Broadband Technology Opportunities Program (BTOP) Quarterly Program Status Report

Submitted to the

Committee on Appropriations
United States Senate

the

Committee on Appropriations
United States House of Representatives

the

Committee on Commerce, Science and Transportation
United States Senate

and the

Committee on Energy and Commerce
United States House of Representatives

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National Telecommunications and Information Administration
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I.   Introduction and Background

Pursuant to Section 6001(d)(4) of the American Recovery and Reinvestment Act of 2009 (Recovery Act or Act) (Public Law No. 111-5), the National Telecommunications and Information Administration (NTIA) provides this quarterly report on the status of the Broadband Technology Opportunities Program.

The Recovery Act provides NTIA and the U.S. Department of Agriculture's Rural Utilities Service (RUS) with $7.2 billion to expand access to broadband services in the United States. The Act provides $4.7 billion to NTIA to establish the Broadband Technology Opportunities Program (BTOP or Program) to increase broadband access and adoption; provide broadband training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband.[1] In addition, the $4.7 billion in funding provided under the Act is intended to create jobs and stimulate economic growth. The Act also provided RUS with $2.5 billion to expand access to broadband services in rural America.[2]

The Act establishes eligibility requirements for grantees and grant projects; allocates certain amounts of funding for specific broadband initiatives; imposes substantive and procedural requirements on the Assistant Secretary for Communications and Information (Assistant Secretary) for the administration of the program as well as on grantees in their use of BTOP funding; and requires that all awards be made before the end of fiscal year 2010. The Act further requires NTIA to develop and maintain a comprehensive nationwide inventory map of broadband service capability and availability, and to make the map publicly available via the Internet.

Among other things, the Act requires the Assistant Secretary to provide a status report to Congress every 90 days. NTIA will supplement these reports with informal briefings for members of Congress as well as appearances at Congressional hearings when requested. This quarterly status report reviews developments since NTIA submitted its fifth report on May 17, 2010.[3]

II.   Summary

In the previous five reports submitted to Congress, NTIA outlined the steps taken to launch and execute BTOP in accordance with the Recovery Act's requirements, including:

- Program kickoff in cooperation with other Federal agencies;
- Public outreach to develop Program rules and policies;
- Release of the First and Second Notices of Funds Availability (NOFAs);
- Public workshops to enhance participation by eligible entities;

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[1] On August 10, 2010, the President signed into law a bill that rescinding $302 million in BTOP funding authority, thus reducing the total amount available to $4.4 billion. *See* Pub. L. No. 111-226.
[2] Pursuant to the Recovery Act, RUS established the Broadband Initiatives Program (BIP) to provide loans, grants, and loan/grant combinations to facilitate broadband deployment in rural areas.
[3] Previous BTOP Quarterly Reports are available at http://www2.ntia.doc.gov/ntiareports.

- Steps to improve NTIA's organizational readiness, including staffing and contracting resources;
- Application review, including independent expert review, state and tribal consultation, and the public notice filing comment period;
- Due diligence review and the award selection process;
- Announcement of awards; and
- Steps to implement comprehensive post-award oversight and compliance.

This report focuses on:

- Round Two award announcements;
- Acceptance and evaluation of 700 MHz Public Safety applications;
- Contents of a recent Government Accountability Office (GAO) report;
- Post-award implementation and oversight;
- Solicitation for a detailed BTOP evaluation study; and
- Staffing and resources.

This report also provides an update on the State Broadband Data and Development Program, including an update on awards made and other steps taken to develop a national broadband map.

III.   BTOP Award Announcements

As of the last quarterly report in May 2010, NTIA had completed its announcements of Round One awards, totaling 82 projects worth more than $1.2 billion in Federal funds benefitting 45 states and territories. NTIA also reported that it received more than 880 Round Two applications for proposals requesting more than $11 billion in Federal funds for broadband projects. NTIA has been working diligently to evaluate applications according to the criteria and processes explained in detail in previous Reports and in the Second NOFA.

On July 2, 2010, President Obama, joined by Secretary Locke and Secretary Vilsack, announced 66 new Recovery Act broadband projects nationwide totaling $795 million in grants and loans through the Departments of Commerce and Agriculture. Twenty-nine (29) of these projects were BTOP grants totaling more than $404 million in Federal funds, and were the first set of awards to be announced in BTOP's second round of funding. In announcing the awards, President Obama remarked:

> *All told, these investments will benefit tens of millions of Americans -- more than 685,000 businesses, 900 health care facilities, and 2,400 schools…across the country. And studies have shown that when communities adopt broadband access, it can lead to hundreds of thousands of new jobs. Broadband can remove geographic barriers between patients and their doctors. It can connect our kids to the digital skills and 21st century education required for the jobs of the future. And it can prepare America to run on clean energy by helping us upgrade to a smarter, stronger, more secure electrical grid. So we're investing in our people and we're investing in their future. We're competing aggressively to make sure*

> *that jobs and industries and the markets of tomorrow take root right here in the United States. We're moving forward.*[4]

NTIA continues to announce BTOP projects on a rolling basis. As of August 15, 2010, NTIA has awarded a total of 112 projects worth approximately $1.6 billion in Federal grants benefitting nearly every state and territory.[5] These projects include 65 Infrastructure projects totaling $1.4 billion in Federal grant funds to deploy broadband networks in areas of the United States; 33 Public Computer Center projects totaling $95 million in Federal grant funds to provide access to broadband, computer equipment, computer training, job training, and educational resources to the public and specific vulnerable populations; and 14 Sustainable Broadband Adoption projects totaling $125 million in Federal grant funds to support innovative projects that promote broadband demand, especially among vulnerable population groups where broadband technology traditionally has been underutilized. Detailed descriptions of each award, including the expected benefits, communities impacted, and information about the grant recipients, are available at http://www2.ntia.doc.gov/awards. NTIA remains on track to award all BTOP grants by the statutory deadline of September 30, 2010.

IV.   Reopening of the Second Notice of Funds Availability for Public Safety

On May 12, 2010, the FCC authorized the early deployment of public safety broadband networks in the 700 MHz public safety broadband spectrum for a number of entities that had petitioned to do so.[6] In response to this decision, on May 13 2010, NTIA announced a limited reopening of the Comprehensive Community Infrastructure application filing window for entities that received waiver authority.[7] Under the Recovery Act, one of the core purposes of BTOP is to fund the advancement of broadband initiatives to support public safety agencies. The Recovery Act also provides that the Assistant Secretary may make competitive grants to "construct and deploy broadband facilities that improve public safety broadband communications services."[8] NTIA decided to reopen the application window for certain jurisdictions that received public safety waivers because some applicants reportedly were deterred from filing because they lacked legal authority to use the 700 MHz public safety broadband spectrum. By the July 1, 2010 deadline for this limited reopening, NTIA had accepted 18 applications requesting more than $1.4 billion in grant funding. The agency is currently reviewing the applications and remains on track to award all BTOP grants by the statutory deadline of September 30, 2010.

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[4] Remarks by the President on Monthly Employment Numbers (July 02, 2010), available at *http://www.whitehouse.gov/the-press-office/remarks-president-monthly-employment-numbers.*

[5] Of the 82 projects awarded in Round 1, only 1 grantee rejected an award. In addition to the 29 grants awarded July 2, 2010, NTIA awarded 2 other BTOP grants on July 19, 2010 and July 30, 2010. The 112 grants do not include an additional 54 grants totaling approximately $102 million awarded under the Broadband Mapping Program, as discussed in Section VIII of this report.

[6] Requests for Waiver of Various Petitioners to Allow the Establishment of 700 MHz Interoperable Public Safety Wireless Broadband Networks, Order, PS Dkt. No. 06–229, FCC 10–79 (adopted May 11, 2010) (Waiver Order), available at *http:// hraunfoss.fcc.gov/edocs_public/attachmatch/FCC- 10-79A1.pdf.*

[7] Press Release, NTIA to Accept Additional Proposals for Broadband Projects to Improve Public Safety Communications (May 13, 2010), available at *http://www.ntia.doc.gov/frnotices/2010/FR_BTOPApplicationReopening_05132010.pdf.*

[8] American Recovery and Reinvestment Act of 2009, Public Law No. 111–5, § 6001(g)(5), 123 Stat. 115, 514.

V. Government Accountability Office (GAO) Report

On August 4, 2010, the GAO issued a report titled *Recovery Act – Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs*.[9] The report provided summary descriptions of various aspects of the BTOP program, from awarding grants funds to establishing program oversight. The GAO observed that NTIA consistently substantiated various financial, technical, environmental, and other information in first round award recipients' applications to determine the feasibility and reasonableness of each project. The GAO also identifies having sufficient resources to actively monitor BTOP awards as a risk, noting that the Recovery Act does not provide authority or funding for administration and oversight of BTOP-funded projects or maintenance of the national broadband map beyond September 30, 2010. GAO recommends that NTIA incorporate steps to address funding variability into its risk-based monitoring plans. The report notes that the President's Fiscal Year 2011 Budget includes authority and funding for NTIA to administer and monitor the execution of grant projects. In his response to the GAO, Commerce Secretary Locke indicated that Fiscal Year 2011 funding is vital to ensuring that BTOP projects are successful and that recipients fulfill their obligations, and affirmed that the Department is determined to obtain and provide the funding necessary to successfully monitor and oversee these grants.

VI. Post-Award Implementation and Oversight

NTIA is committed to ensuring that BTOP funds are spent in the most efficient, effective, and responsible manner possible. The agency is accelerating the transition of its program from a predominant focus on the selection and award of grants to the effective monitoring and oversight of awarded projects. To ensure that grant recipients fulfill their commitments, comply with all relevant rules and requirements, and spend every taxpayer dollar wisely, NTIA has developed, and begun to implement, a robust post-award framework to ensure the Program minimizes waste, fraud, and abuse. This framework includes a number of concurrent activities addressing technical assistance, communications, monitoring, reporting, and compliance. These efforts will greatly support the grant recipients' ability to implement their projects in conformance with BTOP's statutory, fiscal, and programmatic requirements. At the same time, this framework will enable NTIA to assist grant recipients in mitigating risks while ensuring accountability and transparency.

A. Post-Award Staffing and Resources

In the Fiscal Year 2011 Budget to the Congress, the President requested approximately $23.7 million for administration and oversight of BTOP to continue these activities after the existing authorization and funding expire at the end of FY 2010. This funding is critically important to ensure that NTIA can effectively administer and monitor BTOP grants beyond September 30, 2010, and to ensure that taxpayer dollars are spent consistent with the Recovery Act's purposes. As discussed above and explained further below, the GAO issued a report highlighting that NTIA faces the risk of having insufficient resources to actively monitor BTOP awards. Lack of adequate post-award funding increases the risk of waste, fraud, and abuse of Federal funds and jeopardizes the ability of BTOP projects to achieve the economic stimulus benefits intended by

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[9] Available at: http://www.gao.gov/new.items/d10823.pdf

the Recovery Act. BTOP grants must be substantially complete within two years and fully complete within three years of the award date. Effective monitoring and oversight of more than $4 billion in grants will require the resources requested in the FY 2011 Budget to ensure that recipients meet their commitments, comply with program and federal grants administration rules, achieve the purposes established by Congress in the Recovery Act, and use taxpayer dollars appropriately and responsibly.

On July 21, 2010, the Senate Appropriations Committee approved a mark of $16 million for BTOP in the Fiscal Year 2011 appropriations. NTIA is working with Congress to ensure adequate funding for critical post-award oversight and monitoring activities into Fiscal Year 2011 and to provide more certainty of funding to the Program's workforce.

B. *Communications, Training, and Assistance*

To assist Round One awardees, on June 23-24, 2010, NTIA hosted a Grantee Conference in Chicago, Illinois. Keynote remarks were provided by Federal Chief Technology Officer Aneesh Chopra, Illinois Governor Pat Quinn, and NTIA Assistant Secretary Lawrence E. Strickling. The conference included training and informational sessions on compliance, reporting, and project initiation; breakout sessions aimed at addressing grantee questions in specific project areas; and multiple networking and information-sharing opportunities. NTIA intends to conduct a second Grantee Conference for Round Two grantees in Fall 2010.

To further assist grant recipients, NTIA is providing regular support services and a number of important resources, including:

- Regular communications between Program staff and recipients, including orientation conference calls, one-on-one support, training "webinars," and numerous fact sheets describing specific post-award, compliance, and reporting topics;
- Training in award compliance, performance and financial reporting, and environmental requirements;
- Publication of a Grantee Welcome Packet that provides an overview of BTOP, guidance on next steps, and introduces grantees to their assigned Program official;
- Publication of a Recipient Handbook, a guide for recipients to understand award requirements and activities during key phases of the grant period of performance, including project start-up, grant administration, and grant close out. The Handbook provides reference materials as well as checklists for recipients to monitor and track their compliance with BTOP grant requirements.
- An OMB Form A-133 Compliance Supplement and Project Specific Audit Guide. All BTOP awards, per OMB Uniform Administrative Requirements and Department of Commerce Code of Federal Regulations, are subject to the single audit requirement.
- Deployment of a Post-Award Monitoring System (PAM), an online workspace and collaboration tool to effectively collect, house, and analyze recipient data and files related to their grants.

C. *Monitoring*

NTIA has also formalized a BTOP Post Award Monitoring Plan that defines the Program's monitoring approach and outlines the tools NTIA intends to use to monitor the progress of grants effectively. Monitoring activities will routinely assess recipient compliance with grant administration and programmatic requirements and progress against project milestones and intended outcomes. Specific activities will include desk reviews (analyzing performance and financial information provided by recipients), site visits, risk assessments, and corrective actions, as necessary. NTIA also plans to implement various levels of monitoring based on the needs of each project. The levels and frequency of various monitoring activities will also depend on availability of budget and staff resources. In July, NTIA initiated its first round of desk reviews with Round One recipients to gauge progress to date with critical project start up activities, including compliance with special award conditions and initial reporting requirements. The results and findings from these desk reviews will help NTIA to prioritize its monitoring of recipients and provision of technical assistance.

D. *Reporting*

NTIA has developed a comprehensive and rigorous reporting system to ensure that BTOP funds fulfill the purposes of the Recovery Act. The Recovery Act requires the recipient of an award to report quarterly on the use of Recovery Act funds, results from which are reported on Recovery.gov. In addition, the Recovery Act specifically requires BTOP recipients to file a quarterly report on their use of federal assistance and their progress in fulfilling the objectives for which such funds were granted. To this end, NTIA has developed Quarterly and Annual Performance Progress Reports (PPRs) for each category of BTOP project. All BTOP award recipients are required to complete Quarterly and Annual PPRs, which tracks progress in achieving the project goals, objectives, and milestones; expenditure of grant funds and the amount of remaining grant funds; and other items. Recipients receiving infrastructure grants must report, among other things, on network build progress, agreements with broadband wholesalers or last mile providers, percent completion of key milestones, and retail and wholesale services offered. Recipients receiving Public Computer Center grants must report, among other things, on the number of new and improved public computer centers, the number of new and upgraded workstations available to the public, average users per week, and training provided with BTOP funds. Recipients receiving Sustainable Broadband Adoption grants must report, among other things, on the size of the target audience for each program, the number of program participants, and the number of new broadband subscriptions achieved through each program. Information collected through the Quarterly and Annual PPRs will be made accessible to the public via NTIA's Web site at www.ntia.doc.gov/broadbandgrants. This performance progress information is intended to provide a substantial body of data from which the government and the public can begin to evaluate the success of BTOP in delivering economic and social benefits for the United States.

VII.   BTOP Evaluation Study

On July 27, 2010, NTIA, through the Acquisitions Service Directorate at the U.S. Department of Interior's National Business Center, issued a Solicitation for a long-term evaluation of the economic and social impact of BTOP grant awards.[10] Given the purpose of the Recovery Act to stimulate the economy in the near-term and provide long-term economic growth, NTIA intends to conduct a thorough assessment of the benefits that BTOP grant awards are having on broadband availability and adoption, and in achieving economic and social benefits in areas served by the grantees. The Solicitation seeks a contractor to develop a sampling method, assessment criteria, and method of analysis, and use appropriate tools to conduct a rigorous assessment of the quantitative and qualitative benefits of BTOP grant awards. The study will result in several deliverables, including Interim Reports with Case Studies to be delivered approximately 18 months and 36 months from the award, and a Final Report to be delivered approximately 48 months from award. The results of the evaluation will help inform the government on the return on investment from BTOP grant funding, as well as identify factors influencing performance and impact that can be used to inform future private and/or public sector investments.

VIII.   State Broadband Data and Development (SBDD) Program

Section 6001(l) of the Recovery Act requires the Assistant Secretary to develop and maintain a comprehensive, interactive, and searchable nationwide inventory map of existing broadband service capability and availability in the United States that depicts the geographic extent to which broadband service capability is deployed and available throughout each state.   The statute further provides that the Assistant Secretary will make the National Broadband Map (Map) accessible by the public on an NTIA web site no later than February 17, 2011.   The Recovery Act authorized NTIA to expend up to $350 million pursuant to the Broadband Data Improvement Act (BDIA), Title I of Public Law No. 110-385, 122 Stat. 4096 (Oct. 10, 2008), for the purposes of developing and maintaining the Map.

NTIA has awarded 54 grants totaling approximately $102 million for broadband mapping and planning activities to nearly every state and territory. These awards cover two years of data collection and mapping activities and up to five years of other BDIA activities. NTIA continues to work with the Commonwealth of the Northern Mariana Islands and the Territory of Guam to bring their grant proposals to successful completion. Additionally, the State of Alaska has chosen to change its designee from the Denali Commission to Connected Nation.

NTIA initially provided funding for recipients to collect and verify broadband data every six months for two years. Grantees are collecting broadband availability and speed data, as well as the location and broadband capacity at Community Anchor Institutions. These data will be used to inform the National Broadband Map, which will publicly display, at a minimum, the geographic areas where broadband service is available; the technology used to provide the service; the speeds of the service; and broadband service availability at public schools, libraries, hospitals, colleges, universities, and public buildings. The Map will also be searchable by

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[10] Available at:
https://www.fbo.gov/?s=opportunity&mode=form&id=6470e29a51fe79268b494152f7b608ca&tab=core&_cview=0

address and show the broadband providers offering service in the corresponding census block or street segment. NTIA anticipates offering analytical tools to help consumers, businesses, policymakers, and researchers make further use of this data.

All grantees have submitted an initial data set to NTIA. In conjunction with the Federal Communications Commission (FCC), NTIA has begun to assess the information and provide feedback to grantees. To allow awardees to better validate the information collected, NTIA recently determined that it was necessary to allow three months to analyze data and submit it to NTIA, rather than the two months that was originally anticipated. NTIA expects this extra month will provide sufficient time to evaluate and validate the quality of data received from multiple data sources.

To be fiscally prudent, NTIA originally funded state data collection efforts for a two-year period, allowing the agency to assess initial state activities before awarding funding for the remainder of this five-year initiative. On May 28, 2010, NTIA notified grantees that they could apply for funding under the existing program rules for three additional years of mapping and data collection work. NTIA also announced that recipients could also seek funding for other activities that support BDIA's goals, including state broadband task forces or advisory boards, technical assistance programs, local or regional technology planning efforts, and programs to promote increased computer ownership and Internet usage. Eligible entities had until July 1, 2010, to submit amended and supplemental applications for additional broadband improvement and mapping activities. NTIA received requests from all eligible grantees, with the exception of Puerto Rico. NTIA is thoroughly and carefully evaluating each amended application and plans to obligate any additional funds by September 30, 2010.

As required by the Recovery Act, NTIA will develop the National Broadband Map and make it accessible to the public no later than February 17, 2011.

IX.   Program Milestones

Below is a chart depicting past and upcoming tentative BTOP milestones.   Future dates and activities may change based upon developments or circumstances.

Milestone	Date
First BTOP Request for Information (RFI)	March 12, 2009
Public Comment Period	March 12, 2009 – April 13, 2009
Public Meetings and Field Hearings	March 10, 2009 – March 24, 2009
Release of First BTOP Notice of Funds Availability	July 1, 2009
Release of State Broadband Data and Development Program (Broadband Mapping Program) Notice of Funds Availability	July 1, 2009
BTOP Public Workshops	July 7, 2009 – July 24, 2009
Broadband Mapping Program Online Workshop	July 24, 2009
First Round BTOP/BIP Online Application Portal Opened	July 31, 2009

Milestone	Date
Contract Issued to Booz Allen Hamilton for Program Development and Administrative Services	August 3, 2009
Clarification Issued Regarding Broadband Mapping Program Data Delivery Requirements.	August 12, 2009
Announcement of Extension of BTOP Application Closing Deadline for Electronic Applications Pending as of 5 p.m. ET on August 14, 2009	August 13, 2009
Original Deadline for Applications for BTOP and Broadband Mapping Program	August 14, 2009
Deadline for Electronic BTOP Applications Pending as of 5 p.m. ET on August 14, 2009	August 20, 2009
Clarification Issued Regarding Period of Performance for Awards Under Broadband Mapping Program	September 9, 2009
BTOP Initial Public Notice Filing Comment Period	September 28, 2009 – October 28, 2009
First Round State Consultation Comments Due	October 14, 2009
First Round Tribal Consultation Comments Due	October 28, 2009
First Broadband Mapping Program Grants Awarded	October 2009
Second BTOP Request for Information (RFI)	November 10, 2009
Second RFI Public Comment Period	November 10 – 30, 2009
Vice President Biden and Commerce Secretary Gary Locke Announce First BTOP Awards	December 17, 2009
Additional First Round BTOP Award Announcements Continue on Rolling Basis	December 2009 – April 2010
BroadbandMatch.com Launched	January 7, 2010
Second BTOP Notice of Funds Availability Released	January 15, 2010
Second Round BTOP Public Workshops	January 26, 2010 – February 12, 2010
Second Round BTOP Online Application Portal Opens	February 16, 2010
Second Round PCC and SBA Applications Due	March 15, 2010
Second Round CCI Applications Due	March 26, 2010
First State Broadband Mapping Data Submitted	March 31, 2010
Second Round State and Tribal Comments Due	May 3, 2010
Second Round Proposed Funded Service Areas Comment Period Closes	May 10, 2010
Announcement of Limited Reopening of Application Window for 700 MHz Public Safety Broadband Systems	May 13, 2010

Milestone	*Date*
Announcement of Amended and Supplemental Application Window for SBDD Grantees	May 28, 2010
700 MHz Public Safety Broadband Applications Accepted	June 1, 2010 – July 1, 2010
BTOP Grantee Conference in Chicago, Illinois	June 23 – 24, 2010
SBDD Amended and Supplemental Applications Due	July 1, 2010
President Obama Announces 66 Recovery Act Broadband Awards	July 2, 2010
Second Round BTOP Award Announcements Continue on a Rolling Basis	July – September 2010
BTOP Evaluation Solicitation Opened	July 27, 2010
All BTOP Funds Awarded	September 30, 2010*
Broadband Map Posted to Website	February 17, 2011*
BTOP Projects Substantially Complete	September 30, 2012*
BTOP Projects Fully Complete	September 30, 2013
	* statutory deadlines

X.   Next Report

NTIA will provide its next quarterly report to Congress no later than November 2010.

XI.   Additional Program Materials

Additional program materials are available at http://www.ntia.doc.gov/broadbandusa, including press releases, Congressional testimony, Notices of Funds Availability, Requests for Information, Federal Register Notices, fact sheets, answers to frequently-asked-questions, application information and guidelines, and an online database of BTOP applications.

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