\$6.6
2002 (Actual)	\$218.8	\$219.9	+\$1.1¹
2003 (Estimate)²	\$239.5		
2004 (Estimate)³	\$252.0		

1/ Use of prior year carryover Regulatory Fees in FY 2003 is subject to approval by the Appropriation Committees prior to obligation of funds. Congress approved \$2.0 in spending for FY 2002.

2/ Reflects the Regulatory Fee Schedule for FY 2003 contained in the Appropriations Language as requested by the President, does not include \$8.7 million to fund the Presidents' government-wide legislative proposal to provide full funds for federal retirees costs.

3/ Reflects the Regulatory Fee Schedule proposed for FY 2004.

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

Section (8) Fees - Dollars in Millions	
1987 (Actual)	\$10.3
1988 (Actual)	\$41.2
1989 (Actual)	\$56.6
1990 (Actual)	\$27.6
1991 (Actual)	\$46.4
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 (Actual)	\$25.2
2002 (Actual)	\$21.6
2003 (Estimate)	\$22.0
2004 (Estimate)	\$22.0

Spectrum Auctions

In addition to regulatory fees, the Omnibus Budget Reconciliation Act of 1993 required the FCC to auction portions of the spectrum for certain services, replacing the former lottery process. The Commission is required to ensure that small businesses, women, minorities, and rural telephone companies have an opportunity to participate in the competitive bidding process. The original Spectrum Auction authority was scheduled to expire in FY 1998, however, it was extended through FY 2007 in the Balanced Budget Act of 1997. The Commission initiated regulations implementing the legislation and conducted its first round of auctions in July 1994. By the end of the first quarter of FY 2003, the Commission had completed 42 auctions. Between July 1994 and January 2003, total receipts from this program deposited in the General Fund of the U.S. Treasury exceeded \$14 billion. The Commission is involved in an on going dialogue with Congress and other Government agencies in an attempt to identify additional spectrum to be made available for public use through the auction process to address the needs of evolving technologies. In addition, the Commission and Congress are reviewing the possibility of applying the auctions concept to other services licensed by the Commission to expedite response to customer needs and encourage economic growth.

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

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

The Balanced Budget Act of 1997, P.L. 105-33, required that the Commission provide to authorizing committees a detailed report of all obligations in support of the auctions program for each fiscal year of operation, as a prerequisite to the continued use of auctions receipts for the costs of all auctions activities. The Commission is no longer required to submit an FCC Annual Report; however, the FY 2001 Auctions Report was provided to the appropriate oversight committees on September 10, 2002.

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FY 2004 Annual Performance Plan

INTRODUCTION:

The Government Performance and Results Act of 1993 (GPRA) requires federal agencies to prepare annual performance plans that cover each program activity in the agency's budget. These plans must:

1. Establish performance goals to define the level of performance to be achieved by a program activity;
2. Express such goals in an objective, quantifiable, and measurable form;
3. Briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;
4. Establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;¹
5. Provide a basis for comparing actual program results with the established performance goals; and
6. Describe the means to be used to verify and validate measured values.

In addition, GPRA requires that performance goals be based on the general goals in the agency's strategic plan.

¹ See page 6 for an explanation of the difference between outputs and outcomes.

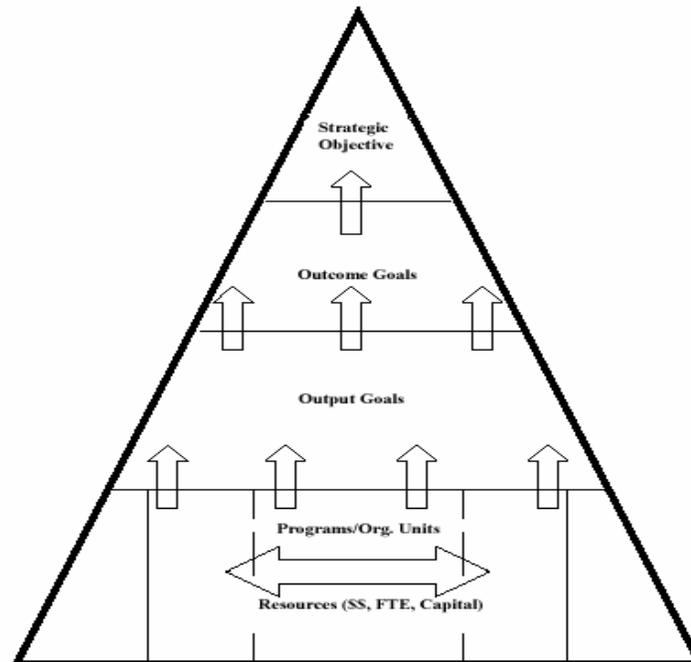
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OMB Circular A-11, Part 6 summarizes these statutory requirements by saying annual performance plans must contain three things:

1. Performance goals and indicators for a particular fiscal year,
2. Means and strategies to meet the goals, and
3. Verification and validation of data.

OMB illustrates this relationship in the following way – to reinforce that resource requests are to support the implementation of performance goals, which will lead to implementation of strategic (or general) goals and objectives:



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FY 2004 Annual Performance Plan

Following the direction of both GPRA and OMB Circular A-11, the remainder of this document contains the Federal Communications Commission's (FCC) FY 2004 Annual Performance Plan including:

1. General Goals/Performance Goals/Performance Indicators
2. Processes, Strategies, Skills, and Resources that Support each Budget Activity
3. Trend Information for FY 1999 - FY 2002
4. Validation Techniques

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SECTION 1: GENERAL GOALS/PERFORMANCE GOALS/ PERFORMANCE INDICATORS

The FCC has established six general goals in its FY 2003 - FY 2008 Strategic Plan. These goals are:

1. BROADBAND: Establish regulatory policies that promote competition, innovation, and investment in broadband services and facilities while monitoring progress toward the deployment of broadband services in the United States and abroad. 47 U.S.C. §157 and note.
2. COMPETITION: Support the Nation's economy by ensuring there is a comprehensive and sound framework for communications services. Such a framework should foster innovation and offer consumers meaningful choice in services. Such a pro-competitive framework should be promoted domestically and overseas. 47 U.S.C. §§251, 271, 253, 254, and 309(j).
3. SPECTRUM: Encourage the highest and best use of spectrum domestically and internationally in order to encourage the growth and rapid deployment of innovative and efficient communications technologies and services. 47 U.S.C. §§301 and 303(g).
4. MEDIA: Revise media regulations so that media ownership rules promote competition and diversity in a comprehensive, legally sustainable manner and facilitate the mandated migration to digital modes of delivery. 47 U.S.C. §§336 and 307(b); Telecommunications Act of 1996 §202(h).
5. HOMELAND SECURITY: Provide leadership in evaluating and strengthening the Nation's communications infrastructure, in ensuring rapid restoration of that infrastructure in the event of disruption, and in ensuring that essential public health and safety personnel have effective communications services available to them in emergency situations. 47 U.S.C. §§151, 606, and 337.
6. MODERNIZE THE FCC: Emphasize performance and results through excellent management. Develop and retain independent mission-critical expertise and align the FCC with dynamic and converging communications markets. 47 U.S.C. §155(a).

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For each of these six general goals, the FCC has established one or more performance goals – for a total of eleven performance goals:

- BROADBAND: 1) Broaden the deployment of broadband technologies across the United States and globally.
- COMPETITION: 2) Ensure American consumers can choose among multiple reliable and affordable communications services.
- 3) Ensure that all American consumers retain reliable wireless/wireline phone service, and multichannel video service.
- 4) Create and maintain a two-way dialogue with regulators around the globe in order to foster the creation of pro-competitive global markets.
- 5) Create and maintain a two-way dialogue with American consumers so that they are informed about their rights and responsibilities in the competitive communications marketplace.
- SPECTRUM: 6) Ensure that the Nation’s spectrum is used efficiently and effectively.
- 7) Advocate U.S. spectrum interests in the international arena.
- MEDIA: 8) Develop a sound analytic foundation for media ownership rules.
- 9) Facilitate the Congressionally-mandated transition to digital television and further the transition to digital radio.
- HOMELAND SECURITY: 10) Promote the reliability, security, and survivability of the communications infrastructure.
- MODERNIZE THE FCC: 11) Become a more responsive, efficient, and effective agency capable of facing the technological and economic opportunities of the new millennium.

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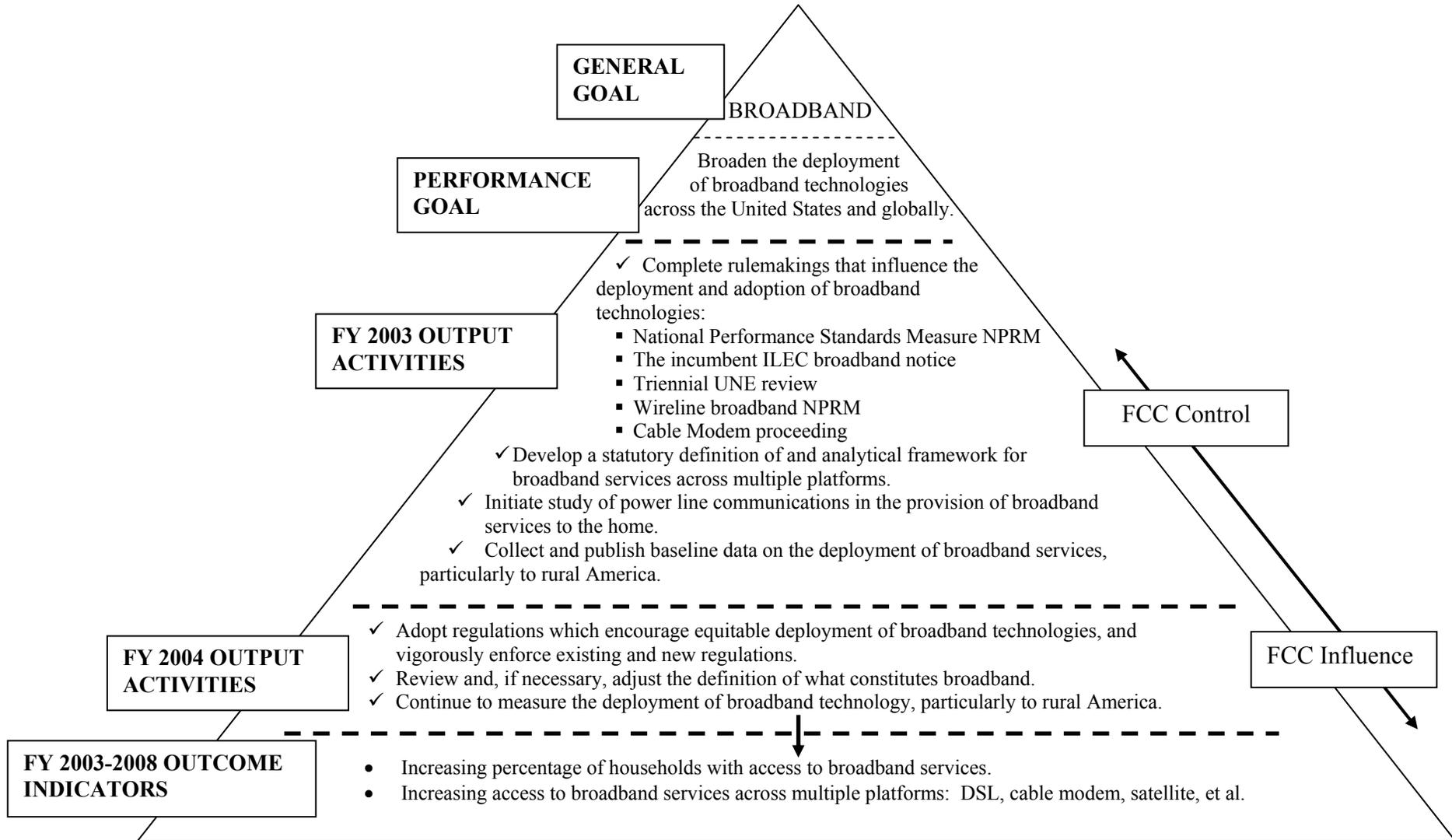
For FY 2004 the FCC has developed 26 output activities that it will use to measure one year's progress toward the Commission's long-term general goals. Diagrams on the following pages illustrate the logical connection between the FCC's six long-term general goals, eleven annual performance goals, 26 FY 2004 output activities, and a series of outcome indicators, which serve as markers of success in achieving the general goals over the long term.

When reviewing the diagrams on the following six pages, the reader should note that diagrams show that the FCC, through its regulatory activities, influences numerous economic and social outcomes. However, since consumer choice, technological innovation, economic conditions, and international negotiations can all have greater effect on outcomes than FCC's regulatory activities, the FCC's approach to connecting its goals to outcomes measures those factors within the FCC's control – noted as output indicators. Beginning with the FY 2004 Annual Performance Report, the FCC will measure and provide data on the output indicators (within the FCC's control) and discuss the relationship between actual performance on these output indicators and the economic and social outcomes listed as outcome indicators.

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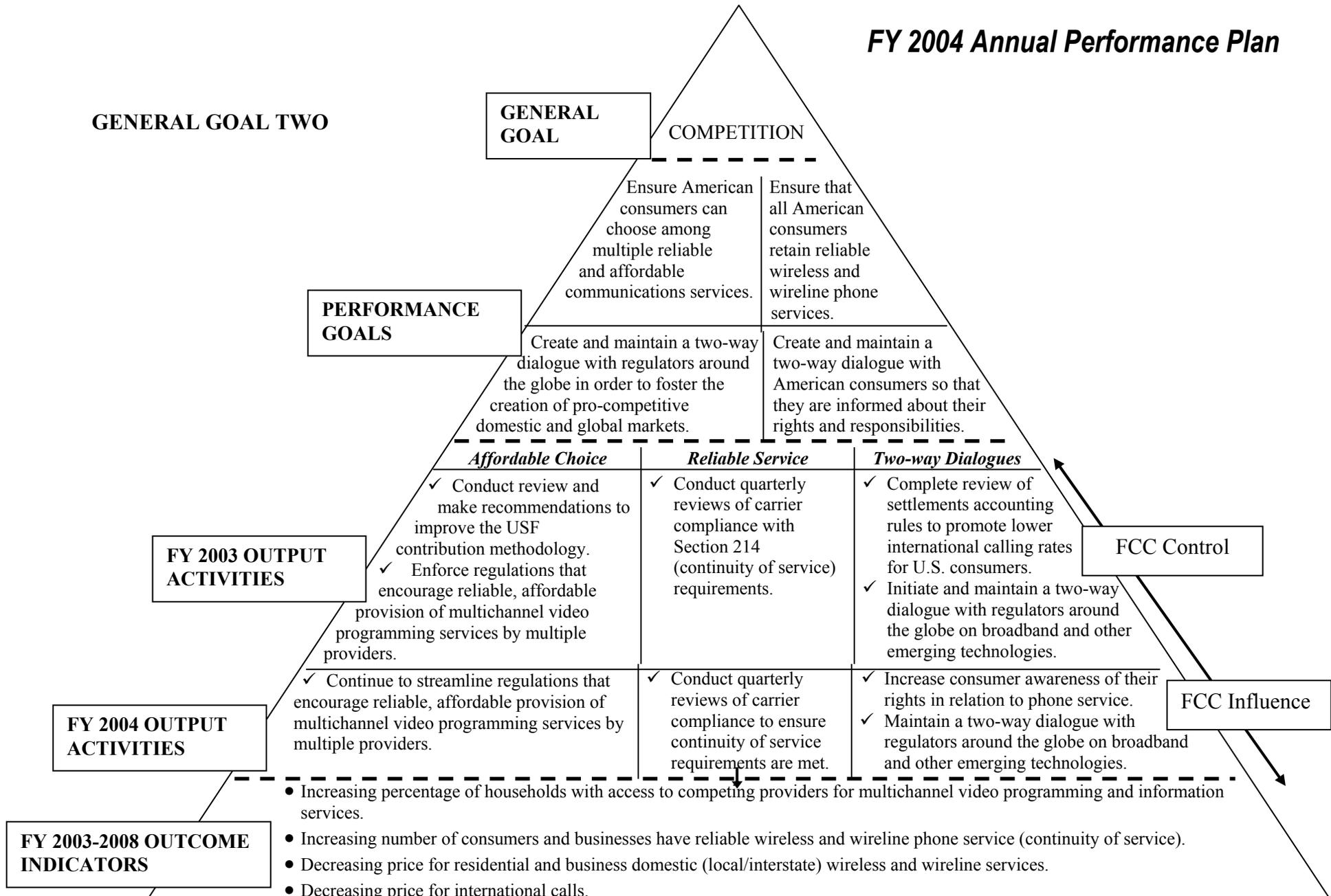
GENERAL GOAL ONE



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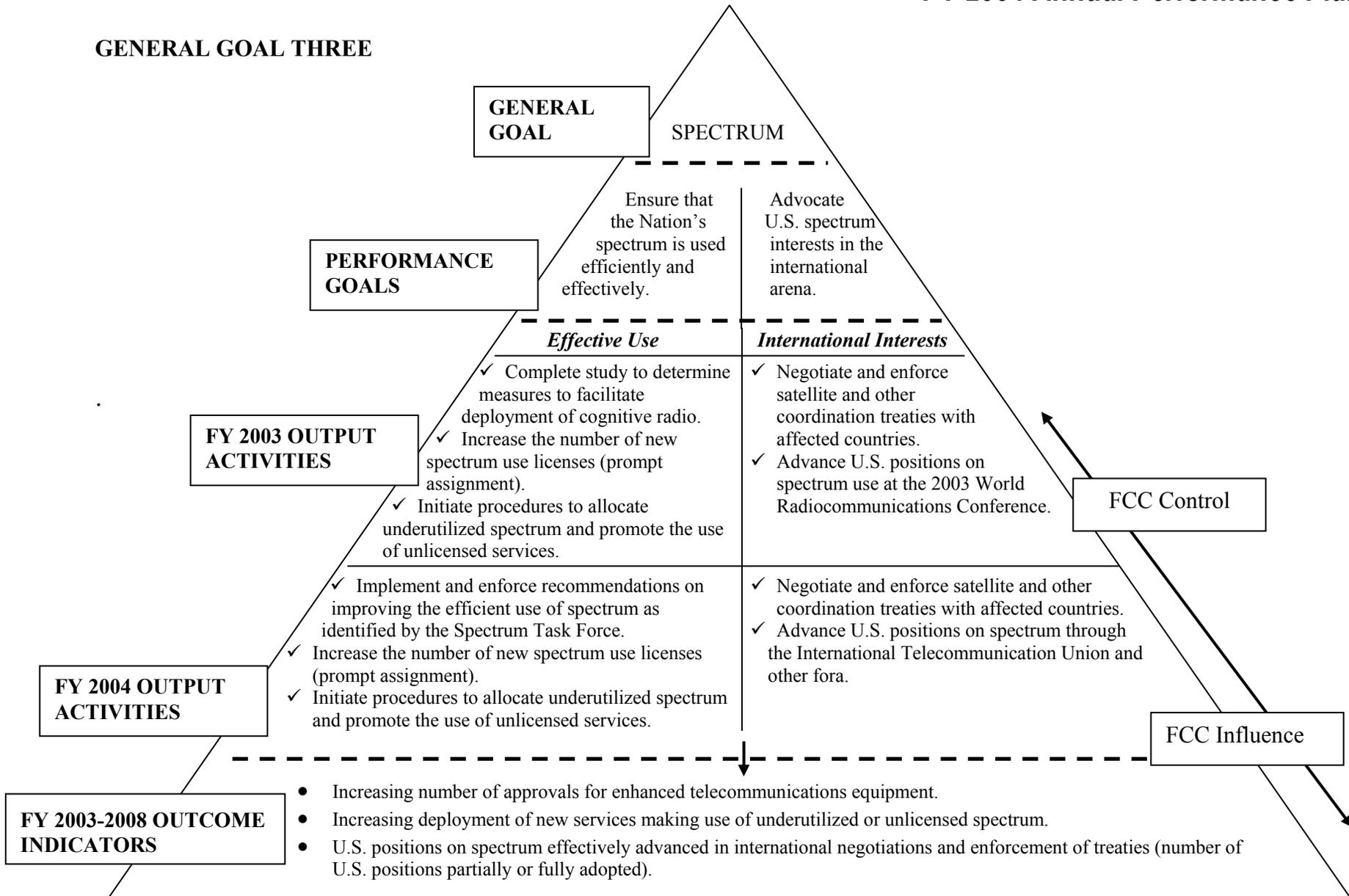
GENERAL GOAL TWO



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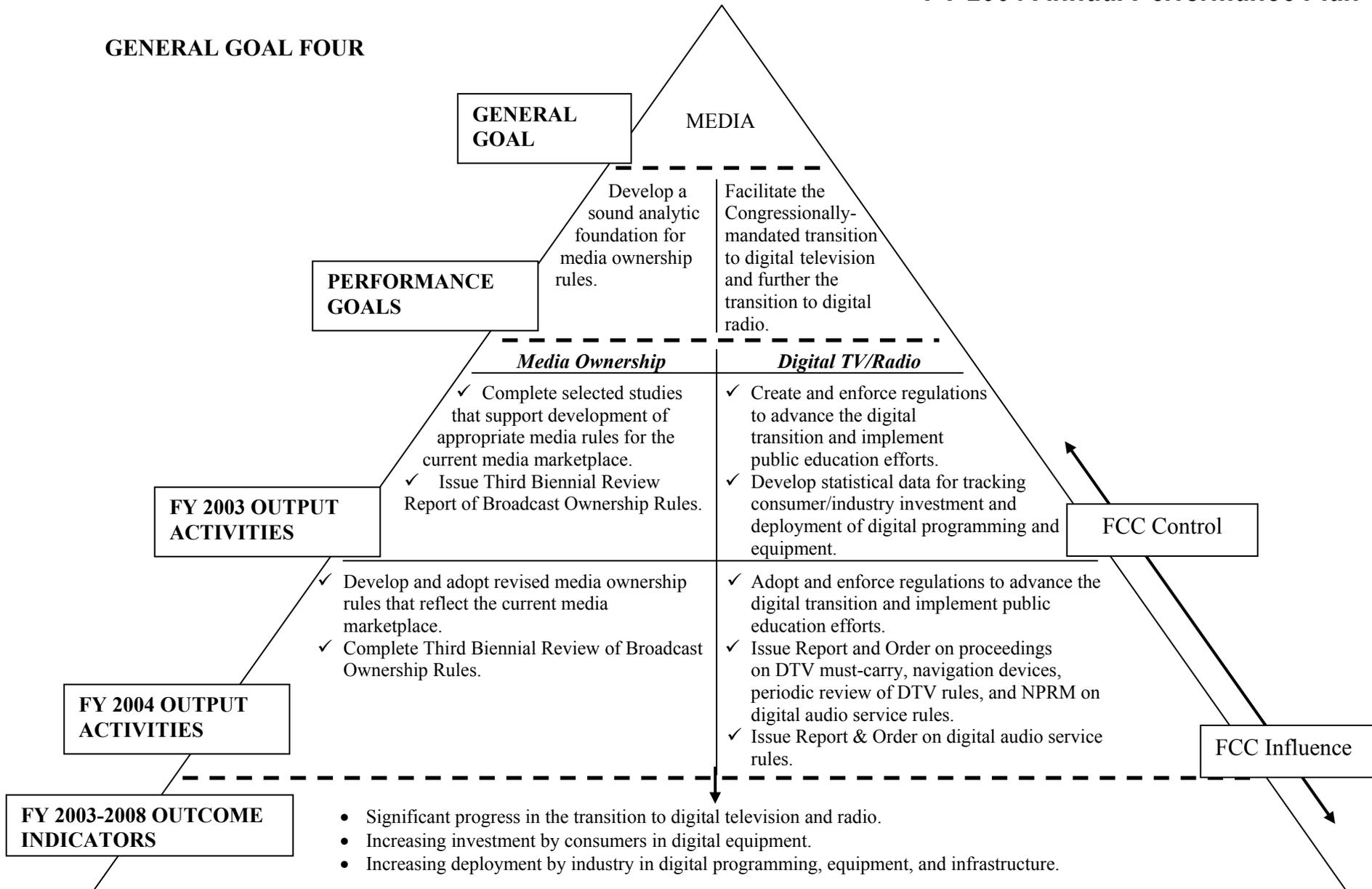
GENERAL GOAL THREE



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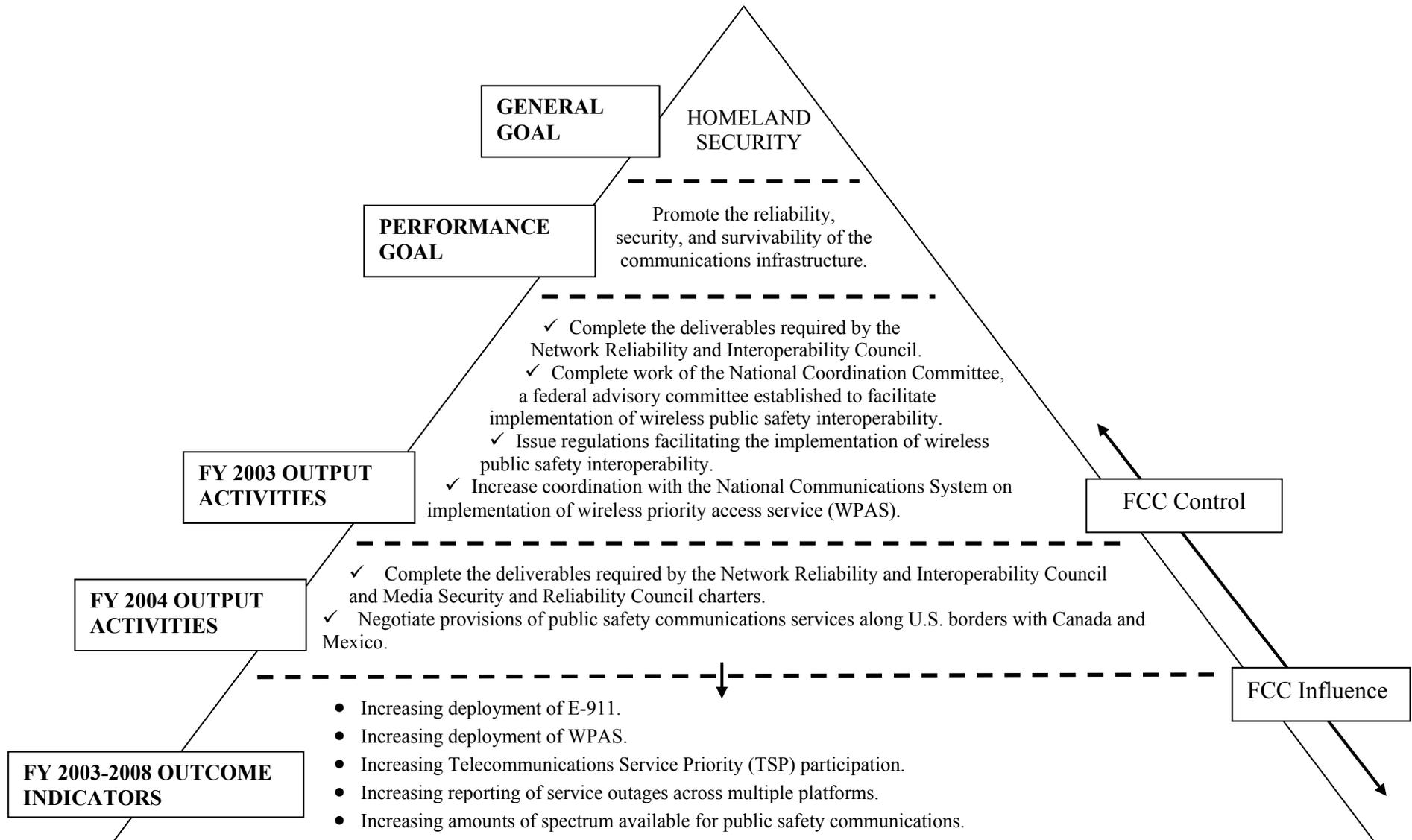
GENERAL GOAL FOUR



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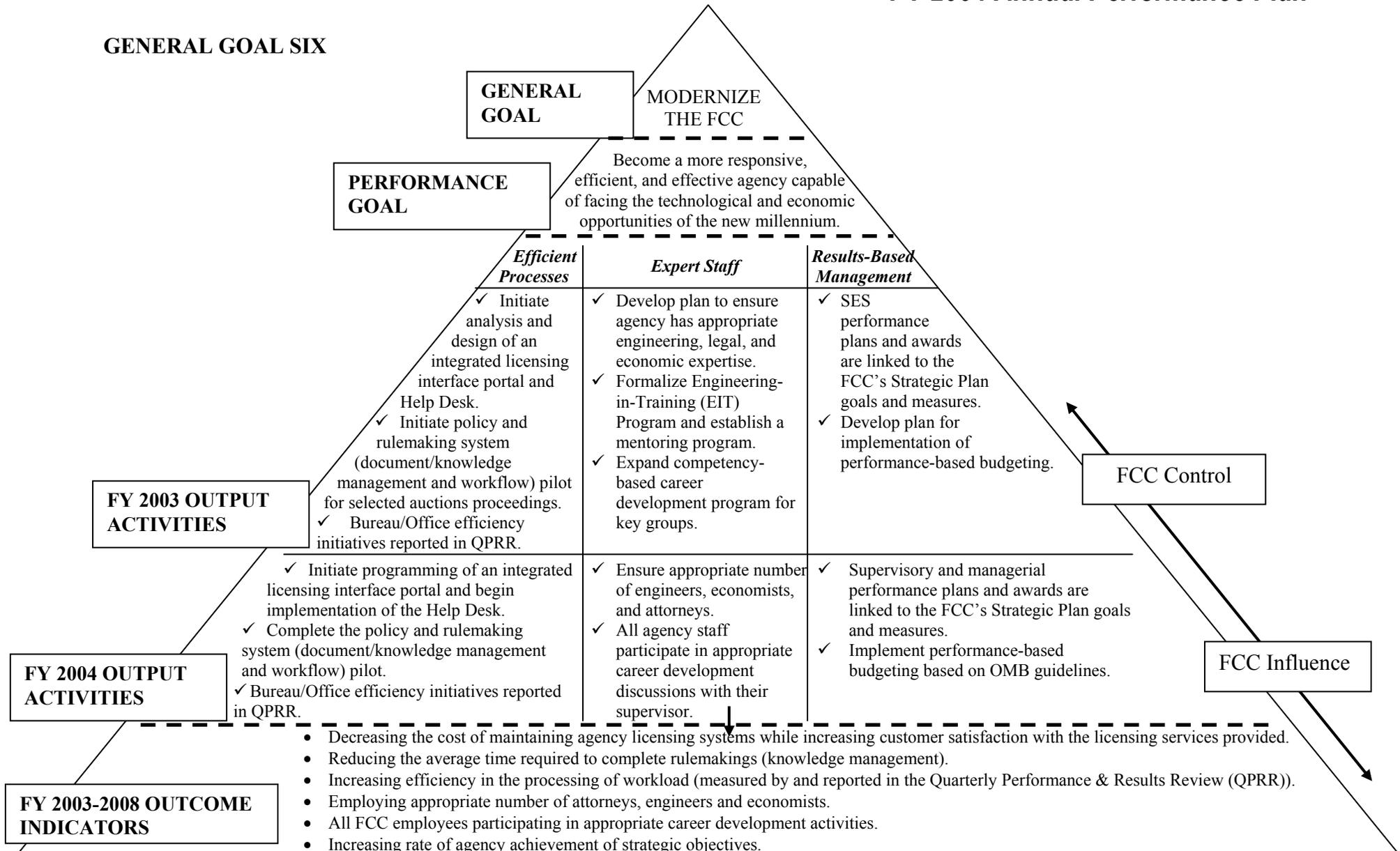
GENERAL GOAL FIVE



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GENERAL GOAL SIX



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SECTION 2: PROCESSES, STRATEGIES, SKILLS, AND RESOURCES THAT SUPPORT EACH BUDGET ACTIVITY

	Enforcement	Competition	Licensing	Spectrum	Consumer Information
Processes and Strategies	<p>Carry out strong enforcement of market opening requirements.</p> <p>Carry out strong and effective enforcement in harmful interference and public safety situations.</p> <p>Enforce interconnection and other competition-related regulations.</p> <p>Vigorously enforce continuation of service requirements.</p> <p>Ensure our data collection and accounting rules are tailored to allow us to fulfill our oversight responsibilities.</p>	<p>Clarify regulatory classification and access obligations, where appropriate.</p> <p>Eliminate unnecessary regulatory barriers.</p> <p>Gather data, study, and understand domestic and global communications markets.</p> <p>Develop coherent cross-media ownership policies and translate those policies into new ownership models.</p> <p>Encourage universal service in a manner that is consistent with competition.</p> <p>Increase digital broadband competition from multiple technology platforms.</p> <p>Continually review FCC rules for balance and appropriateness.</p>	<p>Refine licensing assignment processes.</p> <p>Establish proper technical framework for the digital transition to progress.</p> <p>Seek innovative ways, in collaboration with industry, to facilitate digital transition.</p> <p>Evaluate impact of FCC rules and practices on markets and consumers so that those rules that serve as barriers to innovation may be eliminated.</p> <p>More credibly review license transfers to ensure they are in the public interest.</p>	<p>Study and understand U.S. spectrum use and market conditions.</p> <p>Participate in national/international dialogues.</p> <p>Promote flexible technology development.</p> <p>Get existing entities to recommend spectral efficiencies.</p> <p>Work closely with governmental and private entities to ensure network interoperability, protection, reliability, and redundancy.</p> <p>Facilitate the deployment of life-saving E911 technologies.</p> <p>Establish balanced policies for wireless priority access.</p>	<p>Educate American consumers about broadband and its applications.</p> <p>Educate American consumers about spectrum management issues, especially interference.</p> <p>Educate American consumers about media regulation and related issues, such as DTV and digital radio conversion.</p> <p>Increase governmental and non-governmental awareness of emergency remediation procedures, such as the Telecommunications Service Priority (TSP) system.</p>

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	Enforcement	Competition	Licensing	Spectrum	Consumer Information
Skills	<p>Respond quickly in emergency situations.</p> <p>Foresee and plan for the unexpected.</p>	<p>Study and understand market conditions.</p> <p>Conduct innovative rulemakings, execute economically sound decisions, and conduct rigorous and effective policy analysis.</p> <p>Encourage the use of best practices among industry and government entities.</p> <p>Review, analyze, and rework regulations.</p> <p>Understand constantly changing technologies.</p> <p>Understand, explain, and encourage competition.</p>	<p>Conduct innovative reengineering to speed up licensing processes.</p> <p>Negotiate technically sound and socially fair prioritized policies, procedures, and agreements.</p> <p>Review and analyze mergers.</p>	<p>Study and understand technologies.</p> <p>Carry out international communication and negotiation.</p> <p>Carry out sound engineering studies on impacts of spectrum sharing.</p> <p>Gain full technical knowledge of the actual impact of various spectrum practices on interference.</p> <p>Understand and anticipate technological developments.</p> <p>Negotiate in international for a for global spectrum allocation.</p>	<p>Facilitate conversations among key groups (state and local governments and industry) to identify best practices.</p> <p>Collaborate and communicate with industry and advisory committees.</p> <p>Gather, analyze, and communicate information with Congress and consumers.</p>

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	Enforcement	Competition	Licensing	Spectrum	Consumer Information
Resources	<p>Enforcement experts, auditors, attorneys, engineers, economists, analysts.</p> <p>Enforcement fleet.</p> <p>Monitoring and testing equipment.</p>	<p>Economists, attorneys, engineers, analysts.</p> <p>Hardware and software for assessing today's markets and forecasting future conditions.</p>	<p>Attorneys, economists, engineers, analysts.</p> <p>Hardware and software for a universal licensing system.</p>	<p>Public safety experts, state and local first-responder experts, international negotiation experts, engineers, attorneys.</p> <p>Enclosed test facility.</p> <p>Monitoring and test equipment.</p> <p>Back-up emergency equipment.</p>	<p>Consumer advocates, state and local government experts, attorneys, analysts.</p> <p>Publications, displays, presentation software and hardware.</p>
FY 2004 Request for Additional Resources.		<p>\$3 million is requested for the Office of Inspector General to complete audits in the financial, loan servicing and information technology areas and to ensure that all FCC activities are free from waste, fraud and abuse.</p>		<p>20 FTEs requested to ensure effective management of the electromagnetic spectrum and to encourage the provision of new technologies and services to the public.</p> <p>An additional \$500,000 will be needed to support these positions.</p> <p>\$500,000 is needed to complete work on the OET enclosed test facility project which began in FY 2003.</p>	

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SECTION 3: TREND INFORMATION FOR FY 1999-FY 2002²

As the Federal Communications Commission has followed the mandate to update its strategic plan every three years, it has also revised its performance goals and indicators. For instance, the FCC's FY 1999 performance plan had 13 performance goals under which there were 68 performance indicators. These indicators dealt with the need to reduce processing times, streamline systems, and improve access to information.

Beginning in FY 2000, with the issuance of a revised strategic plan, the FCC migrated to a performance plan based upon the following four general goals and thirteen performance goals:

1. Create a more efficient, effective, and responsive agency.
 - a. Automate agency processes.
 - b. Streamline agency's processes and procedures.
 - c. Provide improved access to all agency information.
 - d. Reorganize to create an agency infrastructure conducive to convergence.
 - e. Preserve and increase the wealth of knowledge and expertise of FCC staff.
2. Promote competition in all communications markets.
 - f. Eliminate barriers to entry in domestic markets.
 - g. Deregulate where appropriate to promote competition.
 - h. Promote competition in international communications markets.
 - i. Enforce the rules so businesses compete fairly.
3. Promote opportunities for all Americans to benefit from the communications revolution.
 - j. Promote access for all Americans to communications services.
 - k. Promote consumer education and information.
4. Manage the electromagnetic spectrum in the public interest.
 - l. Promote more efficient use of spectrum.
 - m. Foster the increased availability of spectrum.

² At the time this plan was submitted to OMB (September 2002) actual performance data for FY2002 were unavailable. Actual FY 2002 performance data will be added to this plan when it is updated to reflect the President's budget request for FY 2004 (January/February 2003).

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As illustrated by the following table, 41 performance indicators were used in FY 2000 – FY 2002 to evaluate the FCC’s success in meeting its general and performance goals:

Number of Individual Performance Indicators by Budget Activity/General Goal

General Goal ↓	Budget Activity →	Licensing	Competition	Enforcement	Consumer Information	Spectrum Management	Performance Initiatives
Be efficient and effective		4			2		7
Promote competition			13	4			
Promote opportunities			5		2		
Manage spectrum						4	

Data on the FCC’s actual performance by each general goal over the FY 1999 - FY 2002 period is depicted in the following tables:

Goal 1 – Create a More Efficient, Effective, and Responsive Agency:

<i>Performance Goals – Automate and Streamline³</i>	FY99		FY00		FY01		FY02	
	<i>Goal</i>	<i>Actual</i>	<i>Goal</i>	<i>Actual</i>	<i>Goal</i>	<i>Actual</i>	<i>Goal</i>	<i>Actual</i>
(A) Electronic Filing	Provide electronic filing capabilities for licensing bureaus/offices.	Provided electronic filing capabilities for licensing bureaus/offices.	60%	60%	70%	77%	80%	92%
(B) Speed of Disposal	90%	88%	90%	89%	90%	94%	95%	96%
(C) Backlog Reduction	No FY99 goal.	--	60%	96%	90%	98.5%	95%	98.3%
(D) Petition for Reconsideration	No FY99 goal.	--	75%	38%	90%	94%	95%	97%

³ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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<i>Performance Goal – Automate Processes</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ New goal.</p> <p>FY01: ➤ Complete review of e-commerce options in procurement. Prepare comprehensive plan for implementation.</p> <p>FY02: ➤ Make all FCC competitive solicitations available online by October 2001.</p>	<p>FY00: ➤ Several solicitations posted on FCC web site.</p> <p>FY01: ➤ The FCC is registered with FedBizOpps. An E-Commerce Team designed a web page for FCC's Contracts and Purchasing Center (CPC) to post solicitations and other pertinent procurement information. The web page has links to allow access to Pre-Award Synopses and Solicitations.</p> <p>FY02: ➤ Effective October 2001, all competitive solicitations were available online at www.FedBizOpps.gov.</p>

<i>Performance Goal – Automate Processes</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ New goal.</p> <p>FY01: ➤ Conduct review to identify additional contracts with performance-based applications.</p> <p>FY02: ➤ Increase current number of performance-based contracts in excess of \$25,000 by 20%.</p>	<p>FY00: ➤ 9 performance-based contracts in place.</p> <p>FY01: ➤ Established a Performance-based Contracts Training Program and put 11 performance-based contracts in place.</p> <p>FY02: ➤ 14 performance-based contracts in place, representing a 22% increase over FY 2001.</p>

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<i>Performance Goal – Automate Processes</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Complete systems requirements and initiate a rule making to implement an FCC registration system. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Complete rule making and implement registration system in time for annual regulatory fee collection cycle. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Begin replacement of “publish and pay” system with the direct billing of licensees. ➤ 25% of all licensees billed directly for regulatory fees. ➤ Modify collections system to allow for payment of fees for multiple licenses in a single transaction. ➤ 15% of regulatory fees paid online. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ Systems requirements and draft rulemaking completed. <p>FY01:</p> <ul style="list-style-type: none"> ➤ The Report and Order, “Adoption of Mandatory FCC Registration Number (MD Docket #00-205)” was approved August 24, 2001. An FRN became mandatory on December 3, 2001. <p>FY02:</p> <ul style="list-style-type: none"> ➤ The FCC replaced the “publish and pay” system with a new revenue system accounts receivable module that was implemented September 2002. This module allowed direct billing of licensees. ➤ The FCC identified candidates for billing at least 25% of expected revenue for FY02. \$107.7 million in actual assessments were billed which comprised 49.2% of the total collection of \$218.8 million revenue for FY02, far exceeding its 25% goal. ➤ The FCC completed modification to the collections system to allow for payment of fees for multiple licenses in a single transaction. ➤ An online payment system was developed. 646 regulatory fee payments, representing 55% of all monies collected, were received online.

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<i>Performance Goal – Streamline Processes</i>	<i>Actual Performance</i>
<p>FY99-01:</p> <ul style="list-style-type: none"> ➤ No goals. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Conduct a cost comparison of FTEs based on the FY00 FAIR Act Inventory. 	<p>FY02:</p> <ul style="list-style-type: none"> ➤ On August 16, 2002, the FY 2002 FAIR Act Inventory was submitted to the Office of Management and Budget providing an inventory of commercial and inherently governmental activities. In FY 2002, functions of the library, which had been identified in the 2001 inventory, were contracted out.

<i>Performance Goal – Improve Access</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ 50% of all agency materials accessible in alternative format within 5 days of request. <p>FY01:</p> <ul style="list-style-type: none"> ➤ 75% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week. <p>FY02:</p> <ul style="list-style-type: none"> ➤ 90% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ 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>FY01:</p> <ul style="list-style-type: none"> ➤ The FCC filled requests from persons with disabilities for alternatively formatted information within 1 to 2 days after a request was submitted. Audiotapes were provided within 2 days of initial request. <p>FY02:</p> <ul style="list-style-type: none"> ➤ 98% of alternatively formatted information was available for persons with disabilities within 1 to 2 days of the request. Audiotapes were provided within 2 days of initial request.

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<i>Performance Goal – Improve Access</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Define requirements for agency-wide plan to improve online access to FCC information. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Develop phased-in plan to improve online access to FCC information. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Implement plan to improve access to FCC information via the Internet. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ Established a web evaluation task force to survey our customers and identify ways to improve access to all FCC information. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Established the Web Content Management Committee. ➤ Redesigned the agency’s web site to make information compliant with Section 508 disability requirements. Implemented a new enterprise search engine. Unveiled “Bienvenidos,” our Internet pages for Spanish-speaking consumers. ➤ Implemented web-based telephone company locator system. ➤ Implemented Electronic Document Management System (EDOCS) to provide a central repository of official documents released by the FCC. <p>FY02:</p> <ul style="list-style-type: none"> ➤ The agency’s web site redesign was completed. Current web pages provide consumers and the industry with improved and timelier access to FCC information.

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<i>Performance Goal - Reorganize</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Develop plan for Phase 2 of reorganization: consider options for streamlining licensing processes.</p> <p>FY01: ➤ Develop plan for Phase 3 of reorganization.</p> <p>FY02: ➤ Evaluate restructuring initiatives.</p>	<p>FY00: ➤ A licensing task force reviewed options for streamlining the licensing process and provided recommendations to the Chairman in March 2000.</p> <p>FY01: ➤ The Reorganization Plan was completed in August 2001. The FCC adopted the Reorganization Order in December 2001 with implementation targeted for March 25, 2002.</p> <p>FY02: ➤ Effective March 25, 2002, the FCC implemented a major reorganization with the establishment of three new bureaus – Media Bureau, Wireline Competition Bureau and Consumer and Governmental Affairs Bureau; in addition to the consolidation of enforcement and consumer information functions agency-wide.</p>

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<i>Performance Goal – Increase Staff Expertise⁴</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	
FY00: ➤ Increase engineering staff by 5% over FY99 baseline, including entry-level engineers.	FY00: ➤ FCC exceeded 5% goal by hiring 15 engineers, including 5 entry-level recruits.
FY01: ➤ Increase engineering staff by 5% over FY99 baseline.	FY01: ➤ FCC exceeded 5% goal by hiring 29 engineers, including 12 entry-level recruits. The agency launched an aggressive “Engineer-in-Training Program.”
FY02: ➤ Increase engineering staff by 10% over FY99 baseline.	FY02: ➤ FCC exceeded 10% goal by hiring 34 engineers, including 18 entry-level recruits. Through the Engineer-in-Training Program, 10 universities were visited to conduct on-campus recruitment.

⁴ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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<i>Performance Goal – Increase Staff Expertise⁵</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Establish a training task force to address issues of continuing education.</p> <p>FY01: ➤ Establish two legal, technical, and managerial training modules.</p> <p>FY02: ➤ Establish one additional legal, technical, and managerial training module.</p>	<p>FY00: ➤ Established a Digital Age Steering Committee and Training Group to address issues of continuing education. New training schedule developed in October 2000.</p> <p>FY01: ➤ Increased training opportunities for employees through the development of an FCC Training Plan. ➤ Established an “Excellence in Engineering” Program for technical and non-technical employees. ➤ An Excellence in Economic Analysis Program was implemented.</p> <p>FY02: ➤ Developed a FY02 Learning and Development Program. ➤ Established the Excellence in Engineering Graduate Degree Program, which provides up to 3 years tuition support for engineers enrolled in an accredited post-graduate degree program. ➤ Developed a Knowledge Sharing Program to increase knowledge and communications, and to improve relationships between Headquarters and Field Office personnel. ➤ Implemented a training needs assessment to ensure that in-house courses offered mirror Bureau/Office needs. ➤ Created and published both print and on-line versions of the FCC University competency-based training catalog. ➤ Revised the electronic Training Request Form 182 to improve accuracy, and to include second level supervisory signature.</p>

⁵ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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<i>Performance Goal – Increase Staff Expertise⁶</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Implement telecommuting alternative.</p> <p>FY01: ➤ Implement at least 2 alternative work schedules; e.g., telecommuting, job-sharing, flexible work schedules.</p> <p>FY02: ➤ Identify additional options to attract, reward, and retain skilled employees.</p>	<p>FY00: ➤ 15% of FCC staff were telecommuting by the end of FY00. Flexible work schedules are available to all FCC employees.</p> <p>FY01: ➤ During FY01, 16% of FCC employees telecommuted at least one day a week.</p> <p>FY02: ➤ During FY 2002, the FCC established a Recruitment Bonus program as a means to attract new employees, with a total of 19 bonuses approved. The Telecommuting Program continues to be popular with approximately 325 regular telecommuters and 110 ad hoc telecommuters. The telecommuting program provides additional flexibility to employees in completing their work at home and other locations.</p>

⁶ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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Goal 2 – Promote Competition in All Communications Markets:

<i>Performance Goal – Appropriate Deregulation</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ Evaluate whether certain regulations are no longer necessary. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Complete an aggressive 2000 Biennial Review aimed at eliminating unnecessary rules and regulations. ➤ 10% reduction in the number of forms required by the FCC. <p>FY01:</p> <ul style="list-style-type: none"> ➤ 20% reduction in the number of forms. <p>FY02:</p> <ul style="list-style-type: none"> ➤ 30% reduction in the number of forms required by the FCC, using FY99 as a baseline. 	<p>FY99:</p> <ul style="list-style-type: none"> ➤ Initiated a number of rule makings to eliminate obsolete or overlapping regulations and/or reporting requirements. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Biennial Review completed on schedule. The FCC issued a Memorandum Opinion and Order relaxing a number of mass media procedures. ➤ 14 forms eliminated, and 12 added for an annual reduction of 1.4%. <p>FY01:</p> <ul style="list-style-type: none"> ➤ During FY01, the FCC eliminated 20 forms and established 9 new forms with a year-end total of 130, representing a 9.1% reduction from FY99 (143 FCC forms). <p>FY02:</p> <ul style="list-style-type: none"> ➤ During FY 2002, the FCC eliminated 12 forms and established 1 new form with a year-end total of 119, representing a 16.8% reduction from FY 99 (143 FCC forms). Due to data collection requirements imposed by Congress, the FCC failed to meet this goal. However, we have determined that a preferred way to measure the agency's progress in reducing reporting requirements would be to review 50% of the agency's forms annually, and streamline and modernize forms, where appropriate. This performance measurement will be implemented in FY03.

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<i>Performance Goal – Appropriate Deregulation</i>	<i>Actual Performance</i>
FY99: ➤ Initiate rule makings to update Part 68 equipment registration rules.	FY99: ➤ An NPRM proposing to deregulate Part 68 rules was prepared for consideration during FY00.
FY00: ➤ Begin reduction in technical rules for certifying equipment.	FY00: ➤ FCC began designating domestic Telecommunications Certification Bodies (TCB) for certifying equipment in June 2000. Completed revision of the Part 68 Order.
FY01: ➤ 20% reduction in technical rules for certifying equipment.	FY01: ➤ The backlog of equipment authorization applications was reduced from 700 to less than 200 (71.4%). Processing time for equipment authorization applications declined from an average of 51 days to 37 days.
FY02: ➤ 40% reduction.	FY02: ➤ NOTE: The FCC achieved its goal of streamlining its technical certification rules ahead of schedule and this performance measure will be discontinued.

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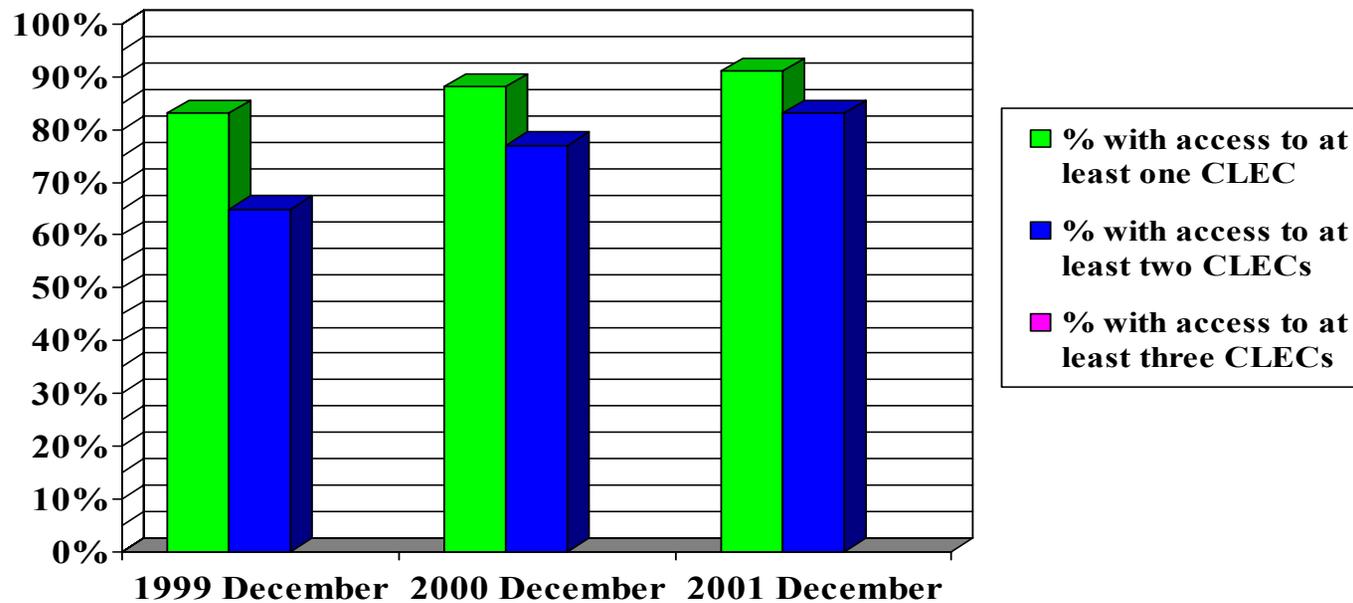
<i>Performance Goal – Eliminate Barriers⁷</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Authorize DTV service. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Authorize In-Band On-Channel Service (conversion of analog radio to digital). ➤ Adopt Report and Order in Digital Audio Broadcasting Proceeding. <p>FY02:</p> <ul style="list-style-type: none"> ➤ License all commercial DTV stations (on air). ➤ License national digital radio service. ➤ Assess competition in the multi-channel market. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ 67 of 1,314 (5.1%) DTV commercial stations were licensed; and 8 of 384 (2.1%) non-commercial stations were licensed. <p>FY01:</p> <ul style="list-style-type: none"> ➤ The digital radio goals were not achieved because the AM and FM systems had not been fully developed or tested. It is expected that NRSC will complete the AM evaluation in mid-FY02. The Commission will, in turn, issue a Public Notice soliciting public comment on the NRSC AM system recommendations. <p>FY02:</p> <ul style="list-style-type: none"> ➤ A total of 278 or 16.3% of 1,698 states were licensed – 233 (17.7%) commercial DTV stations (on air) and 45 (11.7%) non-commercial DTV stations. ➤ The FCC adopted a Report and Order in 2002 selecting a digital transmission technology. ➤ The FCC expects to adopt a Further Notice of Proposed Rulemaking in FY 2003. A Second Report and Order to adopt transmission standards, technical standards, and service and licensing rules is expected in FY 2004. ➤ The vast majority of consumers can choose among at least 3 competitive multi-channel video programming providers, a cable operator and 2 DBS operators. In FY 2002, the FCC designated the proposed merger of the 2 primary DBS providers for hearing, in part, due to concerns regarding the elimination of competitive alternatives for consumers.

⁷ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

Performance Goal – Eliminate Barriers

LOCAL EXCHANGE CARRIER COMPETITION

(Goal 02: 90% of Households with Access to 1 Competitive Local Exchange Carrier (CLEC); 80% with 2; and 10 % with 3 CLECs)



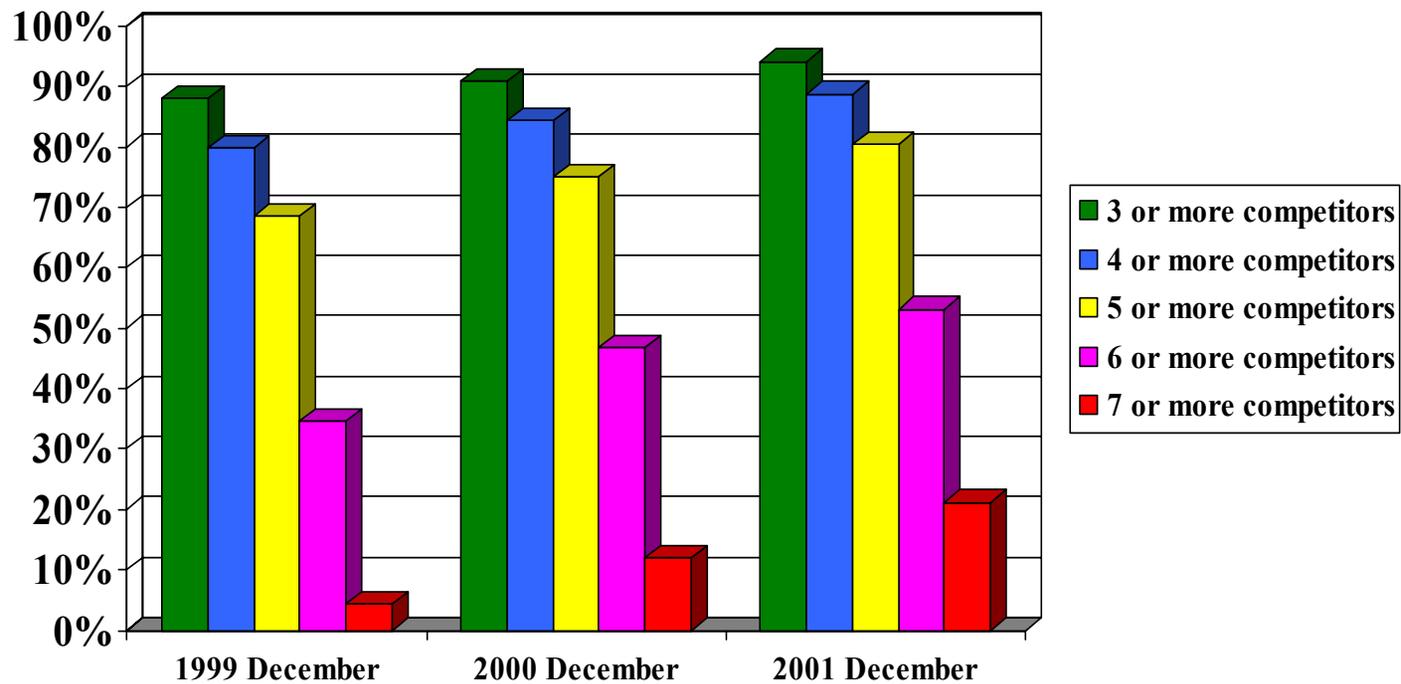
Data is based on one or more CLECs in a zip code. December 2002 statistical data will not be available until July 2003 and will track households with access to 3 CLECs.

Performance Goal – Eliminate Barriers

WIRELESS COMPETITION

(FY 02 Goal: 80% Population with Access to 5 or More Providers)

Source of Data: Seventh Annual CMRS Competition Report, July 2002



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<i>Performance Goal – Eliminate Barriers</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ Work closely with other Federal agencies, state commissions and the public to ensure the expeditious processing of Section 271 applications. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Expeditiously process Section 271 applications within 90 days of receipt. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Expeditiously process Section 271 applications within 90 days of receipt. ➤ Periodic review of UNE requirements. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Expeditiously process Section 271 applications within 90 days of receipt. 	<p>FY99:</p> <ul style="list-style-type: none"> ➤ Obtained ex parte exemption to allow free communication/close coordination with Department of Justice in reviewing Section 271 applications. <p>FY00:</p> <ul style="list-style-type: none"> ➤ The FCC received 4 applications 2 of which were approved and 2 withdrawn; thereby meeting 100% of its processing goals. <p>FY01:</p> <ul style="list-style-type: none"> ➤ The FCC received 6 applications covering 7 states. Five applications were approved during FY01. ➤ 100% of processing goals were met pursuant to the competitive requirements of Section 271 of the Act. ➤ On December 20, 2001, the FCC released an NPRM seeking to examine the framework under which incumbent local exchange carriers (LECs) must make unbundled network elements available to requesting carriers. <p>FY02:</p> <ul style="list-style-type: none"> ➤ The FCC processed 12 applications covering 26 states. Eight applications were approved/processed and four were withdrawn during FY02. 100% of processing goals were met pursuant to the competitive requirements of Section 271 of the Act. In doing so, the FCC increased competition in the long-distance market through Bell Operating Company entry into in-region long-distance.

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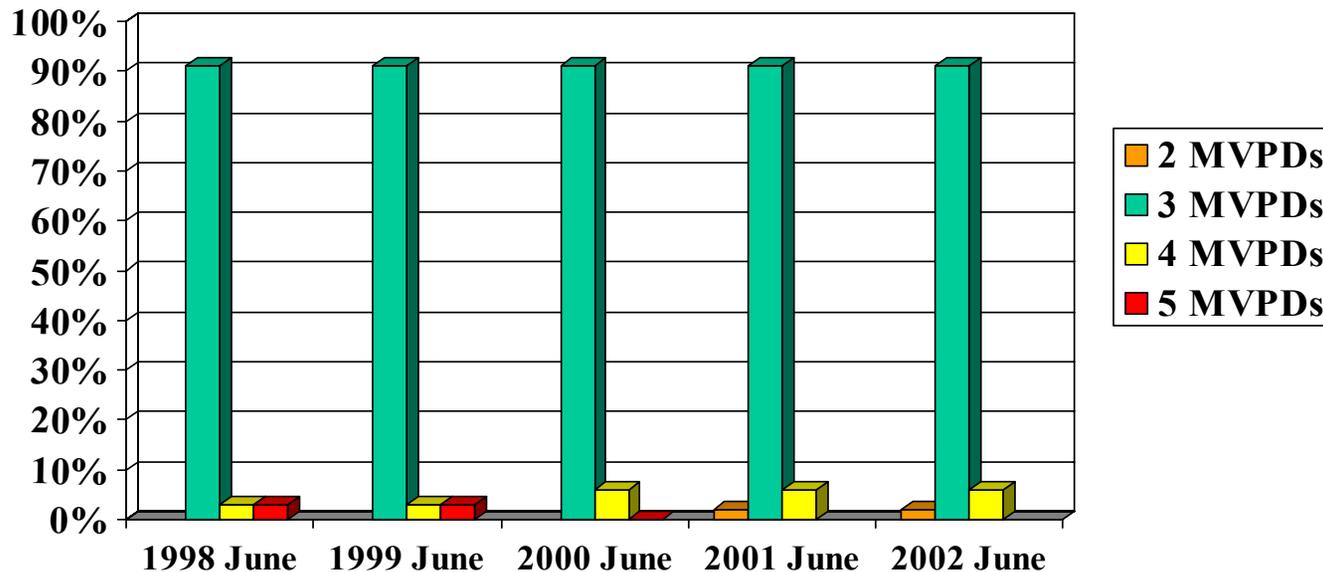
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<i>Performance Goal – Eliminate Barriers</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Develop new merger review timetable. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Act on all major merger and acquisition applications within 180 days of receipt. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Same as FY01. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ New merger timetable implemented. All mergers were reviewed within 180 days. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Thirteen major mergers were acted on within 180 days of being placed on public notice. Two mergers exceeded the goal of 180 days. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Fifteen major mergers were acted on within 180 days of being placed on public notice and two mergers exceeded the goal of 180 days: COMSAT/Telenor (209 days) and Iridium/“Old” Iridium (230 days). Both the COMSAT/Telenor and Iridium/“Old” Iridium transactions involved licenses for satellites and required consideration of issues of foreign ownership (indeed, COMSAT/Telenor resulted in the highest level of indirect foreign government ownership in a licensee approved by the Commission).

Performance Goal – Eliminate Barriers

**MULTICHANNEL VIDEO/BROADCASTING
PENETRATION**

**(FY 02 Goal: 10% of Households with Access to 3 or More
Multichannel Video Programming Distributors)**



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<i>Performance Goal – International Competition</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ We will continue to participate in global standard setting for communications services. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many of new entrant systems as possible. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Same as FY00. 	<p>FY99:</p> <ul style="list-style-type: none"> ➤ Proposed rules to implement the international arrangements governing Global Mobile Personal Communications by Satellite adopted by ITU. <p>FY00:</p> <ul style="list-style-type: none"> ➤ The FCC developed an innovative licensing approach for a new generation of mobile satellite services in the 2GHz frequency band, and released an NPRM and Report and Order addressing difficult spectrum sharing issues between the terrestrial fixed and fixed satellite services. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Issued an Order finalizing the INTELSAT privatization under the Orbit Act with 17 INTELSAT authorizations. ➤ Adopted an Order approving Inmarsat privatization consistent with the Orbit Act and authorized four companies to operate Inmarsat terminals in the United States. ➤ Adopted an NPRM exploring the possibility of allowing mobile satellite service operators to use terrestrial components in their mobile satellite service spectrum. ➤ Issued 11 satellite licenses for 34 orbit locations in the Ka-Band. ➤ Issued 8 licenses for launch and operation of 8 mobile satellite systems in the 2 GHz band. ➤ Proposed an allocation for satellite services in the V-Band that allowed terrestrial operation to take place in the same band. ➤ Proposed a band arrangement and licensing rules for NGSO/FSS satellite operators in the Ku-Band.

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<i>Performance Goal – International Competition</i>	<i>Actual Performance</i>
<p>Continuation—</p> <p>FY 02:</p> <ul style="list-style-type: none">➤ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many of new entrant systems as possible.	<p>FY02:</p> <ul style="list-style-type: none">➤ Issued a Report and Order setting out sharing arrangements between NGSO FSS Ku-band licensees.➤ Issued 7 new space station licenses.➤ Issued 260 new earth station licenses.➤ Authorized the addition of one foreign-licensed satellite provider to the “permitted list,” allowing automatic access by any routine earth station in the United States.➤ Issued a second Notice of Proposed Rulemaking exploring the options for streamlining the earth station application process.➤ In June 2002, the FCC released an Order modifying Parts 43 and 63 of the Rules. The Order clarified the intent of several rules and modified rules to remove unnecessary regulations.

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<i>Performance Goal – International Competition</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	
FY00: ➤ Average price for an international call: \$.65 per minute.	FY00: ➤ Average price of an international phone call: \$0.51 per minute.
FY01: ➤ Average price of an international call: \$0.55 per minute.	FY01: ➤ The average price of an international call as of December 2000 was \$0.43 per minute.
FY02: ➤ Average price of an international call: \$0.45 per minute.	FY02: ➤ The average price of an international call as of December 2001 was \$0.33 per minute.

<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	
FY00: ➤ 10% reduction in the number of long-distance slamming informal complaints.	FY00: ➤ Significant monetary fines were levied on carriers guilty of slamming practices.
FY01: ➤ 20% reduction in the number of long-distance slamming informal complaints.	FY01: ➤ 51% reduction in the number of long-distance slamming informal complaints.
FY02: ➤ 40% reduction in the number of long-distance slamming informal complaints.	FY02: ➤ In FY 2002, a total of 4,179 slamming complaints were filed with the FCC, representing a 41.2% reduction over FY 2000 (baseline). Approximately, 1,986 slamming complaints were forwarded to “opt-in” states to resolve and were not included in the FCC’s FY 2002 results.

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<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Implement all disability accessibility rules; achieve 65% compliance with new disability rules.</p> <p>FY01: ➤ Achieve 80% compliance with new disability rules.</p> <p>FY02: ➤ Achieve 85% compliance with new disability rules.</p>	<p>FY99: ➤ Released an Order implementing Section 255 of the Telecommunications Act.</p> <p>FY00: ➤ The FCC continues to monitor disability actions and has resolved a number of informal complaints. No formal complaints were filed in FY00.</p> <p>FY01: ➤ The FCC continues to monitor disability-related enforcement issues and has initiated one investigation in this area. No disability-related formal complaints were filed in FY01.</p> <p>FY02: ➤ No disability-related formal complaints were filed in FY02. ➤ The FCC now tracks all Disability-related inquiries and complaints on its Operations Support for Complaint Analysis and Resolution (OSCAR) reporting system. This has significantly improved the agency's ability to identify trends in Disability issues as they arise, and to expand its outreach efforts to the Disabilities community and other interested parties. Since April 2002, when this tracking commenced, 650 disability inquiries and complaints have been recorded.</p>

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<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ 10% increase in Common Carrier formal complaints resolved per attorney. <p>FY01:</p> <ul style="list-style-type: none"> ➤ 25% increase in Common Carrier formal complaints resolved per attorney. <p>FY02:</p> <ul style="list-style-type: none"> ➤ 50% increase in Common Carrier formal complaints resolved per attorney. 	<p>FY99:</p> <ul style="list-style-type: none"> ➤ Pending formal Common Carrier complaints were reduced by 21% over FY98 levels. <p>FY00:</p> <ul style="list-style-type: none"> ➤ 71% increase in Common Carrier formal complaints resolved per attorney. <p>FY01:</p> <ul style="list-style-type: none"> ➤ The FCC far exceeded this goal, achieving a 187% increase in the number of Common Carrier formal complaints resolved per attorney (using FY99 as a baseline). Improved efficiency in resolving complaints makes the formal complaint process a more credible option for dispute resolution and a deterrent to unlawful conduct. <p>FY02:</p> <ul style="list-style-type: none"> ➤ The FCC far exceeded this goal, achieving a 134% increase in the number of Common Carrier formal complaints resolved per attorney (using FY99 as a baseline). Improved efficiency in resolving complaints makes the formal complaint process a more credible option for dispute resolution and a deterrent to unlawful conduct.

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<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ Enhance our capabilities to resolve radio interference problems by updating our radio direction finding systems. <p>FY00:</p> <ul style="list-style-type: none"> ➤ 85% compliance with antenna registration, marking and lighting rules. <p>FY01:</p> <ul style="list-style-type: none"> ➤ 90% compliance with antenna registration, marking and lighting rules. <p>FY02:</p> <ul style="list-style-type: none"> ➤ 92% compliance with antenna registration, marking and lighting rules. 	<p>FY99:</p> <ul style="list-style-type: none"> ➤ Updated a variety of radio direction finding systems to aid in enforcement activities. <p>FY00:</p> <ul style="list-style-type: none"> ➤ The FCC inspected 2,151 towers: 92% were registered and 94% were properly marked and lit. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Inspected 2,156 towers: 97% were registered and 96% were properly marked and lit. <p>FY02:</p> <ul style="list-style-type: none"> ➤ The FCC inspected 3,613 towers, 98.4% were registered. 92.6% were properly painted and lit. This goal benefits the consumer by promoting air safety. The drop in percentage of towers properly marked and lit reflects the expansion of the geographic area in which inspections were conducted, thus casting a “wider net” to find noncompliant towers.

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Goal 3 – Promote Opportunities for All Americans to Benefit from the Communications Revolution:

<i>Performance Goal –Consumer Education</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Approve Numbering Resource Optimization plan.</p> <p>FY01: ➤ Decrease number of new area codes added by at least 8%.</p> <p>FY02: ➤ Decrease number of new area codes added by at least 20%.</p>	<p>FY00: ➤ FCC issued two Report and Orders on Numbering Resource Optimization.</p> <p>FY01: ➤ Compared to 46 new area code activations during 1989-1999, 14 new area codes were activated in 2000, and 20 codes were scheduled to be activated in 2001. This represents a significant decline in area code activation.</p> <p>FY02: ➤ Approximately 20 new area codes were activated in 2001, and approximately 10 new area codes have been activated in 2002. The level of activations in 2002 represents a 50% decrease in area code activations over 2001.</p>

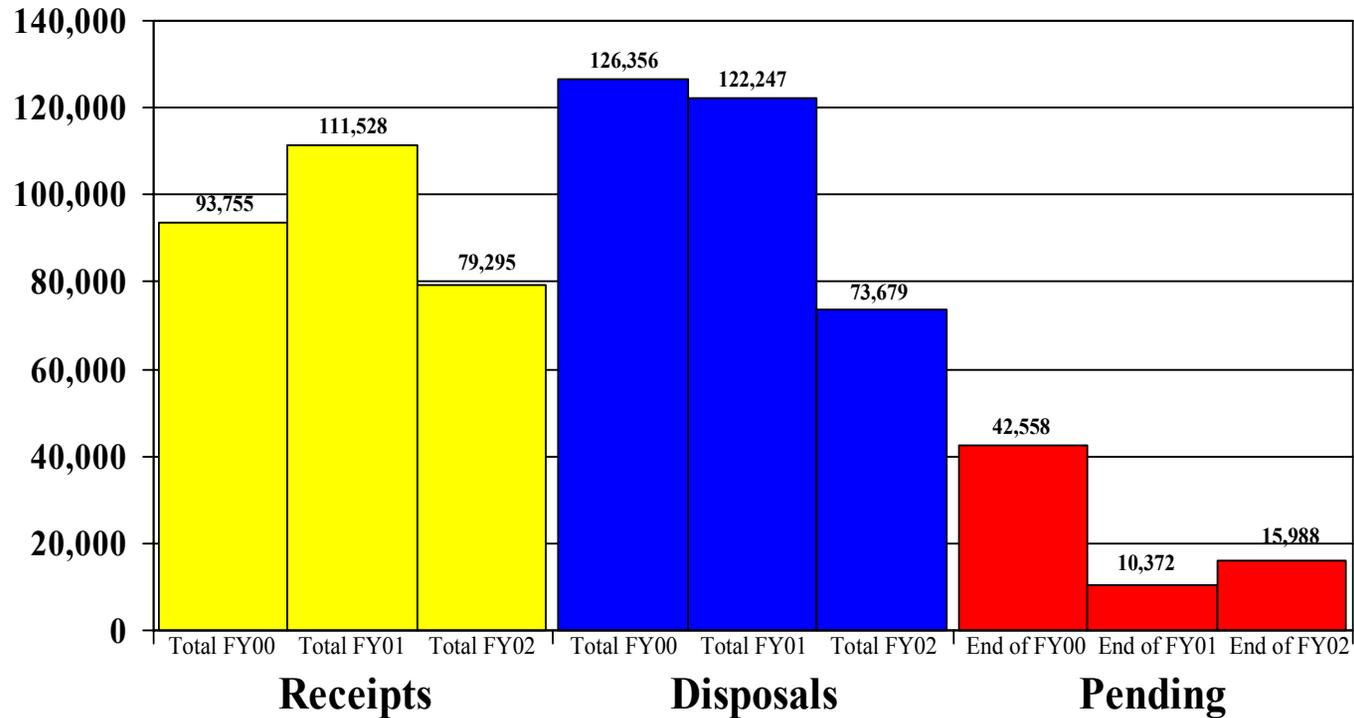
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<i>Performance Goal –Consumer Education</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Implement more efficient number block pooling for at least 18 of the 100 largest MSAs. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Implement more efficient number block pooling for at least 18 of the 100 largest MSAs. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Implement more efficient number block pooling for at least 40 of the 100 largest MSAs. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ On-going. National pooling framework established; several state pooling trials in place. <p>FY01:</p> <ul style="list-style-type: none"> ➤ At the end of 2001, 107 pools in 26 states had been implemented. Pooling has contributed directly to a significant decrease in net central office code assignments, from an average of 2,172 codes per month for the period of January-October 2000, to 413 for January-October 2001. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Thousands-block number pooling has been implemented in approximately 86 MSAs and 185 area codes. During 2002, 3,604 central office codes were returned. Net central office code assignments were 3,574 as compared to 4,340 in 2001.

Performance Goal – Promote Access

INFORMAL COMPLAINTS



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<i>Performance Goal – Promote Access</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ 15% increase in penetration rate for mobile wireless telephone services. <p>FY01:</p> <ul style="list-style-type: none"> ➤ 30% increase in penetration rate for mobile wireless telephone services. <p>FY02:</p> <ul style="list-style-type: none"> ➤ 25%-30% increase in penetration rate for mobile wireless telephone services. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ 28% increase in penetration rates. <p>FY01:</p> <ul style="list-style-type: none"> ➤ 39% increase in penetration rates. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Year-end 2001 data indicated a 45% (128.5 subscribership) overall nationwide penetration rate for mobile telephone services, 17% increase over December 2000. The mobile telephone sector experienced continued strong growth and competitive development – broadband PCS carrier and digital SMR providers continued to deploy their networks – resulting in lower prices for consumers and an increase in subscribership from 109.5 million to 128.5 million.

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<i>Performance Goal – Promote Access⁸</i>	<i>Actual Performance</i>
<p>FY99: ➤ Improve the connections of classrooms, libraries and rural health facilities to the Internet.</p> <p>FY00: ➤ 75% of schools and libraries connected to the Internet.</p> <p>FY01: ➤ 90% of public school instructional classrooms connected to the Internet.</p> <p>FY02: ➤ 93% of public school instructional classrooms connected to the Internet.</p>	<p>FY99: ➤ Released Order extending funding for schools and libraries to get connected to the Internet.</p> <p>FY00: ➤ 77% of public school instructional classrooms connected to the Internet.</p> <p>FY01: ➤ Over 87% of public school instructional classrooms connected to the Internet. In the fall of 2001, 99% of public schools in the United States had access to the Internet. Over the years, changes have occurred in the types of Internet connections used by public schools and the speed at which they are connected to the Internet. In 2001, 85% of public schools used broadband connections to access the Internet, a 5% increase from 2000.</p> <p>FY02: ➤ FY02 statistics will not be available until late spring 2003. ➤ The Schools and Libraries Program provides support for eligible schools and libraries to help offset the cost of telecommunications services, including advanced communication services and equipment. It provides students free access to Internet services in their classrooms and local libraries.</p>

⁸ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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<i>Performance Goal – Promote Access⁹</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Implement consumer outreach program, including new consumer advocacy partnerships with Federal, state, and local governments, industry, and consumer groups.</p> <p>FY01: ➤ Implement consumer outreach program, including new consumer advocacy partnerships.</p> <p>FY02: ➤ Extend partnerships with industry and consumer groups.</p>	<p>FY00: ➤ Established consumer advocacy partnerships with Federal, state, and local governments. Also launched a pilot database project, the State and National Action Plan (SNAP), which shares data on slamming and cramming complaints and inquiries. See FY00 Annual Program Performance Report for a listing of additional significant activities.</p> <p>FY01: ➤ Established partnerships with Federal, state and local government agencies, consumer groups, and the military for distribution of information. ➤ Developed a brochure to provide critical information to consumers on international calling and associated rates ➤ Established the Consumer/Disability Telecommunications Advisory Committee (C/DTAC).</p> <p>FY02: ➤ Entered into an agreement with the Advisory Council on Historic Preservation and the National Conference of State Historic Preservation Officers to streamline the historic review process for co-located antennas.</p>

⁹ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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Goal 4 – Manage the Electromagnetic Spectrum in the Public Interest:

<i>Performance Goal – Increase Available Spectrum</i>	<i>Actual Performance</i>
<p>FY99: ➤ No FY99 goal.</p> <p>FY00: ➤ Conduct all congressionally mandated auctions scheduled in FY00.</p> <p>FY01: ➤ Conduct all auctions necessary to make spectrum available consistent with the FCC’s and Congress’ spectrum management goals.</p> <p>FY02: ➤ Same as FY01.</p>	<p>FY00: ➤ Congress postponed the deadline for Auction 31 (Combinatorial Bidding).</p> <p>FY01: ➤ The FCC completed six auctions, which provided the industry with much needed spectrum to meet increased consumer demands.</p> <p>FY02: ➤ The FCC conducted a field spectrum occupancy measurement project at ten locations to determine whether there were interference sources that could pose an impediment to the use of new technology in spectrum subject to auction. ➤ The FCC completed seven auctions during FY 2002, which provided the industry with much needed spectrum to meet increased consumer demands. ➤ The Auction Reform Act of 2002 was signed into law on June 19, 2002. This legislation eliminated statutory deadlines for spectrum auctions that applied to several bands, and provided the Commission with discretion to schedule future auctions. However, the Auction Reform Act directed the Commission to proceed with the auction of the Lower 700 MHz band C and D blocks but to postpone the scheduled June 19, 2002 auction of the remaining portions of the Lower 700 MHz and Upper 700 MHz bands. In accordance with the statute, the auction of the Lower 700 MHz band C and D block spectrum began on August 27, 2002, and was completed September 18, 2002. The Act also requires the Commission to report to Congress not later than June 19, 2003, on among other things, when it intends to reschedule the auction of the remaining 700 MHz bands.</p>

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<i>Performance Goal – Increase Available Spectrum¹⁰</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Initiate actions to promote the development of new services. ➤ Allocate 4 GHz of spectrum for unlicensed services. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Increase the availability of flexibly allocated spectrum by 20% (baseline: FY00). ➤ Initiate 3G spectrum allocations. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Increase the availability of flexibly allocated spectrum by an additional 20% (baseline: FY00). ➤ Implement 3G spectrum allocation and service rules. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ The FCC received a total of 100 applications to support the development of new technology applications in 7 services. ➤ FCC completed a Report and Order allocating spectrum for unlicensed services. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Completed a proceeding to add flexibility to 190 MHz of spectrum at 2.5 GHz. ➤ Initiated Advanced Wireless Service (includes 3G) spectrum allocations by issuing a Notice of Proposed Rulemaking. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Completed spectrum allocations in two separate proceedings for 77 MHz of spectrum transferred from Federal government use and 48 MHz of spectrum reallocated from TV broadcast use. ➤ Completed flexible spectrum reallocations for 125 MHz, an increase of 47.6% (FY00 baseline: 262.5 MHz). ➤ Advanced Wireless Services (3G) spectrum allocations were delayed until after FY 2002 assessment is completed. ➤ In November, 2002, the FCC sought comment on licensing, technical, and operational rules to govern the use of the 1710-1755 MHz and 2110-2155 MHz bands for advanced wireless services (AWS). ➤ The FCC adopted service rules governing 27 megahertz of spectrum (216-220 MHz, 1390-1395 MHz, 1427-1429 MHz, 1429-1432 MHz, 1432-1435 MHz, 1670-1675 MHz, and 2385-2390 MHz) that was transferred from Government to non-Government use to accommodate a variety of communications needs. ➤ The FCC adopted service rules authorizing the Multichannel Video and Distribution and Data Service in the 12.2-12.7 GHz band.

¹⁰ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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<i>Performance Goal - Efficient Spectrum Use¹¹</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> ➤ No FY99 goal. <p>FY00:</p> <ul style="list-style-type: none"> ➤ Initiate review of assignment and licensing techniques. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Convene a task force to work with industry and academia to develop recommendations on ways to improve assignment and licensing. <p>FY02:</p> <ul style="list-style-type: none"> ➤ Clarify our transfer of control policies to facilitate secondary market transactions. 	<p>FY00:</p> <ul style="list-style-type: none"> ➤ Released two rule makings reconfiguring the 30 MHz C-block re-auction spectrum into three 10 MHz blocks. <p>FY01:</p> <ul style="list-style-type: none"> ➤ Established the Technical Advisory Committee with three working groups, including one on spectrum management. ➤ Established a new task force on spectrum policy and created a new position, Senior Spectrum Policy Advisor. ➤ The FCC released a rule making adopting various technical and operational rules and policies concerning the use of frequencies in the 764-776 MHz and 794-806 MHz bands (700 MHz band) designated for interoperability uses. FCC is also conducting an audit of the construction and operational status of the Private Land Mobile Radio (PLMR) licensees holding authorizations in the Public Safety and Business Industrial radio services on coordinated frequencies below 800 MHz. This study will identify opportunities for getting spectrum into the marketplace. <p>FY02:</p> <ul style="list-style-type: none"> ➤ The FCC conducted a spectrum occupancy measurement project in support of the Spectrum Policy Task Force at five locations. ➤ The FCC issued a Notice of Proposed Rulemaking in the Space Station Licensing Reform proceeding that includes a proposal to remove restrictions on satellite licensees' rights to trade their licenses on the secondary markets.

¹¹ Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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<i>Performance Goal - Efficient Spectrum Use¹²</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	FY99: ➤ Worked with the industry and NTIA to promote the use of technologies and approaches to spectrum allocation and assessments that minimize interference and increase coordination between Federal and non-Federal users.
FY00: ➤ Work with industry and NTIA to promote the use of technologies and approaches to spectrum allocation.	FY00: ➤ Adopted rules to provide for government access to non-government public safety spectrum in the 700 MHz band.
FY01: ➤ Examine management of shared spectrum and vehicles to enhance condition of shared spectrum with NTIA.	FY01: ➤ Worked with the Interdepartmental Radio Advisory Committee (IRAC) on questions arising from September 11 terror attack.
FY02: ➤ Examine implementation of new spectrum technology uses.	FY02: ➤ Established a Homeland Security Policy Council (HSPC) comprised of senior level officials. The Network Reliability and Interoperability Council and the Media Security and Reliability Council also worked under new charters to address these issues. ➤ The FCC's participation in the U.S. ITU World Radiocommunications Conference (WRC) has been critical for advancing commercial and public safety interests in the process. ➤ The FCC initiated a rulemaking proceeding regarding service rules for the 4.9 GHz band, which was transferred from Government spectrum and designated for public safety uses.

Due to the success the FCC had between FY 1999 and FY 2002 in meeting or exceeding its performance measures, the planned issuance of a new strategic plan for FY 2003 to FY 2008, and the significant changes the communications industry underwent in 2001 and 2002, the FCC plans to change the number and structure of its performance goals beginning in FY 2003. For FY 2004, these new performance goals and indicators are shown on pages 5-12, reflecting the goals and priorities of the FCC's revised strategic plan (FY 2003 - FY 2008).

¹² Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

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SECTION 4: VALIDATION

The FCC uses numerous methods and techniques to verify and validate the data that underlie its performance indicators. Three primary methods broadly described below are:

- Certifications of reliability from data sources,
- Office of Managing Director's general program of internal review and evaluation, and
- Audits, reports, and reviews performed by other groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO).

Specific information on baseline data, expected use of agency systems, sources for measured data, and expected reliance on external data sources will be found as data are reported during FY 2004. Reviewers can anticipate that methodology sections attached to the certifications of reliability will provide most of the information about baseline data, use of agency systems, data sources, and reliance on external data sources.

In general, the expected data sources are internal reports generated by various FCC Bureaus and Offices,¹³ which are often combinations of internally-generated data and externally provided data from government surveys such as the Current Population Survey and industry data. New information provided by this mix of internal and external data is baselined against the data presented on the previous pages.

Bureau/Office Certifications:

Since FCC staff and automated processing systems are the source for much of the data on the FCC's performance, an acceptance of the professionalism, expertise, and ethical behavior of the FCC's line staff is fundamental to validating FCC performance data. This trust is further validated by certifications (A-130 and others) done by FCC IT staff on the secure and reliable operations of the FCC's information technology hardware and software. Finally, Assistant Bureau Chiefs must sign a statement certifying the accuracy of the performance data they transmit, along with a brief methodology statement identifying the original source of the data (internal or external) and the systems used to gather, process, and analyze the data.

¹³ For example: data from FCC programmatic reports and application processing systems, inquiry and complaint tracking systems, enforcement reporting systems, and hiring and training systems.

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Cross-cutting Functions:

The FCC 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 closely with the Federal Trade Commission on consumer issues, particularly on efforts to halt unscrupulous practices such as “slamming” and “cramming,” and most recently, on efforts to limit unwanted telemarketing.

As we coordinate our efforts with other Federal agencies, we must also seek the input of state and local government to achieve a truly national telecommunications policy. The Telecommunications Act of 1996 set the groundwork for this goal, and the Commission continues to work through joint boards and advisory committees to share information and views on many critical communications issues. Recently, our work with local, state and regional groups has expanded to focus on such sensitive issues as corporate malfeasance and the reliability and interoperability of our national telecommunications network.

Internal Review and Evaluation Program:

The Office of Managing Director, Performance Evaluation and Records Management (PERM) cross-checks the basic validation provided by the FCC’s Bureaus and Offices as part of its on-going program of internal controls. PERM focuses its program of internal controls on (in priority order):

1. Prevention,
2. Detection, and – where necessary
3. Correction.

Prevention Controls –

Prevention controls are those designed to prevent or discourage errors or irregularities. The primary prevention control processes used by PERM are guidelines or directives and training. Guidelines or directives are looked to for required or suggested segregations of duties, necessary physical or operational limitations on access to assets, appropriate reviews and

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FY 2004 Annual Performance Plan

approvals, and documentation and record retention responsibilities. Checklists that Bureaus and Offices can use to ensure their guidelines or directives include necessary validation measures can be found on PERM's Intranet site.

Training opportunities and resources for the purposes of review, evaluation, internal controls, and validation are also noted on PERM's Intranet site.

Detection Controls -

Detection controls are designed to identify errors or irregularities after they have occurred. PERM uses three primary methods for detection control. They are:

1. Random internal reviews – PERM staff randomly select a small number of projects/activities each year and conduct brief (1/2 to a maximum of 2 days), unannounced reviews to determine if the project/activity is conforming to appropriate guidelines or directives. The objective of these random reviews is to provide FCC Bureaus and Offices with quick trajectory checks so that executives, managers, and staff have useful information to help them ensure their programs are operating effectively and staying consistent with applicable laws, regulations, and priorities.

On a random basis, PERM staff also assesses the performance data provided by Bureaus and Offices for trends and/or irregularities. If inconsistencies or other problems are observed, PERM staff discuss and resolve the problem with the Bureau and Office staff.

2. Formal program evaluations – At least one formal program evaluation is conducted each year as suggested by the Government Performance and Results Act (GPRA) and OMB's implementing procedures for that Act (OMB Circular A-11). This formal evaluation is announced at the start of each fiscal year and timelines and evaluation standards are negotiated with the affected Bureaus and Offices. The objective of these formal program evaluations is to provide the operational Bureaus and Offices with helpful and practical insights on how to most effectively manage their programs given relevant laws, regulations, and priorities.
3. Vulnerability assessments – Under the auspices of the Federal Managers' Financial Integrity Act and OMB Circular A-123, PERM coordinates a program of approximately 15-20 vulnerability assessments that are conducted each year. These assessments are designed to identify and correct potential weaknesses in our programs and to minimize the

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susceptibility of major functions or programs to waste, loss, or unauthorized use or misappropriation of funds, resources, property or other assets; a conflict of interest; errors in reports and information, illegal or unethical acts; or other improper activities.

Correction Controls -

If, as a result of the detection control process, conditions are identified in a FCC Bureau or Office that show a program/project/activity is not operating effectively, efficiently, reliably, or in compliance with applicable laws, regulations, and priorities, then PERM works with the affected Bureau or Office to remedy these conditions in a timely manner.

Independent audits and reviews:

The final verification and validation process is the audits and studies conducted by the FCC's IG or the GAO. The IG conducts an average of nine audits of FCC activities every year while the GAO has been averaging several studies of FCC activities or issues per year, one or two of which may include recommendations to the Commission. All of these independent reviewers have access to FCC staff and records and point out areas of concern or in need of improvement when they are uncovered.

FEDERAL COMMUNICATIONS COMMISSION

FY 2004 Budget Estimates to Congress

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FY 2004 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 therefore, 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, **\$280,798,000** of which not to exceed \$300,000 shall remain available until September 30, 2005, for research and policy studies: **Provided, That, \$251,984,000 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 2004 so as to result in a final fiscal year 2004 appropriation estimated at \$28,814,000:** **Provided further, That any offsetting collections received in excess of \$251,984,000 in fiscal year 2004 shall remain available until expended, but shall not be available for obligation until October 1, 2004.**

Note: A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

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

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

Explanation of proposed legislation:

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

Spectrum Auction Authority (Legislative proposal subject to PAYGO):

Explanation of proposed legislation:

The Administration will propose legislation to extend indefinitely the FCC's auction authority, which expires in 2007 under current law.

Spectrum User Fee (Legislative proposal, subject to PAYGO):

Explanation of proposed legislation:

To continue to promote efficient spectrum use, the administration will propose legislation providing the FCC with new authority to use other economic mechanisms, such as fees, as a spectrum management tool. The FCC would be authorized to set user fees on unauctioned spectrum licenses based on public-interest and spectrum-management principles. Fees would be phased in over time as part of an ongoing rulemaking process to determine the appropriate application of and level for fees. Fee collections are estimated to begin in 2005.

Full Funding of Federal Retiree Costs included in the Appropriations request for FY 2004

Funding for the proposed legislation is not contained in FCC's request but is shown in separate exhibits in the President's Budget.

Explanation of proposed legislation:

The Administration has proposed legislation to require agencies, beginning in FY 2004, to pay the full Government share of the accruing cost of retirement for current CSRS, CIA and Foreign Service employees and the Coast Guard, Public Health Service and NOAA Commissioned Corps. The legislation also requires agencies to pay the full accruing cost of post-retirement health benefits for current civilian employees and the post-retirement health costs of all retirees (and their dependents/survivors) of the Uniformed Services (DoD, Coast Guard, Public Health Service, and NOAA Commissioned Corps).

**FY 2004 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 2004 Base Funding Level (Assumes the FY 2003 Request Level and estimated FTE level for FY 2003)	1,995	\$ 268,327
<hr/>		
<u>Uncontrollable and Inflationary Increases to Base (required to maintain support of agency initiatives at FY 2002 levels):</u>		
1. <u>Compensation and Benefits</u>		
a. FY 2003 Annualized Pay Raise/Locality Pay Adjustment @3.1%, for (25% of Fiscal Year)		\$ 1,529
b. FY 2004 Pay Raise and Locality Pay Adjustment (2.0%) includes associated increase to benefit costs for (75% of Fiscal Year)		\$ 3,194
2. <u>Non-Salary</u>		
a. FY 2003 amount required for inflationary increases to cover space rentals (GSA and non-GSA)/Mail/ADP production support and maintenance/misc.		\$ 1,648
Subtotal Uncontrollable and Inflationary Increases:		\$ 6,371

**FY 2004 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)**

	FTEs	\$ AMOUNT
<u>Programmatic Increases to the Base:</u>		
1. Provide Inspector General with audit support for oversight on all Commission programs and operations.		\$ 3,000
2. Provide enclosed test facility to allow more efficient and effective testing of equipment by laboratory engineers.		\$ 500
3. Provide FTEs plus support to enhance engineering staff to support the Commission's Excellence in Engineering program.	20	\$ 2,600
Subtotal Programmatic Increases:		\$ 6,100
<hr/>		
Total Requested Increase to Base:		\$ 12,471
<hr/>		
Total FY 2004 Commission Request:	2,015	\$ 280,798

FY 2004 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Proposed Budget Authority
[Dollars in Thousands]

	FY 2003		FY 2004		Requested Changes	
	FTE	\$ B/A	FTE	\$ B/A	FTE	\$ B/A
Direct Funding		<u>28,814</u>		<u>28,814</u>		
Total Direct Appropriation		<u>28,814</u>		<u>28,814</u>		\$0
Budget Authority to use						
Offsetting Collections:		<u>239,513</u>		<u>251,984</u>		
1) Total Regulatory Fees		239,513		251,984		\$12,471
Subtotal Appropriated B/A	1,995	\$268,327	2,015	\$280,798	20	\$12,471
Authority to spend						
Other Offsetting Collections:						
2) Reg. Fees (Sec. 9) Carryover		5,805		--		
3) Economy Act/Misc. Other Reimbursables		1,300		1,300		
4) Auction Cost Recovery Reimbursements		96,805		98,742		
Total Gross Budget Authority		<u>\$372,237</u>		<u>\$380,840</u>		
Additional Direct Budget Authority to Cover:						
President's Proposal for Pension - Health Benefits						
Legislation 1/		<u>\$1,000</u>		<u>\$1,000</u>		

1/ Represents net budget authority shown in the President's Budget for the President's Proposal for Pension - Health Benefits legislation, under proposal funding to cover remaining estimated costs of \$10M in FY 2002, \$11M in FY 2003, and \$12M in FY 2004 would come from offsetting collections.

**FY 2004 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>Estimate FY2002 FTE</u>	<u>Estimate FY2003 FTE</u>	<u>Proposed FY2004 FTE</u>	<u>Proposed Change +/-</u>
Office of the Commissioners	32	42	42	0
Consumer & Governmental Affairs Bureau ..1/...	213	214	214	0
Enforcement Bureau	301	315	315	0
International Bureau	145	143	143	0
Media Bureau2/...	274	260	260	0
Wireline Competition Bureau3/....	233	216	216	0
Wireless Telecommunications Bureau	316	320	320	0
Office of Administrative Law Judges	4	5	5	0
Office of Commun. Business Opportunities	7	6	6	0
Office of Engineering & Technology.....	109	115	135 4/	20
Office of the General Counsel	77	77	77	0
Office of Inspector General	11	12	12	0
Office of Legislative Affairs	12	13	13	0
Office of the Managing Director	221	220	220	0
Office of Media Relations	12	12	12	0
Office of Plans & Policy	19	19	19	0
Office of Workplace Diversity	6	6	6	0
Commission FTE Totals	1,992	1,995	2,015	20

- 1/ Reflects total FTEs following reorganization in March 2002 of Consumer Information Bureau and Intergovernmental functions.
- 2/ Reflects total FTEs following reorganization in March 2002 of Mass Media Bureau and Cable Services Bureau.
- 3/ Reflects total FTEs following reorganization in March 2002 of Common Carrier Bureau.
- 4/ Portion of proposed engineering staff increase will be distributed to other Bureaus as need arises.

FY 2004 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 policy direction, program development, legal services, and executive direction, as well as support services associated with licensing activities.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
International Bureau	43	43	43	0
Media Bureau	157	141	141	0
Office of Engineering & Technology	24	25	25	0
Wireless Telecommunications Bureau	192	194	193	-1
Total FTEs – Licensing	416	403	402	-1

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

COMPETITION ACTIVITY				
This activity includes formal inquiries, rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with activities to promote competition in the public interest.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Consumer & Governmental Affairs Bureau	18	18	18	0
International Bureau	50	49	49	0
Media Bureau	83	81	80	-1
Office of Engineering & Technology	14	14	14	0
Wireless Telecommunications Bureau	89	91	91	0
Wireline Competition Bureau	233	232	232	0
Total FTEs – Competition	487	485	484	-1

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

ENFORCEMENT ACTIVITY				
This activity includes enforcement of the Commission's rules, regulations and authorizations - including investigations, inspections, compliance monitoring and sanctions of all types. It 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. Additionally, it also includes policy direction, program development, legal services, and executive direction, as well as support services associated with enforcement activities.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Enforcement Bureau	376	397	396	-1
International Bureau	3	3	2	-1
Media Bureau	54	50	50	0
Office of Engineering & Technology	4	4	4	0
Wireless Telecommunications Bureau	11	14	14	0
Wireline Competition Bureau	58	39	39	0
Total FTEs – Enforcement	506	507	505	-2

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

CONSUMER INFORMATION SERVICES ACTIVITY				
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. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with consumer information activities.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Consumer & Governmental Affairs Bureau	248	252	252	0
International Bureau	10	10	10	0
Media Bureau	15	15	15	0
Office of Engineering & Technology	8	8	8	0
Wireless Telecommunications Bureau	19	18	18	0
Total FTEs – Consumer Info. Services	300	303	303	0

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

SPECTRUM MANAGEMENT ACTIVITY				
<p>This activity includes management of the electromagnetic spectrum as mandated by the Communications Act of 1934 as amended. Spectrum management includes the structure and processes for allocating, assigning and regulating the use of this scarce resource to the private sector and state and local governments in a way that promotes competition while ensuring that the public interest is best served. In order to manage spectrum in both an efficient and equitable manner, the Commission evaluates needs, prepares economic, technical and engineering studies, coordinates with Federal agencies, develops cross-border sharing arrangements, and represents U.S. interest in international fora. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with spectrum management activities.</p>				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
International Bureau	76	75	75	0
Media Bureau	35	40	40	0
Office of Engineering & Technology	88	95	119	24
Wireless Telecommunications Bureau	84	87	87	0
Total FTEs – Spectrum Management	283	297	321	24

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 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.

	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Consumer & Governmental Affairs Bureau	266	270	270	0
Enforcement Bureau	376	397	396	-1
International Bureau	182	180	179	-1
Media Bureau	344	327	326	-1
Office of Engineering & Technology	138	146	170	24
Wireless Telecommunications Bureau	395	404	403	-1
Wireline Competition Bureau	291	271	271	0
Commission FTE Totals	1,992	1,995	2,015	20

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

The Federal Communications Commission's budget estimates for Fiscal Year 2004 are summarized below:

DISTRIBUTION OF BUDGET AUTHORITY:	FY 2002 Actual BA	FY 2003 Policy BA	FY 2004 Request BA	Change to Appropriated Budget Authority
Direct Appropriation:				
Current: (P.L. 107-77 FY 2002)	\$26,314	\$28,814	\$28,814	\$0
Authority to Spend Offsetting Collections:				
Regulatory Fees	218,757	239,513	251,984	12,471
Appropriation Total (Prior to Rescission/Lapse):	\$245,071	\$268,327	\$280,798	\$12,471
Rescission: (P.L. 107-206)	(29)	--	--	--
Lapsed Year End:	(2)			
Authority to spend				
Other Offsetting Collections:				
1) No-year Carryover Funds (Prior year)	\$13,143 1/	\$5,805 3/	--	--
2) Economy Act/Misc.Other	1,212	1,300	1,300	--
3) Auctions Cost Recovery				--
Reimbursements (P.L. 104-104)	77,918	96,805	98,742	
Subtotal Other Offsetting Collections:	\$92,273	\$103,910	\$100,042	--
Unobligated Offsetting Collections (EOY)				
Available to be carried forward:		TBD	TBD	--
Prior Year Reg Fees (Sec 9) carryover	4,638	(4,638) 2/	--	--
Prior Year Reg Fees (Sec 9) carryover -recoveries ..	59	--	--	--
Current Year Reg Fees Available Oct. 1, 2003	1,108	--	--	--
Total unobligated balance to carry forward into FY 2003:	5,805	--	--	--
Lapsed Year End	(6)	--	--	--
Total Budget Authority -				
Available to incur obligations in FY 2002:	\$337,344	\$372,237	\$380,840	--
Obligated as of EOFY 2002:	\$332,669	TBD	TBD	
Additional Direct Budget Authority to Cover:				
President's Proposal for Pension - Health Benefits				
Legislation 4/	\$1,000	\$1,000	\$1,000	

1/ Includes \$6,488,000 in Auctions operating carryover funds (XA) and \$6,655,000 in carryover regulatory fees (XR).

2/ \$4,638,270 in regulatory fees (XR) not available for obligation in FY 2002 were carried forward into FY 2003.

3/ Includes \$4,638,270 in prior year regulatory fees; also includes \$1,108,118 in FY 2002 no year regulatory fee collections authorized for use October 1, FY 2003; plus \$58,519 in funds recovered from prior year obligations.

4/ Represents net budget authority shown in the President's Budget for the President's Proposal for Pension - Health Benefits legislation, under proposal funding to cover remaining estimated costs of \$10M in FY 2002, \$11M in FY 2003, and \$12M in FY 2004 would come from offsetting collections.

FY 2004 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 2002</u> <u>Estimate</u>		<u>FY 2003</u> <u>Estimate</u>		<u>FY 2004</u> <u>Request</u>	<u>Change to</u> <u>Appropriated</u> <u>Obligations</u>
Direct Appropriation:						
Personnel Compensation	\$15,062		\$16,247		\$16,247	\$0
Personnel Benefits	3,354		3,670		3,670	0
Benefits to Former Employees	7		7		7	0
Other Obligations	<u>7,860</u>		<u>8,890</u>		<u>8,890</u>	<u>0</u>
Sum - Direct Obligations	26,283		28,814		28,814	0
Offsetting Collections - Obligations:						
Regulatory Fees	<u>218,757</u>		<u>239,513</u>		<u>251,984</u>	<u>12,471</u>
Subtotal - Obligations from Appropriated Funds:	\$245,040	1/	\$268,327		\$280,798	\$12,471
(Less Rescission/Lapsed):						
Obligations - Other Offsetting Collections						
1) No-year Carryover Funds (Prior year)	\$8,503	2/	\$5,805	3/	--	--
2) Economy Act/Misc.Other	1,209		1,300		1,300	--
3) Auctions Cost Recovery						
Reimbursements (P.L. 104-104)	77,917		96,805		98,742	--
Subtotal - Obligations						
from Other Offsetting Collections	<u>\$87,629</u>		<u>\$103,910</u>		<u>\$100,042</u>	--
TOTAL OBLIGATIONS	\$332,669		\$372,237		\$380,840	
TOTAL OUTLAYS	\$336,140		\$374,000		\$379,000	
(Includes Direct & All Offsetting Collections)						
Additional Direct Budget Authority to Cover:						
President's Proposal for Pension - Health Benefits Legislation 4/						
TOTAL OBLIGATIONS	\$1,000		\$1,000		\$1,000	
TOTAL OUTLAYS	\$1,000		\$1,000		\$1,000	

1/ In FY 2002 \$29,000 was rescinded per P.L. 107-206, \$1,583 lapsed at year end.

2/ \$4,638,270 in regulatory fees (XR) not available for obligation in FY 2002 were carried forward into FY 2003.

3/ Includes \$4,638,270 in prior year regulatory fees; also includes \$1,108,118 in FY 2002 no year regulatory fee collections authorized for use October 1, FY 2003; plus \$58,519 in funds recovered from prior year obligations.

4/ Represents net budget authority shown in the President's Budget for the President's Proposal for Pension - Health Benefits legislation, under proposal funding to cover remaining estimated costs of \$10M in FY 2002, \$11M in FY 2003, and \$12M in FY 2004 would come from offsetting collections.

FY 2004 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

	<u>FY 2002 Actual</u>	<u>FY 2003 Estimate</u>	<u>FY 2004 Request</u>
Total Compensable Workyears:			
Full-Time Equivalent employment [FTEs]	1,992	1,995	2,015
Proposed Distribution: 1/			
Direct	184	177	178
Offsetting Collections	1,800	1,810	1,829
Auctions Credit Program Account	8	8	8

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

FY 2004 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

SUMMARY

	<u>FY 2002</u> <u>Actual (Enacted)</u>	<u>FY 2003</u> <u>Policy Estimate</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Chg. to Requested</u> <u>Budget Authority</u>
Gross Direct Appropriations including Regulatory Fee Authority:	\$245,071	\$268,327	\$280,798	\$12,471
Rescission (P.L. 107-206)	(29)	--	--	--
Lapsed Year-End	(2)	--	--	--
Subtotal -- Direct Appropriations as adjusted	<u>\$245,040</u>	<u>\$268,327</u>	<u>\$280,798</u>	<u>\$12,471</u>
Pension/Health Benefits Legislation 1/	--	--	--	--
Subtotal -- Direct Approp. including Health Benefits Legislation	<u>\$245,040</u>	<u>\$268,327</u>	<u>\$280,798</u>	<u>\$12,471</u>
No Year Carryover Authority:				
-- Regulatory Fees (Sec. 9) 2/	\$2,017	\$5,805	\$--	\$--
-- Auctions Carryover 3/	6,486	--	--	--
Subtotal -- No Year Carryover Authority	<u>\$8,503</u>	<u>\$5,805</u>	<u>\$--</u>	<u>\$--</u>
Other Authority:				
-- Auctions Costs Recovery Reimbursable Authority	\$77,917	\$96,805	\$98,742	\$--
-- Government/Other Reimbursable Authority	1,209	1,300	1,300	--
Subtotal -- Other Authority	<u>\$79,126</u>	<u>\$98,105</u>	<u>\$100,042</u>	<u>\$--</u>
TOTAL GROSS BUDGET AUTHORITY (Net):	\$332,669	\$372,237	\$380,840	\$12,471

1/ Per OMB estimates for proposed legislation requiring agencies to pay the full government share of accruing cost of retirement for CSRS and post-retirement health benefits will be included in a separate exhibit.

2/ Reflects portion of carryover regulatory fees that House Appropriation Subcommittee approved for obligation for FY 2002. \$4,638,270 carried into FY 2002 was not approved for obligation and was carried into FY 2003.

3/ Reflects funds carried forward from FY 2001 into FY 2002 for the Auctions program.

FY 2004 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 estimated obligations for Fiscal Years 2002-2004 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 2002	FY 2003	FY 2004	Increase to
		<u>Actual (Enacted)</u>	<u>Policy Estimate</u>	<u>Request</u>	<u>Direct B.A.</u>
11	Personnel Compensation	\$15,062	\$16,247	\$16,247	\$--
12	Personnel Benefits	3,354	3,670	3,670	--
13	Benefits for Former Personnel	7	7	7	--
Other Obligations by Object Class					
21	Travel & Transportation of Persons	129	220	220	--
22	Transportation of Things	12	12	12	--
23.1	GSA Rents	3,035	3,232	3,232	--
23.3	Other Rents, Communications, Utilities	666	720	720	--
24	Printing	154	154	154	--
25.2	Other Services	1,037	1,047	1,047	--
25.3	Federal Purchases, Goods, & Services	274	284	284	--
25.7	Operation/Maint. of Equip./Software/Information	1,829	2,330	2,330	--
26	Supplies & Materials	197	200	200	--
31	Equipment/Software	519	682	682	--
32	Land, Buildings, Structures	1	1	1	--
42	Insurance Claims & Indemnities	7	8	8	--
Subtotal Direct Authority Obligations		\$26,283 4/	\$28,814	\$28,814	\$--

4/ Reflects rescission of \$29,000 per P.L. 107-206 and lapsed funding of approximately \$2,000.

FY 2004 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 estimated obligations for Fiscal Years 2002-2004 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

AUTHORITY TO USE OFFSETTING COLLECTIONS:	FY 2002 <u>Actual (Enacted)</u>	FY 2003 <u>Policy Estimate</u>	FY 2004 <u>Estimate</u>	Increase to <u>Offset. Collect.</u>
REGULATORY FEES - CURRENT:				
11 Personnel Compensation	\$125,353	\$135,051	\$140,437	\$5,386
12 Personnel Benefits	27,909	30,508	31,945	1,437
13 Benefits for Former Personnel	60	60	60	--
Other Obligations by Object Class				
21 Travel & Transportation of Persons	1,072	1,826	1,915	89
22 Transportation of Things	102	102	105	3
23.1 GSA Rents	25,262	26,861	27,844	983
23.3 Other Rents, Communications, Utilities	5,547	5,984	6,118	134
24 Printing	1,277	1,277	1,306	29
25.2 Other Services	8,635	8,705	11,896	3,191
25.3 Federal Purchases, Goods, & Services	2,282	2,364	2,417	53
25.7 Operation/Maint. of Equip./Software/Information	15,226	19,365	19,690	325
26 Supplies & Materials	1,643	1,664	1,737	73
31 Equipment/Software	4,321	5,668	5,936	268
32 Land, Buildings, Structures	11	11	511	500
42 Insurance Claims & Indemnities	57	67	67	--
Total Obligations from Regulatory Fees	\$218,757	\$239,513	\$251,984	\$12,471
Total Obligations from Direct Appropriations	\$245,040	\$268,327	\$280,798	\$12,471

FY 2004 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 estimated obligations for Fiscal Years 2002-2004 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

AUTHORITY TO USE OFFSETTING COLLECTIONS:	FY 2002 <u>Actual (Enacted)</u>	FY 2003 <u>Policy Estimate</u>	FY 2004 <u>Estimate</u>	Increase to <u>Offset. Collect.</u>
REGULATORY FEES - CURRENT:				
11 Personnel Compensation	\$125,353	\$135,051	\$140,437	\$5,386
12 Personnel Benefits	27,909	30,508	31,945	1,437
13 Benefits for Former Personnel	60	60	60	--
Other Obligations by Object Class				
21 Travel & Transportation of Persons	1,072	1,826	1,915	89
22 Transportation of Things	102	102	105	3
23.1 GSA Rents	25,262	26,861	27,844	983
23.3 Other Rents, Communications, Utilities	5,547	5,984	6,118	134
24 Printing	1,277	1,277	1,306	29
25.2 Other Services	8,635	8,705	11,896	3,191
25.3 Federal Purchases, Goods, & Services	2,282	2,364	2,417	53
25.7 Operation/Maint. of Equip./Software/Information	15,226	19,365	19,690	325
26 Supplies & Materials	1,643	1,664	1,737	73
31 Equipment/Software	4,321	5,668	5,936	268
32 Land, Buildings, Structures	11	11	511	500
42 Insurance Claims & Indemnities	57	67	67	--
Total Obligations from Regulatory Fees	\$218,757	\$239,513	\$251,984	\$12,471
Total Obligations from Direct Appropriations	\$245,040	\$268,327	\$280,798	\$12,471

**FY 2004 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. Reflects portion of carryover regulatory fees that the House Appropriation Subcommittee approved for obligation for FY 2002. \$4,638,270 carried into FY 2002 was not approved for obligation and was carried in FY 2003.

	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Estimate</u> 5/	<u>FY 2004</u> <u>Estimate</u>
11 Personnel Compensation	\$--	\$4,705	\$--
12 Personnel Benefits	--	1,100	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	44	--	--
22 Transportation of Things	--	--	--
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	26	--	--
24 Printing	--	--	--
25.2 Other Services	1,449	--	--
25.3 Federal Purchases, Goods, & Services	22	--	--
25.7 Operation/Maint. of Equip./Software/Information	186	--	--
26 Supplies & Materials	--	--	--
31 Equipment/Software	290	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Regulatory Fees (No-Year)	\$2,017	\$5,805	\$--

5/ For presentation purposes, regulatory fees were allocated to compensation and benefits pending resolution of appropriation status for FY 2003. Actual use will require approval from Congress.

**FY 2004 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 estimated obligations from Auctions funds brought forward from available unobligated balances for the purpose of conducting auctions in FY 2002. Under FY 2003 apportionment process for permanent indefinite accounts this Budget Authority has not been utilized in FY 2003 or FY 2004.

	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$1,852	\$--	\$--
12 Personnel Benefits	409	--	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	21	--	--
22 Transportation of Things	--	--	--
23.1 GSA Rents	683	--	--
23.3 Other Rents, Communications, Utilities	116	--	--
24 Printing	--	--	--
25.2 Other Services	2,696	--	--
25.3 Federal Purchases, Goods, & Services	12	--	--
25.7 Operation/Maint. of Equip./Software/Information	508	--	--
26 Supplies & Materials	50	--	--
31 Equipment/Software	139	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Auctions Carryover (No-Year)	\$6,486	\$--	\$--

**FY 2004 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 estimated FY 2002, FY 2003 and FY 2004 obligations utilizing auctions costs recovery reimbursable authority (P.L. 104-104).

	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u> 6/
11 Personnel Compensation	\$20,582	\$26,464	\$26,993
12 Personnel Benefits	3,909	5,158	5,261
13 Benefits for Former Personnel	--	9	9
Other Obligations by Object Class			
21 Travel & Transportation of Persons	167	430	439
22 Transportation of Things	12	9	9
23.1 GSA Rents	4,194	6,383	6,511
23.3 Other Rents, Communications, Utilities	1,692	2,293	2,339
24 Printing	101	180	184
25.2 Other Services	28,755	36,417	37,145
25.3 Federal Purchases, Goods, & Services	1,332	1,331	1,358
25.7 Operation/Maint. of Equip./Software/Information	6,099	10,564	10,775
26 Supplies & Materials	375	490	500
31 Equipment/Software	10,699	7,077	7,219
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Auctions Costs Recovery			
Reimbursable Authority 7/	\$77,917	\$96,805	\$98,742

6/ FY 2004 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 2003.

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

**FY 2004 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 estimated FY 2002, FY 2003 and FY 2004 obligations.

	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$76	\$100	\$100
12 Personnel Benefits	18	20	20
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	101	105	105
22 Transportation of Things	39	40	40
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	2	5	5
24 Printing	--	--	--
25.2 Other Services	220	220	220
25.3 Federal Purchases, Goods, & Services	95	100	100
25.7 Operation/Maint. of Equip./Software/Information	13	20	20
26 Supplies & Materials	139	140	140
31 Equipment/Software	506	550	550
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Govt./Other Reimbursable Authority	\$1,209	\$1,300	\$1,300

**FY 2004 Budget Estimates to Congress
SUMMARY TABLES**

**OTHER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)**

CREDIT PROGRAM ACCOUNT:

-- The following table depicts the distribution of obligations from the Credit Program account for FY 2002, and estimated obligations for FY 2003 and FY 2004. These obligations are presented in separate schedules apart from the Salaries & Expenses account and funded from Permanent Indefinite Authority.

	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$799	\$1,005	\$1,025
12 Personnel Benefits	204	261	266
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	--	--	--
22 Transportation of Things	--	--	--
23 Misc. Rents/Commun./Utilities	--	--	--
24 Printing	--	--	--
25 Other Services	8,156	11,700	11,937
26 Supplies & Materials	--	17	17
31 Equipment/Software	--	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
	<hr/>	<hr/>	<hr/>
Total Credit Program	\$9,159	\$12,983	\$13,245

FY 2004 Budget Estimates to Congress

**FY 2004 SUMMARY OF INCREASES
BY BUDGET OBJECT CLASS CODE
(Dollars in thousands)**

BOCC 11.00/12.00/13.00 - Salary Costs (net).....	\$6,823
(• Fixed Costs	\$4,723)
(• Programmatic Increases.....	\$2,100)
BOCC 21-42 - Other Obligations	\$5,648
(• Fixed Costs	\$1,648)
(• Programmatic Increases.....	\$4,000)
Total Increase.....	\$+12,471

This section provides a description of the increased funding requested for FY 2004 by budget object class code. These requested increments are to be funded from Direct Budget Authority and Offsetting Collections (regulatory fees) available to the FCC.

Personnel Changes

<u>BOCC 11.00 Compensation</u>.....	\$+5,386
• Pay Raise for 75% of FY 2004	
Provides funds for uncontrollable cost increases resulting from the FY 2004 pay raise (2.0%) effective January 2004 (75% of FY 2004).....	2,460
• Pay Raise annualized for FY 2003	
Provides funds for uncontrollable cost increases which are the result of the FY 2003 pay raise annualized for 25% of FY 2004.....	1,246
• Funds for 20 Full-Time Equivalent (FTE) positions	
Provides funds for 20 additional FTEs with engineering expertise to be devoted to identifying spectrum for new services, handling increased complexities of spectrum sharing and interference analyses, and developing flexible use policies. In addition the increase in staff would enhance the effectiveness of the agency's work on media related digital service issues, wireless and network homeland security issues and advanced wireless and high speed internet access issues.....	1,680
<u>BOCC 12.00 Benefits</u>.....	\$+1,437
• Benefits associated with compensation increases necessary to fund the pay raise for 75% of FY 2004	
Provides funds for uncontrollable increased benefits costs to the agency for 75% of FY 2004 for the pay raise	561

- Benefits annualized for FY 2003
Provides funds for uncontrollable increased costs of agency benefits associated with FY 2003 pay raise annualized for 25% of FY 2004..... 283
- Benefits to support 20 FTE positions
Provides funds to support the requested 20 FTEs 420
- Health Benefits annualized for FY 2003
Provides annualized increase to health benefits costs above anticipated FY 2003 levels..... 108
- Workers' Compensation
Provides funds for uncontrollable increased costs of Workers' Compensation 65

BOCC 13.00 Benefits for Former Personnel..... \$0

Other Obligations

BOCC 21.00 Travel and Transportation of Persons \$+89

- Domestic/International/Joint Board Travel
Provides additional funds for travel and transportation costs, developed in accordance with the Office of Management and Budget guidelines to cover inflationary cost (2.0%) (\$24,000); and travel funds to support the requested 20 FTEs (\$64,000)..... 88
- Leased, Passenger Vehicles
Provides inflationary cost increases (2.0%) 1

BOCC 22.00 Transportation of Things..... \$+3

- Parcel Post
Provides inflationary cost increases (2.0%) 1
- Rent, Non-Passenger GSA and Commercial Vehicles
Provides inflationary cost increases (2.0%) 2

BOCC 23.00 Rents, Communications, Utilities..... \$+1,117

- GSA Rent and Fees
Provides funds to cover the increase in rental costs for GSA to provide office space to the FCC in FY 2004 at Portals II (\$745,000), Portals I (\$64,000), field office space (\$41,000) and the warehouse (\$5,000)..... 855
- Other Rent, Communications and Utilities
Provides funds for office space rental costs for the requested 20 FTEs 128

• Non-GSA Space Rent Provides funds for inflationary cost increases (2.0%).....	20
• GSA and Non-GSA Telephones Provides funds for inflationary cost increases (2.0%).....	61
• Mail Service--Postage Provides funds for inflationary cost increases (2.0%).....	15
• GSA, Electric, Other Utilities Provides funds for inflationary cost increases (2.0%).....	9
• Telecommunications Service--Non-GSA/Messenger Service Provides funds for inflationary cost increases (2.0%).....	7
• Other Equipment Rental/Copier Rental Provides funds for inflationary cost increases (2.0%).....	22
<u>BOCC 24.00 Printing and Reproduction</u>	\$+29
• Printing/Reproduction/Binding Provides funds for inflationary cost increases (2.0%).....	29
<u>BOCC 25.00 Other Contractual Services</u>	\$+3,569
• Contract Services – Audit Support Provides funds to support audit activities of the Inspector General to ensure the integrity of commission programs including audits of the annual financial statement, audits of the workplace violence program, commercial contract audits and annual evaluation of the Government Information Securities Act (GSRA).....	3,000
• Contract Services--Non-Federal Provides funds for inflationary cost increases (2.0%).....	161
• ADP Data Retrieval Services Provides funds for inflationary cost increases (2.0%).....	12
• Training/Tuition/Fees Provides funds for inflationary cost increases (2.0%).....	18

- **Contract Purchases - Federal**
 Provides funds for inflationary cost increases (2.0%) for guard services (Wackenhut only) 9
- **Interagency Contracts**
 Provides funds for inflationary cost increases (2.0%) 44
- **Field Office Buildings/Grounds**
 Provides funds for inflationary cost increases (2.0%) 1
- **Space Repair**
 Provides funds for inflationary cost increases (2.0%) 13
- **Health Services**
 Provides funds for inflationary cost increases (2.0%) 1
- **Repair/Maintenance of Vehicles**
 Provides funds for inflationary cost increases (2.0%) 2
- **ADP Software/Equipment Maintenance**
 Provides funds for inflationary cost increases (2.0%) 26
- **Repair Office Equipment/Furniture**
 Provides funds for inflationary cost increases (2.0%) 11
- **ADP Service Contracts**
 Provides funds for inflationary cost increases (2.0%) 271
- BOCC 26.00 Supplies and Materials** **\$+73**
- **Supplies and Materials**
 Provides funds to support the requested 20 FTEs 40
- **Field Fuel Supplies**
 Provides funds for inflationary cost increases (2.0%) 1
- **ADP Supplies**
 Provides funds for inflationary cost increases (2.0%) 1
- **Comm. Subscriptions/Periodicals**
 Provides funds for inflationary cost increases (2.0%) 9

• General Supplies/Materials	
Provides funds for inflationary cost increases (2.0%).....	22
<u>BOCC 31.00 Equipment</u>	\$+268
• Equipment Requirements for 20 FTEs	
Provides funds for information technology equipment, as well as workstations to support the requested 20 FTEs	268
<u>BOCC 32.00 Lands and Structures</u>	\$+500
• Field Office Test Facility	
Provides funds to complete an enclosed test facility to measure radio frequency emissions from radio transmitters year round under all weather conditions. (Funding for architectural and engineering designs was included in the FY 2003 President's budget).....	500
<u>BOCC 42.00 Insurance Claims and Indemnities</u>	\$0

FY 2004 Budget Estimates to Congress
ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
(Dollars in thousands)

OBJECT CLASS CODE	Actual FY 2002	Estimate FY 2003	Adjustments To Establish FY 2004 Base	FY 2004 Base	Programmatic Changes (+/-)	FY 2004 Total Request
11 Personnel Compensation	\$140,415	\$151,298	\$3,706	\$155,004	\$1,680	\$156,684
12 Personnel Benefits	31,263	34,178	1,017	35,195	420	35,615
13 Benefits for Former Personnel	67	67	0	67	0	67
21 Travel & Trans. of Persons	1,201	2,046	25	2,071	64	2,135
22 Transportation of Things	114	114	3	117	0	117
23.1 GSA Rent	28,297	30,093	855	30,948	128	31,076
23.3 Other Rents, Communications, Utilities	6,213	6,704	134	6,838	0	6,838
24 Printing	1,431	1,431	29	1,460	0	1,460
25.2 Other Services	9,672	9,752	191	9,943	3,000	12,943
25.3 Fed. Purchase, Goods & Services	2,556	2,648	53	2,701	0	2,701
25.7 Op/Maint. of Equip./Software/ Info Sys	17,055	21,695	325	22,020	0	22,020
26 Supplies & Materials	1,840	1,864	33	1,897	40	1,937
31 Equipment/Software	4,840	6,350	0	6,350	268	6,618
32 Land, Buildings, Structures	12	12	0	12	500	512
42 Insur. Claims & Indemnities	64	75	0	75	0	75
SUB TOTAL APPROPRIATION AUTHORITY (Direct and Offsetting Collections)	\$245,040 ^{1/}	\$268,327	\$6,371	\$274,698	\$6,100	\$280,798
Reg. Fees (Sec. 9) Carryover	2,017	5,805 ^{2/}		0		0
Auction Reimb. Carryover	6,486 ^{3/}	0		0		0
Reimbursables - Gov't/Other	1,209	1,300		1,300		1,300
Auctions Cost Recovery-Reimbursement	77,917	96,805		98,742		98,742
TOTAL REQUEST	\$332,669	\$372,237	\$6,371	\$374,740	\$6,100	\$380,840

1/ Reflects rescission of \$29,000; P.L. 107-206, and lapse of approx. \$2,000 in unobligated funds.

2/ For presentation purposes Regulatory Fees were allocated to compensation/benefits pending resolution of appropriation status for FY 2003. Actual use will require authorization from Congress.

3/ Reflects the actual amount of funds carried forward from FY 2001 into FY 2002 for the Auctions Program XA Account.

FY 2004 Budget Estimates to Congress
PRORATA ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
(Dollars in thousands)

OBJECT CLASS CODE	FY 2003 Funding Source			FY 2004 Funding Source		
	Direct Authority	+ Offsetting Collections	= Total OC Allocation	Direct Authority	+ Offsetting Collections	= Total OC Allocation
11 Personnel Compensation	\$16,247	\$135,051	\$151,298	\$16,247	\$140,437	\$156,684
12 Personnel Benefits	3,670	30,508	34,178	3,670	31,945	35,615
13 Benefits for Former Personnel	7	60	67	7	60	67
21 Travel & Trans. of Persons	220	1,826	2,046	220	1,915	2,135
22 Transportation of Things	12	102	114	12	105	117
23.1 GSA Rent	3,232	26,861	30,093	3,232	27,844	31,076
23.3 Other Rents, Communications, Utilities	720	5,984	6,704	720	6,118	6,838
24 Printing	154	1,277	1,431	154	1,306	1,460
25.2 Other Services	1,047	8,705	9,752	1,047	11,896	12,943
25.3 Fed. Purchases, Goods & Services	284	2,364	2,648	284	2,417	2,701
25.7 Op/Maint. of Equip./Software/Info Sys	2,330	19,365	21,695	2,330	19,690	22,020
26 Supplies & Materials	200	1,664	1,864	200	1,737	1,937
31 Equipment/Software	682	5,668	6,350	682	5,936	6,618
32 Land, Buildings, Structures	1	11	12	1	511	512
42 Insur. Claims & Indemnities	8	67	75	8	67	75
Appropriation-Direct B/A	\$28,814		\$28,814	\$28,814		\$28,814
Appropriation-Offsetting Collections Reg. Fees B/A:		239,513	239,513		251,984	251,984
Subtotal-B/A in Language	\$28,814	\$239,513	\$268,327	\$28,814	\$251,984	\$280,798
Reg. Fees (Sec. 9) Carryover		5,805	5,805 1/		0	0
Auction Reimb. Carryover		0	0		0	0
Reimbursable Program - Gov't/Other (Est.)		1,300	1,300		1,300	1,300
Auctions Cost Recovery-Reimbursement		96,805	96,805		98,742	98,742
Total Gross Budget Authority			\$372,237			\$380,840

1/ For presentation purposes Regulatory Fees were allocated to compensation/benefits pending resolution of appropriation status for FY 2003. Actual use will require authorization from Congress.

UNIVERSAL SERVICE FUND

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

Unavailable Collections (in millions of dollars)			
	2002 Actual	2003 Est.	2004 Est.
Receipts:			
02.00 Universal service fund	5,420	6,294	6,619
02.20 Universal service fund	52	35	32
02.99 Total receipts and collections	<u>5,472</u>	<u>6,329</u>	<u>6,651</u>
Appropriations:			
05.00 Universal service fund	<u>-5,472</u>	<u>-6,329</u>	<u>-6,651</u>
07.99 Balance, end of year	0	0	0

Program and Financing (in millions of dollars)			
	2002 Actual	2003 Est.	2004 Est.
Obligations by program activity:			
00.01 Direct program activity	5,464	6,860	6,623
00.02 Program support	42	56	59
10.00 Total new obligations (object class 41.0)	<u>5,506</u>	<u>6,916</u>	<u>6,682</u>
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2,296	2,263	1,676
22.00 New budget authority (gross)	5,472	6,329	6,651
23.90 Total budgetary resources available for obligation	<u>7,768</u>	<u>8,592</u>	<u>8,327</u>
23.95 Total new obligations	-5,506	-6,916	-6,682
24.40 Unobligated balance carried forward, end of year	2,263	1,676	1,645

UNIVERSAL SERVICE FUND

(Universal Service Fund Cont'd)	Program and Financing (in millions of dollars)		
	2002 Actual	2003 Est.	2004 Est.
New budget authority (gross), detail:			
Mandatory:			
60.20 Appropriation (special fund)	5,420	6,294	6,619
60.20 Appropriation (special fund)	<u>52</u>	<u>35</u>	<u>32</u>
62.50 Appropriation (total mandatory)	5,472	6,329	6,651
Change in obligated balances:			
Change in obligations balances, start of year:			
72.40 Obligated balance, start of year	0	397	956
73.10 Total new obligations	5,506	6,916	6,682
73.20 Total outlays (gross)	-5,108	-6,357	-6,588
74.40 Obligated balance, end of year	397	956	1,050
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	2,812	3,697	3,956
86.98 Outlays from mandatory balances	<u>2,296</u>	<u>2,660</u>	<u>2,632</u>
87.00 Total outlays (gross)	5,108	6,357	6,588
Net budget authority and outlays:			
89.00 Budget authority	5,472	6,329	6,651
90.00 Outlays	5,109	6,357	6,588

SPECTRUM AUCTION PROGRAM ACCOUNT

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

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

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.05 Reestimates of direct loan subsidy	94	362	0
00.06 Interest on reestimates of direct loan subsidy	40	163	0
00.09 Administrative Expenses	9	13	13
10.00 Total new obligations	143	538	13
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	0	2	0
22.00 New budget authority (gross)	145	536	13
23.90 Total budgetary resources available for obligation	145	538	0
23.95 Total new obligations	-143	-538	-13
24.40 Unobligated balance carried forward, end of year	2	0	0
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	142	536	13
69.00 Offsetting collections (cash)	3	25	0
69.27 Capital transfer to general fund	0	-25	0
69.90 Spending authority from offsetting collections (total mandatory)	3	0	0
70.00 Total new budget authority (gross)	145	536	13

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	3	3	0
73.10 Total new obligations	143	538	13
73.20 Total outlays (gross)	<u>-143</u>	<u>-541</u>	<u>-13</u>
74.40 Obligated balance, end of year	3	0	0
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	143	536	13
86.98 Outlays from mandatory balances	<u>0</u>	<u>5</u>	<u>0</u>
87.00 Total outlays (gross)	143	541	13
Offsets:			
Against budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-3	-25	0
Net budget authority and outlays:			
89.00 Budget authority	142	511	13
90.00 Outlays	140	516	13

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

	2002 actual	2003 est.	2004 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 loans subsidy (in percent):			
	15.37		
1320 Subsidy Rate	0	0	0
1329 Weighted average subsidy rate	0	0	0

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

	2002 actual	2003 est.	2004 est.
Direct loan subsidy budget authority:			
1330 Subsidy budget authority	0	0	0
1339 Total subsidy budget authority	0	0	0
Direct loan subsidy outlays:			
1340 Subsidy outlays	0	0	0
1349 Total subsidy outlays	0	0	0
Direct loan upward reestimate subsidy budget authority			
1350 Upward reestimate subsidy budget authority	134	525	0
1359 Total upward reestimate budget authority	134	525	0
Direct loan upward reestimate subsidy outlays			
1360 Upward reestimate subsidy outlays	134	525	0
1369 Total upward reestimate subsidy outlays	134	525	0
Direct loan downward reestimate subsidy budget authority			
1370 Downward reestimate subsidy budget authority	-3	-25	0
1379 Total downward reestimate budget authority	-3	-25	0
Direct loan downward reestimate subsidy outlays			
1380 Downward reestimate subsidy outlays	-3	-25	0
1389 Total downward reestimate subsidy outlays	-3	-25	0
Administrative expense data:			
3510 Budget authority	9	13	13
3580 Outlays from balances	0	0	0
3590 Outlays from new authority	9	13	13

Object Classification (in millions of dollars)

	2002 actual	2003 est.	2004 est.
11.11 Personnel compensation: Full-time permanent	1	1	1
25.52 Other services	8	12	12
41.10 Grants, subsidies, and contributions	134	525	0
99.99 Total new obligations	<u>143</u>	<u>538</u>	<u>13</u>

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)

	2002 actual	2003 est.	2004 est.
Operating Expenses:			
00.01 Direct Loans	1	0	0
00.02 Interest Paid to Treasury	417	392	300
00.91 Direct Program by Activities - Subtotal (1 level)	<u>418</u>	<u>392</u>	<u>300</u>
08.02 Downward subsidy reestimate	2	16	0
08.04 Interest on downward reestimate	1	9	0
08.91 Direct Program by Activities - Subtotal (1 level)	<u>3</u>	<u>25</u>	<u>0</u>
10.00 Total new obligations	<u>421</u>	<u>417</u>	<u>300</u>
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	18	21	0
22.00 New financing authority (gross)	424	396	300
23.90 Total budgetary resources available for obligation	<u>442</u>	<u>417</u>	<u>300</u>
23.95 Total new obligations	-421	-417	-300
23.40 Unobligated balance carried forward, end of year	21	0	0
New budget authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow:	4	25	187
Offsetting collections			
69.00 Offsetting collections (Re-estimate)	94	362	0
69.00 Offsetting collections (Int-reestimate)	40	163	0

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
69.00 Offsetting collections (Payment on loans)	345	94	113
69.00 Other Treasury collections (Auction 35 receipts)	0	997	0
69.00 Other Treasury collections (recoveries)	258	0	0
69.00 Other Treasury collections (pioneer's preference)	0	114	0
69.00 Offsetting collections (Treasury Int).	26	0	0
69.47 Portion applied to repay debt	-343	-1,359	0
69.90 Spending authority from offsetting collections (total mandatory)	<u>420</u>	<u>371</u>	<u>113</u>
70.00 Total new financing authority (gross)	<u>424</u>	<u>396</u>	<u>300</u>
Change in obligated balances:			
73.10 Total new obligations	421	417	300
73.20 Total financing disbursements (gross)	-421	-417	-300
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	421	417	300
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Program account: total revised subsidy	-134	-525	0
88.25 Interest on uninvested funds	-26	0	0
Non-Federal sources:			
88.40 Interest received on loans	-44	-27	-21
88.40 Principal received on loans	-301	-67	-92
88.40 Recoveries	-258	-997	0
88.40 Non-Federal sources	<u>0</u>	<u>-114</u>	<u>0</u>
88.90 Total offsetting collections (cash)	<u>-763</u>	<u>-1,730</u>	<u>-113</u>
Net budget authority and outlays:			
89.00 Financing authority	-339	-1,334	187
90.00 Financing disbursements	-342	-1,313	187

Status of Direct Loans (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	0	0	0
1131 Direct loan obligation exempt from limitation	1	0	0
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	5,593	5,293	5,226
1231 Disbursements: Direct loan disbursements	1	0	0
1251 Repayments: Repayments and prepayments	-301	-67	-92
1263 Write-offs for default: Direct loans	0	0	0
1290 Outstanding, end of year	<u>5,293</u>	<u>5,226</u>	<u>5,134</u>

Balance Sheet (in millions of dollars)

	2001 actual	2002 actual	2003 est.	2004 est.
ASSETS:				
1101 Federal assets: Fund balance with Treasury	18	21	0	0
Net value of assets related to post-1991 direct loan receivable:				
1401 Direct loans receivable, gross	5,593	5,293	5,226	5,134
1402 Interest receivable	293	295	297	299
1405 Allowance for subsidy cost (-)	216	-328	-1,086	-809
1499 Net present value of assets related to direct loans	<u>6,102</u>	<u>5,260</u>	<u>4,437</u>	<u>4,624</u>
1901 Other Federal assets: Other assets	0	525	0	0
1999 Total assets	<u>6,102</u>	<u>5,806</u>	<u>4,437</u>	<u>4,624</u>
LIABILITIES:				
Federal liabilities				
2103 Resources payable to Treasury	6,110	5,771	4,437	4,624
2105 Other (liability to prog. acct.)	10	25	0	0
2105 Other Debt	0	10	0	0
2999 Total liabilities	<u>6,120</u>	<u>5,806</u>	<u>4,437</u>	<u>4,624</u>
4999 Total liabilities and net position	6,120	5,806	4,437	4,624



CHAIRMAN

Federal Communications Commission

Washington, D.C.

November 29, 2002

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

Dear Mr. Chairman:

On September 30, 2002, the U.S. General Accounting Office ("GAO") released a report entitled TELECOMMUNICATIONS: Better Coordination and Enhanced Accountability Needed to Improve Spectrum Management (GAO-02-906) ("GAO Report"). The GAO Report made several recommendations, two of which concerned the Commission. This letter is to inform you of the actions the Federal Communications Commission has taken and will take with regard to the recommendations made by the GAO.

As noted in the Commission staff's August 28, 2002 letter (see Appendix III of the GAO Report), the GAO Report makes two recommendations that pertain to the Commission. The first recommendation is that: *The Secretary of Commerce and the Chairman of the Federal Communications Commission should establish and carry out formal, joint planning activities to develop a clearly defined national spectrum strategy to guide domestic and international spectrum management decision making. The results of these planning activities should be reported to the appropriate congressional committees.*

Assistant Secretary Nancy Victory and I have agreed to hold meetings on a regular basis to discuss spectrum planning and policy issues. We have had an initial meeting already and will have another spectrum planning meeting in early December 2002. As this process progresses and spectrum plans are developed further, we will report to the appropriate Congressional Committees. Assistant Secretary Victory and I have also agreed that our senior staff will meet regularly to discuss issues related to spectrum planning. In fact, the first such planning meeting took place on October 30, 2002.

In addition, the Commission's Spectrum Policy Task Force recently issued a report setting forth a number of recommendations for spectrum policy reform. This Task Force report, which culminated in a comprehensive review of the Commission's spectrum policies, may provide useful input into the national spectrum planning process and our work with the National Telecommunications and Information Administration.

The second recommendation in the GAO Report that pertains to the Commission is: *Following the 2003 World Radio Communication Conference, the Secretary of State, the Secretary of Commerce, and the Chairman of the Federal Communications Commission should jointly review the adequacy of the process used to develop and promote the U.S. position, including the separate processes used by the FCC and NTIA, and the short tenure of the head of delegation, and prepare a report containing any needed recommendations for making improvements. The report should be provided to the appropriate congressional committees.*

I support this recommendation as well. The United States has had an outstanding record of success at past international radio conferences. The Commission has taken several actions following the 2000 World Radio Communication Conference (“WRC-2000”) to improve the way the United States prepares for such conferences. In particular, the Commission formed the WRC Advisory Committee shortly after WRC-2000, which enabled us to develop Commission positions earlier in preparation for the 2003 Conference. This, in turn, has allowed for more time to coordinate among the other federal agencies to develop the U.S. positions for WRC-2003. I agree that it would be beneficial for the State Department, Department of Commerce, and Commission to review the U.S. preparatory processes further following WRC-2003 and to prepare a report containing any recommendations for improvements. We look forward to working closely with the WRC-2003 ambassador as soon as he or she is named.

In addition, the report refers to delays in implementing WRC decisions pertaining to the U.S. Table of Frequency Allocations. These delays have been attributed, in large part, to a shortage of necessary Commission engineering staff. I am pleased to report that additions to our engineering staff have enabled the Commission to begin the process of implementing many of the changes in allocations. We have also initiated an Excellence in Engineering Program to modernize the Commission’s technical resources. Several Commission rulemakings — which are required in order to modify the U.S. Table of Frequency Allocations — have been initiated. Most recently, in October 2002, the Commission issued a *Notice of Proposed Rulemaking* regarding reallocating certain frequencies from 28 MHz – 36 GHz.¹ This proceeding addresses several decisions of the World Administrative Radio Conference (“WARC-92”) and the 1995 and 1997 World Radio Communication Conferences (“WRC-95” and “WRC-97”), which had not been addressed in previous WRC-related reallocation proceedings. Many of the allocation changes that are the subject of this rulemaking are changes sought at the request of NTIA. Also, last summer, the Commission initiated another proceeding implementing various reallocations that were the subject of WARC-92 and the WRC-2000 in the 71-76 GHz, 81-86 GHz, and 92-95 GHz bands.² Once these, and several other pending rulemakings have been completed, the

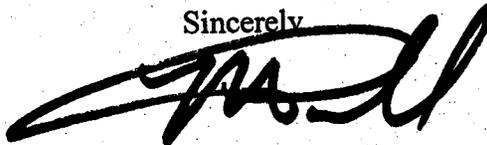
¹ *Amendment of Parts 2, 25, and 87 of the Commission’s Rules to Implement Decisions from World Radiocommunication Conferences Concerning Frequency Bands Between 28 MHz and 36 GHz and to Otherwise Update the Rules in this Frequency Range*, ET Docket No. 02-305, *Notice of Proposed Rulemaking*, 17 FCC Rcd 19,756 (2002).

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Commission will have implemented virtually all the reallocation decisions resulting from the WRC process.³

Please contact me or alternatively my lead advisor on these issues, Mr. Julius Knapp, Deputy Chief, Office of Engineering and Technology, if we can be of any further assistance.

Sincerely



Michael K. Powell
Chairman

cc: Director, Office of Management and Budget
Director, Physical Infrastructure Issues, U.S. General Accounting Office
Assistant Secretary for Communications and Information, Department of Commerce

³ We plan to initiate rule making early next year to implement a few minor remaining reallocations in the upper reaches of the spectrum above 76 GHz. This will complete the process of addressing the WRC decisions mentioned in GAO's report.



Federal Communications Commission

Washington, D.C.

CHAIRMAN

November 29, 2002

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

Dear Senator Thompson:

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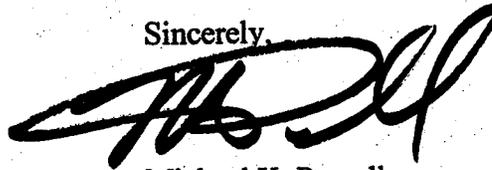
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Sincerely,

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

Michael K. Powell
Chairman

cc: Director, Office of Management and Budget
Director, Physical Infrastructure Issues, U.S. General Accounting Office
Assistant Secretary for Communications and Information, Department of Commerce

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CHAIRMAN

Federal Communications Commission

Washington, D.C.

November 29, 2002

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

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I support this recommendation as well. The United States has had an outstanding record of success at past international radio conferences. The Commission has taken several actions following the 2000 World Radio Communication Conference (“WRC-2000”) to improve the way the United States prepares for such conferences. In particular, the Commission formed the WRC Advisory Committee shortly after WRC-2000, which enabled us to develop Commission positions earlier in preparation for the 2003 Conference. This, in turn, has allowed for more time to coordinate among the other federal agencies to develop the U.S. positions for WRC-2003. I agree that it would be beneficial for the State Department, Department of Commerce, and Commission to review the U.S. preparatory processes further following WRC-2003 and to prepare a report containing any recommendations for improvements. We look forward to working closely with the WRC-2003 ambassador as soon as he or she is named.

In addition, the report refers to delays in implementing WRC decisions pertaining to the U.S. Table of Frequency Allocations. These delays have been attributed, in large part, to a shortage of necessary Commission engineering staff. I am pleased to report that additions to our engineering staff have enabled the Commission to begin the process of implementing many of the changes in allocations. We have also initiated an Excellence in Engineering Program to modernize the Commission’s technical resources. Several Commission rulemakings — which are required in order to modify the U.S. Table of Frequency Allocations — have been initiated. Most recently, in October 2002, the Commission issued a *Notice of Proposed Rulemaking* regarding reallocating certain frequencies from 28 MHz – 36 GHz.¹ This proceeding addresses several decisions of the World Administrative Radio Conference (“WARC-92”) and the 1995 and 1997 World Radio Communication Conferences (“WRC-95” and “WRC-97”), which had not been addressed in previous WRC-related reallocation proceedings. Many of the allocation changes that are the subject of this rulemaking are changes sought at the request of NTIA. Also, last summer, the Commission initiated another proceeding implementing various reallocations that were the subject of WARC-92 and the WRC-2000 in the 71-76 GHz, 81-86 GHz, and 92-95 GHz bands.² Once these, and several other pending rulemakings have been completed, the

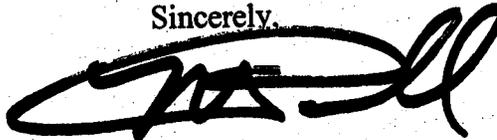
¹ *Amendment of Parts 2, 25, and 87 of the Commission’s Rules to Implement Decisions from World Radiocommunication Conferences Concerning Frequency Bands Between 28 MHz and 36 GHz and to Otherwise Update the Rules in this Frequency Range*, ET Docket No. 02-305, *Notice of Proposed Rulemaking*, 17 FCC Rcd 19,756 (2002).

² *Allocations and Service Rules for the 71-76 GHz, 81-86 GHz, and 92-95 GHz Bands*, WT Docket No. 02-146, *Notice of Proposed Rulemaking*, 17 FCC Rcd 12,182 (2002).

Commission will have implemented virtually all the reallocation decisions resulting from the WRC process.³

Please contact me or alternatively my lead advisor on these issues, Mr. Julius Knapp, Deputy Chief, Office of Engineering and Technology, if we can be of any further assistance.

Sincerely,



Michael K. Powell
Chairman

cc: Director, Office of Management and Budget
Director, Physical Infrastructure Issues, U.S. General Accounting Office
Assistant Secretary for Communications and Information, Department of Commerce

³ We plan to initiate rule making early next year to implement a few minor remaining reallocations in the upper reaches of the spectrum above 76 GHz. This will complete the process of addressing the WRC decisions mentioned in GAO's report.



Federal Communications Commission

Washington, D.C.

CHAIRMAN

November 29, 2002

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

Dear Congressman Waxman:

On September 30, 2002, the U.S. General Accounting Office ("GAO") released a report entitled TELECOMMUNICATIONS: Better Coordination and Enhanced Accountability Needed to Improve Spectrum Management (GAO-02-906) ("GAO Report"). The GAO Report made several recommendations, two of which concerned the Commission. This letter is to inform you of the actions the Federal Communications Commission has taken and will take with regard to the recommendations made by the GAO.

As noted in the Commission staff's August 28, 2002 letter (see Appendix III of the GAO Report), the GAO Report makes two recommendations that pertain to the Commission. The first recommendation is that: *The Secretary of Commerce and the Chairman of the Federal Communications Commission should establish and carry out formal, joint planning activities to develop a clearly defined national spectrum strategy to guide domestic and international spectrum management decision making. The results of these planning activities should be reported to the appropriate congressional committees.*

Assistant Secretary Nancy Victory and I have agreed to hold meetings on a regular basis to discuss spectrum planning and policy issues. We have had an initial meeting already and will have another spectrum planning meeting in early December 2002. As this process progresses and spectrum plans are developed further, we will report to the appropriate Congressional Committees. Assistant Secretary Victory and I have also agreed that our senior staff will meet regularly to discuss issues related to spectrum planning. In fact, the first such planning meeting took place on October 30, 2002.

In addition, the Commission's Spectrum Policy Task Force recently issued a report setting forth a number of recommendations for spectrum policy reform. This Task Force report, which culminated in a comprehensive review of the Commission's spectrum policies, may provide useful input into the national spectrum planning process and our work with the National Telecommunications and Information Administration.

The second recommendation in the GAO Report that pertains to the Commission is: *Following the 2003 World Radio Communication Conference, the Secretary of State, the Secretary of Commerce, and the Chairman of the Federal Communications Commission should jointly review the adequacy of the process used to develop and promote the U.S. position, including the separate processes used by the FCC and NTIA, and the short tenure of the head of delegation, and prepare a report containing any needed recommendations for making improvements. The report should be provided to the appropriate congressional committees.*

I support this recommendation as well. The United States has had an outstanding record of success at past international radio conferences. The Commission has taken several actions following the 2000 World Radio Communication Conference (“WRC-2000”) to improve the way the United States prepares for such conferences. In particular, the Commission formed the WRC Advisory Committee shortly after WRC-2000, which enabled us to develop Commission positions earlier in preparation for the 2003 Conference. This, in turn, has allowed for more time to coordinate among the other federal agencies to develop the U.S. positions for WRC-2003. I agree that it would be beneficial for the State Department, Department of Commerce, and Commission to review the U.S. preparatory processes further following WRC-2003 and to prepare a report containing any recommendations for improvements. We look forward to working closely with the WRC-2003 ambassador as soon as he or she is named.

In addition, the report refers to delays in implementing WRC decisions pertaining to the U.S. Table of Frequency Allocations. These delays have been attributed, in large part, to a shortage of necessary Commission engineering staff. I am pleased to report that additions to our engineering staff have enabled the Commission to begin the process of implementing many of the changes in allocations. We have also initiated an Excellence in Engineering Program to modernize the Commission’s technical resources. Several Commission rulemakings — which are required in order to modify the U.S. Table of Frequency Allocations — have been initiated. Most recently, in October 2002, the Commission issued a *Notice of Proposed Rulemaking* regarding reallocating certain frequencies from 28 MHz – 36 GHz.¹ This proceeding addresses several decisions of the World Administrative Radio Conference (“WARC-92”) and the 1995 and 1997 World Radio Communication Conferences (“WRC-95” and “WRC-97”), which had not been addressed in previous WRC-related reallocation proceedings. Many of the allocation changes that are the subject of this rulemaking are changes sought at the request of NTIA. Also, last summer, the Commission initiated another proceeding implementing various reallocations that were the subject of WARC-92 and the WRC-2000 in the 71-76 GHz, 81-86 GHz, and 92-95 GHz bands.² Once these, and several other pending rulemakings have been completed, the

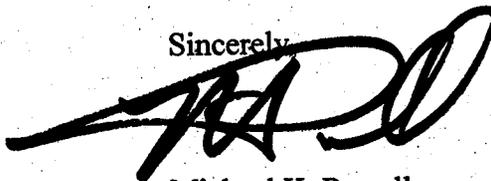
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Commission will have implemented virtually all the reallocation decisions resulting from the WRC process.³

Please contact me or alternatively my lead advisor on these issues, Mr. Julius Knapp, Deputy Chief, Office of Engineering and Technology, if we can be of any further assistance.

Sincerely,



Michael K. Powell
Chairman

cc: Director, Office of Management and Budget
Director, Physical Infrastructure Issues, U.S. General Accounting Office
Assistant Secretary for Communications and Information, Department of Commerce

³ We plan to initiate rule making early next year to implement a few minor remaining reallocations in the upper reaches of the spectrum above 76 GHz. This will complete the process of addressing the WRC decisions mentioned in GAO's report.



Federal Communications Commission

Washington, D.C.

CHAIRMAN

January 28, 2003

The Honorable Susan Collins
Chairwoman
Committee on Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairwoman Collins:

On November 8, 2002, the U.S. General Accounting Office ("GAO") submitted a report to Congressman Markey entitled Telecommunications: Additional Federal Efforts Could Help Advance Digital Television Transition (GAO-03-7). This letter is to inform you of the actions that the Federal Communications Commission has taken and will take regarding the GAO recommendations outlined in the report.

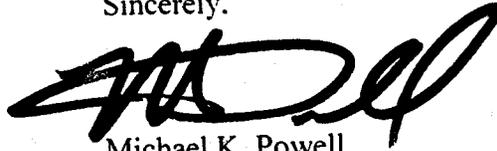
First, the report recommends that the Commission explore options to raise public awareness about the DTV transition and its implications. I fully agree that consumer education is critical to the transition's success. Consumers will embrace a new technology like digital television only when they understand what it is and what it means for their lives. In April 2002, I publicly called on the industries involved in the transition to take specific steps in this regard. Specifically, I asked broadcasters to promote their digital content over their analog broadcast facilities, cable operators to promote their digital television offerings on their systems and in monthly bills, and equipment manufacturers and retailers to make consumers aware of their digital television options at the point-of-sale. Here at the Commission, we recently sought comment on potential labeling requirements for analog and digital television sets to ensure that consumers are aware of the current and future capabilities of the equipment they purchase. We also intend to be a resource for consumers to obtain balanced information as they make necessary decisions regarding the DTV transition. Among other things, we maintain a digital television page on our website and assist consumers through our toll-free Call Center. We will continue our efforts to increase public awareness of digital television, within the confines of our resources and expertise, both on our own and in partnership with outside parties.

Second, the report recommends that the Commission study the costs and benefits of mandating that all new televisions be digital "cable ready." Compatibility between digital television sets and cable systems is one of the Commission's longstanding goals. We have employed a variety of mechanisms to resolve many of the complex and contentious issues involved, including formal rulemakings, mandatory reporting requirements, and face-to-face discussions among the parties. Recently, on December 19, 2002, major cable and consumer electronics companies submitted a package of joint recommendations to the Commission to promote the deployment of a national "plug and play" standard for one-way cable services. On

January 10, 2003, the Commission released a *Further Notice of Proposed Rulemaking* seeking public comment on the package. I anticipate that the Commission will examine the costs and benefits of any “plug and play” mandates in the context of the specific inter-industry proposal before us.

Finally, the report recommends that the Commission set a date certain for broadcasters' mandatory carriage rights to switch from their analog to their digital signals. As indicated in the letter from W. Kenneth Ferree, Chief of the Commission's Media Bureau, and included as Appendix IV in the GAO report, such a proposal is under consideration in the Commission's digital carriage proceeding. The record is now closed in that proceeding and the staff is preparing a draft Order for the Commission's consideration.

Sincerely,



Michael K. Powell
Chairman

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



Federal Communications Commission

Washington, D.C.

CHAIRMAN

January 28, 2003

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

Dear Senator Lieberman:

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Sincerely,

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Michael K. Powell
Chairman

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



CHAIRMAN

Federal Communications Commission

Washington, D.C.

January 28, 2003

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

Dear Chairman Davis:

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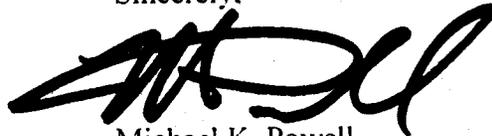
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Michael K. Powell
Chairman

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



CHAIRMAN

Federal Communications Commission

Washington, D.C.

January 28, 2003

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

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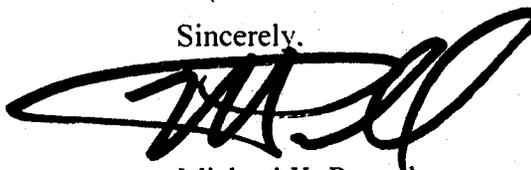
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Michael K. Powell
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