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FirstNet FY 2015 Budget Proposal



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Recap: 2014 Budget and Process



- Because FirstNet is a federal agency, prior to spending federal funds in any fiscal year, it -- through the Board -- must recommend a spending ceiling (a budget) to be made available for financial commitments (obligations) from the funding provided by the Act and have the spending apportioned by the Office of Management and Budget (OMB)
- Notwithstanding that requirement, the FirstNet Board, Committees, and management team may direct, condition, or restrict spending to or on particular activities within the approved budget to manage FirstNet activities with a careful attention to the expected return on funds expended
- A summary of these authorizations and estimates for FY 2014 is presented below

| <u>Date</u> | <u>Purpose</u> | <u>Obligations</u> | <u>Expenses</u> |
|----------------|------------------------------------|--------------------|-----------------|
| March 2013 | President's FY 2014 Budget | \$257 million | N/A |
| August 2013 | FN Board authorization | \$194 million | N/A |
| September 2013 | FN Finance Committee authorization | \$ 98 million | N/A |
| April 2014 | FN Finance Committee authorization | \$ 72 million | \$ 39 million |
| September 2014 | Estimated FY 2014 Year-end Totals | \$ 64 million * | \$ 29 million |

- The goal of these separate FirstNet authorizations is *not* to necessarily drive down spending, but rather to focus spending on priorities and to ensure that added spending depends on the achievement of antecedent milestones

(*) 2014 authorized obligations not obligated in FY 2014 will carry over into FY 2015.

Overview: 2015 Budget and Process



- We are recommending a nearly identical process for FY 2015; we are at the beginning of the process
- A summary of this proposed authorization for FY 2015 is presented below

| <u>Date</u> | <u>Authorization</u> | <u>Obligations</u> | <u>Expenses</u> |
|----------------|------------------------------|--------------------|-----------------|
| September 2014 | FirstNet Board authorization | \$120 million | \$115 million |

- The FirstNet management team is preparing another detailed budget memorandum (as in FY 2014) that will outline the prioritization of spending and the required milestones to achieve to continue certain expenditures; the Finance Committee expects to approve that outline between now and December 2014
- Management is recommending that the Board approve the submittal to OMB of a Fiscal Year 2015 budget estimate for new obligations of \$120 million (plus an additional amount to fund remaining Fiscal Year 2014 authorized obligations)

2015 Budget Priorities



- Management recommends a FY 2015 budget of up to \$119.7 million in new obligations and \$115.1 million of expenses (including expenses from prior year obligations) to support FY 2015 Roadmap priorities

- These priorities and supporting activities are:

| | (millions) | |
|--|--------------------|-----------------|
| | <u>Obligations</u> | <u>Expenses</u> |
| • Comprehensive network RFP development | \$ 49.9 | \$ 41.6 |
| • State consultation, planning, and outreach | 24.8 | 31.3 |
| • Network development | 10.3 | 13.0 |
| • Administrative functions | 15.3 | 14.6 |
| • Project Support and Infrastructure | <u>19.4</u> | <u>14.6</u> |
| | \$ 119.7 | \$ 115.1 |

- The Finance Committee will consider a resolution at the end of this presentation to support these activities in line with current run rate of expenditures pending the preparation and approval of the 2015 budget memorandum

Comprehensive Network RFP



- Comprehensive Network RFP & Related Activities (\$49.9M of obligations; \$41.6M of expenses). Development and evaluation of the Comprehensive Network RFP is management's top priority, with the goal of identifying one or more partners to work with FirstNet to build, maintain, and operate a nationwide network in a reliable, affordable, and sustainable manner. This priority is supported by the following five milestones:
 - Comprehensive Network RFP Development & Evaluation
 - Business Strategy Development & Validation
 - Public Notice & Comment
 - Standards Development & Other Federal Lab Projects
 - Technology Development

State Consultation and Outreach



- State Consultation, Planning, Outreach & Related Activities (\$24.8M of obligations; \$31.3M of expenses). This work is essential to inform the RFP development and negotiation, and translate the RFP results into agreements with states to begin network rollout in 2016, to meet FirstNet's statutory obligations for public safety consultation, and to develop the user base necessary for FirstNet's success. It includes:
 - State Consultations
 - State Plans
 - CTO Technical Support
 - Public Safety Outreach
 - Communications
 - Government Affairs
 - Counsel Support

Network Development



- Efficient and Timely Rollout of the Network (\$10.3M of obligations; \$13.0M of expenses) is also supported by:
 - National Environmental Policy Act (NEPA) Studies
 - Spectrum Relocation
 - BTOP Projects
 - Experience Center

Administration and Support



- Administrative Expenses (\$15.3M of obligations and \$14.6M of expenses). Required general administrative activities necessary to support the organization include:
 - Accounting and Auditing
 - Acquisition Services supporting central office functions
 - Executive Direction
 - Facilities Management supporting central office functions
 - Financial Management and Reporting
 - Human Resources supporting central office functions
 - Information Technology supporting central office functions
- Program Support and Infrastructure Expenses (\$19.4M of obligations and \$14.6M of expenses). Required administrative-type activities supporting FirstNet program actions, including:
 - Acquisition Services, Facilities, Human Resources, and Information Technology activities supporting comprehensive RFP development, state consultation and related work, and network development actions

Resolution and recommendation



- Finance Committee Resolution
- Recommendation that full Board adopt budget and delegate budget memo to Finance Committee