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

February 2011

National Telecommunications and Information Administration
U.S. Department of Commerce

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 (BTOP or Program).

The Recovery Act provided NTIA and the U.S. Department of Agriculture's Rural Utilities Service with $7.2 billion to expand access to broadband services in the United States. The Act provided $4.7 billion to NTIA to establish the BTOP 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] The Act further provided funding to 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.

Following a rigorous application and review process documented in previous reports, NTIA invested approximately $4 billion in 233 BTOP projects benefitting every state, territory, and the District of Columbia.[2] This BTOP portfolio of projects initially included:

- 123 infrastructure projects totaling $3.5 billion in Federal grant funds to construct broadband networks;
- 66 public computer center (PCC) projects totaling $201 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
- 44 sustainable broadband adoption (SBA) projects totaling $250.7 million in Federal grant funds to support innovative projects that promote broadband adoption, especially among vulnerable population groups where broadband technology traditionally has been underutilized.

The infrastructure projects include seven grants totaling approximately $382 million for projects to deploy public safety broadband networks. These awards will serve as a critical set of demonstration projects and a head start on the Administration's commitment to support the development of a nationwide, interoperable public safety wireless broadband network.

Consistent with the Act's broadband mapping requirements, NTIA also developed the State Broadband Data and Development (SBDD) program and granted approximately $293 million to 56 grantees, one each from the 50 states, five territories, and the District of Columbia, or their designees. This funding will be used by states to gather data twice a year on the availability, speed, and location of broadband services, as well as the broadband services that community

---

[1] On August 10, 2010, the President signed into law a bill that rescinded $302 million in BTOP funding authority, thus reducing the total amount available to approximately $4.4 billion. *See* Pub. Law No. 111-226.

[2] The total number of BTOP awards announced in September 2010 was 233. Leech Lake Reservation Business Committee did not accept its award for $1.7 million, which will bring the total number of BTOP grants to 232 and the total number of PCC grants to 65. An integrated map representing the locations of BTOP awards is included in Appendix A.

institutions such as schools, libraries, and hospitals use. This data will be used by NTIA to update a publicly searchable, interactive national broadband map once it is completed no later than February 17, 2011 in accordance with the Recovery Act's requirements.[3] These grants will also support state efforts to foster the efficient and creative use of broadband technology to better compete in the digital economy. These state-led efforts vary depending on local needs but include programs to assist small businesses and community institutions in using technology more effectively, research to investigate barriers to broadband adoption, innovative applications that increase access to government services and information, and state and local task forces to expand broadband access and adoption.

II.   Summary

In the previous 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; public outreach; release of the first and second Notices of Funds Availability (NOFA); public workshops; steps to improve NTIA's organizational readiness, including staffing and contracting resources; application review; announcement of awards; and steps to implement comprehensive post-award oversight and compliance.

This report focuses on:

- the program's transition to monitoring and the Agency's strategy to provide effective program oversight;
- an update on the status of program implementation and oversight, including reporting, environmental and historic preservation compliance, and communications, training, and assistance; and
- the status of funding to ensure robust oversight and monitoring of taxpayer investments.

This report also provides an update on the SBDD Mapping Program, including awards made and other steps taken to develop a national broadband map.
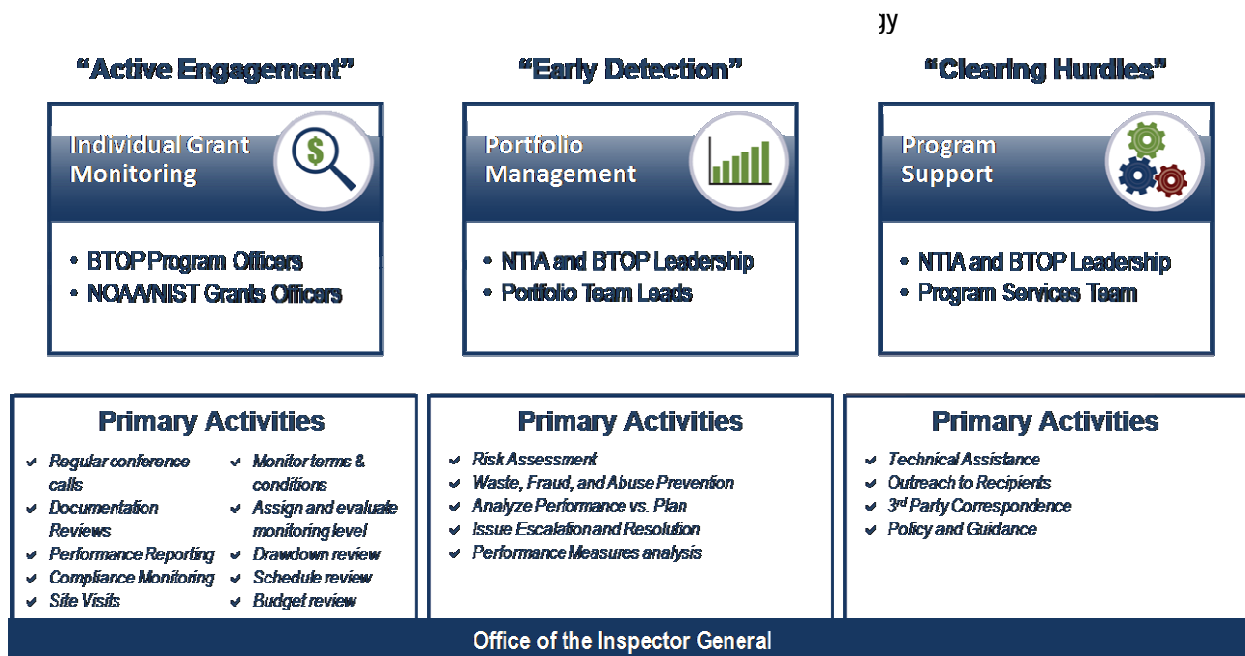
III.   Program Execution and Oversight

With the final BTOP awards announced on September 27, 2010, the fourth calendar quarter of 2010 marked the completion of NTIA's transition from pre-award activities to monitoring of its portfolio. NTIA is committed to taking all appropriate steps to ensure that BTOP funds are spent in the most efficient, effective, and responsible manner possible.

NTIA has the responsibility to protect taxpayer investment in these projects and has implemented a program-wide oversight strategy to mitigate waste, fraud, and abuse; ensure compliance with award conditions; and monitor each project's progress toward its timely completion.

---

[3] *See* American Recovery and Reinvestment Act of 2009 Pub. L. No. 111-5, 123 Stat. 115 (2009).

This rigorous framework includes a set of integrated activities that help accelerate project implementation as shown in Exhibit 1 below. NTIA is fully engaged with award recipients and quickly addresses challenges that arise during implementation, employing tools such as frequent communication with recipients, careful analysis of recipients' financial and program reporting data, and site visits to corroborate representations made via written reports. Federal program officers initiate a variety of frequent in-depth communications with grant recipients, including regularly scheduled conference calls, email exchanges, drop-in calls on specific administrative or programmatic topics, and in-person conferences. These contacts serve as both a monitoring tool and a means to reinforce the terms and conditions associated with each award. As part of this monitoring approach, NTIA has instituted a robust process for issue identification and escalation, to intervene on issues to keep projects on track.

"Active Engagement"	"Early Detection"	"Clearing Hurdles"
Individual Grant Monitoring	**Portfolio Management**	**Program Support**
• BTOP Program Officers • NOAA/NIST Grants Officers	• NTIA and BTOP Leadership • Portfolio Team Leads	• NTIA and BTOP Leadership • Program Services Team

Primary Activities	Primary Activities	Primary Activities
✔ Regular conference calls ✔ Monitor terms & conditions ✔ Documentation Reviews ✔ Assign and evaluate monitoring level ✔ Performance Reporting ✔ Drawdown review ✔ Compliance Monitoring ✔ Schedule review ✔ Site Visits ✔ Budget review	✔ Risk Assessment ✔ Waste, Fraud, and Abuse Prevention ✔ Analyze Performance vs. Plan ✔ Issue Escalation and Resolution ✔ Performance Measures analysis	✔ Technical Assistance ✔ Outreach to Recipients ✔ 3rd Party Correspondence ✔ Policy and Guidance

Office of the Inspector General

NTIA reviews progress against key performance measures to identify issues across the portfolio, assess and detect program risks, and develop appropriate mitigation strategies. For example, the Agency is tracking the progress of infrastructure projects to connect anchor institutions and analyzing whether there are program-wide issues that can be resolved to accelerate grantee performance. NTIA also provides an array of technical support, including in-depth assistance with technical requirements (including compliance with reporting, audits, Davis Bacon wage requirements, environmental and historic preservation requirements, and project modifications), especially given the significant number of grantees who are first-time Federal grant recipients. To meet legal requirements, for example, most infrastructure grantees must submit comprehensive environmental assessments before they are able to begin construction. To facilitate this process, NTIA and its environmental team have conducted numerous seminars—including one-on-one in-person sessions with grantees—have posted detailed guidance on the program website, and have reached out to other Federal agencies that must be consulted in this process to request acceleration where possible of their review of BTOP projects.

These efforts will greatly support the grant recipients' ability to implement their projects in conformance with BTOP's statutory, regulatory, and programmatic requirements. At the same time, this framework will enable NTIA to assist grant recipients to mitigate risks while ensuring accountability and transparency.

If grantee performance is seriously off track, NTIA can recommend that the Grants Office stop payment, suspend, or terminate an award to protect taxpayer funds. The Grants Office may suspend an award that is consistently not complying with the grant terms and conditions, and may terminate awards in the most serious instances. NTIA is committed to ensuring that recipients meet their commitments, comply with program and Federal grants administration rules and requirements, and use taxpayer dollars appropriately and responsibly. NTIA is prepared to use these tools if it determines that a recipient cannot responsibly deliver on its project.

NTIA has also developed a monitoring plan for the SBDD program that defines its monitoring approach and outlines the tools NTIA intends to use to effectively monitor the progress of these state grants. Monitoring activities will routinely assess recipient compliance with grant administration and programmatic requirements, and progress against project milestones and intended outcomes. NTIA will vary the level of monitoring based on the risk profile and needs of each recipient. The levels and frequency of various monitoring activities will depend on the availability of budget and staff resources.

IV.   Office of Inspector General

On November 4, 2010, the U.S. Department of Commerce Office of Inspector General (OIG) issued a report entitled *Broadband Program Faces Uncertain Funding, and NTIA Needs to Strengthen its Post-Award Operations*. The report stated that NTIA has made significant progress in establishing systems to administer and manage grants, but that additional steps should be taken to strengthen post-award oversight.[4] Importantly, the OIG stated that the uncertainty of Fiscal Year 2011 funding for BTOP administration raised significant concerns about the adequacy of future BTOP grant oversight. The report highlighted that, without sufficient resources, NTIA will be challenged to monitor awards, the effects of which would be a weakened ability to combat waste, fraud, and abuse, and fewer tools to ensure that grant projects successfully meet program objectives.[5] In response, NTIA provided a written action plan to the OIG to address the report's findings and recommendations. On January 5, 2011, the OIG formally accepted NTIA's action plan and stated in closing out the report that it considered NTIA to have adequately addressed its findings.

---

[4] These steps include clarifying roles and responsibilities among Department of Commerce agencies, enhancing information technology systems, documenting policies and procedures, bolstering internal controls over professional development, and improving the timeliness and efficiency of some monitoring activities.
[5] *See* http://www.oig.doc.gov/oig/reports/2010/OIG-11-005-A.pdf.

V. Status of Funding for Oversight and Monitoring of Broadband Grants

NTIA has been working with the Department of Commerce, the Office of Management and Budget (OMB), and Congress to secure sufficient funding for administration and oversight of BTOP projects. The continuing resolution that funds federal government operations through March 4th, 2011, authorizes a level of spending by NTIA that is sufficient to administer and oversee BTOP projects through the end of Fiscal Year 2011.[6]

The Fiscal Year 2012 President's Budget includes $32.3 million to support the administration of broadband programs. This level of funding, and the staffing it supports, will allow NTIA to continue its oversight and administration of grants at virtually the same level as in FY2011. During FY2012, grantees should be very involved in construction (when most of the funds should be expended) so appropriate oversight is vital to ensure continued adequate levels of performance by awardees and to prevent waste, fraud, or abuse of federal funds. As discussed above, NTIA will continue to work closely with the Department's Office of Inspector General.

VI. Program Status

The following sections review key activities NTIA is using as indicators of project performance including financial indicators, environmental and historic preservation compliance, and reporting requirements.

A. *Drawdowns, Expenditures, De-obligated Projects, and Deficit Reduction*

NTIA monitors recipient drawdowns and expenditures of award funds on a weekly and quarterly basis. Each recipient was required to provide a "baseline" plan for use of funding over its period of performance; it is this baseline that NTIA Program Officers and the Grants Officers use to monitor project status. This process helps ensure recipients are on schedule, spending appropriately, and meeting milestones.

As of December 31, 2010, 118 of the 232 BTOP recipients had drawn down funds totaling $138.1 million. Fifty-two (52) of the 56 mapping grant recipients had drawn down funds totaling $179 million. This represents a 182 percent increase in draw downs from the previous quarter. In addition, recipients are investing matching funds and, in some cases, are spending dollars that have not immediately been reimbursed through draw downs.

NTIA is committed to responsible stewardship of the Recovery Act funds provided in BTOP grants. Funds from awards that are suspended or terminated due to an inability to achieve certain milestones will be deobligated and provided back to the U.S. Treasury. As of December 31, 2010, NTIA has not suspended or terminated any awards.[7]

---

[6] Specifically, the "Continuing Appropriations Act, 2011" (Public Law 111–242), as amended by the "Continuing Appropriations and Surface Transportation Extensions Act of 2011" (P.L. 111-322, signed by the President on December 22, 2011), permits NTIA to spend at an annualized level of $40,649,000 for salaries and expenses.

[7] Although outside of the timeframe for this report, Leech Lake Reservation Business Committee in December 2010 notified NTIA that it would not accept its award for $1.7 million due to concerns that they could not fulfill the

B.   *Environmental and Historic Preservation Compliance*

NTIA is responsible for implementing BTOP in a manner that complies with applicable Federal, state, local, tribal, and other environmental and cultural or historic laws, regulations, and policies, most notably the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA). A total of 51 percent of the overall BTOP awards, including 89 percent of the infrastructure awardees, are required to meet Special Award Conditions (SACs) to comply with NEPA, NHPA, and ESA. These recipients have six months to submit the Federally mandated environmental documentation before beginning project activities. As of January 2011, 36 of 119 applicable environmental SACs have been cleared (approximately 30 percent). NTIA expects to clear the remaining 83 environmental SACs (approximately 70 percent), predominantly those awarded during the Agency's second funding round ending in September 2010, for construction in 2011.

Timely completion of environmental documentation is critical to the future success of these projects and to NTIA's ability to meet statutory and regulatory requirements. NTIA provides training and technical assistance to recipients to clarify requirements and to support environmental compliance, and monitors recipient progress in meeting specific milestones. NTIA also reviews submitted documentation and works with recipients to finalize environmental requirements so that additional project activities may commence as rapidly as possible.

C.   *Reporting*

NTIA has developed a comprehensive quarterly and annual reporting system to collect information from BTOP recipients and assess their progress in achieving the purposes of the Recovery Act.[8] Performance Progress Reports (PPR) for each category of BTOP project track each project's progress in achieving the project goals, objectives, and milestones versus established baselines; expenditure of grant funds and the amount of remaining grant funds; and other items. The quarterly and annual PPRs are a critical tool used by NTIA to monitor recipient performance and progress.

Recipients of 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 of PCC 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 of SBA 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.

Generally, recipients are on schedule to meet NTIA's annual performance goals for BTOP. At this early stage in project implementation, PCC and SBA projects tend to be advancing at a faster

---

requirements of its BTOP Public Computing Center grant. These funds are in the process of being de-obligated and returned to the U.S. Treasury.

[8] Quarterly and annual BTOP recipient reports can be found at www2.ntia.doc.gov/grantsawarded.

pace than Infrastructure projects. This is largely due to the additional legal requirements associated with environmental and historical assessments and clearance processes associated with construction projects. Several Infrastructure projects, however, have begun construction, including projects in Illinois, Maine, Michigan, North Carolina, Pennsylvania, South Dakota, Virginia, and Washington. Information on individual project reporting and performance can be found on NTIA's BroadbandUSA website. Additional aggregate program performance data will be available and provided in future quarterly reports.

Examples of specific BTOP awardee progress in each category of award since the last report are provided below:

- BTOP SBA recipient **Communication Service for the Deaf** (CSD) opened its new contact center on December 6, 2010, in Sioux Falls, South Dakota. This center supports a nationwide initiative to provide discounted equipment, high-speed Internet access, and life-skills training to people who are deaf and hard of hearing. Through the center's American-Sign-Language-trained (ASL-trained) staff, individuals who are deaf and hard of hearing will be able to purchase a video-configured Dell 11z notebook and a 3G/4G wireless Internet access plan for $230. The center's website also contains 10 web-based "how to" training videos. Using ASL, the videos teach computer basics, technical troubleshooting solutions, and Internet search tips. One focus of the center is to increase employment opportunities. The center will host several career training workshops, to teach interviewing skills and job search techniques for people who are deaf and hard of hearing. The center is also creating 60 new positions for ASL-trained professionals, with 40 of those positions already filled by mid-December 2010. CSD's ultimate goal is to create easier, more effective communication methods for people who are deaf and hard of hearing. CSD anticipates that when the project is complete at the end of fiscal year 2013, nearly 16,000 people nationwide will have access to discounted computers, high-speed broadband, and life-skills training.[9]

- The **Housing Authority of San Bernardino**, a PCC recipient, in partnership with the Career Institute National Federation Center, has enrolled more than 70 participants in a 12-week workforce training program. The curriculum offers training in writing cover letters and resumes, conducting online job searches, and applying for employment. Targeted to public housing residents at five public computer centers in San Bernardino County, California, participants can also earn an online National Retail certification to increase qualifications and prospects for employment. The Housing Authority also hosted 15 job training classes and seven job search/resume workshops at its computer centers. BTOP funding has not only helped the Housing Authority hire nine new full-time staff, it has also helped 86 computer center users/trainees gain new jobs.[10]

- BTOP Infrastructure recipient **MCNC**, began construction in November 2010 on five priority routes, the first steps towards expanding the existing North Carolina Research

---

[9] More information regarding the CSD project can be found at www2.ntia.doc.gov/grantee/communication-service-for-the-deaf-inc and www.projectendeavor.com/index.html.

[10] More information regarding the San Bernardino project can be found at http://www2.ntia.doc.gov/grantees/HousingAuthSBC and http://www.hacsb.com/.

and Education Network (NCREN). By the first of the year, MCNC expects to light 200 miles of existing cable between Raleigh and Wilmington. MCNC estimates that it will improve broadband access for 100 or more community anchor institutions. The project will also deliver unique benefits to the National Climatic Data Center (NCDC) in Asheville, the world's largest active archive of weather data from national and international meteorological services. NCDC has historically paid premium rates to send massive data files to researchers who do weather modeling, but the NCREN expansion will make these transmissions possible at a fraction of the cost.[11]

D.   *Communications, Training, and Assistance*

NTIA continued its ongoing efforts to assist recipients in achieving project success and to communicate these new services and opportunities to the communities being served. On December 14, 2010, NTIA released *Expanding Broadband Access and Adoption in Communities Across America: Overview of Grant Awards,* recapping the program's progress since release of the first Notice of Funds Availability (NOFA) in July 2009. The report describes 61 BTOP recipients to illustrate the breadth and depth of projects under way across the country.[12]

In the fourth quarter of 2010, projects progressed toward meeting key milestones – creating concrete examples of how BTOP will benefit communities and improve access to and use of broadband. NTIA began posting short articles, "BTOP In Action," on the BTOP website that highlight individual project accomplishments. Each "BTOP In Action" article will appear on the recipient's "Grants Awarded" page to inform the public about the significant impact these projects are having locally.

NTIA is helping recipients understand grant guidance and comply with statutory and regulatory requirements. In the fourth quarter, this support included the activities discussed below.

- A recipient workshop was held on November 9-10, 2010, including one-on-one meetings, presentations, and panel discussions highlighting programmatic keys to success and best practices. The workshop also provided guidance and training for awardees so they can implement their projects as quickly as possible and comply with all relevant laws, regulations, and rules governing BTOP-funded awards. Chief Technology Officer for the United States Aneesh Chopra and Department of Commerce Assistant Secretary for Communications and Information Lawrence Strickling provided keynote remarks, and the Department of Commerce's OIG delivered presentations regarding audits and compliance.
- The BTOP Federal Program Officer (FPO) and BTOP Recipient Handbooks were updated to provide additional details and clarification on grants policy and compliance topics.
- Fact sheets offering guidance and clarification on a number of topics, such as subrecipient/vendor determinations, reporting requirements, indirect cost rates, Davis-

---

[11] More information regarding the MCNC project can be found at http://www2.ntia.doc.gov/grantees/MCNC and https://www.mcnc.org/btop.

[12] The full report is posted at www.ntia.doc.gov/reports/2010/NTIA_Report_on_BTOP_12142010.pdf.

Bacon Act (prevailing wage) compliance, and Federal interest requirements were provided.
- "BTOP Update" emails provided recipients with the latest in program updates, training events, tips to improve compliance, and answers to frequently asked questions.
- NTIA held training webinars and drop-in conference calls for recipients.
- A recipient toolkit titled *Stakeholder Outreach and Sustainability* to help awardees develop stakeholder outreach activities to support and leverage their project goals and objectives was made available.

VII.   State Broadband Data and Development (SBDD) Program

To date, 54 SBDD grant recipients have submitted two data sets containing broadband availability and speed, as well as the location and broadband capacity at community anchor institutions in their states. Over the last quarter, NTIA's primary focus has been assisting recipients with broadband data collection activities, developing the National Broadband Map, supporting recipients' state and local broadband leadership efforts, and developing effective grant monitoring processes.

NTIA continues to assess recipient data, provide feedback, and enhance the data collection, verification, and integration strategies for these data sets. NTIA, in collaboration with the Federal Communications Commission (FCC), used this data to launch the National Broadband Map on February 17, 2011. This tool 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 address and show the broadband providers offering service in the corresponding census block or street segment. NTIA will make the underlying data sets readily available and offer analytical tools to help consumers, businesses, policymakers, and researchers make further use of this data.

VIII.   Program Milestones

The following list includes upcoming tentative broadband grant milestones. Future dates and activities may change based upon developments or circumstances.

Milestone	*Date*
Recipient Quarterly and Annual PPRs Posted to Web	March 1, 2011
SBDD Spring 2011 Data Collection	April 1, 2011
Recipient Quarterly ARRA Reports Due	April 10, 2011
Recipient ARRA Quarterly Reports Posted to Web	April 30, 2011
Recipient Quarterly PPRs and Financial Reports Due	April 30, 2011
Recipient Quarterly PPRs Posted to Web	May 30, 2011
Recipient Quarterly ARRA Reports Due	July 10, 2011
Recipient ARRA Quarterly Reports Posted to Web	July 30, 2011

Milestone	Date
Recipient Quarterly PPRs and Financial Reports Due	July 30, 2011
Broadband Map Update	August 2011
Recipient Quarterly PPRs Posted to Web	August 29, 2011
Recipient Quarterly ARRA Reports Due	October 10, 2011
Recipient ARRA Quarterly Reports Posted to Web	October 30, 2011
Recipient Quarterly PPRs and Financial Reports Due	October 30, 2011
Recipient Quarterly PPRs Posted to Web	November 29, 2011

IX. Next Report

NTIA will provide its next quarterly report to Congress no later than mid-June 2011. This shift in reporting timeframes will better synchronize with recipient quarterly reporting and enable NTIA to provide more timely information to Congress.
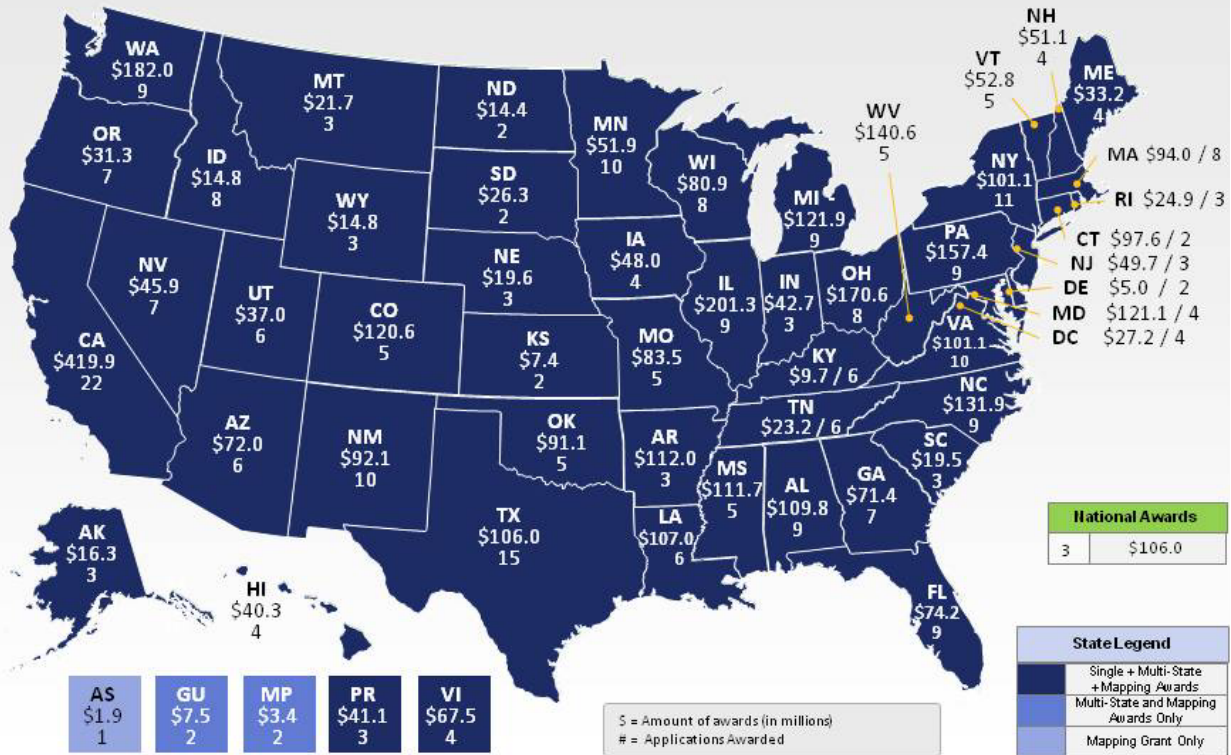
X. Additional Program Materials

Additional program materials are available at www.ntia.doc.gov/broadbandusa, including prior quarterly reports, press releases, Congressional testimony, information on grants awarded, and quarterly performance progress reports for each funded project.

Appendix A

###