



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

May 20, 2015

The Honorable Greg Walden
Chairman
Subcommittee on Communications and Technology
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Ander Crenshaw
Chairman
Subcommittee on Financial Services and General Government Appropriations
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Walden and Crenshaw:

I appreciate this opportunity to respond to your request for additional information concerning the FCC's field office structure. At this stage, we have circulated the reorganization recommendations to all FCC Commissioners in the form of a proposed rule change. Over the past few weeks, I have received constructive feedback from my colleagues. Based on this feedback, I am modifying the proposal to maintain a field presence in Hawaii, Puerto Rico and Alaska to ensure a rapid FCC response to natural disasters outside the continental United States.

As this is an ongoing Commission proceeding, I will continue to consult with my fellow Commissioners about the circulated proposal. Any organizational changes must ensure that FCC staff will be deployed effectively to enforce our rules throughout the United States and its territories.

I recognize that it is never easy to consolidate and close underused federal facilities or to improve management in ways that may eliminate long-held positions. Unfortunately, this review of our field operations was long overdue – it has been more than 20 years since we last analyzed and reorganized the FCC's field office structure. That is why the Commission contracted with experienced, outside consultants to analyze all available data with respect to our field structure. The consultants worked with our senior staff, surveyed field staff, reviewed management practices and analyzed facilities use in relationship to actual enforcement activities. After this extensive review, the outside consultants detailed serious and costly inefficiencies related to outdated practices.

The Commission has an obligation to correct the issues identified in the consultant's report, improve services and expend our regulatory fees properly. In consultation with my colleagues, I hope to move ahead as expeditiously as possible so that we may implement a modern and efficient field office structure and realize essential cost savings.

Also, please be assured that if the Commission adopts the proposal in its current or amended form, we will follow established law and immediately provide reorganization details as well as any potential reprogramming requests to the House and Senate Appropriations Committees for consideration. In addition, our management team stands ready to provide comprehensive briefings to any interested Members and staff.

Again, thank you for your interest in this matter and I look forward to working with you to ensure that the Commission continues to improve its organizational framework to better serve the public interest.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a horizontal line drawn through the middle of the signature.

Tom Wheeler

Enclosure:

cc: The Honorable Fred Upton, Chairman
Committee on Energy and Commerce

The Honorable Harold Rogers, Chairman
Committee on Appropriations

The Honorable Frank Pallone, Jr., Ranking Member
Committee on Energy and Commerce

The Honorable Nita M. Lowey, Ranking Member
Committee on Appropriations

The Honorable Anna Eshoo, Ranking Member
Subcommittee on Communications and Technology

The Honorable José Serrano, Ranking Member
Subcommittee on Financial Services and General Government

RESPONSES TO QUESTIONS

- 1) How much does the Commission expect to save by the closure of the field offices in FY 2016 and 2017? Please provide a detailed comparison table explaining these savings broken out by FTE costs, travel, rent, etc.**

Based on the original consultant's report, we estimate that completing this phase of the proposal circulated to the Commission will produce a savings of \$9-10 million per year. This figure reflects savings of about \$8 million in salaries and benefits, between \$1.6 to \$2.5 million in office-related savings (depending on our IT costs), and \$200,000 in additional spending on travel.

More specifically, our annual spending on salaries and expenses for the Field will decline from \$15.3 million to approximately \$7.3 million. Our annual office-related expenses will decline from \$3.7 million to between \$1.2 and \$2.1 million, depending on our IT-related spending. We plan to keep our equipment budget flat at \$1.6 million, which will provide each office with additional funding to upgrade its technology. The additional \$200,000 in travel spending will increase our annual spending on other field-related expenses to \$600,000.

We estimate that the Commission will incur between \$2 and \$4 million in one-time costs related to the restructuring. Depending on negotiations with the FCC employees' union, these costs may include employee buyouts, severance payments and relocation expenses, as well as costs associated with vacating and refurbishing offices. Although we hope to complete union negotiations and implementation during FY 2015, it is possible that this project may extend into FY 2016, which would reduce the savings for that year.

- 2) With only eight field offices and related staff remaining to provide support to the entire country, how will the Enforcement Bureau maintain the current 24 hour response time performance goal? Within the proposal, has the bureau considered changing the current performance goal with regard to the response time?**

The Commission has a speed-of-disposal goal of responding to public safety interference complaints within 24 hours. We have no plans to change that goal, and will continue to meet it under the proposed field structure. When we developed this proposal, we focused on placing field offices in areas with the greatest spectrum density, since that is where harmful interference problems are most likely to arise on a regular basis.

The proposal refocuses our field resources on the resolution of public safety and other interference issues, rather than conducting routine inspections of facilities. We will also streamline layers of management so that time-sensitive decisions can be made on an expedited basis.

The Commission is currently considering additional measures that would enhance our public safety work. This includes maintaining a field presence in Hawaii, Puerto Rico, and Alaska, and increasing the visibility of field personnel with public safety stakeholders nationally and in local communities.

3) How does the Commission plan to balance the use of “tiger teams” with field offices?

Under the circulated proposal, the “tiger team” will perform three major functions.

- First, it will respond to complaints in its area of responsibility in the same manner as the other field offices.
- Second, the tiger team will provide support for the other field offices on projects requiring additional staff or if there is a spike in problems in a given area. For example, if the Bureau decides to conduct an enforcement “pulse” on pirate issues in New York City, members of the tiger team may assist that office.
- Third, the tiger team will plan and execute the non-complaint-driven work currently done by the existing field offices. This work will include tasks like conducting routine tower inspections, providing support at major events like the Super Bowl, and conducting initiatives for FCC Headquarters.

4) What regions of the country experience the highest rates of interference?

As we developed this proposal, we engaged with radio frequency (RF) spectrum experts inside and outside the Commission to understand the key drivers that lead to potential for RF interference. They identified spectrum use density as the primary driver. Spectrum use density correlates strongly with population density – more people generate more spectrum use. For example, a densely populated area in the US will have more people making more cellular calls and using WiFi, more public safety entities (e.g. police, fire, EMS) engaging in communication, more TV and radio broadcasts, etc. Therefore, the proposed plan concentrates our agents where we expect the highest priority and most spectrum congestion issues to arise.

We based our determination on two factors: 1) the location of the most dense population centers in the US; and 2) how our historic RF spectrum interference complaints align to these population centers. We then looked at several other inputs, such as spacing between offices, access to transportation (airports, airline hubs, and interstate highways), cost to operate the offices, historical case load, historical types of cases, and the historic productivity of the offices’ resources (e.g. space utilization) as we evaluated different scenarios. The table below shows the results of this analysis.

Combined Statistical Area	~ % of US Population (w/in 250mi)	% of FY14 RF spectrum cases	How will we address
New York	19%	9%	Office
Los Angeles	9%	8%	Office
Chicago	11%	5%	Office

Combined Statistical Area	~ % of US Population (w/in 250mi)	% of FY14 RF spectrum cases	How will we address
DC	4% (does not incl. NY overlap)	3%	Office
San Francisco	4% (does not incl. LA overlap)	6%	Office
Boston	1% (does not incl. NY overlap)	4%	Serviced by NY
Dallas	7%	4%	Office
Philadelphia	Covered by NY / DC	8%	Serviced by NY and DC
Houston	1% (does not incl. Dallas overlap)	4%	Serviced by Dallas
Miami	5%	5%	Office
Atlanta	9%	3%	Office

Guided by this analysis, the proposal circulated to the Commissioners selects eight office locations in major cities across the US, focusing on areas with the greatest population and spectrum density. In addition, we will pre-position direction finding vehicles and equipment in nine cities to increase the speed of response to these areas. Together, these arrangements will allow the Field to respond within 4-6 hours to areas with 80 percent of the U.S. population, and within 24 hours to the rest of the country.

- 5) Regarding the proposed “realignment” of FCC field offices, you testified that currently in the field there are “more trucks than you have agents.” In its FY 2014 budget request, the Commission requested an increase to the base budget of \$1.1 million to purchase eight new vehicles and mobile direction finding equipment for the purpose of replacing existing vehicles that would be past their practical lifetime. Did the FCC purchase these vehicles? If so, when and at what cost?**

Although the Commission requested funding for eight mobile direction finding (MDF) vehicles in its FY 2014 budget, we did not receive that funding. In fact, Congress actually cut the agency’s funding by \$17 million that year due to sequestration. The Commission requested the vehicle funding pursuant to GSA’s guidance for federal agencies to replace government vehicles every five years. That guidance reflects assumptions about vehicle use over that period. Based on the information gathered in the development of this proposal, however, the Commission no longer plans to follow that recommendation.

At the end of FY 2014, we had 74 MDF vehicles for 63 agents. Some offices actually had twice as many vehicles as agents. Each of these vehicles represents about \$100,000 in equipment and labor costs. Much of that expense reflects a historic decision to make these cars undercover. That decision results in additional work following FCC receipt of the vehicles that not only drives up costs, but substantially delays delivery of the vehicles to the field offices.

When interviewed during the fact-gathering phase of this project, FCC field agents said that they valued the vehicles, but did not need the undercover capability on most of their cases. Instead, the agents primarily used the vehicles to transport themselves and their equipment from the field offices to the sites experiencing interference. We also learned that most field vehicles are driven less than once per week (average 31 trips per year), reducing wear and tear. We therefore plan to reduce our reliance on the MDF vehicles by considering less expensive alternatives without the undercover capability and obtaining better portable equipment. We also intend to extend the useful life of our cars depending on their individual condition and the need for technology and safety upgrades.