

Department of Commerce
National Telecommunications and Information Administration
Fiscal Year 2008 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. NTIA operates within the structure and context of the following goals.

Department of Commerce Strategic Goal 2

Foster Science and Technological Leadership by protecting intellectual property,
enhancing technical standards, and advancing measurement science

General Goal/Objective 2.3

Advance the development of 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 and information services

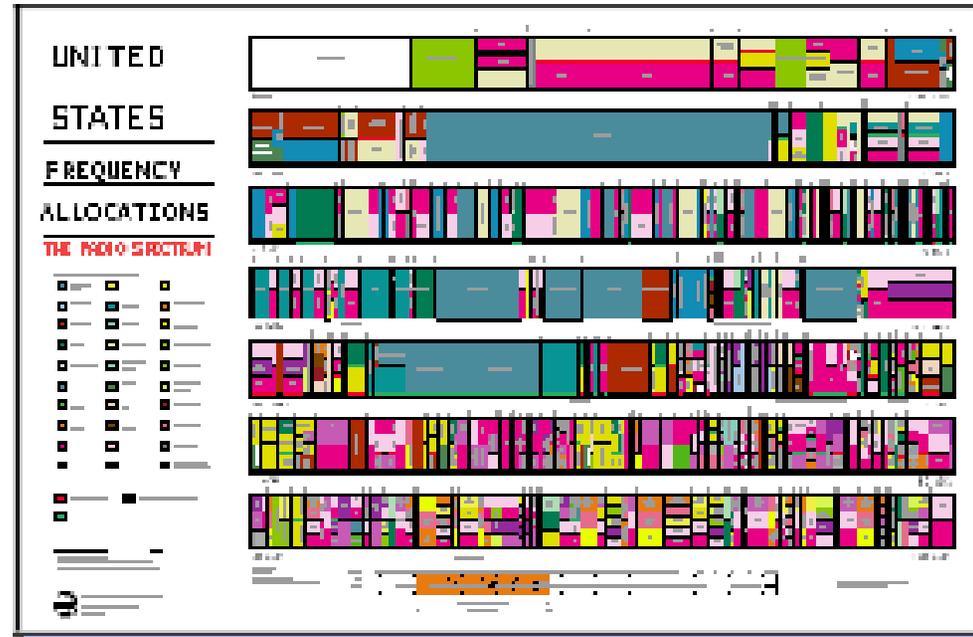
NTIA's policy, spectrum management, and research programs will support emerging technologies and uses of spectrum resources for affordable, alternative communications services. Promising technologies and services have the potential to drive the new economy, if given the opportunity to succeed. The Administration 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 2008 is \$589 million (Discretionary: Appropriation – \$18.6 million; Reimbursable – \$36.6 million). Mandatory: \$533.8 million.

NTIA's budget includes the following:

- The base adjustments for FY 2008 for Salaries and Expenses activities.
- The Public Telecommunications Facilities Program is assumed to be discontinued in FY 2007 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 modified by the Call Home and the Safe Port Acts of 2006, that are supported by borrowing authority are being implemented beginning in FY 2007. The remaining programs that rely on receipts from the FCC's auction will get underway late in FY 2008.



Salaries and Expenses

The **Salaries and Expenses budget (\$18,581,000 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 2008.

Programs Authorized by the Deficit Reduction Act of 2005

The **Digital Television Transition and Public Safety Fund (\$533,800,000 and 17 FTE)**, created by the Deficit Reduction Act of 2005 (Act), and amended by the Call Home and Safe Port Acts of 2006, receives offsetting receipts from the auction of electromagnetic spectrum recovered from discontinued analog television signals, and provides funding for several 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. Commerce programs authorized to use receipts from the fund include the following:

- Digital-to-Analog Converter Box Voucher Program (\$426.3 million via borrowing in FY 2008, 9 FTE).
- Public Safety Interoperable Communications Grants (\$17.1 million via borrowing in FY 2008, 4 FTE).
- New York City 9/11 Digital Transition (\$21.1 million via borrowing in FY 2008, <1 FTE).
- Assistance to Low-Power Television Stations (\$7.8 million via borrowing in FY 2008, 4 FTE).
- National Alert and Tsunami Warning Programs (\$40 million in FY 2008 via borrowing for the Alert Programs, <1 FTE).
- Enhanced 9-1-1 Service Support (\$21.5 million in FY 2008 if receipts are available, <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. Performance metrics related to the newly authorized programs will be addressed as management plans are developed.

Context

The U.S. telecommunications market – \$856.9 billion of the \$12 trillion U.S. economy – is critical to our social and economic growth as telecommunications enables all other sectors, including education,

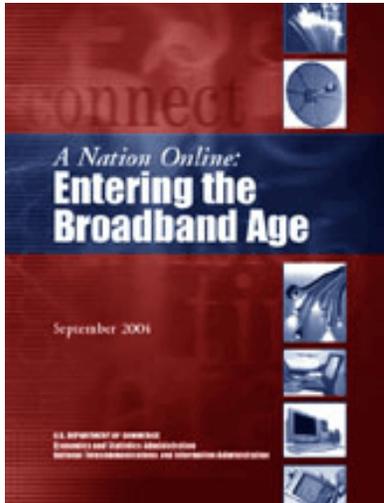


Calibrating Radio Frequency Paths

healthcare and national security. Representing one-third 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 \$856.9 billion in 2005 – up 8.9 percent for the year – and is projected to reach over \$1 trillion by 2009. [TIA 2006 Telecom Market Review and Forecast]

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.

In the five years since President Bush took office, the number of broadband lines has grown by over 400 percent, with the count growing from 9.6 million in June 2001 to 50.2 million in December 2005, 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.

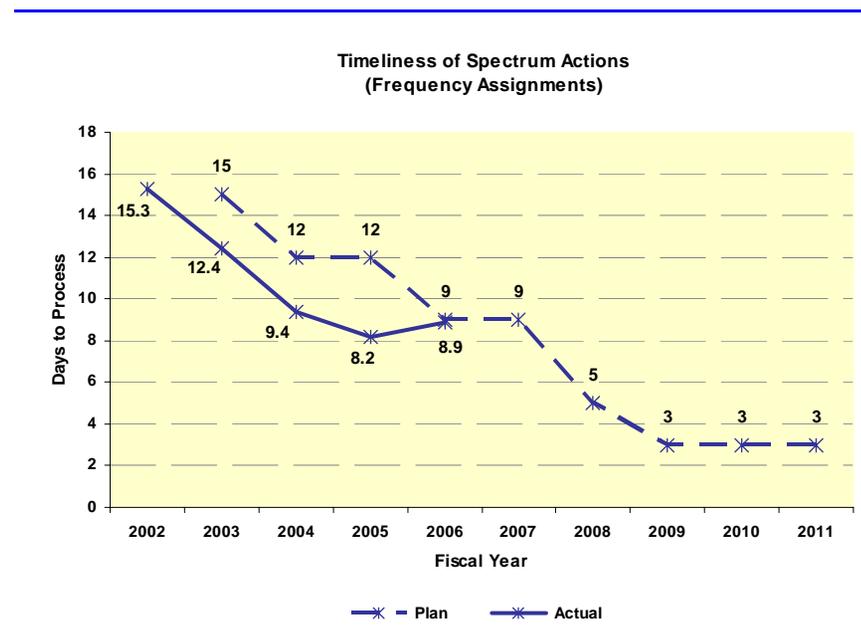
In support of this goal, the President has enacted economic incentives and created a regulatory environment to encourage innovation and investment in new broadband technologies, such as: an extension of the Internet tax moratorium, an economic security package that allows companies to speed depreciation 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 increased the amount of radio spectrum available for advanced wireless services, such as broadband, as part of the President's comprehensive **Spectrum Policy for the 21st Century** initiative. These include the following:

- 255 MHz of previously exclusive Federal government spectrum is now shared with unlicensed wireless local area networks such as wi-fi, wi-max and ultrawideband systems. They employ a new technology called dynamic frequency selection that would protect critical Federal government operations.
- sharing of both Federal and non-federal spectrum with a new technology called broadband over power line (BPL) that will provide broadband internet connections while protecting critical Federal government land mobile emergency communication operations.
- implementation of the Commercial Spectrum Enhancement Act that provides a funding mechanism through which Federal agencies can recover the costs of vacating spectrum, of which 1710 - 1755 will be available for commercial use, to be auctioned for commercial use, enabling the growth of advanced wireless services.

NTIA will develop the most efficient system for processing applications for frequency use, having reduced processing time from 15 days in 2002 to less than 9 in 2006, with plans to ultimately process assignments in 3 days or less by 2009. In addition, NTIA, in coordination with the FCC, completed a new automated, web-based coordination capability to provide federal and non-federal spectrum users the ability to coordinate their requests for licenses or authorizations in the 70 to 95 GHz frequency range. The new capability responds in minutes, as compared to months for the previous coordination process, and eliminates a significant amount of paperwork.

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), [\$17,837,000], **\$18,581,000**, to remain available until September 30, [2008] **2009**: 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 2008
(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 2007 estimate	103	\$16,887	13	\$20,362	11	\$2,136,000	116	\$2,173,249
Adjustments to the base	0	1,694	0	0	0	0	0	1,694
Program changes	0	0	(13)	(20,362)	6	(2,136,000)	(13)	(2,156,362)
FY 2008 appropriation	103	18,581	0	0	NA	NA	103	18,581
Reimbursable work	155	36,564	0	0	NA	NA	155	36,564
Borrowing authority [MANDATORY]	0	0	0	0	17	0	17	0
FY 2008 budget, all resources	258	55,145	0	0	17	0	275	55,145