

Department of Commerce
National Telecommunications and Information Administration
Fiscal Year 2009 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 a significant role in the transition to digital television, and in the development of public safety interoperable communications. NTIA operates within the structure and context of the following goals.

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

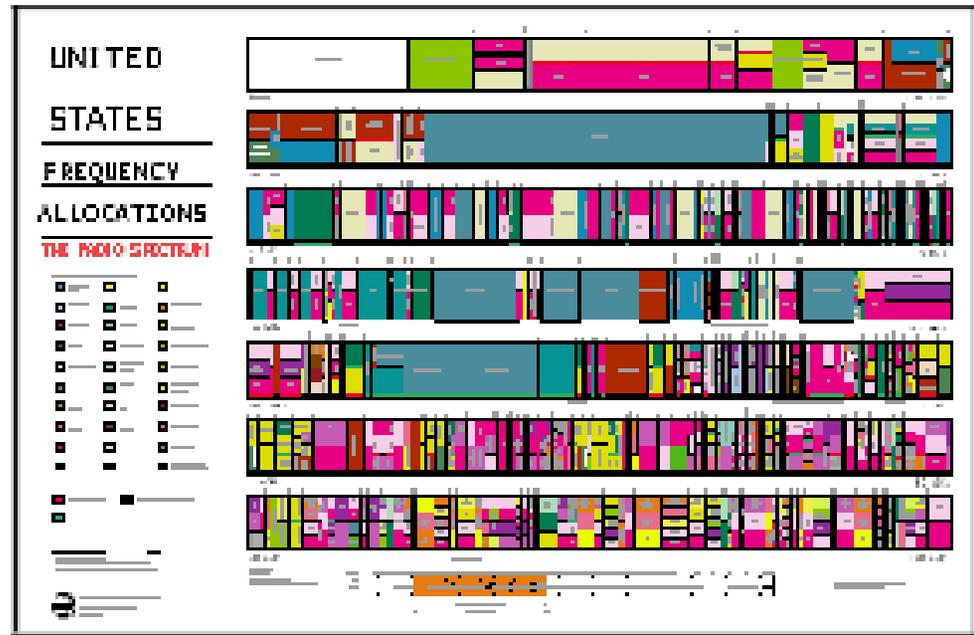
NTIA's policy, spectrum management, and research programs will support emerging technologies and uses of spectrum resources for affordable, alternative communications services. Promising technologies and services have the potential to drive the new economy, if given the opportunity to succeed. The Administration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

NTIA programs directly support the **American Competitiveness Initiative** by creating a regulatory environment that fosters private sector innovation in telecommunications, a fundamental ingredient in maintaining the Nation's productivity growth. NTIA, in conjunction with the Federal Communications Commission (FCC), the Department of State, and other partners, is a vital component in the President's **Spectrum Policy for the 21st Century** initiative. The goals of this initiative are to: foster economic growth; ensure our national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas such as public safety, scientific research, Federal transportation infrastructure, and law enforcement.

The budget for FY 2009 is \$648.7 million (Discretionary: Appropriation – \$19.2 million; Reimbursable – \$37.8 million. Mandatory: \$591.7 million.)

NTIA's budget includes the following:

- The base adjustments for FY 2009 for Salaries and Expenses activities.
- The Public Telecommunications Facilities Program is to be discontinued in FY 2009 and will no longer require appropriations. Open grants will be closed using carryover funds and recoveries.
- Mandatory programs authorized by the Deficit Reduction Act of 2005 (Act), as amended. Programs will be funded by receipts collected from a January 2008 auction of electromagnetic spectrum.



Salaries and Expenses

The **Salaries and Expenses budget (\$19,218,000 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 (no appropriation)** is to be discontinued in FY 2009. In recent years, most PTFP funds have supported public broadcasters' transition to digital broadcasts. This transition is largely complete, so funds are no longer necessary.

Programs Authorized by the Deficit Reduction Act of 2005

The **Digital Television Transition and Public Safety Fund (\$591,667,000 and 22 FTE)**, created by the Deficit Reduction Act of 2005 (Act), and amended by the Call Home and Safe Port Acts of 2006, the Implementing Recommendations of the 9/11 Commission Act of 2007, and the Consolidated Appropriations Act of 2008, receives 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 Act specifies that the 60 MHz of recovered spectrum not dedicated to public safety use will be auctioned by the Federal Communications Commission in 2008, and identifies the distribution of revenue.

The Act, as amended, also provides borrowing authority to the Department of Commerce to commence specified programs prior to the availability of auction receipts. Amounts borrowed from the Treasury will be returned without interest upon the availability of auction revenue. Auction revenue is to be deposited in this account by the end of FY 2008. During FY 2009, Commerce programs are authorized to use receipts from the fund:

- Digital-to-Analog Converter Box Voucher Program (\$471.9 million, 7 FTE).
- Public Safety Interoperable Communications Grants (\$6.5 million, 3 FTE).
- New York City 9/11 Digital Transition (\$0.3 million, <1 FTE).
- Assistance to Low-Power Television Stations (\$60.2 million, 7 FTE).
- National Alert and Tsunami Warning Programs (\$52.2 million, 4 FTE).
- Enhanced 9-1-1 Service Support (\$0.6 million, 1 FTE).



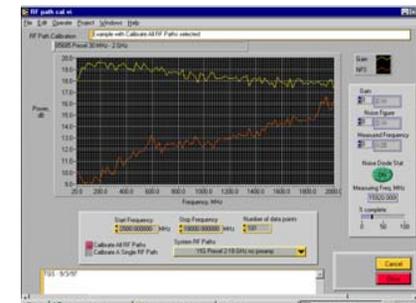
Performance

NTIA's plan for assessing performance is organized under two performance goals that call for the **efficient use of the radio spectrum**, and the **availability of advanced services to the public**. 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

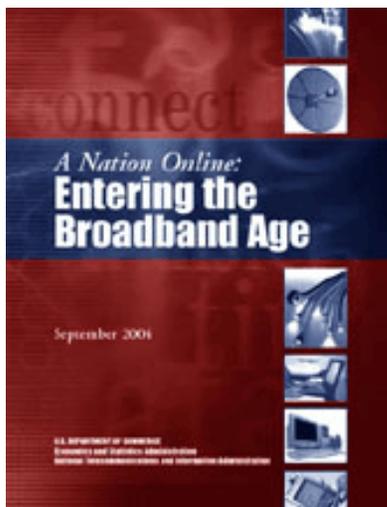
The U.S. telecommunications market – \$923 billion of the \$12 trillion U.S. economy – is critical to our social and economic growth as telecommunications enables all other sectors, including education, healthcare and national security. Representing more than 30 percent of the global market, the U.S. telecommunications sector is a powerful force in leading U.S. innovation and technology development.

The U.S. telecommunications market continues to grow, with total revenues reaching \$923 billion in 2006 – up 9.3 percent for the year – and is projected to grow another 7.6 percent by 2010. [TIA 2007 Telecom Market Review and Forecast]



Calibrating Radio Frequency Paths

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.



President's Broadband Goal

"This country needs a national goal for broadband technology . . . universal, affordable access for broadband technology by 2007."

President George W. Bush,
Albuquerque, NM, March 26, 2004

Broadband deployment is a top priority for the Bush Administration and is critical to America's future as the world's economic leader because of its impact on increasing our productivity and improving American's quality of life – through economic growth, job creation, national security, tele-medicine, distance learning, and tele-work. For that reason, President Bush set a bold vision by establishing a national goal of universal, affordable broadband access by 2007.

Since President Bush took office in 2001, the number of broadband lines has grown by over 700 percent, with the count growing from 9.2 million in June 2001 to 64.6 million in June 2006, according to the FCC. Now, more Americans are accessing the Internet through broadband connections than dial-up.

"The role of government is not to create wealth; the role of our government is to create an environment in which the entrepreneur can flourish, in which minds can expand, in which technologies can reach new frontiers."

President George W. Bush
Technology Agenda, November, 2002.

In support of this goal, the President has enacted economic incentives and created a regulatory environment to encourage innovation and investment in new broadband technologies, such as: an extension of the Internet tax moratorium, an economic security package that allows companies to speed depreciation schedules for capital-intensive broadband equipment, a permanent extension of the research and experimentation tax credit, and an expanded budget for research and development.

Working in partnership with the FCC, the Administration paved the way for 255 MHz of spectrum occupied by defense radars to be used for new unlicensed computer wireless devices – WiFi. Such devices are coming to market to provide improved communication speed in mobile computers while protecting incumbent radar systems. This approach to spectrum sharing greatly increases the use of the spectrum.

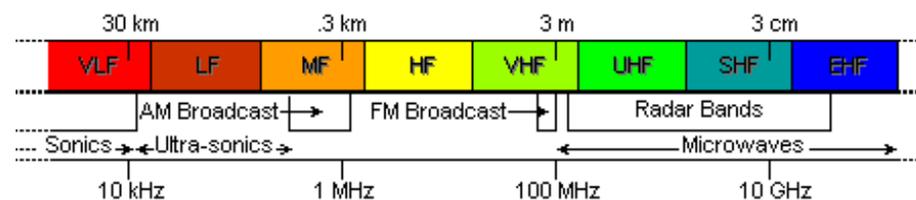
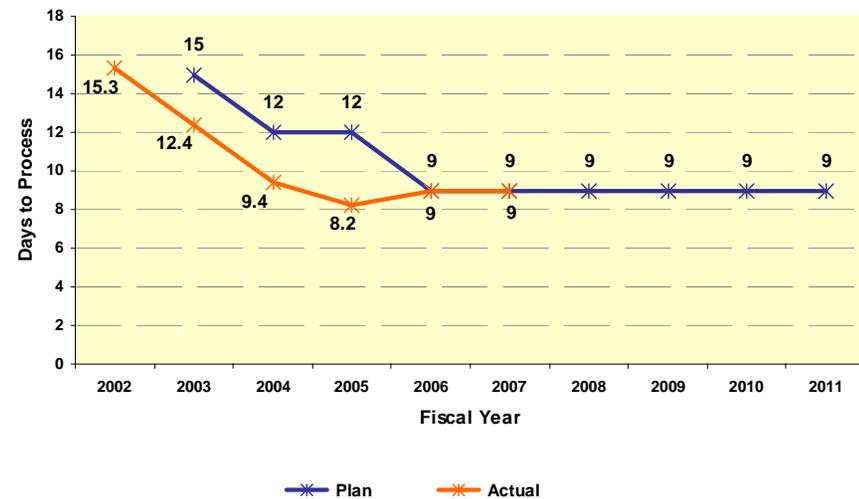
The Administration also progressed with its efforts under the President's comprehensive **Spectrum Policy for the 21st Century** initiative by completing an analysis of issues regarding international spectrum policy and spectrum efficiency and by establishing a Commerce Spectrum Management Advisory Committee to develop recommendations from the private sector.

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. Further improvements will depend on completion of IT improvements during FY 2008 and beyond.

NTIA oversaw federal departments and agencies in their preparations to relocate systems from the 1710-1755 MHz band under the mechanism established through the Commercial Spectrum Enhancement. This mechanism provides a means to accommodate the next generation of wireless services. This is a win for companies providing advanced wireless services, the consumer who will use them and the federal agencies that need funding for new technology to meet federal missions. NTIA will facilitate the transition through promoting dialog between the federal agencies and the commercial license winners.

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.

**Timeliness of Spectrum Actions
(Frequency Assignments)**



Office of Spectrum Management

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), [\$17,466,000], **\$19,218,000**, to remain available until September 30, [2009] **2010: 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 2009
(Dollar amounts in thousands)

	Salaries and Expenses		Public Telecommunications, Facilities, Planning, and Construction		[MANDATORY] Digital Television Transition and Public Safety Fund		Total, All Accounts	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
FY 2008 estimate	103	\$17,466	13	\$18,800	16	\$616,828	132	\$653,094
Adjustments to the base	0	1,752	0	0	0	0	0	1,752
Program changes	0	0	(13)	(18,800)	6	(25,161)	(7)	(43,961)
FY 2009 appropriation	103	19,218	0	0	NA	NA	103	19,218
Mandatory programs	NA	NA	NA	NA	22	591,667	22	591,667
Reimbursable work	155	37,776	0	0	NA	NA	155	37,776
FY 2009 budget, all resources	258	56,994	0	0	22	591,667	280	648,661

Legislative Proposals for the Radio Frequency Spectrum Included in the President's Budget

The Administration proposes several reforms to improve the efficiency and effectiveness of spectrum management, as follows:

Spectrum license fee authority. To continue to promote efficient spectrum use, the Administration proposes legislation to provide the Federal Communications Commission 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 2008, and total \$4.1 billion through 2018.

Prospective ancillary terrestrial component spectrum license fee authority. The Administration proposes legislation to improve the management of hybrid terrestrial - satellite mobile communications spectrum licenses by setting a fee on the terrestrial authority of these integrated networks. Under current policy, these licenses are granted free of charge, though providers will compete with terrestrial wireless carriers that have purchased licenses at auction. Setting a fee on the Ancillary Terrestrial Component of Mobile Satellite Service licenses will help to ensure that the radio spectrum is put to its most highly valued use by promoting consideration of the economic value of the spectrum, provide incentive for timely and robust network development, and improve equity relative to service providers that purchase their spectrum licenses in auctions. Receipts associated with this policy are estimated to begin in 2008, and total \$1.16 billion through 2018.

Extend spectrum auction authority. The Administration proposes legislation to extend indefinitely the authority of the FCC to auction spectrum licenses, which expires on September 30, 2011. The additional receipts associated with this permanent extension are estimated to total \$1.4 billion through 2018.

Domestic satellite spectrum auctions. The Administration proposes legislation to ensure that spectrum licenses for predominantly domestic satellite services are assigned efficiently and effectively through competitive bidding. Services such as Direct Broadcast Satellite and Satellite Digital Audio Radio Services were assigned by auction prior to a 2005 court decision that questioned this practice on technical grounds. By clarifying through legislation that auctions of licenses for these domestic satellite services are authorized, prior policy of the Federal Communications Commission will be restored. Auction receipts associated with this clarification are estimated to begin in 2008, and total \$593 million through 2018.

Telecommunications Development Fund elimination. The Telecommunications Development Fund (TDF) was created in 1996 by Public Law 104-104 with the objective of promoting access to capital for small businesses, enhancing competition in the telecommunications industry, and improving the delivery of telecommunication services to rural areas. TDF receives interest earnings from deposits on spectrum auctions. Through 2009, TDF will have collected approximately \$110 million in interest that would have otherwise been deposited in the Treasury and benefited taxpayers. The Budget proposes termination of TDF as the organization has had no material impact in meeting its statutory goals.