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Hearing on
“Oversight of the American Recovery and Reinvestment Act of 2009: Broadband”

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Chairman Boucher, Ranking Member Stearns, and members of the Subcommittee, thank you for your invitation to testify this morning on behalf of the National Telecommunications and Information Administration (NTIA) on implementation of the Broadband Technology Opportunities Program (BTOP) set forth in the American Recovery and Reinvestment Act (Recovery Act or Act). We see this as the first step in realizing President Obama's vision of bringing the benefits of broadband technology to all Americans. At its core, the broadband initiatives in the Recovery Act offer a tremendous opportunity to stimulate job creation and economic growth in both the near-term and for the future.

President Obama believes in the transformative power of broadband. Broadband serves as an engine of economic development, enabling communities and regions to develop and expand job-creating businesses and institutions. Communications networks help improve the efficiency of virtually every sector of the economy. The Obama Administration is committed to harnessing the power of broadband technology to stimulate economic growth, create jobs, and help lay the foundation for long-term prosperity for all Americans. Through the BTOP grant program – and in coordination with the Department of Agriculture's Rural Utilities Service (RUS) grants and loans program – we are taking a critical first step in that direction.

As the Subcommittee is aware, the Organization for Economic Cooperation and Development (OECD) recently ranked the United States 15th among the 30 market economies of the OECD in terms of broadband subscribership per capita. President Obama believes that this must change. With access to broadband and the skills to use it effectively, Americans will be better able to compete, succeed, and lead in the 21st

century's knowledge-based economy. Our scientists, universities, and researchers will need better broadband connections to continue our great tradition of innovation.

The broadband initiatives within the Recovery Act mark the beginning of the process that we hope will result in the United States taking its rightful place as the world's leader in broadband deployment, availability, and adoption. To meet this challenge and to fulfill the statutory mandates of the Recovery Act, the Administration has set five goals for the broadband Recovery Act funding.

First, we want to create jobs.

Second, we want to begin to close the broadband gap in America. We, therefore, want to extend high-capacity pipes closer to users in rural, remote, and underserved communities. As Congress has instructed, other entities will be able to connect to those pipes, which will spur competition and get service to people and businesses.

Communications networks are basic inputs for education, commerce, and culture, and the Administration believes that the public interest requires that, as Congress has indicated, these publicly-funded high-capacity pipes must operate in conformity with basic principles of openness.

Third, we want to stimulate investment by requiring grantees that take Federal money to invest their own funds as well. We also want to take advantage of opportunities to combine broadband investments with other sources of Recovery Act funds whenever doing so can yield a greater return on the taxpayers' investment.

Fourth, we want to start taking steps to ensure that our schools, universities, libraries, community centers, job training centers, hospitals, and public safety personnel have high-speed access. We have been asked by Congress to focus on funding high-speed connections to these community anchor institutions.

Finally, we want to encourage the demand for broadband. We think that when more people understand how broadband access can help them find new ways of making a living, they'll want to have it for themselves.

Greater broadband availability and use will make a difference in the daily lives of our citizens. With access to broadband, students are able to learn and access resources far beyond their own classrooms or local libraries. Using telemedicine applications over broadband connections, doctors and other medical professionals can bring the latest medical advancements to patients in remote areas, resulting in immediate, efficient, and cost-effective treatment. Over broadband connections, small business owners are able to buy and sell their goods and services in both near and distant markets. Researchers and scientists require high-speed connections to collaboratively develop the new ideas that will keep our country in the lead. And all Americans have the potential to find new ways of making a living, developing and accessing information, and using other applications that enrich their lives using high-speed broadband. Broadband provides communities a canvas for innovation and economic development, that, by reason of either location or economic status, they have previously been unable to utilize.

I would like to discuss some specifics of this program, including its purposes, and then describe our activities and plans to implement it.

Statutory Purposes

BTOP, created by the Recovery Act, allocates 4.7 billion dollars to NTIA for the general purpose of accelerating the deployment and adoption of broadband services. Of that, at least \$250 million is available for programs that encourage sustainable adoption of broadband services, and at least \$200 million is available for expanding public computer center capacity, including at community colleges and public libraries. Finally, the Act states that up to 350 million dollars may be used to implement the Broadband Data Improvement Act (Pub. L. No. 110-385) and to develop and maintain a broadband inventory map. The Recovery Act also permits NTIA to transfer funds to the Federal Communications Commission (FCC) for the purposes of creating a national broadband plan.

BTOP has many important goals. For example, the program is intended to accelerate broadband deployment in unserved and underserved areas and improve access to broadband by public safety agencies. Significantly, however, while the Act focuses on supply stimulus, demand side stimulus is a critical goal. The Act specifies that the program be designed to stimulate job creation, economic growth, and the demand for broadband. Other purposes of BTOP include providing funds for broadband education, awareness, training, access, and support to a number of institutions including schools, libraries, educational and job-creating strategic facilities, as well as organizations that provide outreach and other broadband assistance to vulnerable populations.

In accomplishing the purposes of BTOP, the Act contemplates that NTIA will consult with the states and with the FCC. We are also coordinating our activities with the RUS, which was allocated \$2.5 billion in broadband Recovery Act funding for loans and

grants. We have been meeting regularly with various state entities as well as with our colleagues at the FCC and RUS and have met with various state entities as well. For example, we are currently talking to RUS about creating a common application form to make it easier for entities to file grant applications with both agencies. We welcome - and indeed are actively seeking - the input of our state colleagues as well as our colleagues at the FCC and RUS as we implement this important program.

The Act also provides \$10 million for our Inspector General (IG) to ensure vigorous oversight of these grant funds. One of the very first actions we accomplished was the transfer of that money to the IG. We have been meeting with the IG and his staff to ensure that the program design incorporates appropriate safeguards from the outset to protect the taxpayers' investment.

One of the biggest challenges we will face is deciding which applications to fund. Fortunately, the Act gives NTIA some guidance in this area. For example, in the case of infrastructure grants, the Act specifies that we consider: whether an application will increase the affordability of, and subscribership to, service to the greatest population of users in an area; whether the application will enhance service for health care delivery, education, or children to the greatest population of users in an area; and whether it will not result in unjust enrichment as a result of support from another Federal program in the area. The Act also directs us to consider other important factors, such as whether the applicant is a socially and economically disadvantaged small business concern and whether the application will provide the greatest broadband speed possible to the greatest population of users in an area.

To put this in context, we anticipate receiving applications that will allow people who live in unserved and underserved areas to work online at speeds that permit videoconferencing. We hope to see applications that propose to make broadband available for smart grid technology and health information technology applications. We want applications that will provide researchers and scientists at universities and other institutions the broadband connectivity they need to compete with the rest of the world. Schools, universities, libraries, community centers, job training centers and hospitals are all community anchor institutions that need broadband connectivity. We view these grants as a test-bed or proof of concept for sustainable, viable, and scalable projects. For example, we encourage partnerships between small businesses, municipalities, and others that may demonstrate nontraditional but effective ways of getting broadband into communities. These grants will not be just for large companies. When the economy recovers, these projects should show future investors the way forward. By spending \$4.7 billion on projects that are tested and scalable, we will be taking one step closer to realizing President's Obama's vision of a 21st Century communications infrastructure for everyone in America.

BTOP Implementation Activities

With regard to our implementation efforts thus far, openness and transparency have been our guiding principles. NTIA believes that the public should have unprecedented visibility into how its money will be spent through BTOP. To that end, NTIA has developed a robust process for allowing for public input into how NTIA can effectively and efficiently administer BTOP. NTIA's goal is to develop the highest

caliber grant program, with maximum input from diverse stakeholders, and to award grants to high quality projects that further the Act's purposes.

Demonstrating our intention to work collaboratively in implementing BTOP, on March 10th, senior officials from the Department of Commerce, the Department of Agriculture and the FCC held a “kick off” public meeting at the Commerce Department. Nearly 600 people attended the meeting in person and thousands more participated via a live web stream and teleconference. The meeting signaled the keen interest shared by the Department of Commerce, the Department of Agriculture, and the FCC in working together and in providing the public multiple opportunities to help shape the programs to benefit consumers throughout the country.

Concurrent with the announcement of the public meetings, on March 12, 2009, NTIA and RUS published a joint request for information (RFI). Public comments will be accepted in response to this RFI through April 13th. In the RFI, NTIA and RUS outlined 20 broad topics on which information is being sought, as well as inviting comments on issues not specifically addressed in the RFI.

The March 10th kickoff meeting was followed by a series of four public meetings in Washington, D.C., and separate field hearings in Flagstaff, Arizona, and Las Vegas, Nevada, to provide the public additional opportunities to weigh in on various aspects of the program, including technical, legal, programmatic, and process-related issues. All told, nearly 120 panelists—including representatives from consumer and public interest groups, state and local governments, tribal governments, minority and vulnerable populations, industry, academia, and other institutions—provided invaluable insights

about how to make these programs effective, equitable, and efficient. The meetings were all webcast. In addition, those that could not attend in person or via the Internet were invited to participate via teleconference.

Each session provided a diverse set of panelists an opportunity to present views about the specific issue, to interact with other experts on the panel and to receive questions or comments from the public that attended the meeting. In addition, members of the public emailed questions and also asked questions via teleconference. This robust approach to public comment will ensure the involvement of taxpayers in the design and implementation of the broadband initiatives in a way that gets Recovery Act dollars out to the public as quickly as possible to promote job creation and broadband development and deployment.

Since the passage of the Recovery Act on February 17, 2009, NTIA has taken decisive action to jumpstart the Broadband Technology Opportunities Program. The Agency is staffing up to administer the \$4.7 billion program. Although NTIA has many talented people already in place with significant grant-making experience, we are in the process of greatly supplementing this core team to handle the high levels of interest. We are also in the process of creating the technical systems that need to be in place to handle the tremendous volume of applications that we anticipate.

We are coordinating closely with other agencies responsible for implementing related Recovery Act initiatives, such as the Department of Housing and Urban Development, the Department of Health and Human Services, and the Department of Energy. Through constructive coordination, funds and expertise can be leveraged where

appropriate—and duplication and redundancy will be avoided to maximize the utility of taxpayer dollars.

NTIA has launched its BTOP website to provide the public a window into how the Government intends to invest its money - <http://www.ntia.doc.gov/broadbandgrants>. Information and updates about the broadband grants initiative will be made available via NTIA's website. For example, currently the public can access archived videos and transcripts from our five public meetings and two field hearings. We are also posting the written comments as they are submitted to NTIA on this website in the interest of maximizing transparency. Moving forward, we will be posting critical funding information, including recipient and fund use data to accurately track, monitor and report on taxpayer funds.

NTIA intends to be “open for business” for prospective grantees in the most expeditious timeframe practicable. A Notice of Funds Availability (NOFA) will be published as expeditiously as possible, likely in the next couple of months, that will describe in detail how the application process will work, how we will evaluate the applications, as well as how grantees will be held accountable, including requirements concerning progress reports and job creation measurements, to ensure that taxpayer investments are protected. NTIA is currently contemplating three waves of funding to allow applicants who may not be ready at the beginning of the grant program to participate in later waves. We anticipate the first awards will be made in early fall 2009, with the second wave of applications beginning thereafter. We have tentatively scheduled the third wave of applications to begin in the spring of 2010 in order to issue our final round of awards before the statutory deadline of September 30, 2010.

We believe that having multiple opportunities for organizations to apply is equitable and effective. Some applicants will be ready to go from the beginning of the program while others will need more time to undertake planning activities, develop business plans, map broadband availability and build the necessary partnerships to assure project sustainability. These activities may take some applicants months to complete. Additionally, applicants that do not succeed in the first round may consider retooling their application and possibly submitting it jointly along with other applicants in later rounds. Simply put, multiple rounds affords both the NTIA and applicants a dynamic and iterative process whereby we are able to ensure that the money, when fully deployed, meets all of the Congressional purposes.

Challenges Ahead

We face many challenges in the upcoming months. Some of our challenges are substantive policy issues. For example, there are a host of statutory terms like “broadband,” “unserved,” and “underserved” that we must define in order to give guidance to potential applicants. We must also decide the scope of the consultative role the states will play as we review grant applications. During our public meetings, various stakeholders gave us very valuable but divergent views about how we should deal with these issues and we are confident that the comments filed by April 13, 2009, in response to the RFI, will contribute greatly to our decision-making on these important threshold issues. We are very focused on creating metrics and requiring reporting that will allow us to understand whether the grants we make are effective in moving the country closer to the Administration's broadband goals.

While these challenges will be significant, by far our greatest challenge will be determining a fair, equitable, and appropriate manner for selecting grant recipients. We fully expect a pool of strong and innovative applications that reflect the genius of the American people and together address all of the purposes set out in the Act. Our most daunting task will be to select from among these many deserving applications those that most wisely invest the people's money to create jobs and offer credible, functioning, and scalable models for accelerating the deployment of broadband.

Congress has entrusted us with a significant responsibility. We intend to rise to the occasion by crafting a grant program that uses the public's funds wisely, efficiently, and effectively – both to create jobs and to spur economic development.

Conclusion

In conclusion, NTIA is committed to ensuring the BTOP funds are awarded and distributed in a prompt, fair, and efficient manner. Through our work with RUS and the FCC, we intend to move forward in a coordinated and effective manner that encompasses the public's desires for this program. We have a lot of work ahead of us in the upcoming months. Nevertheless, we look forward to getting Recovery Act funds into the hands of those who can use it to create new jobs and promote broadband deployment in unserved and underserved areas. Each of us, no matter where we live or what our individual circumstance may be, deserves to enjoy all of the promises that robust broadband service has to offer, and we see this program as an important step in that direction.

Thank you and I look forward to your questions.