

Summary of Performance & Financial Information FY 2012



Federal
Communications
Commission

Message from Our Chairman



I am pleased to present the Federal Communications Commission's (FCC or Commission) Fiscal Year (FY) 2012 Summary of Performance and Financial Information. This report bolsters the FCC's accountability by making key performance information publicly available. The report provides a concise description of the Commission's performance and financial information for FY 2012.

The FCC's mission centers on maximizing the opportunities of broadband and other communications networks and technologies for the U.S. Wired and wireless broadband is unleashing waves of innovation and massive private investment throughout the country, increasing opportunity and prosperity, driving American global competitiveness, connecting our country, strengthening our democracy – and transforming lives for the better. Over the past few years, the U.S. has regained global leadership in key areas of the broadband economy, including advanced mobile technology, apps, and services, and there are many signs that the information and communications technology sector is flourishing. Still, challenges remain to fully unlock the benefits of broadband for all Americans and to keep pace with our global competitors.

I welcome the opportunity to highlight how the FCC has fulfilled its important role in pursuing these goals in FY 2012. Some of the Commission's key actions over the past year include:

Unleashing Spectrum for Broadband

- We launched incentive auctions, making the U.S. the first country in the world to launch this new paradigm in spectrum policy. Developed by the FCC in the 2010 National Broadband Plan, the incentive auction will use market forces to repurpose valuable spectrum in the broadcast television bands for licensed and unlicensed wireless broadband.
- We continued to remove outdated rules and restrictions on spectrum that prevent its use for broadband, including freeing up 30 megahertz in the Wireless Communications band.

Connect America and Lifeline Reform

- We continued implementing our landmark reforms to the Universal Service Fund, including launching the Connect America Fund and the Mobility Fund to extend wired and wireless broadband throughout the country. Through the Mobility Fund, we conducted the country's first-ever reverse auction for universal service support, efficiently using \$300 million to extend high-speed mobile broadband coverage to up to 83,000 road miles across 31 states.
- We overhauled the Lifeline program that assists low-income families in maintaining phone service. Building on recommendations from the Federal-State Joint Board on Universal Service, the Commission substantially strengthened protections against waste, fraud, and abuse. This year alone, we have exceeded our \$200 million savings target from these reforms, with savings being used in part to connect low-income Americans to broadband.

Promoting Competition

- We rigorously and expeditiously reviewed a number of proposed transactions to protect competition and the public interest. Our review of the Verizon Wireless-SpectrumCo transaction resulted in a significant competition-enhancing divestiture of spectrum. The companies' commercial agreements were also substantially modified to preserve incentives to compete and invest in broadband networks.
- The FCC approved over 250 wireless applications involving nearly 2,000 spectrum licenses, valued at billions of dollars.

Empowering Consumers and Protecting Public Safety

- The Commission's Communications Security, Reliability and Interoperability Council (CSRIC) approved voluntary, industry-based recommendations to secure the Domain Name System (DNS), to improve the security of Internet routing protocols, and to combat botnets. When fully implemented, these measures will strengthen the security of the networks of the ISPs that provide Internet access to over 92 percent of U.S. residential broadband users.
- We continued implementation of the Twenty-First Century Communications and Video Accessibility Act of 2010 to ensure that the 54 million Americans with disabilities are able to fully utilize and benefit from advanced communications services, including adoption of rules that require closed captioning of broadcast television video content posted on the Internet.
- We enhanced the ability of Tribal Nations to increase their ownership of broadcast facilities in their communities to provide radio services.
- Through the Commission's Enforcement Bureau, we cracked down on companies who seek to prey on communications consumers through deceptive marketing practices, aggressively pursuing fraudulent prepaid calling card schemes (including \$10 million in penalties).
- We made interference detection and resolution involving public safety frequencies – e.g., interference to air traffic control, the U.S. Coast Guard, and state and local police and fire department communications – one of our highest priorities, responding to public safety and safety of life interference matters within 24 hours.

Agency and Regulatory Reform

- From January 1, 2010 through the end of FY 2012, we eliminated over 260 outdated rules and regulations.
- We improved regulatory processes consistent with President Obama's Executive Orders, including integration of more rigorous cost-benefit analysis into rulemaking proceedings; reduction of agency backlogs; and retrospective analysis and elimination of regulations that were overly burdensome, out of date, or otherwise impeded economic growth and development.
- We continued to expand the use of new technologies to improve the operations of the Commission and communicate more effectively with the public. We moved certain reporting requirements relating to television broadcasters online and made additional data available to empower app developers and consumers to use information in innovative ways.

The FCC also makes available its FY 2012 Annual Performance Report, including progress towards fulfilling its strategic goals and meeting the performance commitments in its FY 2012 Annual Performance Plan. This document is located at <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>. At this link, the FCC has also posted its FY 2012 Agency Financial Report, which provides a comprehensive look at the FCC's financial operations for the past fiscal year. I am pleased to note that for the seventh consecutive year, the FCC obtained an unqualified or "clean" audit opinion on its financial statements.



Julius Genachowski
Chairman
February 15, 2013

FY 2012 Performance Summary

Overview of the Federal Communications Commission

The Federal Communications Commission (FCC or Commission) has chosen to produce this Summary of Performance and Financial Information to provide a citizen-friendly document summarizing the FCC's financial status and performance for Fiscal Year 2012 (October 1, 2011 through September 30, 2012). We do this in recognition that members of the public, particularly our key constituencies, are stakeholders in the work and the results of our agency. Our goal is to increase the transparency and accessibility of the FCC and increase the accountability of the Commission to you, the citizens of the United States.

This Summary document may lead you to seek additional information concerning the FCC's finances and performance. The Commission has published its Agency Financial Report and its Annual Performance Report for FY 2012. Both are available online on the Commission's website at <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>.



About the FCC

The FCC is an independent regulatory agency of the United States Government. The Commission was established by the Communications Act of 1934 and is charged with regulating interstate (between states) and international communications by radio, television, wire, satellite, and cable. The Commission also regulates telecommunications services for hearing-impaired and speech-impaired individuals, as set forth in Title IV of the Americans with Disabilities Act (ADA). The Commission's headquarter is located in Washington, D.C., with three regional offices, sixteen district offices, and nine resident agent offices throughout the nation.

Five commissioners direct the work of the FCC. All are appointed by the President and confirmed by the Senate for 5-year terms, except when filling the

unexpired term of a previous Commissioner. Only three Commissioners can be of the same political party at any given time and none can have a financial interest in any company or entity that has a significant interest in activities regulated by the Commission. The President designates one of the Commissioners to serve as Chairman.

The Chairman and the Commissioners at the conclusion of FY 2012 were:

- Chairman Julius Genachowski
- Commissioner Robert M. McDowell
- Commissioner Mignon Clyburn
- Commissioner Jessica Rosenworcel
- Commissioner Ajit Pai



Pictured from left to right are Commissioner Rosenworcel, Commissioner McDowell, Chairman Genachowski, Commissioner Clyburn, and Commissioner Pai.

Mission

As specified in the Communications Act, the Commission’s mission is to “make available, so far as possible, to all the people of the United States, without discrimination on the basis of race, color, religion, national origin, or sex, rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges.”¹ In addition, the Communications Act provides that the Commission was created “for the purpose of the national defense” and “for the purpose of promoting safety of life and property through the use of wire and radio communications.”²

¹ 47 U.S.C. § 151.

² *Id.*



Organizational Structure

The FCC Chairman leads the Commission as head of the agency. In order to accomplish its mission, the FCC is organized by function. There are seven Bureaus and ten Offices. The Bureaus and the Office of Engineering and Technology process applications for licenses to operate facilities and provide communications services in specific locations and on specific radio frequencies; analyze complaints from citizens and other licensees; conduct investigations; develop and implement regulatory programs; and participate in hearings. Generally, the nine other Offices provide specialized support services. Bureaus and Offices regularly join forces and share expertise in addressing FCC-related issues.

The Bureaus

The Consumer and Governmental Affairs Bureau

develops and implements the FCC's consumer policies, including disability access and policies affecting Tribal nations. The Bureau serves as the public face of the Commission through outreach and education, as well as through the Consumer Center, which is responsible for responding to consumer inquiries and complaints. The Bureau also maintains collaborative partnerships with state, local, and Tribal governments in such critical areas as emergency preparedness and implementation of new technologies.

The Enforcement Bureau enforces FCC rules and the Communications Act. The Bureau protects consumers, ensures efficient use of spectrum, furthers public safety, and promotes competition.

The International Bureau administers the FCC's international telecommunications and satellite programs and policies, including licensing and regulatory functions. The Bureau promotes pro-competitive policies abroad, coordinating the Commission's global spectrum activities and advocating U.S. interests in international communications and competition. The Bureau works to promote a high-quality, reliable, globally interconnected, and interoperable communications infrastructure.

The Media Bureau recommends, develops, and administers the policy and licensing programs relating to electronic media, including radio and broadcast, cable, and satellite television in the United States and its territories.

The Public Safety and Homeland Security Bureau

supports initiatives that strengthen public safety and emergency response capabilities to better enable the FCC to assist the public, law enforcement, hospitals, the communications industry, and all levels of government in the event of a natural disaster, pandemic, or terrorist attack.

The Wireless Telecommunications Bureau is responsible for wireless telecommunications programs and policies in the United States and its territories, including licensing of wireless communications providers. Wireless communications services include cellular, paging, personal communications, and other radio services used by businesses and private citizens. The Bureau also conducts auctions of licenses for the communications spectrum.

The Wireline Competition Bureau develops and recommends policy goals, objectives, programs, and plans concerning wireline telecommunications (e.g., telephone landlines, and fixed—as opposed to mobile—broadband), striving to ensure choice, opportunity, and fairness in promoting the development and widespread availability of such communications services. The Bureau has particular responsibility for the Universal Service Fund, a public-private partnership that helps connect all Americans to communications networks.

The Offices

The Office of Administrative Law Judges is composed of judges who preside over hearings and issue decisions on matters referred to them by the Commission.

The Office of Communications Business Opportunities promotes competition and innovation in the provision and ownership of telecommunications services by supporting opportunities for small businesses as well as women and minority-owned communications businesses.



The Office of Engineering and Technology advises the Commission on technical and engineering matters. This Office develops and administers FCC decisions regarding spectrum allocations and grants equipment authorizations and experimental licenses.

The Office of the General Counsel serves as the Commission's chief legal advisor.

The Office of the Inspector General conducts and supervises audits and investigations relating to FCC programs and operations.

The Office of Legislative Affairs serves as the liaison between the FCC and Congress, as well as other Federal agencies.

The Office of the Managing Director administers and manages the FCC.

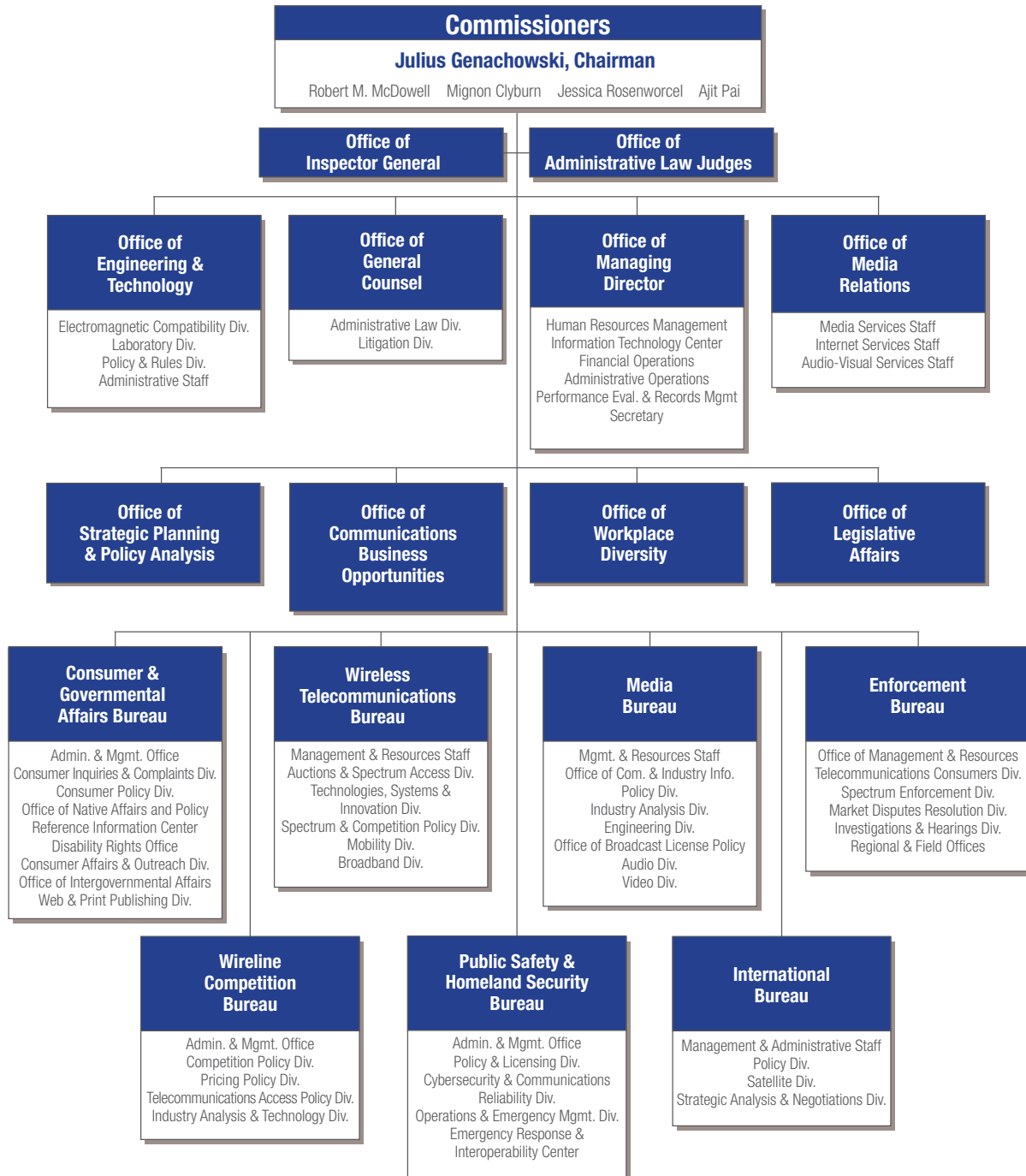
The Office of Media Relations informs the media of FCC decisions and serves as the FCC's main point of contact with the media.

The Office of Strategic Planning and Policy Analysis works with the Chairman, Commissioners, Bureaus, and Offices in strategic planning and policy development for the agency. It also provides research, advice, and analysis of complex, novel, and non-traditional economic and technological communications issues.

The Office of Workplace Diversity ensures that the FCC provides employment opportunities for all persons regardless of race, color, sex, national origin, religion, age, disability, or sexual preference.

Detailed information on specific Bureau and Office responsibilities can be found in Title 47 of the Code of Federal Regulations and on the Commission's website at: www.fcc.gov. The Commission's organizational chart at the end of FY 2012 is included on the next page.

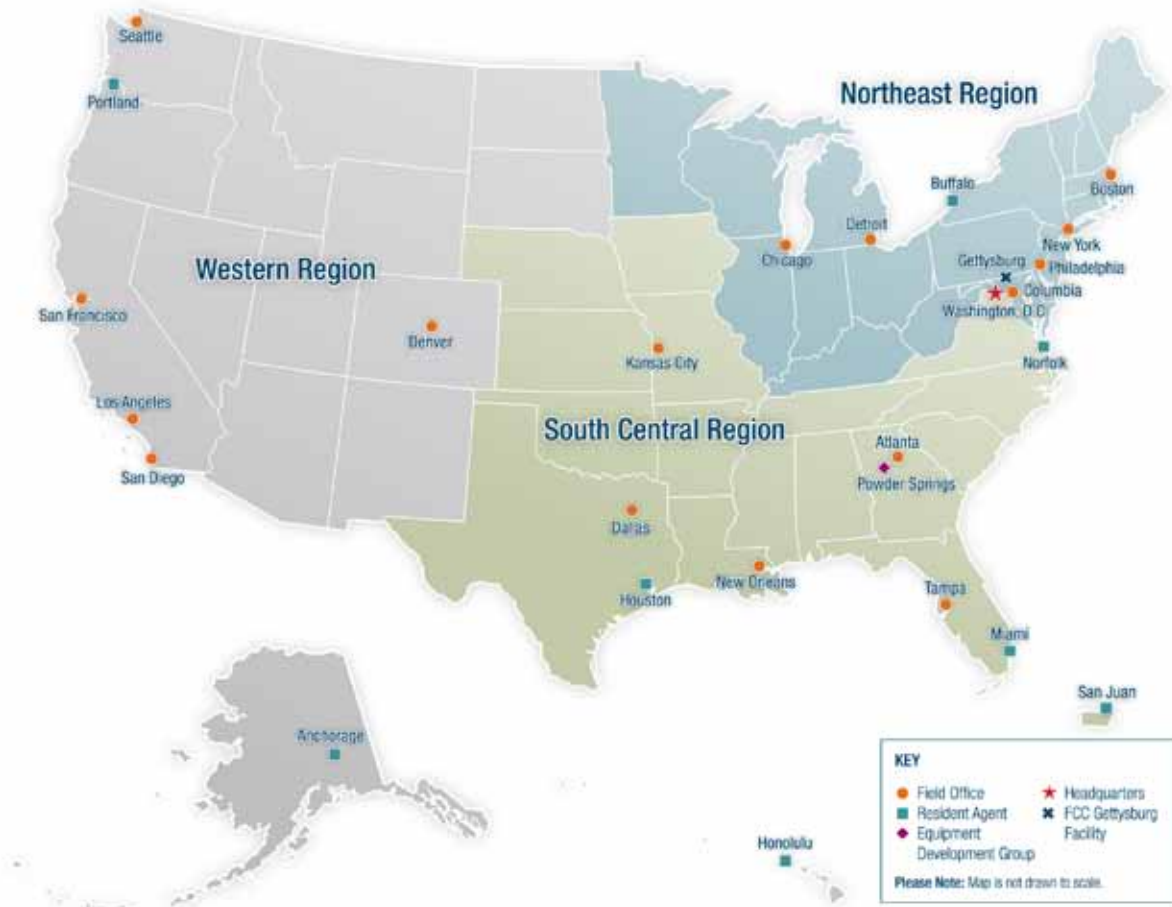
Organizational Chart



FCC Field Offices

The Commission has multiple regional and field offices as well as resident agent locations throughout the United States. The Regional and Field Offices and resident agents are responsible for carrying out on-scene investigations, inspections, audits, and other matters that are the subject of complaints and that are referred to them from within the Enforcement Bureau or by other Bureaus and Offices. These functions include immediate response to safety-of-life issues, interference resolution, investigation of violations in all communications services, surveys for compliance with FCC rules, local assistance to other agencies or countries in communications matters,

and representation of the Commission before groups and organizations. In addition, the FCC maintains a laboratory in Columbia, Maryland, so that staff of the Office of Engineering and Technology can test, evaluate, and perform engineering analyses on communications equipment requiring Commission authorization for use. The FCC also has a facility in Gettysburg, Pennsylvania, housing portions of its Wireless Telecommunications Bureau's licensing and spectrum auctions staff and a portion of the FCC's National Call Center operated by the Consumer and Governmental Affairs Bureau. Below is a map of all Commission Field Offices and resident agent locations.



Strategic Goals and Objectives

The Commission has identified six long-term strategic goals that guide the actions and performance of the FCC.

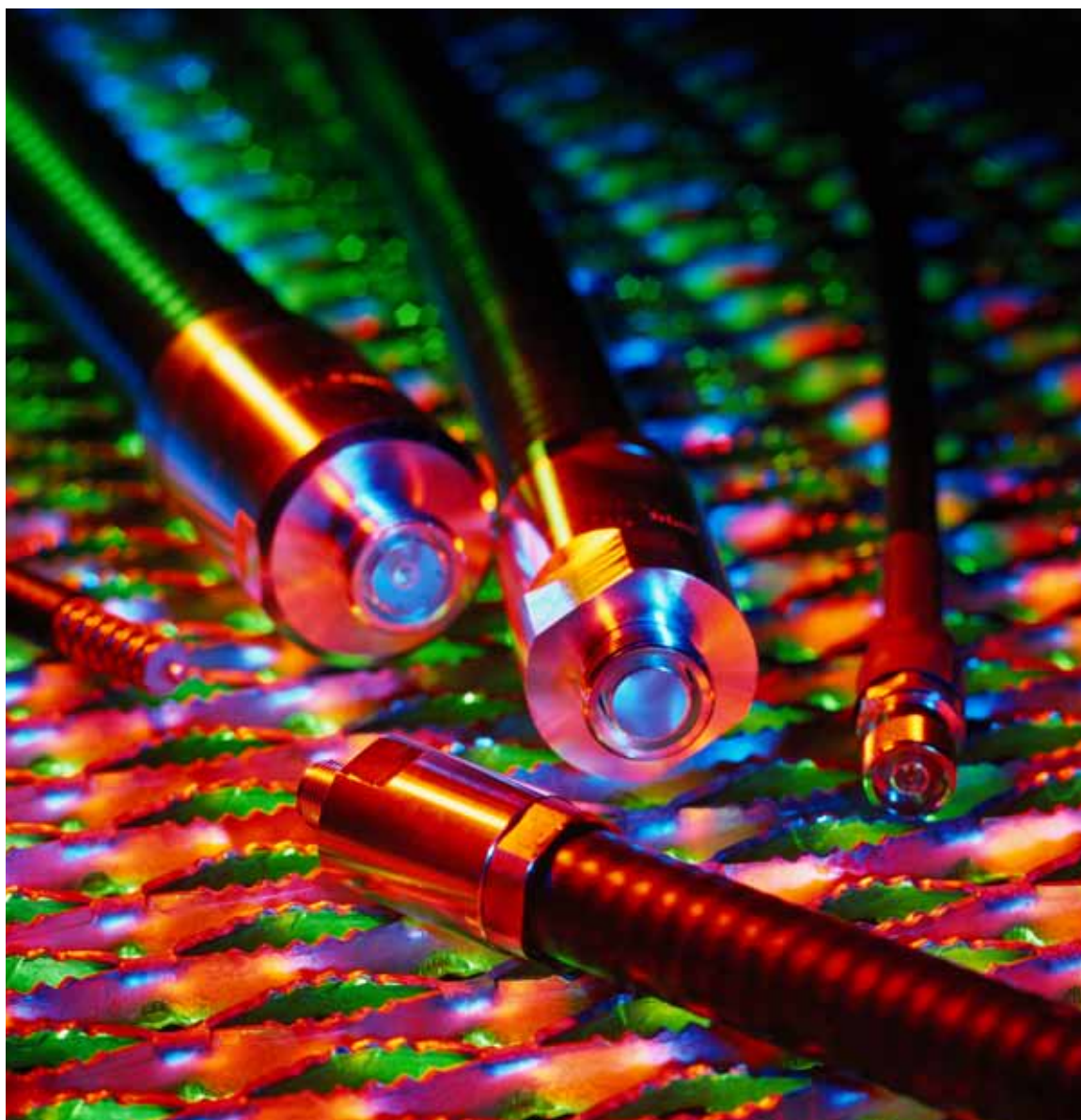
Accomplishment of agency goals is measured by the progress and completion of annual performance goals during the fiscal year. External influences, including economic, legal, and organizational factors beyond the Commission's programs and efforts, may influence whether we fully meet every performance goal. Further details on our strategic goals during FY 2012, as well as the strategies and resources used to achieve these goals, can be found in the Commission's strategic plan at: <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>.

Please note that the goals shown below were the strategic goals as reflected in the FCC's FY 2012 Annual Performance Plan, issued in February 2011 as part of the FCC's FY 2012 budget submission to Congress. The Commission issued a new FCC Strategic Plan in February 2012 with revised goals for the period FY 2012 through FY 2016. The FCC will report on its performance toward the new strategic goals in future documents. The new Strategic Plan is publicly available at the same website to the left.

Strategic Goal	Objective
Broadband	Broadband is the major communications infrastructure priority of our time. Through our policies, rulemaking activities, citizen outreach, and education initiatives, we will seek to ensure that all Americans have access to reliable and affordable high-speed broadband capability.
Consumers	Among the Commission's most important responsibilities is protecting and empowering consumers. Regulatory policies must take account of consumer interests; consumer protection and empowerment policies must apply consistently and reasonably across technologies; and information provided to consumers must be timely, accurate, and available on a variety of platforms.
Competition and Innovation	Competition in the provision of communications services, both domestically and overseas, supports the nation's economy. The FCC should promote a healthy competitive dynamic for communications services that fosters research and innovation, and presents consumers with choices for reliable, meaningful and affordable services.
Continual Improvement	The FCC is striving to become a model for excellence in government. We are committed to transparent and participatory processes that encourage public involvement and feedback, will be data driven in our decision making, and will maintain an organizational culture that promotes innovation and accountability.
Public Safety and Homeland Security	Communications during emergencies and crises are essential lifelines for public safety, health, defense, and emergency personnel, as well as all consumers in need. The nation's critical communications infrastructure must be reliable, interoperable, redundant, supportive of all needed services, and rapidly restorable.
International	We are committed to greater international engagement and cooperation in an interconnected world. The FCC will promote sound telecommunications policies globally and will strongly represent U.S. interests internationally.

Performance Highlights for FY 2012

During the previous fiscal year, the Commission made significant progress toward accomplishing its performance goals. Greater detail on these accomplishments is available in the FCC Annual Performance Report (APR) for FY 2012 on the Commission's website at <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>. In the following discussion, we identify achievements in the Commission's major initiatives during the past fiscal year, organized by strategic goal.



Broadband

Broadband is the major communications infrastructure priority of our time. Through our policies, rulemaking activities, citizen outreach, and education initiatives, we will seek to ensure that all Americans have access to reliable and affordable high-speed fixed and mobile broadband capability.

Address recommendations in the National Broadband Plan to broaden the deployment and adoption of broadband technologies for all Americans

The National Broadband Plan introduced the idea of incentive auctions as a tool to meet the nation's need for spectrum that could be allocated for mobile broadband use. In February 2012, Congress authorized the Commission to conduct incentive auctions as a means to repurpose broadcast television spectrum. In September, 2012, the Commission launched incentive auctions, seeking public comment on specific proposals for implementing its authority.

In 2011, the Measuring Broadband America (MBA) program delivered the first robust, statistically valid, nationwide analysis of residential broadband performance. The initial report provided a comparison of broadband service performance by internet service provider, in effect a scorecard of each major ISP's performance against its peers. With the second MBA report issued in July 2012, significant industry gains were found in promised vs. delivered speeds, bandwidth, and overall service quality.

The Commission also launched Measuring Mobile America, the first nationwide mobile broadband performance measurement program. As mobile broadband has become part of our everyday communications infrastructure, it remains difficult for consumers to get detailed information about their mobile broadband performance. Building on the model for the FCC's ongoing Measuring Broadband America program, the FCC is working with wireless carriers, the public interest and research community, and other stakeholders to deliver consumers detailed information about mobile broadband performance.

Take steps within the Commission's authority to help promote the nation's broadband infrastructure and advance national purposes. These include job creation, public safety, consumer benefits, education, energy efficiency, and availability of health services.

During FY 2012, the FCC's 20 Learning On-the-Go Pilot projects were exploring how best to enable schools and libraries to deliver Internet connectivity and digital learning over mobile wireless devices outside of the school or library. The Learning On-the-Go Pilot program is helping the FCC learn how best to support wireless connectivity services for mobile learning devices, like digital textbooks, so that students and patrons can connect with online resources even when they're not in school or at a library.

In February 2012, Chairman Genachowski joined Secretary of Education Duncan at the first-ever Digital Learning Day Town Hall in Washington, D.C. With input from that event, the FCC and the Department of Education updated the School 2.0 bandwidth planner to help schools plan for their connectivity needs. This collaboration resulted in concrete steps to move the nation to digital textbooks, including a model digital textbooks challenge, a blueprint template for states to implement the transition, and the release of FCC guidance to make it easier for school districts and libraries to make the transition.

The FCC re-launched the Small Biz Cyber Planner 2.0, an online resource to help small businesses created customized cybersecurity plans. Originally launched in 2011, it is the result of an unprecedented public-private partnership between government experts and private IT and security companies.

In November 2011, the FCC approved an order to unlock additional spectrum for Medical Micropower Networks (MMNs). MMNs will dramatically improve the lives of the millions of Americans who suffer from spinal cord injuries, traumatic brain injuries, strokes, and various neuromusculoskeletal disorders. MMNs are comprised of implanted devices that stimulate nerves and muscles and hold the promise of safer, less invasive, and more efficient treatment options than those currently available.

An Order was adopted that allocated spectrum and adopted service rules for Medical Body Area Networks (MBAN). MBAN technology will provide a flexible platform for the wireless networking of multiple body transmitters. This platform will enhance patient safety, care and comfort by reducing the need to physically connect sensors to essential monitoring equipment by cables and wires.

The FCC released a staff report evaluating the Commission's Rural Health Care Pilot Program demonstrated that broadband health care networks improve the quality and reduce the cost of delivering care in rural areas. This report details the benefits as well as the lessons learned from the pilot program, which supports 50 active projects in 38 states.

In June 2012, the FCC's Enforcement Bureau negotiated an unprecedented extension of a merger condition critical to widespread broadband access, ensuring that a reasonably priced broadband Internet option would be available in Comcast's service areas. Comcast also was required to make an \$800,000 contribution to the U.S. Treasury for violating the Commission's merger order.

In addition, FY 2012 marked a first-of-its-kind enforcement action involving the pro-consumer open access obligations of the 700 MHz "C Block" rules (\$1.25 million settlement with Verizon Wireless), restoring the benefits of an open wireless broadband platform to Verizon Wireless subscribers by allowing them to freely use the devices and applications of their choosing.

Ensure harmonized regulatory treatment of competing broadband services, to the extent consistent with the underlying technologies.

The Commission adopted revised rules to enable Wireless Communications Service licensees to use 30 megahertz of underutilized spectrum in the 2.3 GHz band for wireless broadband services, while protecting the adjacent Satellite Digital Audio Radio Service operator, Sirius XM Radio Inc. against harmful interference. This action continues the FCC's efforts to remove the regulatory barriers that are limiting the flexible use of spectrum for broadband services.

The FCC took steps to increase the nation's supply of spectrum for mobile broadband by removing unnecessary barriers to flexible use of 40 megahertz of spectrum in the 2 GHz band. This proposal would carry out a recommendation in the National Broadband Plan that the Commission enable the provision of stand-alone terrestrial services in this spectrum.

A Notice of Proposed Rulemaking (NPRM) was released, initiating a fresh look at the Commission's mobile spectrum holding policies given the changes in technology, spectrum availability, and the mobile marketplace since the last comprehensive review of these rules more than a decade ago. With this NPRM, the FCC seeks comment on ensuring that its policies provide the certainty and predictability needed to make informed investment decisions, including participation in upcoming incentive auctions and secondary market transactions, while also promoting the competition needed to sustain a healthy wireless marketplace.

Encourage and facilitate an environment that stimulates investment and innovation in broadband technologies and services

The FCC adopted measures promoting further deployment of mobile broadband service, continuing its reform of rules governing use of microwave frequencies for wireless backhaul as part of the FCC's Broadband Acceleration Initiative and its regulatory reform agenda. Building on recommendations in the FCC's National Broadband Plan, these actions will speed the rollout of fourth-generation (4G) broadband networks, accelerate the role of expanded wireless broadband communications in national economic revitalization and job creation, and bring new broadband services to rural areas.

Consumers

Among the Commission's most important responsibilities is protecting and empowering consumers. Regulatory policies must take account of consumer interests; consumer protection and empowerment policies must apply consistently and reasonably across technologies; and information provided to consumers must be timely, accurate, and available on a variety of platforms.

Promote pro-consumer policies

The FCC took steps to protect Americans from difficult-to-detect fraudulent charges on their landline phone bills. New rules combat "cramming," the illegal placement of unauthorized charges on a consumer's monthly phone bill. Specifically, the FCC: 1) required telephone companies to notify subscribers at the point of sale, on each bill, and on their websites of the option to block third-party charges from their landline telephone bills if the carrier offers that option; 2) strengthened the Commission's requirement that third-party charges be separated from the landline telephone company's charges on phone bills; and 3) asked whether the Commission should adopt additional protections, such as requiring landline telephone companies to get consumer consent before placing those charges on their telephone bills.

In May 2012, the Commission initiated a proceeding to create a Do-Not-Call registry for public safety answering points (PSAPs) as required by Congress in the "Middle Class Tax Relief and Job Creation Act of 2012." Specifically, the Commission sought comment on a number of issues relevant to this Act, which requires the Commission to establish a registry that allows PSAPs to register telephone numbers on a Do-Not-Call list and prohibits the use of automatic dialing or "robocall" equipment to contact those numbers. The Commission adopted the proposed rules on October 17, 2012.

Loud commercials on television are a source of many consumer complaints. The Commercial Advertisement Loudness Mitigation Act was adopted, in which the Commission chose a technical solution to excessive volume that does not impose significant costs to TV

broadcasters, cable operators, and other multichannel video programming distributors.

CTIA-The Wireless Association agreed to amend its Consumer Code for Wireless Service to require participating member wireless service providers to send alerts to their subscribers when they approach and when they exceed plan allowances for voice, data and messaging, and are about to incur overage charges. Alerts are also required when subscribers are traveling overseas and are about to incur international roaming charges. The revised CTIA Code also requires participating carriers to "clearly and conspicuously disclose tools or services that enable consumers to track, monitor and/or set limits on voice, messaging, and data usage."

To further protect consumers from unwanted autodialed or prerecorded calls, often referred to as "robocalls," the Commission approved changes to its telemarketing rules. Unwanted telemarketing calls and texts were consistently in the top three consumer complaints to the FCC. The Order helps put an end to these intrusions by empowering consumers with increased rights under the FCC's telemarketing rules. Specifically, the rules protect consumers by: (1) requiring telemarketers to obtain prior written consent before placing a robocall to a consumer; (2) eliminating the "established business relationship" exemption to the requirement that telemarketing robocalls to residential wireline phones occur only with prior express consent from the consumer; (3) requiring telemarketers to provide an automated, interactive "opt-out" mechanism during each robocall so that consumers can immediately tell the telemarketer to stop calling; and, (4) strictly limiting the number of abandoned or "dead air" calls that telemarketers can make within each calling campaign.

To strengthen and expand communications services to Native Nations and their communities, proposals were adopted by the Commission to expand the priority provided to Tribes and Tribal entities seeking to establish new commercial FM services. These efforts enhanced the ability of federally recognized Native American Tribes and Alaska Native Villages not only to receive radio service tailored to their specific needs and cultures, but to increase the ownership of such radio stations by Tribes and Tribal-owned entities.

Work to inform American consumers about their rights and responsibilities in the competitive communications marketplace

The Commission adopted rules to ensure advanced communications services and equipment are accessible to and usable by individuals with disabilities by implementing Sections 716 and 717 of the Communications Act, as enacted by the Twenty-First Century Communications and Video Accessibility Act of 2010 (CVAA). Rules were also proposed to implement Section 718 of the Act, which requires Internet browsers built into mobile phones to be accessible to and usable by individuals who are blind or have a visual impairment.

In addition, rules were also adopted for closed captioning requirements of video programming delivered using Internet protocol, which is part of the implementation of the CVAA. IP-delivered video programming is delivered by different devices, including personal computers, tablets, cell phones, game consoles, Blu-ray players, or set-top boxes. These new rules enable individuals with disabilities to fully utilize communications services and equipment and allow them better access to video programming.

Ensure that consumer protection and empowerment policies apply consistently and reasonably across technologies

The Commission also took action to protect the integrity of the Universal Service Fund (USF) and other funds, recouping \$3 million for the USF in addition to issuing another \$3 million in penalties against various companies that failed to comply with the filing and payment obligations. These pro-competitive actions also ensured that compliant companies do not bear the burden of subsidizing those who do not pay their fair share.

Enforce the Commission's rules for the benefit of consumers

To protect consumers, the FCC's Enforcement Bureau actively pursued numerous investigations to enforce the requirements of the Communications Act, including:

- Proposing \$10 million in penalties against companies for deceptively marketing prepaid calling cards to largely immigrant communities.
- An investigation of Verizon for apparent violations of telephone numbering requirements. The carrier settled the investigation by consent decree, which required Verizon to make a \$970,000 voluntary contribution to the U.S. Treasury and to implement comprehensive compliance measures designed to ensure future compliance with the rules.
- Adopting a \$1.1 million notice of apparent liability for forfeiture against a carrier for multiple slamming violations to help protect consumers from unauthorized changes to their selected carrier.
- Taking aggressive enforcement action against a prolific "robocall" company, proposing a \$2.96 million forfeiture penalty.
- Successfully halting mystery data charges by AT&T through negotiation of a \$700,000 consent decree.
- Ensuring access to advanced telecommunications services by people with hearing disabilities through aggressive enforcement of hearing aid compatibility rules. This resulted in more than \$2 million in negotiated consent decrees and notices of apparent liability.



Competition and Innovation

Competition in the provision of communications services, both domestically and overseas, supports the Nation's economy. The Commission should promote a healthy competitive dynamic for communications services that fosters research and innovation and presents consumers with reliable, meaningful choice in affordable services.

Develop media rules and policies that achieve statutory policy objectives in light of significant changes to traditional media services

The FCC took its first step toward making a significant portion of broadcast television spectrum available for new uses. The Commission adopted rules, in anticipation of a future incentive auction to address the nation's growing demand for wireless broadband, allowing multiple broadcast stations to elect to stream individual programming while sharing a single channel. The new rules promote innovation and investment in mobile communications, and help ensure the United States keeps pace with the global wireless revolution. The rules also help preserve broadcast television as a healthy, viable medium.

Local community radio was boosted by facilitating the licensing of low power FM and FM translator stations. The Commission adopted rules to implement the Local Community Radio Act as well as a new market-specific FM translator application processing approach. To assist prospective LPFM applicants in identifying available FM channels, a public LPFM Channel Finder search tool was available on the FCC's website.

A Notice of Proposed Rulemaking was adopted to modernize and reform cable television technical rules, facilitating the cable industry's widespread transition from analog to digital transmission systems. The proposed rules reflect the Commission's ongoing commitment to regulatory reform and will permit the industry to utilize existing spectrum more efficiently, while ensuring good quality signals for digital cable customers and protecting against digital signal leakage.

The Commission invited comment on whether to allow public broadcasters to spend a modest amount of their total annual broadcast time – up to one percent, or about 88 hours per year – to conduct on-air fundraising activities for charities and other nonprofits. The proposal gives viewers of public broadcasting the opportunity to raise funds for non-profit organizations in their communities and around the world.

Promote access to advanced telecommunications and information services for all Americans

The new Connect America Fund (CAF) was launched as part of once-in-a-generation reform of the Universal Service Fund (USF). The Commission unanimously voted to reform and modernize USF to help connect every American to high-speed Internet by the end of the decade, just as USF did for telephone service in the 20th century. These reforms cut waste and imposed strict fiscal responsibility standards on the Fund, preventing it from growing beyond its current size. Nearly 400,000 residents and small business owners in 37 states will gain access to high-speed Internet within three years as a result of the first phase of the CAF.

Competitive bidding procedures were announced for Phase I of the Mobility Fund, the first-ever reverse auction for Universal Service support. This will accelerate delivery of advanced mobile services to tens of thousands of road miles that currently lack 3G or 4G service. Winning bidders must deploy either 3G service within two years or 4G service within three years of the award. The Mobility Fund will award up to \$300 million that was reserved out of savings from the USF reforms. The auction is a market-based, fiscally responsible policy innovation to generate the greatest impact for every universal service dollar.

The FCC completely overhauled and reformed its Lifeline program for today's communications marketplace. These reforms included eliminating unnecessary subsidies, cutting off duplicative subscriptions, and requiring better proof of eligibility. Lifeline has connected low-income Americans to jobs and opportunities, as well as family, and emergency services, by helping make phone service affordable. However, waste, fraud and abuse in the program were threatening its future. This year alone, we have exceeded our \$200 million savings target this year alone, savings being used in part to connect low-income Americans to broadband.

Ensure that American consumers can choose among multiple reliable and affordable communications services

Review of the Verizon Wireless-SpectrumCo transaction was concluded, and four significant spectrum transfer applications were approved, subject to a number of binding commitments and conditions. The companies' commercial agreements were substantially modified to preserve incentives to compete and invest in broadband networks. Verizon Wireless also undertook an unprecedented divestiture of spectrum to a competitor, T-Mobile. The Order includes enforceable commitments from Verizon Wireless to accelerate buildout of its newly acquired spectrum, as well as to offer data roaming on commercially reasonable terms and conditions.

Steps to promote efficiency and eliminate burdensome regulatory processes were taken by providing licensees with greater flexibility to provide advanced communications in currently unlicensed 800 MHz cellular service areas. Consistent with its regulatory reform agenda, the FCC issued a Notice of Proposed Rulemaking and adopted an Order proposing to revise the licensing model for cellular service from a site-based to a geographically-based approach.

Unused spectrum between TV stations, known as "white spaces," represents a valuable opportunity for provision of broadband data services. The FCC's Office of Engineering and Technology (OET) approved Spectrum Bridge Inc.'s television white spaces database system. OET also approved a device by Koos Technical Services, Inc. as the first product allowed to operate on an unlicensed basis on unused

frequencies in the TV bands. This unused TV spectrum provides a major new platform for innovation and delivery of service, with potential for both research and commercial applications.

Enforce compliance with media rules

The FCC shut down hundreds of pirate broadcast operations, which threaten the integrity of the nation's communications infrastructure and caused interference to licensed broadcasters, air traffic control frequencies, and other public safety communications. There were \$289,000 in penalties assessed and 583 warnings issued during FY 2012.

The Commission continued to review consumer complaints alleging violations of its CableCARD rules. These rules allow consumers to access cable programming using a digital cable-ready television set or a retail set-top box instead of renting a set-top box from a cable operator.

Enforce the Commission's spectrum regulations and policies

The Commission responded aggressively to the proliferation of signal jamming devices in the marketplace, addressing harmful interference and educating the public about the safety implications. The Enforcement Bureau issued 20 enforcement actions against online retailers in 12 states for illegally marketing more than 200 models of cell phone jammers, GPS jammers, Wi-Fi jammers, and similar signal jamming devices. These devices pose serious risks to critical public safety communications and can prevent individuals from making 9-1-1 and other emergency calls.

The FCC successfully addressed widespread interference to Federal Aviation Administration weather radar systems, levying \$96,000 in penalties. These FAA systems make critical quantitative measurements of gust fronts, wind shear, and other weather hazards.

Continual Improvement

The FCC is striving to become a model for excellence in government. We will be data-driven in our decision making and are committed to transparent and participatory processes that encourage public involvement and feedback. We will maintain an organizational culture that promotes innovation and accountability.

Be data-driven in our policy- and decision-making

The nation has made significant progress expanding high-speed Internet access in recent years, according to the FCC's Eighth Broadband Progress Report, available at <http://www.fcc.gov/reports/eighth-broadband-progress-report>. Notwithstanding this progress, the report finds that approximately 19 million Americans, six percent of the population, still lack access to fixed broadband service at sufficient threshold speeds. In rural areas nearly one-fourth of the population, 14.5 million people, lack access to such service. In tribal areas, nearly one-third of the population lack access. The report concludes that until the FCC's Connect America Fund reforms are fully implemented, these gaps are unlikely to close, and broadband is not yet being deployed in a reasonable and timely fashion.

The FCC's Media Bureau reported on the status of competition in the market for the delivery of video programming. The 14th Video Competition Report noted that the significant recent developments in the provision of video to consumers were the increased deployment of digital technology, consumers' increasing demands for access to video programming anywhere and anytime, and the evolution of online video from a niche service into a thriving industry.

Ensure effective and modern communications with consumers, Congress, the communications industry, and fellow federal, state, tribal, and local agencies

The FCC Chairman joined federal, state and local officials, as well as representatives of wireless carriers, to announce new initiatives to combat massive smartphone and data theft. Initiatives include: (1) implementing a database to prevent the use of stolen smartphones; (2) encouraging users to lock their phones

with passwords; (3) educating users on lock/locate/wipe applications; (4) conducting a public education campaign on how to protect your smartphone and yourself; and (5) tracking progress benchmarks and continuing an ongoing dialogue.

The FCC launched a new 'bill shock' website (<http://www.fcc.gov/bill-shock-alerts>), an online tool to help consumers track implementation of recent commitments by wireless carriers to provide usage alerts before and after consumers exceed their plan limits. Bill shock is a sudden and unexpected increase in monthly wireless bills that happens when consumers' unknowingly exceeding plan limits for voice, data and text, or get hit with unexpected international roaming charges.

Foster public participation in reform and rule making

The way television broadcasters inform the public about how they are serving their communities was modernized by creating an online public inspection website (<https://stations.fcc.gov>), and requiring all full-power television broadcasters to upload public inspection documents to the site. Broadcasters affiliated with the top four national TV networks in the top 50 television markets also were required to upload their political files to the website.

The FCC worked to improve regulatory processes consistent with President Obama's Executive Orders, including integration of more rigorous cost-benefit analysis into rulemaking proceedings; reduction of agency backlogs; and retrospective analysis and elimination of regulations that were overly burdensome, out of date, or otherwise impeded economic growth and development. From January 1, 2010, through the end of FY 2012, the FCC eliminated over 260 outdated rules and regulations.

Create and sustain an organizational culture that encourages diversity, innovation, accountability, and continual improvement

The FCC's Office of Communications Business Opportunities hosted a Capitalization Strategies Workshop focused on capital acquisition for small and diverse businesses in the communications

industry. Small, minority and women business owners interested in telecommunications, broadcasting, or related businesses, heard presentations by finance experts. These experts discussed challenges and strategies for obtaining public- or private-sector financing for entrepreneurs, and covered strategies for services that provide support to businesses in the communications industry.



Public Safety and Homeland Security

Communications during emergencies and crises are essential lifelines for public safety, health, defense, and emergency personnel, as well as all consumers in need. The Nation's critical communications infrastructure must be reliable, interoperable, redundant, supportive of all needed services, and rapidly restorable.

Promote the reliability, security, rapid restoration, and survivability of the communications infrastructure

On June 28, 2012, the FCC's Disaster Information Reporting System (DIRS) began accepting disaster outage information on interconnected Voice over Internet Protocol (VoIP) and broadband Internet services. DIRS is a voluntary, web-based system administered by the FCC's Public Safety and Homeland Security Bureau that communications providers can use to report communications infrastructure status and situational awareness information during times of crisis. Information submitted in DIRS provides the FCC with an important level of awareness regarding the status of communications during and immediately after a disaster. Expanding DIRS to interconnected VoIP and broadband Internet services recognizes that consumers, businesses, and government agencies increasingly rely on these services for everyday and emergency communications needs, including 9-1-1.

The Commission adopted a Notice of Inquiry to explore the use of Deployable Aerial Communications Architecture (DACA) technologies. DACA technologies are aerial technologies such as unmanned aerial vehicles, weather balloons or existing aircraft that could provide emergency communications during or immediately after a major disaster when terrestrial communications infrastructures may be disrupted.

On November 9, 2011, the FCC and the Federal Emergency Management Agency conducted the first-ever nationwide test of the Emergency Alert System (EAS). The purpose of the test was to assess the reliability and effectiveness of the EAS as a way to alert the public of national emergencies.

The FCC's Enforcement Bureau addressed more than 1,000 interference cases, 823 of which had

public safety implications. Interference can come from a wide array of sources, from cell jammers and baby monitors to equipment on docked ships or other intentional or malicious sources.

Facilitate deployment of public safety technology

The Commission proposed rules and asked for comment on a number of issues involved in improving spectrum efficiency and encouraging greater use of the 4.9 GHz band for public safety broadband communications. Improved use of the 4.9 GHz band will facilitate wireless local area networks for incident scene management, fixed point-to-point surveillance, and support for dispatch operations and vehicular or personal communications. Using 4.9 GHz spectrum, public safety users can set up temporary networks that support data, voice, and video communications at scenes of emergencies; monitor sensitive locations remotely with point-to-point video links; and set up city-wide Wi-Fi networks to give first responders dedicated broadband access.

The Wireless Priority Service (WPS) is a program that authorizes cellular communications service providers to prioritize calls over wireless networks. Participation in the WPS program is voluntary. The WPS program facilitates the deployment of public safety technology and increases the chances that critical users, such as first responders, will be able to use cell phone services in an emergency. The FCC sets the rules and policies for the WPS program, while the Department of Homeland Security (DHS) manages the WPS program. In 2008, the FCC began an outreach program to increase participation in WPS. Since that time, WPS participation increased more than 150%. The program experienced a 6% increase in participation during FY 2012.

The Commission established the Telecommunications Service Priority (TSP) program to support priority restoration of communications services that support national security and emergency preparedness missions during disasters, including terrorist attacks. DHS oversees day-to-day operation of the TSP program. The TSP program directs telecommunications service providers (e.g., wireline and wireless phone companies) to give preferential treatment to users enrolled in the program when they need to add new lines or have their lines restored following a disruption of service. Any federal, state, or local government entity that relies on telecommunications services to accomplish its national security and/or emergency planning mission can qualify for TSP. In 2004, the Commission began an outreach program to inform 911 administrators of the TSP program and to expedite their enrollment. The Commission has also sought to increase the TSP participation of the federal government, hospitals, and state and local governments. Participation by all of these telecommunications users increased four-fold since 2004. The program experienced an 8% increase in participation during FY 2012.

Maintain a clearinghouse of information for the public safety community

The FCC released the *Small Biz Cyber Planner*, a new easy-to-use online tool to help small businesses customize their own cybersecurity plans. The online tool is available at www.fcc.gov/cyberplanner. The *Small Biz Cyber Planner* enables any small business to create a customized guide tailored to its cybersecurity needs by answering a few basic questions. By using this tool and implementing the planning guide, businesses can protect themselves, their information, and their customers from cyber threats.



International

We are committed to greater international engagement and cooperation in an interconnected world. The FCC will promote sound telecommunications policies globally and will strongly represent U.S. interests internationally.

Be a world-leader by promoting sound policy worldwide

The FCC actively participated in preparatory activities for the World Conference on International Telecommunications (WCIT). The International Telecommunications Regulations were last negotiated in 1988, and there was broad consensus that they needed to be updated to reflect the dramatically different information and communication technology landscape of the 21st century. During FY 2012, the FCC's International Bureau worked with its counterparts at the State Department, National Telecommunications and Information Administration, Department of Defense and other agencies to develop a unified position on international telecommunications services and Internet policy. Additionally, senior FCC staff participated in a host of bilateral discussions, participated in various ITU meetings, and led discussions with foreign counterparts in order to effectively advocate for U.S. positions on open Internet and other issues, and to place the U.S. in the strongest position possible in advance of the WCIT.

Advocate U.S. spectrum interests in the international arena

The World Radiocommunications Conference (WRC) is a treaty-level forum held every three to four years to decide allocations of spectrum for the deployment, growth and continued usage of all types of radio services. WRC-12 was held in Geneva, Switzerland, from January 23 to February 17, 2012. The FCC actively contributed to U.S. success at the conference. The FCC team solicited public views and recommendations on WRC-12 issues under the aegis of the WRC-12 Advisory Committee, which produced

65 draft proposals that were placed on Public Notice for comment. FCC staff worked extensively within the interagency preparatory process to develop U.S. positions for WRC-12 that, to the maximum extent possible, reflected private sector priorities.

FCC Chairman Julius Genachowski participated in high-level discussions with U.S. and Mexican telecommunications officials at the State Department, where the U.S. signed two protocols with Mexico for sharing spectrum in the 800 MHz and 1.9 GHz bands along the U.S.-Mexican border. These actions will help support commercial broadband services and public safety mission-critical voice communications along the border and throughout the United States.

Promote pro-competitive and universal access policies worldwide

For the first time since 1996, the FCC initiated a wholesale review of its Part 25 rules, governing licensing and operation of space stations and earth stations which transmit radio frequency signals between the ground and satellites. This Notice of Proposed Rulemaking would eliminate unnecessary technical and information filing requirements, update rules to better accommodate evolving technology, and simplify existing requirements. The Commission aims to give satellite licensees the flexibility to provide innovative services while ensuring an operating environment free from harmful interference.

In the last year, the FCC International Bureau made historic progress in reducing the number of backlogged space station applications. At the end of FY 2012, the number of backlogged space station applications was at an all-time low.

FY 2012 Financial Information

How We Managed Our Funds: Message from Our Chief Financial Officer

I am pleased to present the Commission's financial statements for fiscal year (FY) 2012 and to report that the Commission's auditors issued an unqualified opinion on each of the Commission's financial statements for FY 2012. Furthermore, I am proud to say that this is the seventh straight fiscal year the Commission has received an unqualified opinion. The Commission is proud of the work of its staff to obtain and maintain an unqualified opinion.



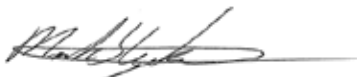
During FY 2012, the Commission launched a new Office of Management and Budget Circular No. A-123 internal controls process that distributes responsibility down to each Bureau and Office. This new process enables Commission managers to be more involved in and responsible for the internal controls established throughout the Commission, and requires the Bureau and Office chiefs to provide attestations to the Managing Director and the Chairman.

Throughout FY 2012, the Commission worked diligently on closing audit findings from previous audits. As a part of this effort, the Commission made progress on resolving matters raised by its auditors in their FY 2011 audit report. The Commission closed findings relating to its information technology control deficiencies and made progress in resolving findings related to its financial management systems; however, there is still work to be done. In addition, the Commission successfully launched a new mechanized Acquisitions process that is incorporated into its core financial system. The new Acquisitions process will assist the Commission by providing more timely procurements and better tracking of obligations.

Significantly, for FY 2012 the Commission's independent auditor did not report any material weaknesses for the Commission or its reporting components. Despite these successes, work remains here at the Commission. The FY 2012 audit reports point out two significant deficiencies related to internal controls and note two instances of non-compliance that still need to be resolved. The primary areas of concern relate to financial system functionality and integration, information technology controls, and compliance with the Federal Managers' Financial Integrity Act and the Debt Collection Improvement Act.

The Commission is committed to improving its financial processes, fiscal integrity, minimizing the risk of improper payments, and to reducing improper payments to the customers and beneficiaries of its reporting components. The Commission continues to make improvements to the fiscal management, administration, and oversight of funds reported by the Commission.

I look forward to FY 2013 and to making every effort to continue to strengthen the Commission's and its reporting components' internal control environments, and to improve the effectiveness of the Commission's and its reporting components' financial operations.



Mark Stephens
Chief Financial Officer
February 15, 2013

Key FY 2012 Financial Management Accomplishments

Area	Accomplishment
Process Improvements	The FCC streamlined a number of its processes to strengthen efficiency, effectiveness and internal control practices.
	During FY 2012, the Commission re-engineered business processes allowing component entities to transfer delinquent debt directly to the Department of Treasury. Prior to this change, component entities sent delinquent debt to the FCC for additional collection efforts and, if necessary, transfer to the Treasury.
	In addition, the Commission implemented a paperless electronic routing system for all travel requests, approvals and reimbursements.
Financial Systems Modernization	The FCC continues to increase efficiencies and effectiveness using the core financial system implemented in FY 2011. The Commission worked collaboratively with a “tiger team” to resolve high priority post implementation issues to fully leverage system functionality.
Procurement	The FCC’s ongoing partnership with the Small Business Administration led to increased contract awards to both small and small disadvantaged businesses.
	The Commission successfully re-competed and leveraged all major IT contracts resulting in cost savings across all IT services.
	Additionally, the FCC established a formal Contracting Officer’s Representative (COR) training program and published a COR manual to define roles and responsibilities and implemented a Compliance Officer position to promote internal controls and conformity with acquisition rules and regulations.
Green Initiatives	Converted paper-based data into electronic and machine-readable structured formats. This availability dramatically increased the transparency of more than \$3 billion in policy spending and economic activities. Included in these activities are data disclosures related to schools and libraries communications spending (the E-Rate program), the Mobility Fund Map, as well as the Lower Power FM Map. In addition to increasing transparency, the availability of this data in electronic format significantly advances “green” initiatives and promotes user access.
	Expanded the recycling program at FCC Headquarters location.

The FCC’s FY 2012 Agency Financial Report, found at <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>, contains a full list of FY 2012 Financial Management Accomplishments, the full audit report from the external auditor, and our Summary of Management Assurances, among other financial information.

Our Financial Results

This section contains condensed financial statement information, a description of our major balance sheet components, cost of operations, and budgetary resources. We also present the results of our performance in the area of financial management using established metrics. Our complete financial statements are available on the FCC website at <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>.

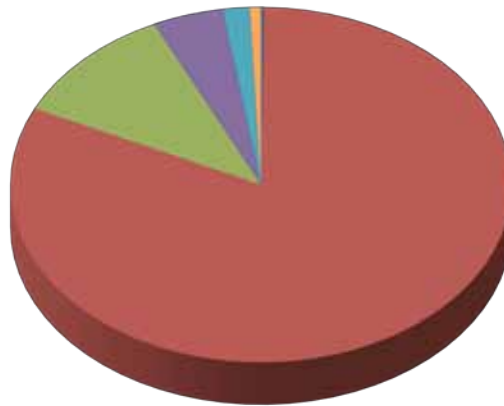
Changes in Financial Position in FY 2012 (consolidated)

Net Financial Condition (Dollars in Thousands)	2012	2011
Intragovernmental		
Fund Balance with Treasury	\$361,739	\$494,340
Investments	6,548,090	5,822,843
Accounts Receivable	1,574	1,097
Other	—	2,436
Total Intragovernmental	\$6,911,403	\$6,320,716
Cash and Other Monetary Assets	\$139,322	\$213,944
Accounts Receivable, net	875,088	831,072
Loans Receivable, net	335	4
General Property & Equipment, net	56,832	60,461
Other	13,024	13,053
Total Assets	\$7,996,004	\$7,439,250
Intragovernmental		
Debt	\$—	\$50,300
Other	168,897	220,249
Total Intragovernmental	\$168,897	\$270,549
Accounts Payable	\$110,523	\$92,976
Deferred Revenue	62,971	93,053
Prepaid Contributions	85,849	77,362
Accrued Liabilities for Universal Service	752,423	633,967
Other	39,578	35,804
Total Liabilities	\$1,220,241	\$1,203,711
Unexpended Appropriations	\$4,251	\$15,105
Cumulative Results of Operations	6,771,512	6,220,434
Total Net Position	\$6,775,763	\$6,235,539
Net Cost of Operations	\$9,536,699	\$8,820,764
Total Budgetary Resources	\$14,297,518	\$12,904,395

Assets

The chart below presents the total assets of the Commission as of September 30, 2012. The large Investments balance of \$6,548.1 million results from carryover in the USF Schools and Libraries and Rural Healthcare programs that has grown since the programs' inception as a result of annual contributions that have exceeded annual distributions. The Accounts Receivable balance of \$875.1 million is primarily composed of USF receivables totaling \$791.9 million.

2012 Total Assets by Category (Dollars in Thousands)

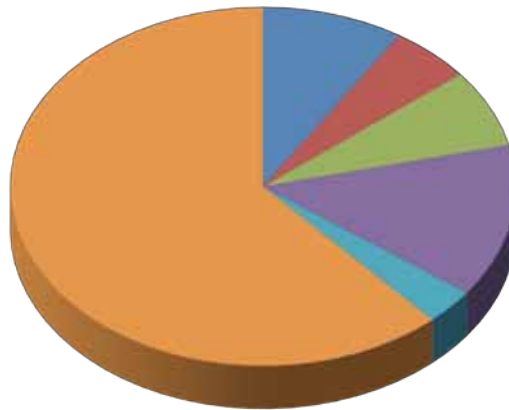


Category	%	Assets
Intragovernmental Investments	82%	\$6,548,090
Accounts Receivable, net	11%	\$875,088
Remaining Intragovernmental Assets	5%	\$363,313
Cash and Other Monetary Assets	2%	\$139,322
General PP&E	<1%	\$56,832
Other Assets	<1%	\$13,024
Loans Receivable, net	<1%	\$335
Total Assets		\$7,996,004

Liabilities

The chart below presents the total liabilities of the Commission as of September 30, 2012. The Commission's most significant liabilities are Accrued Liabilities for Universal Service of \$752.4 million and Intragovernmental of \$168.9 million, which accounted for over 75% of total liabilities as of September 30, 2012. The Accrued Liabilities for Universal Service represent the expected October (FY 2013) payments for the Telecommunications Relay Service Program and the Universal Service Fund High Cost and Low Income Programs. Total Intragovernmental is primarily composed of custodial collections earned on Spectrum auctions and miscellaneous receipts.

2012 Total Liabilities by Category (Dollars in Thousands)



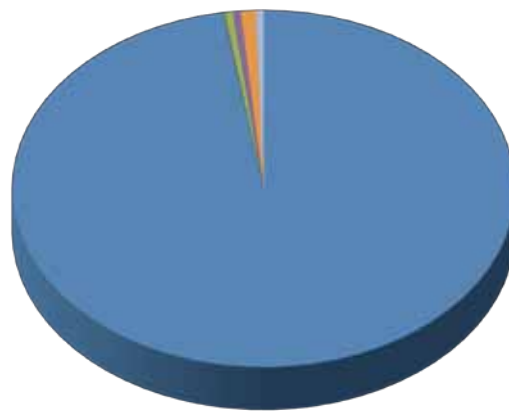
Category	%	Liabilities
Accrued Liabilities for Universal Service	62%	\$752,423
Total Intragovernmental	14%	\$168,897
Accounts Payable	9%	\$110,523
Prepaid Contributions	7%	\$85,849
Deferred Revenue	5%	\$62,971
Other	3%	\$39,578
Total Liabilities		\$1,220,241

Net Position. As of September 30, 2012, the agency's total net position was \$6,776 million, consisting of Cumulative Results of Operations of \$6,772 million and Unexpended Appropriations of \$4 million.

Costs

The chart below presents the total gross costs of each Commission program as of September 30, 2012. The costs are aligned with the six strategic goals of the Commission: Competition and Innovation, Continual Improvement, Consumers, Broadband, Public Safety and Homeland Security, and International. Gross costs for each goal are presented individually while revenue is presented in total rather than by goal. The program costs for the USF, TRS, and NANP are included within the Competition and Innovation strategic goal. The Commission's subsidy costs for the Spectrum Auction Loan Program are included with the Competition and Innovation strategic goal. As a result of the accounting for these activities, the cost for these goals may be significantly higher than the cost of the five other goals. Contributions received for the USF and TRS programs are shown on the Statement of Changes in Net Position and do not directly offset the cost of these programs on the Statement of Net Cost.

2012 Total Gross Costs (Dollars in Thousands)

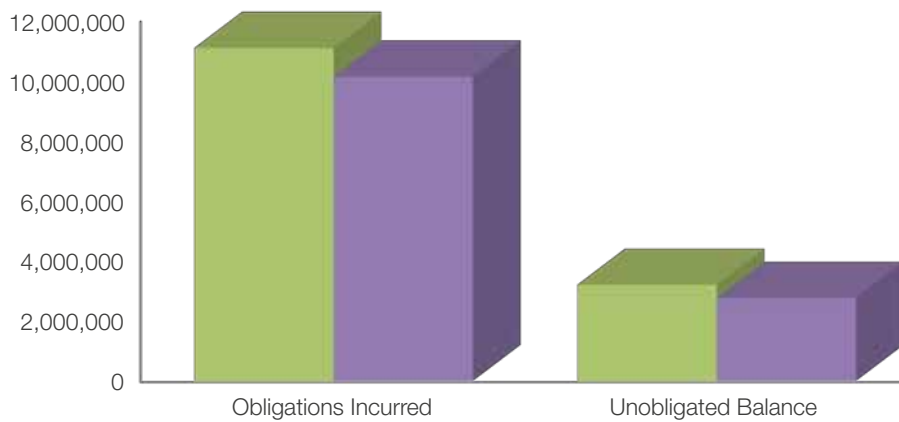


Category	%	Gross Costs
Competition & Innovation	97%	\$9,739,486
Continual Improvement	1%	\$98,582
Consumers	1%	\$52,200
Broadband	1%	\$48,428
Public Safety and Homeland Security	<1%	\$48,123
International	<1%	\$10,126
Total Gross Costs		\$9,996,945

Budgetary Resources

The Commission receives most of its budgetary authority from Congressional appropriations. Budgetary resources consist of the resources available to the Commission at the beginning of the year (carried forward), plus appropriations, spending authority from offsetting collections, and other budgetary resources received during the year. The Commission had \$14.3 billion in budgetary resources of which \$11.1 billion was obligations incurred and \$3.2 billion remained unobligated. The graph below presents the status of budgetary resources comparatively between FY 2012 and FY 2011.

Status of Budgetary Resources – FY 2012 and 2011 (Dollars in Thousands)



Category	2012	2011
Obligations Incurred	\$11,090,551	\$10,139,788
Unobligated Balance	\$3,206,967	\$2,764,607
Total Budgetary Resources	\$14,297,518	\$12,904,395

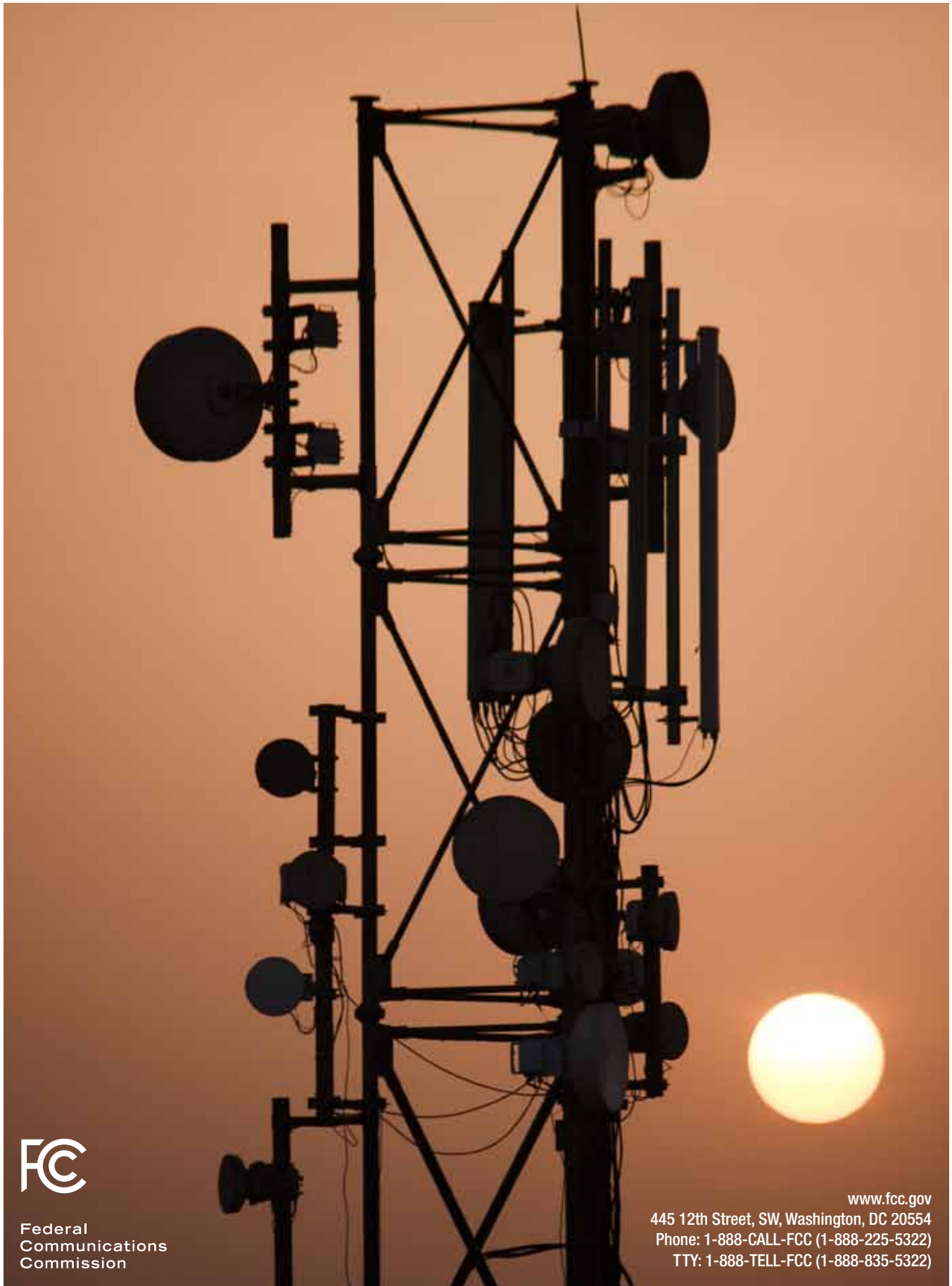


Financial Management Indicators

Financial Management Indicators for FY 2012

Indicator	Status
Debt Management	
Eligible delinquent debt transferred to Treasury	75.6%
Funds Management	
Fund Balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger on a net basis.)	100% reconciled
Payment Management	
Timely payments for vendor invoices (per Prompt Payment Act)	97.6%
Percentage of interest penalties to vendor invoices paid	0.004%
Timely payments for Centrally Billed Accounts for travel*	100%
Timely payments for employee Purchase Cards*	100%
Percentage of travel vouchers processed within 10 business days	82.6%

*The Office of Management and Budget threshold for delinquency is 61 days.



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