

Department of Commerce
National Telecommunications and Information Administration
 Fiscal Year 2010 Budget
 As Presented to Congress

Executive Summary

The National Telecommunications and Information Administration (NTIA) is responsible for the development of domestic and international telecommunications and information policy for the Executive Branch, for ensuring the efficient and effective use of the Federal radio spectrum, and for performing state-of-the-art telecommunications research, engineering, and planning. In addition, Congress has assigned to NTIA significant roles in the transition to digital television, the development of public safety interoperable communications, and most recently the deployment of broadband services under the authority of the American Recovery and Reinvestment Act of 2009. NTIA operates within the structure and context of the following goals.

Department of Commerce Strategic Goal 1

Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

General Goal/Objective 1.1

Foster domestic economic development as well as export opportunities

NTIA Goals/Outcomes

Ensure the effective implementation of the Broadband Technology Opportunities Program

Department of Commerce Strategic Goal 2

Promote U.S. Innovation and Industrial Competitiveness

General Goal/Objective 2.3

Advance global e-Commerce and enhanced telecommunications and information services

NTIA Goals/Outcomes

Ensure that the allocation of radio spectrum provides the greatest benefit to all people

Promote the availability and support new sources of advanced telecommunications

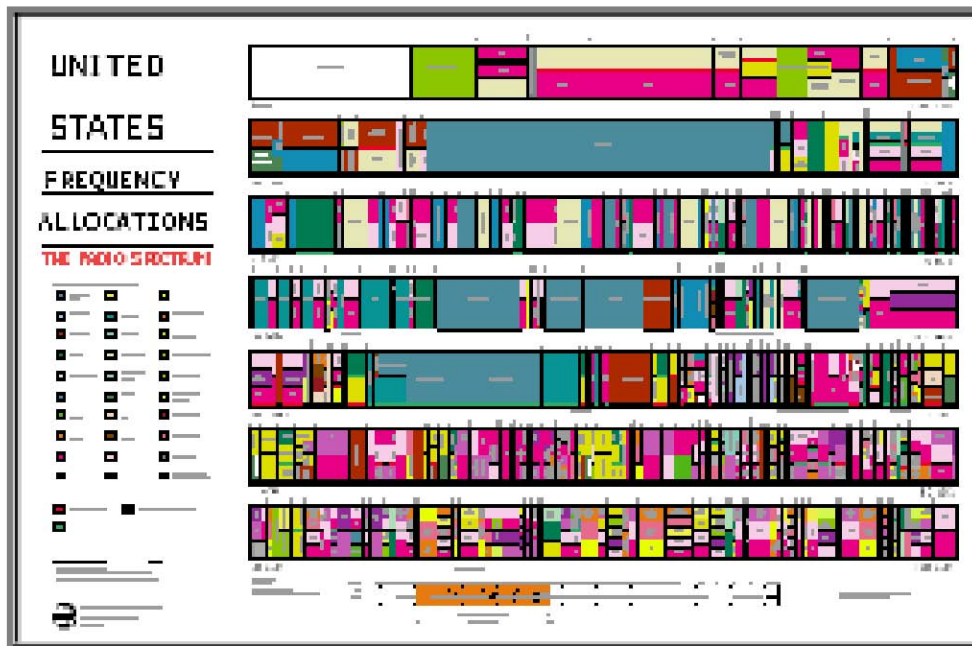
NTIA's policy, spectrum management, research, and grant programs support emerging technologies and uses of spectrum resources for affordable, alternative communications services. Promising technologies and services have the potential to drive economic growth and create jobs, if given the opportunity to succeed. The Administration and NTIA support the advancement of information technologies and have moved aggressively to create an economic and regulatory environment in which innovations in information and communications technologies can flourish.

NTIA programs support an environment that fosters private sector innovation in telecommunications. NTIA's Broadband Technology Opportunities Program (BTOP) is a vital component in the President's initiative to stimulate economic activity. The goals of this initiative are to foster economic growth and job creation by accelerating broadband deployment in unserved and underserved areas of the Nation and ensuring that strategic institutions that are likely to create jobs or provide significant public benefits have broadband connections.

The budget for FY 2010 is \$59.1 million (Discretionary: Appropriation – \$20.0 million; Reimbursable – \$39.1 million.)

NTIA's budget includes the following:

- The programs funded by the American Recovery and Reinvestment Act were appropriated in FY 2009.
- The base adjustments for FY 2010 for Salaries and Expenses activities.
- The Public Telecommunications Facilities Program (PTFP) will be discontinued in FY 2010 and will no longer require appropriations. Open PTFP grants will be closed using carryover funds and recoveries.



American Recovery and Reinvestment Act (ARRA) Programs

The **Broadband Technology Opportunities Program budget** was provided \$4.7 billion in FY 2009 for grants that will enable broadband access for consumers in unserved and underserved areas as well as stimulate demand and facilitate greater use of broadband services. NTIA, in consultation with the RUS and FCC, will focus on the following initiatives:

- *BTOP Infrastructure Grants.* BTOP funds will support, among other things, competitive grants for broadband deployment in unserved and underserved areas, and for strategic community institutions and public safety agencies.
- *Public Computer Center Grants.* At least \$200 million in competitive grants will be made to eligible entities to expand public computer center capacity at institutions such as community colleges and libraries.
- *Sustainable Broadband Adoption Grants.* At least \$250 million in competitive grants will be awarded to fund innovative programs that encourage sustainable adoption of broadband service by consumers.
- *Broadband Mapping Grant Program.* Up to \$350 million of Federal assistance will be provided in the form of competitive grants to develop and implement statewide initiatives in the 50 states and U.S. territories to identify and track the availability and adoption of broadband services.

In addition, NTIA has transferred \$10 million to the Commerce Inspector General for the purpose of funding its audits and investigations work on this program.

The **Digital-to-Analog Converter Box Coupon Program** was provided \$650 million in FY 2009, in order to provide additional funding to support the demand for coupons through the extended digital television transition deadline, scheduled for June 12, 2009. NTIA transferred approximately \$66 million to the FCC for the purpose of funding its consumer education and outreach programs.

Programs Authorized by the Deficit Reduction Act of 2005

The **Digital Television Transition and Public Safety Fund (13 FTE)**, created by the Deficit Reduction Act of 2005, as amended, received offsetting receipts from the auction of electromagnetic spectrum recovered from discontinued analog television signals, and provides funding for several one-time programs from these receipts.

The Deficit Reduction Act, as amended, also provided borrowing authority to the Department of Commerce to commence specified programs prior to the availability of auction receipts. Amounts borrowed from the Treasury have been repaid using earned revenues from the auction. At the end of FY 2009, NTIA will deposit in the General Fund \$7,363,000,000 of the earned revenues (receipts) for deficit reduction purposes, as required by law. (Additional deposits of revenues to the General Fund, estimated to be \$8.688 billion, will be initiated as program activities are completed.)

During FY 2010, the following programs are authorized to use receipts from the fund:

- Digital-to-Analog Converter Box Voucher (Coupon) Program.
- Public Safety Interoperable Communications Grants.
- Assistance to Low-Power Television Stations.
- National Alert and Tsunami Warning Programs.



Salaries and Expenses

The **Salaries and Expenses budget (\$19,999,000 and 103 FTE)** focuses on its core programs for domestic and international policy development, Federal spectrum management, and related research.

Grant Program

The **Public Telecommunications Facilities Program (PTFP) (no appropriation)** is to be discontinued in FY 2010. In recent years, most PTFP funds have supported public broadcasters' transition to digital broadcasts. This transition is largely complete, so this program is no longer necessary, and Federal support for public broadcasting will be consolidated into the Corporation for Public Broadcasting..

Performance

NTIA's plan for assessing performance is organized under three performance goals that call for the **effective implementation of the ARRA programs to stimulate economic growth**, the **efficient use of the radio spectrum**, and the **availability and promotion of advanced telecommunications services to the public to maximize U.S. competitiveness**. Our activities, a cornerstone in the Department's efforts to

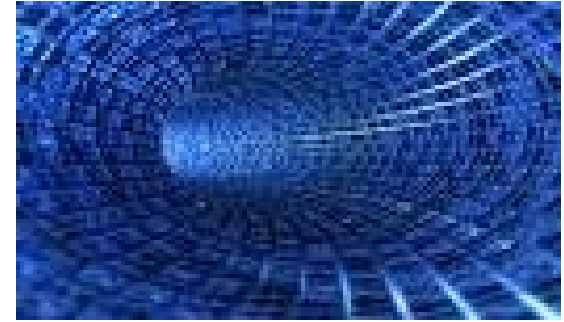
provide the infrastructure for innovations in technology, will continue to address impediments to the development of innovative telecommunications services by the private sector. Please reference the Performance section of the budget presentation for additional information on NTIA's program assessment.

Context

The U.S. telecommunications market – \$1.1 trillion of the \$14.3 trillion U.S. economy in 2008 – is critical to our social and economic growth as telecommunications enables all other sectors, including education, healthcare and national security. Representing 29 percent of the global market, the U.S. telecommunications sector is a powerful force in leading U.S. innovation and technology development.

In the U.S. telecommunications market, total revenues rose to \$1.1 trillion in 2008 – up 19.2 percent over 2006 – and despite the current economic downturn is projected to grow another 20.9 percent by 2011. [TIA 2008 Telecom Market Review and Forecast] Wireless service revenues are projected to surpass local landline revenues in 2009. [TIA 2008 Industry Playbook]

Broadband access is driving demand for new technologies and applications, and consumers are benefitting from the new products; such as VoIP, Wi-Fi, WiMax, broadband over power lines (BPL), and advanced wireless services. The President's stimulus package has emphasized a commitment toward accelerating its development in order to spur economic growth and job creation.



President's Broadband Goals



"The state of our economy calls for action, bold and swift. And we will act, not only to create new jobs, but to lay a foundation for growth. We will build the roads and bridges, the electric grids and digital lines that feed our commerce and bind us together."

-- President Obama, Inaugural Address, January 20, 2009

"Here, in the country that invented the Internet, every child should have the chance to get online... That's how we'll strengthen America's competitiveness in the world."

-- President Obama, January 8, 2009

Broadband deployment is a top priority for the Obama Administration and is critical to America's future as the world's economic leader because of its impact on increasing our productivity and improving Americans' quality of life – through economic growth, job creation, national security, tele-medicine, distance learning, and tele-work.

President Obama's comprehensive technology and innovation goals are to:

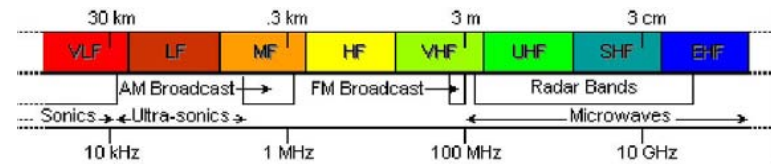
- Ensure the full and free exchange of information among Americans through an open Internet and diverse media outlets.

- Create a transparent and connected democracy.
- Encourage the deployment of a modern communications infrastructure.
- Employ technology and innovation to solve our Nation's most pressing problems, including reducing the costs of health care, encouraging the development of new clean energy sources, and improving public safety.
- Improve America's competitiveness.

Pursuant to the American Recovery and Investment Act of 2009, the Administration will award competitive grants to accelerate broadband deployment in unserved and underserved areas and to strategic institutions that are likely to create jobs or provide significant public benefits by September 30, 2010. The objectives of this NTIA Broadband Technology Opportunities Program (BTOP) include:

- Broadband access in unserved and underserved areas
- Broadband education, awareness, training, access, equipment and support
- Broadband access and use by public safety agencies
- Stimulate broadband demand, economic growth, and job creation

NTIA will also continue collaborating on a spectrum sharing test-bed for the testing of the dynamic spectrum sharing capabilities of six technologies in the 410-420 MHz band. NTIA continues its automation of all Federal spectrum management activities to produce processes that will provide a rapid response to incoming requests for spectrum use by Federal and non-Federal entities, as well as support improved data management and analysis capabilities.



Office of Spectrum Management

NTIA oversaw Federal departments and agencies in their work to relocate systems from the 1710-1755 MHz band under the mechanism established through the Commercial Spectrum Enhancement Act. This mechanism provides a means to accommodate the next generation of wireless services. NTIA has facilitated the transition through promoting dialog between the Federal agencies and the commercial license winners. The relocation effort is moving forward rapidly and commercial users have been able to enter many markets earlier than expected.

NTIA will continue to explore opportunities for efficiencies and sharing that will enable spectrum to meet future demand; we will continue to pursue foreign policies that allow U.S. companies to supply broadband services and equipment in competitive markets around the world; and we will continue to partner with industry in cooperative research and development agreements and other fora to combine our talents for the advancement of new technologies.

Appropriations Bill Language

The appropriations bill language that supports NTIA's appropriation includes provisions that are crucial to the execution of NTIA's programs. The following language will be necessary to support the Salaries and Expenses budget as provided in this submission:

*For necessary expenses, as provided for by law, of the National Telecommunications and Information Administration (NTIA),[\$19,218,000], **\$19,999,000**, to remain available until September 30, [2010] **2011: Provided, That, notwithstanding 31 U.S.C. 1535(d), the Secretary of Commerce shall charge Federal agencies for costs incurred in spectrum management, analysis, and operations, and related services and such fees shall be retained and used as offsetting collections for costs of such spectrum services, to remain available until expended: Provided further, That the Secretary of Commerce is authorized to retain and use as offsetting collections all funds transferred, or previously transferred, from other Government agencies for all costs incurred in telecommunications research, engineering, and related activities by the Institute for Telecommunication Sciences of NTIA, in furtherance of its assigned functions under this paragraph, and such funds received from other Government agencies shall remain available until expended.***

The Radio Spectrum Measurement System



Telecommunications research far afield



NTIA Summary of Resources – FY 2010

(Dollar amounts in thousands)

	ARRA Funds		[MANDATORY] DTTPSF		Salaries and Expenses		PTFPC		Total, All Accounts	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
FY 2009 enacted	33	\$5,350,000	17	\$119,813	103	\$19,218	13	\$20,000	166	\$5,509,031
Adjustments to the base	0	0	0	0	0	781	0	0	0	781
Program changes	40	(5,350,000)	(4)	(\$119,813)	0	0	(13)	(20,000)	23	(5,509,812)
FY 2010 appropriation	73	0	NA	NA	103	19,999	0	0	189	19,999
Mandatory programs	NA	NA	13	0	NA	NA	NA	NA	13	0
Reimbursable work	0	0	0	0	155	39,108	0	0	155	39,108
FY 2010 budget, all resources	73	0	13	0	258	59,107	0	0	344	59,107

LEGISLATIVE PROPOSALS

The Administration will propose several legislative changes that will improve spectrum management and represent sound economic policy.

Spectrum License User Fee

To promote efficient use of the electromagnetic spectrum, the Administration proposes to provide the FCC with new authority to use other economic mechanisms, such as fees, as a spectrum management tool. The Commission would be authorized to set user fees on unauctioned spectrum licenses based on spectrum-management principles. Fees would be phased in over time as part of an ongoing rulemaking process to determine the appropriate application and level for fees. Fee collections are estimated to begin in 2009, and total \$4.8 billion through 2019.

Permanent Spectrum License Auction Authority

The Administrative proposes to extend indefinitely the authority of the FCC to auction spectrum licenses, which is widely accepted as the most efficient and effective means to assign licenses, and which expires on September 30, 2012. The additional offsetting receipts associated with this permanent extension are estimated to total \$1.4 billion through 2019.

Auction Spectrum Licenses for Predominantly Domestic Satellite Services

The Administration proposes legislation to ensure that spectrum licenses for Direct Broadcast Satellite (DBS) Service and Satellite Digital Audio Radio Service (SDARS) space stations, and for any other satellite services deemed by the Commission to be predominantly domestic, are assigned efficiently and effectively through competitive bidding. Licenses for DBS and SDARS space stations were assigned by auction prior to a 2005 court decision that found that Section 647 of the ORBIT Act (47 U.S.C, § 7651) effectively prohibited DBS and SDARS auctions in light of Commission decisions permitting such licensees flexibility to provide service outside the United States. By clarifying through legislation that the Commission is authorized to use auctions to assign licenses for space stations for DBS and SDARS and for other satellite services the Commission deems predominantly domestic, prior policy of the Federal Communications will be restored. Auction receipts associated with this clarification are estimated to total \$200 million through 2019.