

Written Statement

Of

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Chairman

Federal Communications Commission

Before the

**Subcommittee on Science, the Departments of State,
Justice, and Commerce, and Related Agencies
Committee on Appropriations
United States House of Representatives**

On the

**Federal Communications Commission's
Fiscal Year 2007 Budget Estimates**

March 1, 2006

Mr. Chairman, Ranking Minority Member, and Members of the House Science, State, Justice, and Commerce, and Related Agencies Appropriations Subcommittee, I appreciate this opportunity to appear before you today to discuss the Federal Communications Commission's Fiscal Year 2007 Budget Request.

I am pleased to work with the Subcommittee on the Fiscal Year 2007 appropriations process. The appropriations process is an exercise in fiscal responsibility – it enhances our internal system of financial checks and balances by bringing into focus the concerns and objectives of this Subcommittee and its staff. I welcome your oversight and input, and I look forward to continuing to work with you to ensure that the Commission is financially able to perform its mission.

Since I have assumed the chairmanship, the Commission has been working to strengthen its budget-related functions. For example, the Commission has expanded its budget submissions to show more detailed information about how the Commission has used and proposes to use the funds authorized by Congress. I recognize that the flow of information is critical for proper oversight and that you depend upon the Commission for timely information on internal budget-related activities. We will be happy to provide any additional information that you or your staff would like in order to assist the Subcommittee in carrying out its oversight responsibilities.

Fiscal Year 2007 Request

The Commission is requesting spending authority of \$302,542,000 for Fiscal Year 2007, which is slightly below our request for last fiscal year. The Commission proposes to receive a direct appropriation of \$1,042,000 and to raise the remainder, or \$301,500,000, through regulatory fees. During the current fiscal year, the Commission has a spending level of \$289,761,000, with all but \$990,000 dollars being raised through regulatory fees.

To continue to operate at our current level, the Commission would require \$298,266,000, or a 2.9 percent increase over the previous fiscal year, for nondiscretionary operating increases. Of the total requested for the next fiscal year, \$8,505,000 is designated for these nondiscretionary operating increases to maintain Fiscal Year 2006 service levels, including employee salaries for our projected full-time equivalents (FTEs), and inflationary increases for office space rental, supplies, printing, postage, and contractual services.

The Commission is requesting an additional \$4,276,000 to implement seven program performance initiatives. First, \$1,080,000 would fund lifecycle replacement for vehicles the Commission uses to support police, fire departments, and other public safety organizations investigate and resolve harmful interference to their communications systems. These special vehicles are also used to support other Federal agencies, such as U.S. Customs and Border Protection and the Federal Aviation Administration, to resolve harmful interference affecting their operations. Twenty-eight vehicles, or about 36 percent of the Commission's fleet, are seven years old or older and are equipped with outmoded radio receivers and direction-finding equipment. The requested funding would allow the Commission to replace twelve of these vehicles.

Second, we have also requested an increase of \$235,000 to the Commission's travel budget to further reduce the Commission's reliance on industry-sponsored travel. In response to the concerns of this Subcommittee, we extended the prohibition on accepting industry-sponsored travel last year to include additional managers within the Commission. Even with the extended prohibition, however, the Commission accepted approximately \$260,000 from industry sources to pay for important travel during Fiscal Year 2005. If this request is approved, we believe we

can address your concerns and eliminate industry-sponsored travel for all Commission employees.

In addition, \$500,000 would fund an outreach campaign to educate consumers about the transition to digital television (DTV). The Commission is proposing to help educate consumers about the benefits and impact of DTV. With these funds, the Commission would be able to initiate a wide range of outreach projects to help prepare consumers for the DTV transition.

The remaining \$2,461,000 would fund four performance initiatives. The Commission proposes to use \$900,000 to upgrade our financial systems and operations, including the development of a new accounting system used by Commission staff. The Commission also requests \$809,000 to fund lifecycle replacement of technical equipment used in the Commission's laboratory operations and to procure new equipment to perform tests and evaluations on Internet Protocol equipment. We are also requesting \$700,000 to develop a computerized frequency coordination process with the National Telecommunications and Information Administration (NTIA) and to evaluate options for improving our electronic docket management system. Finally, we are requesting \$52,000 to ensure performance appraisal systems are in place that make meaningful results-based performance distinctions in accordance with the Working for America Act proposed by the Administration.

Universal Service Fund Oversight

We are also requesting legislative authority to permit the transfer of up to \$20,480,000 from the Universal Service Fund in Fiscal Year 2007 for the purposes of monitoring the Universal Service Fund to prevent and remedy waste, fraud, and abuse, and to conduct audits and investigations by the Commission's Office of Inspector General. These monies – which would remain available until spent – would be used to strengthen the controls intended to safeguard the

Universal Service Fund, to deploy any necessary financial systems, and to hire limited term employees. The additional personnel would perform audits, provide investigational support to law enforcement agencies, review audit findings, and handle legal proceedings arising from the increased oversight, including actions to recover USF monies from beneficiaries that failed to use the funds in accordance with program rules and from contributors that failed to pay their fair share into the USF. These monies would also permit the Commission's Office of Inspector General to obtain contract support to perform audits of Universal Service Fund beneficiaries and contributors.

Budget Objectives

In the past few months, the Commission has promoted public safety by requiring Voice over Internet Protocol (VOIP) providers to provide 911 service to their customers, advanced the goal of regulatory parity for providers of high-speed Internet access, advanced competition in broadband markets, promoted competition by approving mergers swiftly, and implemented important provisions of the Satellite Home Viewer Act. In addition, I am particularly proud of the Commission's effort to assist in the Federal government's response to Hurricane Katrina and Hurricane Rita. I am continuing to work with my colleagues on the Commission and with members of Congress to develop plans for promoting the deployment of broadband services, increasing competition, ensuring the viability of the Universal Service Fund, enhancing public safety and homeland security, promoting the efficient use of spectrum, and reviewing media regulation to foster competition and diversity. I am also continuing to develop plans to ensure that the Commission and its staff have the tools and training necessary to accomplish our goals and mission.

Conclusion

Thank you again for this opportunity to work with you to review the Commission's Fiscal Year 2007 Budget. I respectfully request this Subcommittee grant the Commission its full funding request for Fiscal Year 2007. I would be pleased to answer any questions that you may have.