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
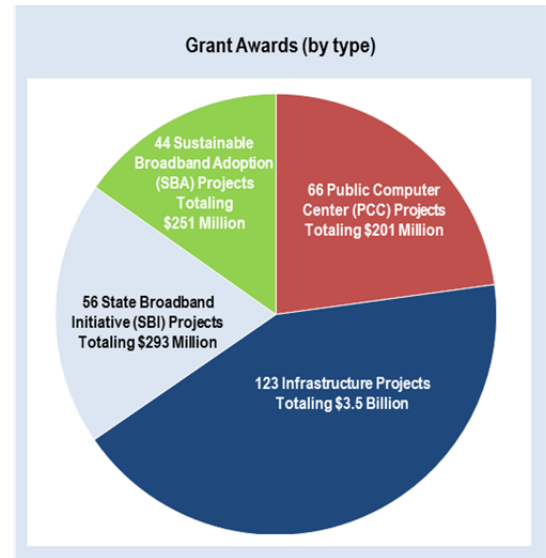United States House of Representatives

October 2015

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 (ARRA or Recovery 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). This Report focuses on the Program's activities from April 1 to June 30, 2015.

The Recovery Act appropriated $4.7 billion for NTIA to establish BTOP to increase broadband access and adoption; provide broadband access, 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 2009 and 2010, NTIA invested approximately $4 billion in 233 BTOP projects and $293 million in 56 State Broadband Initiative (SBI) projects benefitting every state, as well as five territories and the District of Columbia.[2]

As of June 30, 2015, 16 projects remained in active status, and 264 projects had completed their project activities.[3]

Grant Awards (by type)

44 Sustainable Broadband Adoption (SBA) Projects Totaling $251 Million

66 Public Computer Center (PCC) Projects Totaling $201 Million

56 State Broadband Initiative (SBI) Projects Totaling $293 Million

123 Infrastructure Projects Totaling $3.5 Billion

II. SUMMARY

This Quarterly Report focuses on the following areas of Program implementation and project oversight:

- **Program status and progress** of broadband projects, including closeout efforts, extensions, and Program expenditures.
- **State Broadband Initiative,** including the National Broadband Map and recipient progress.
- **Monitoring and grants administration** for broadband projects and the results of those efforts.

III. PROGRAM STATUS AND PROGRESS

A. Program Progress

From April through June 2015, NTIA's broadband grant recipients already exceeded the Program's FY15 subscriber and community anchor institution goals, and continued to make progress toward the miles goal. As NTIA continues to successfully close BTOP grant projects, the rate of progress toward the Key Product Indicators (KPIs) can be expected to slow. Grant recipients' quarterly progress reports, which were made public in August 2015, provide more granular details of these results.[4]

---

[1] On August 10, 2010, Congress rescinded $302 million from BTOP, reducing the Program's funding to approximately $4.4 billion. *See* Pub. Law No. 111-226.

[2] The total number of BTOP awards announced by September 30, 2010 was 233. As of December 30, 2014, this number was 224, excluding awards to Leech Lake Band of Ojibwe (approximately $1.7 million), which ultimately did not accept its award; Education Networks of America, Inc. (approximately $14 million), the State of Wisconsin Department of Administration (approximately $22.9 million), the City of Tallahassee (approximately $1.2 million), and DigitalBridge Communications (three separate awards totaling approximately $4.2 million), each of which voluntarily terminated its project; and the Louisiana Board of Regents (approximately $80.6 million) and Trillion Communications, Inc. (approximately $59 million), which NTIA terminated for material noncompliance with their grant terms and conditions.
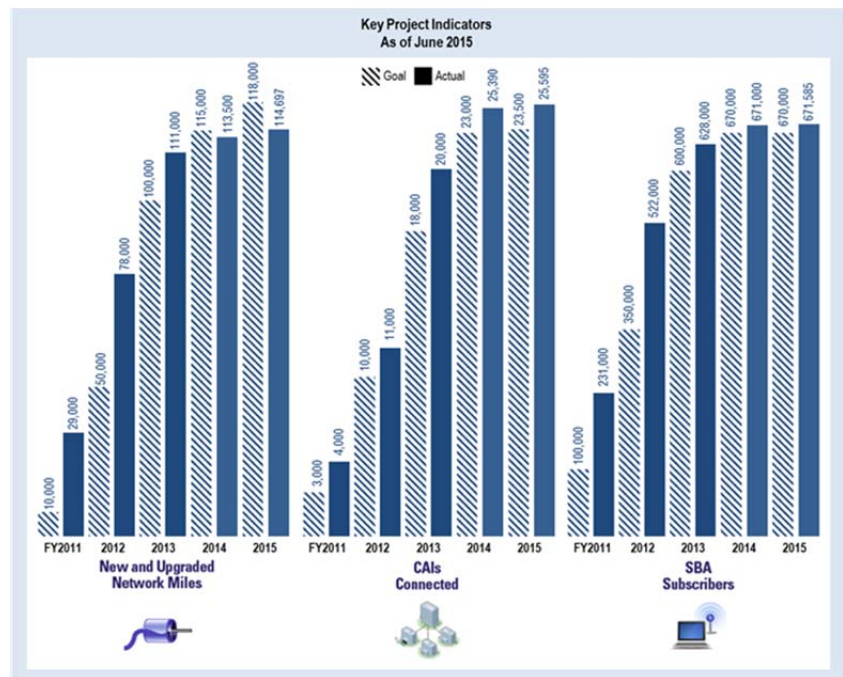
[3] Active awards include 4 SBI grants and 12 BTOP grants.

[4] Quarterly reports for each BTOP and SBI project are *available at* http://www2.ntia.doc.gov/awards. Reports from recipients in the closeout process sometimes take longer than 30 days to be approved and posted.

From April through June 2015, BTOP grant recipients:

- Deployed or upgraded 183 additional network miles. Since the program began, recipients have deployed more than 114,697 miles of new or upgraded network infrastructure.

- Connected 83 additional community anchor institutions. So far, recipients have connected approximately 25,678 total community anchor institutions.

Additionally, the Sustainable Broadband Adoption (SBA) projects generated a total of 671,585 new subscribers over the course of the program. Since all SBA projects are either closed or in closeout, the projects did not generate any new subscribers this quarter.

**Key Project Indicators
As of June 2015**

Goal — Actual

New and Upgraded Network Miles: FY2011 10,000 / 29,000; 2012 50,000 / 78,000; 2013 100,000 / 111,000; 2014 115,000 / 113,500; 2015 118,000 / 114,697

CAIs Connected: FY2011 3,000 / 4,000; 2012 10,000 / 11,000; 2013 18,000 / 20,000; 2014 23,000 / 25,390; 2015 23,500 / 25,595

SBA Subscribers: FY2011 100,000 / 231,000; 2012 350,000 / 522,000; 2013 600,000 / 628,000; 2014 670,000 / 671,000; 2015 670,000 / 671,585

B. Public Safety Projects

The Middle Class Tax Relief and Job Creation Act of 2012 authorized and provided funding to the First Responder Network Authority (FirstNet) to implement a nationwide public safety broadband network. Prior to the Act, NTIA awarded seven grants for public safety projects in 2010. Following the Act's passage in 2012, NTIA partially suspended the grants to allow FirstNet to evaluate them. Four recipients, Adams County Communications Center Inc. (ADCOM) in Colorado, New Jersey, New Mexico, and the Los Angeles Regional Interoperable Communications System Authority (LA-RICS), executed spectrum lease agreements with FirstNet. NTIA lifted the partial suspensions, enabling them to restart their projects. In addition to coordinating with NTIA, these recipients also communicate with FirstNet on a regular basis to ensure their projects are consistent with FirstNet's approach to designing the nationwide public safety broadband network. NTIA also closely coordinates with FirstNet regarding these projects. As of June 30, 2015, all four recipients are working on network design and construction activities.

During this quarter, LA-RICS worked to revise its project scope to accommodate citizen concerns that prompted local leaders to direct the recipient to halt construction of its award in March 2015. In May, LA-RICS received approval to proceed with a revised plan consisting of 84 sites, including the deployment of 15 mobile LTE units. By the end of June, LA-RICS had resumed construction of the network, working with federal, state and local agencies to ensure the project's completion by September 2015. LA-RICS also increased its outreach efforts to educate the public on the benefits of the network.

New Mexico continued to work with federal partners, including the Department of Interior, Department of Defense and the U.S. Customs and Border Control to leverage their assets for the network and provide network access to federal first responders, with a focus on enhancing security at the U.S.-Mexico border. New Mexico also finalized the network design and deployment for the 700 MHz LTE network, and signed an agreement with ADCOM to use their core to operate New Mexico's network. ADCOM continued its collaboration with the Denver International Airport (DIA) to expand the public safety network to the airport and received an extension of its award until August 31 to finalize work at DIA and potentially add two additional sites to its network. New Jersey installed its network core and successfully connected its first

mobile LTE unit during a network test. By the end of June, New Jersey had received 26 of its planned 37 mobile LTE units.

While the City of Charlotte did not reach an agreement with FirstNet on a spectrum lease, the project remains active. Charlotte is moving forward with a modified project that does not require access to FirstNet's spectrum and began deploying communications to police and fire vehicles. By the end of the third quarter of FY15, Charlotte had completed installation of all dual-band routers in more than 800 police and approximately 150 fire vehicles. All activities for the City of Charlotte were completed by the end of the quarter, and the recipient has begun the closeout process. Two recipients, Mississippi and Motorola, did not reach agreement with FirstNet on the terms of a spectrum lease and are in the process of closing out their awards.

C. Program Status

1. Closeout

As of June 30, 2015, NTIA helped 212 BTOP recipients complete project activities. NTIA will continue to work with the remaining 12 recipients to verify that they have met their grant requirements and formally close out these awards in the coming months. The SBI awards began closing out on January 31, 2015, and 4 remained active as of June 30.

Closeout
*Excludes SBI awards

Project Count
12 5%
19 9%
193 86%

Award Amount
$488M 13%
$532M 14%
$2.7B 73%

■ Projects Closed ■ Active Projects ■ Projects In Closeout

2. Drawdowns

As of June 30, 2015, grant recipients drew down $3.73 billion, or 93 percent, of federal grant funds. Recipients will use the remaining federal grant funds to complete their projects. The majority of the remaining funds, 82 percent or $227.9 million, are allocated to the Public Safety and SBI programs.
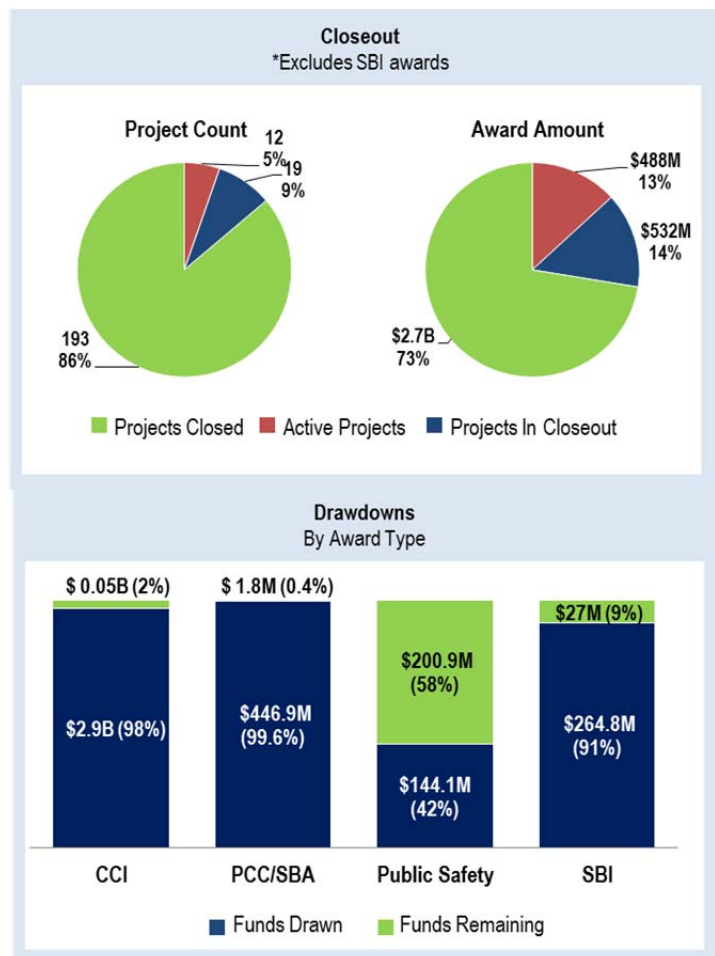
IV. STATE BROADBAND INITIATIVE

The State Broadband Initiative (SBI) consists of the State Broadband Data and Development Program and the National Broadband Map.[5]

Drawdowns
By Award Type

$ 0.05B (2%) $ 1.8M (0.4%) $27M (9%)

                                $200.9M (58%)

$2.9B (98%) $446.9M (99.6%) $264.8M (91%)

                                $144.1M (42%)

CCI   PCC/SBA   Public Safety   SBI

■ Funds Drawn   ■ Funds Remaining

These grants have two components. First, SBI collects and verifies broadband availability data that states collect from broadband providers, public data, and third-party datasets.[6] Second, SBI grants play a critical role in helping states and territories identify and address obstacles to broadband deployment and adoption. SBI supports state and local task forces and planning teams to expand broadband awareness and adoption and implements innovative applications to increase access to government services and information,

---

[5] The National Broadband Map is *available at* http://www.broadbandmap.gov.

[6] Broadband availability data are available in a number of different formats, including Application Programming Interfaces (APIs) and as files for download. Website users can compare availability and speeds across different geographic regions and can view the service area, speeds, technology, and demographic information for any broadband provider. Since its launch in 2011, the National Broadband Map has attracted more than 1,100,000 users and more than 100,000,000 API calls.

including job resources. On January 31, 2015, SBI recipients began closeout for their grant projects. As of June 30, one project is closed and 51 recipients are working toward completing closeout activities. NTIA works with the recipients to review and validate all required documentation. As of June 30, 2015, only four recipients remained active.

V. MONITORING AND GRANTS ADMINISTRATION

A. Monitoring Activities

At this stage of the program, NTIA is primarily managing grants in the process of "closing out" and a small number of active grants. Throughout the award period, NTIA proactively engages grant recipients to monitor project activities and compliance efforts and to protect taxpayer investments.[7] This engagement includes regularly communicating with recipients to ensure proper use of grant funds, identifying potential risks affecting projects, and offering guidance to resolve issues promptly. Quarterly, grant recipients must report their financial, project performance, and ARRA-related activities. NTIA reviews these reports – the Federal Financial Report (FFR), Performance Progress Report (PPR), and ARRA Report – to monitor project progress against established baselines, expenditures of grant funds, and contribution of non-federal cost share.

In addition, NTIA works closely with each recipient during the multi-month closeout process to review all applicable administrative actions and required documentation, including a review of the technical obligations, financial accounting, and grant administrative requirements before concluding the grant agreements between NTIA and grant recipients. For example, NTIA guides infrastructure recipients through the process of properly completing and filing UCC documentation to ensure that the Federal interest in grant funded equipment is protected.

In the third quarter of FY15, NTIA began sending notifications this quarter reminding recipients them to draw down funds well in advance of September 30 to receive reimbursement for any outstanding recipient obligations, including all closeout-related costs.

B. Site Visits

NTIA uses site visits to monitor grant recipients and provide technical assistance through in-person meetings with project leadership and grant and financial management teams. This quarter, NTIA visited five infrastructure grant recipients responsible for $373 million in grant funds. To date, NTIA has conducted site visits to 182 recipients' projects representing more than $3.91 billion of the BTOP and SBI portfolios.

During the fourth quarter of FY15, NTIA plans to visit additional recipients to monitor ongoing project activities and provide guidance regarding closeout procedures and compliance measures.

VI. NEXT REPORT

The next quarterly report to Congress will cover July 1 to September 30, 2015.

VII. ADDITIONAL PROGRAM MATERIALS

Additional BTOP materials are available at http://www2.ntia.doc.gov/, including press releases, Congressional testimony, information on grants awarded, and quarterly performance progress reports for each funded project.

---

[7] Since 2009, the Department of Commerce's Office of Inspector General (OIG) initiated 17 programmatic audits. Recommendations from these reports include minor process improvements that NTIA has incorporated into its oversight and monitoring activities.