QUARTERLY PERFORMANCE PROGRESS REPORT FOR SUSTAINABLE BROADBAND ADOPTION

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	**78-43-B10569**	**789438293**

4. Recipient Organization

Virgin Islands Public Finance Authority 32-33 Kongens Gade, St. Thomas, VI 00802-0430

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
06-30-2013	○ Yes ◉ No

7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official	7c. Telephone (area code, number and extension)
Vicki Johnson	3407141635
	7d. Email Address
	vjohnson@usvipfa.com

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	08-20-2013

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

The U.S. Virgin Islands Public Finance Authority/Virgin Islands Next Generation Network (VIPFA/viNGN) team continued to make progress under its Sustainable Broadband Adoption (SBA) program during Quarter 2, CY 2013. Significant project accomplishments are detailed below:

• One of VIPFA/viNGN's key implementing contractors, BetterWorld Telecom d/b/a Connectspace.vi, conducted several training sessions, including a Telework Careers Bootcamp, Social Media Bootcamp and Home-Based Career & Telework Job Development Program during Quarter 2, CY 2013; 97 U.S. Virgin Islands (U.S.V.I.) residents were trained;

• As reported in prior quarters, the VIPFA/viNGN PCC/SBA team, in collaboration with its key implementing contractor, CyberLearning, Inc., and the National Education Foundation (NEF), has successfully made the CyberLearning Digital Literacy course available on-line at www.viNGN.com, allowing U.S. Virgin Islands residents to receive training from any location, in addition to through its Public Computer Centers (PCCs). During Quarter 2, CY 2013, the team recorded an increase in the number of individuals who registered for the course, continuing the trend begun since VIPFA/viNGN increased its community, marketing and public relations activities. With funding allocated from its SBA program, 646 individuals started the Digital Literacy course during Quarter 2, CY 2013, and 383 individuals completed the Digital Literacy course during Quarter 2, CY 2013. For the high-tiered CyberLearning courses made available through the NEF, during Quarter 2, CY 2013, 1059 new licenses were activated/issued, with a total of 275 accounts created for new users from funding allocated from the SBA program. These high-tier, IT-related and Business-related courses include, but are not limited to, Microsoft Certified Technology Specialist (MCTS) training, Cisco Certification Preparations and even GMAT Preparation. The contract with CyberLearning, Inc. was scheduled to expire on June 30, 2013; however, it was extended to August 30, 2013;

• The team presented at the Governor Juan F. Luis Hospital to highlight the benefits of broadband usage, the Digital Literacy program, job opportunities, entrepreneurship opportunities, other training under VIPFA/viNGN's PCC and SBA programs, and its other broadband initiatives;

• As a result of the partnership with the U.S.V.I. Bureau of Information Technology, the U.S.V.I. Division of Personnel, and the U.S.V.I. Department of Labor (VIDOL) to enroll government employees into the Digital Literacy course and an active community outreach, marketing and public relations campaign, 134 new users (government employees) were trained during Quarter 2, CY 2013, with funding allocated from VIPFA/viNGN's SBA program. The team received positive feedback from the government agencies;

• The BetterWorld d/b/a Connectspace.vi team continued to work with the U.S. Virgin Islands Department of Human Services (VIDHS) and U.S. Virgin Islands Department of Labor (VIDOL) through the LaunchPad.vi pilot program to develop approaches to encourage residents who are receiving benefits through VIDHS to take advantage of the Telework bootcamp, CyberLearning and other training courses that improve their job readiness. Once trained, these individuals can be included in VIDOL's jobs database to be matched with job opportunities, depending upon their skill and knowledge levels;

• The team produced and aired a television commercial to promote the PCCs, the availability of the Digital Literacy program and other courses through the PCCs and online, and broadband adoption. The commercial airs on the local CBS affiliate (TV2) and on CNN, ESPN, Lifetime, USA, BET, and Fox during local breaks on national channels;

• CEO Larry Kupfer and V.P. of Sales & Marketing, Kevin Hughes, continued to participate on radio talk shows to provide information about the SBA and PCC programs, including on "Topp Talk" With Sam Topp, "Pass It On" with former Senator Roosevelt David and "Straight Talk with Redfield" with former Senator Holland Redfield;

• viNGN continues to receive positive testimonials, both written and verbal, from individuals who have participated in VIPFA/viNGN's SBA programs and initiatives;

• NTIA and NIST conducted two Site Visits during April 2013, one virtual and one on-site, and provided positive feedback on the implementation of the SBA and PCC programs; and

• The team attended the Schools, Health, & Libraries Broadband Coalition Conference during May 2013. The conference provided information on the implementation of SBA and PCC programs throughout the U.S. and was a great networking opportunity.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline report, please insert them at the bottom of the table. Figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2.a.	Overall Project	67	The VIPFA/viNGN team remains confident that it will encourage greater use of computers, the Internet and broadband-based services and technology through its community outreach, marketing, public relations and awareness programs; its training and other educational courses; Internet-based research support; and other services to encourage broadband use and adoption. Training, community outreach and awareness activities continue to take place on St. Croix, St. Thomas and/or St. John, including through VIPFA/viNGN's Public Computer Centers (PCCs) which are strategically positioned in neighborhoods and communities throughout the Territory.

The team's overall performance has improved as a result of its community outreach, awareness, marketing and public relations media campaign.

As of Quarter 2, CY 2013, VIPFA/viNGN's overall project completed is 67%, based on total cash expenditures and in-kind match recognition only. As outlined in the response to Question #1 above, a great deal of progress has been made that is not reflected in the expenditures through June 30, 2013.

Expenditures increased during Quarter 2, CY 2013, as the team continued its marketing, advertising, community outreach and public relations campaign to promote the training, prospective job opportunities and entrepreneurial opportunities being made available as a result of the funding that is available through the SBA program.

The team issued a number of press releases to print, radio and a television commercial to support its ongoing efforts to inform the community about the opportunities available and the many benefits to be realized as a result of SBA grant funding which is scheduled to expire August 31, 2013. The team also continuously updates the www.vingn.com website and engages in community outreach activities.

The team continues to work closely with its key implementation vendors under the SBA program (CyberLearning, Inc. and Betterworld/Connectspace.vi) to increase training and job creation and entrepreneurship opportunities and to encourage broadband adoption within the Territory. With VIPFA/viNGN's SBA grant funding, CyberLearning, Inc./National Education Foundation (NEF) has administered and provided Digital Literacy and other higher-tiered training, and Betterworld/Connectspace.vi has provided telework training and sourced job opportunities for which residents can compete. Further, CyberLearning has partnered with Betterworld/Connectspace.vi to provide the Digital Literacy training to Betterworld/Connectspace.vi's employees and contracted personnel. |
2.b.	Equipment / Supply Purchases	-	Progress reported in Question 4 below
2.c.	Awareness Campaigns	-	Progress reported in Question 4 below
2.d.	Outreach Activities	-	Progress reported in Question 4 below
2.e.	Training Programs	-	Progress reported in Question 4 below

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2.f.	Other (please specify):	-	Progress reported in Question 4 below

3. Please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The challenges and issues that the VIPFA/viNGN team experienced during Quarter 2, CY 2013 are related to the significant demand for continued digital literacy training and immediate jobs at various professional levels, as a result of low job-related digital literacy skills and high unemployment within the U.S. Virgin Islands. Those who are interested in jobs that are available through the team's vendor, Betterworld/Connectspace.vi, must have a certain level of training before they are considered qualified for the data, technical support, other IT-related and intensive customer-focused and most administrative jobs that are currently available. Unqualified applicants who are interested in employment must first complete the CyberLearning/NEF Digital Literacy course and then Betterworld/Connectspace. vi's assessment process and boot camp telework training. If necessary, individuals must also complete supplemental classes at the PCCs, online and/or through other training venues. As a result, in cases where the individual's need for employment is immediate, the process may slightly delay the individual's ability to generate income quickly; however, the lack of appropriate on-the-job and/or other training is a significant barrier to employment for the data, technical support, other IT-related and intensive customer-focused and administrative jobs that are available. The assessment of each individual's skills and abilities through these initial training activities is critical for the identification of additional training needs and effective job placements.

Further, the VIPFA/viNGN program team, CyberLearning, Inc. and Betterworld/Connectspace.vi teams, local government officials and members of the local private sector have reported a need for remedial courses in basic computing and Internet usage skills development, general digital literacy and/or keyboarding/typing and other ongoing training. In response, the VIPFA/viNGN program team has identified supplemental remedial courses, which may be offered to the extent that sufficient funding is available and the SBA grant program can be extended. These courses may be offered in conjunction with PCC grant-funded training or may be used to supplement the courses that are offered at the PCCs, all in effort to facilitate training and employment opportunities for as many residents as possible.

However, these pose a significant challenge, as the current budget is not sufficient to cover the demand. Further, a budget reallocation and project extension would have to be approved by the National Telecommunications and Information Administration (NTIA) and the National Institute of Standards and Technology (NIST) prior to any additional training being provided, understanding that any budget reallocation would reduce amounts allocated in other budget categories, based on the current grant-approved budget. The team is reviewing its current NTIA/NIST-approved budget to determine approaches to reallocate the budget to facilitate additional training and to engage in additional community awareness efforts. With additional time, the project team will be able to generate greater community impact with the remaining funding allocated to the project.

4a. In the chart below, please provide the requested information on your BTOP grant-funded SBA activities. Please also provide a short description of the activity (600 words or less). Figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please ensure that the numbers of new household subscribers and business or community anchor institution (CAI) subscribers reflected in the "Total" row represent the unduplicated number of new subscribers that can be attributed to your SBA project as a whole.

Name of the SBA Activity	Location of SBA Activity	Description of Activity (600 words or less)	Size of Target Audience	Actual Number of Participants	New Subscribers: Households	New Subscribers: Businesses and/or CAIs
CyberLearning Inc./ NEF – Digital Literacy and Higher-Tiered IT-related and Business-related courses	Online, Government of the V.I. Agencies and various non-PCC locations	The Digital Literacy course is an introductory course that is available online, at various Government of the Virgin Islands (GVI) agencies and various non-PCC locations throughout the Territory.	16,338	921	0	0
Telework Careers Bootcamp, Social Media Bootcamp and Home-Based Career & Telework Job Development Program	ConnectSpace.vi Hubs	Training and development for Telework Careers, Social Media Careers and Home-Based Careers	100	97	0	0
Total:			**16,438**	**1,018**	**0**	**0**

4b. Please describe your method for determining the number of households, businesses, and/or (CAIs) subscribing to broadband as a result of your SBA programs (600 words or less).

The VIPFA/viNGN team, in conjunction with BetterWorld/Connectspace.vi, has established a bandwidth package minimum policy of 3 Megabits of bandwidth that each tele-work employee/independent contractor working from home must have. The current plan is to have each employee/independent contractor to complete a survey, given to them by BetterWorld d/b/a Connectspace.vi and asking the employee who his/herISP is, how much bandwidth they currently have, and a date for when they will be able to upgrade to the required 3 Megabit minimum, if applicable. Using this information, viNGN proposes to send each ISP a list each week of their existing customers who will be upgrading their service. viNGN is proposing that this same strategy be used for new customers who will sign up for any of the ISPs as well. The ISPs will be asked to report back to viNGN, verifying the customer, the upgrade of service or the installation of new service. This information would be used by viNGN to identify, track and document broadband adoption within the Territory, even in advance of viNGN's middle mile fiber optic network being operational. This strategy is in the planning phase.

4c. Please provide a narrative explanation if the total number of new subscribers is different from the targets provided in your baseline plan (600 words or less).

VIPFA/viNGN's Baseline Milestone targets for Quarter 2, CY 2013 were initially established at 21,471 household subscribers and 2,500 total Community Anchor Institutions (CAIs) and/or business/commercial customers. viNGN is building a middle mile network, and adoption/subscription rates would be at the level of its prospective customers who are the retailers/last mile providers, not individual households, CAIs and business/commercial customers, except those seeking wholesale services. The middle mile network is under construction. In an effort to obtain subscriber-level data, viNGN is seeking opportunities to partner with service providers, as outlined in Question 4b. above.

At this stage of implementation, VIPFA/viNGN's SBA program continues to place a heavier emphasis on community outreach, awareness and marketing campaigns and training to emphasize the benefits of broadband technology from a professional, educational and personal perspective for all citizens. The program's impact is being realized by providing digital literacy, tele-work, social media, home-based careers and higher-tiered IT-related and business-related cousres and engaging in advertising, community outreach and awareness activities, while focusing on encouraging broadband adoption by relying upon existing technology but emphasizing the differences that will be experienced when VIPFA/viNGN's Comprehensive Community Infrastructure (CCI) network build-out is completed and last mile providers and others seeking wholesale services have leased access to the network.

The VIPFA/viNGN team finalized its Communications, Marketing, Outreach and Public Relations Plan, which outlines the initiatives that will be undertaken to encourage greater adoption by more residents in advance of VIPFA/viNGN's fiber optic network being up and running. In addition to traditional marketing, advertising, public relations and community outreach activities, social media (including Facebook and Twitter) will also play a large part with viNGN using broadband services to drive broadband adoption and usage. The team will drive users to the www.viNGN.com website which has links to viNGN's Facebook page and lists its Twitter name; encourage USVI residents to "Like" the viNGN Facebook page; introduce and link the viNGN Facebook page to popular Facebook pages, such as those belonging to several of the more popular, local radio disk jockeys; "Tweet" and post on Facebook as VIPFA/viNGN continues to accomplish newsworthy actions, such as viNGN being featured on local radio talk shows.

During the upcoming quarters, an even heavier emphasis will be placed on advanced training and education programs, including those which are focused on job training, skills enhancement and entrepreneurship for those who are able to work for companies that are located outside of the territory without relocating and for those who may need to stay at home and work, in order to care for children or an elderly parent or if they themselves are physically-challenged. In addition, as VIPFA/viNGN's CCI network is being built, viNGN's SBA team will continue to develop methods for coordinating with and creating incentives for the retailers/last mile providers to provide subscriber data from their customers and confirm the data with their customers.

Further, the team has begun to engage in discussions with local ISPs to partner to provide retail/last mile broadband services within the Territory on VIPFA/viNGN's CCI project-funded middle mile network. The team is also assessing alternatives that will enable VIPFA/viNGN to provide services to ISPs and their residential and business customers, including CAIs, prior to the complete deployment of the middle mile network. These discussions and assessments will continue during Quarter 3, CY 2013 and thereafter.

4d. Please provide the number of households and the number of businesses and CAIs receiving discounted broadband service as result of BTOP funds.

| **Households:** 0 | **Businesses and CAIs :** 0 |

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

The VIPFA/viNGN team expects to make the following significant project accomplishments during Quarter 2, CY 2013:

• The team will continue to engage in community outreach and media campaigns to promote the usage of VIPFA/viNGN's PCCs and completion of its training programs, such as the "Now Open" radio and print ad campaign to encourage residents to register for and complete the CyberLearning Digital Literacy and other training programs and the BetterWorld Telecom d/b/a Connectspace.vi Tele-work and Home-based Careers Boot Camp training sessions, all of which lead to increased jobs skills training and development, and ultimately could lead to greater broadband adoption;

• The team will continue to encourage residents to use the PCCs and to complete the Digital Literacy courses within a PCC or online from home, work or other locations with Internet access, in an effort to encourage broadband adoption, as residents experience the benefits of self-directed and other Internet-based training and skills development;

• The team will continue to coordinate with CyberLearning, Inc. to provide training programs in digital literacy and skills development, in an effort to encourage broadband adoption;

• The team will finalize and submit its needed budget reallocations and its official request to NTIA and NIST for a no-cost project extension and related budget modification;

• The team will place an even heavier emphasis on advanced training and education programs, including those which are focused on job training, skills enhancement and entrepreneurship for those who are able to work for companies that are located outside of the territory without relocating and for those who may need to stay at home and work, in order to care for children or an elderly parent or even if they themselves are physically-challenged;

• The team will continue to identify, develop and promote entrepreneurship-focused activities, such as joint workshops to be held with the U.S. Virgin Islands Small Business Development Center (SBDC), and encourage prospective and existing business owners to develop data, IT-related and other broadband-based businesses within the U.S. Virgin Islands;

• VIPFA/viNGN will continue to coordinate with the Government of the U.S. Virgin Island's Bureau of Information Technology (BIT), the U.S. Virgin Islands Division of Personnel, the U.S. Virgin Islands Department of Labor (VIDOL) and CyberLearning/NEF in offering the training for the Digital Literacy and Train the Trainer courses for representatives of each local government department and agency and their supported and supporting community organizations, in an effort to improve the Digital Literacy skills of the U.S. Virgin Islands government workforce and that of its key community service partners.

• The VIPFA/viNGN team will continue to coordinate with BetterWorld Telecom d/b/a Connectspace.vi to source job opportunities in tele-work for residents of the U.S. Virgin Islands as long as adequate funding is available through the SBA grant program;

• The team will continue to conduct due diligence on supplemental training classes to encourage broadband usage and adoption, including Introduction to Computers, Introduction to Keyboarding and English as a Second Language (ESL)/English as an additional language training, for example, where funding is available. These courses may be taught at the PCCs and/or other locations; and

• Additional presentations on the Digital Literacy course and higher-tiered courses will be conducted during Quarter 3, CY 2013.

2. Please provide the percent complete anticipated for the following key milestones in your project as of the end of the next quarter. Write "0" in the second column if your project does not include this activity. If you provided additional milestones in your baseline report, please insert them at the bottom of the table. Figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the planned percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2.a.	**Overall Project**	71	The team will continue to engage in community outreach, marketing and public relations activities to encourage residents to register for and complete training courses and expand broadband adoption. Training and jobs skills development will continue with CyberLearning, Inc. and BetterWorld d/b/a ConnectSpace.vi. The team will also continue to work closely with CyberLearning and BetterWorld d/b/a ConnectSpace.vi to identify and implement ways to increase the number of residents completing training courses, to enhance job sourcing and job placement activities at lower costs and to identify additional entrepreneurial opportunities, including through coordinated efforts with the U.S. Virgin Islands Department of Labor, the U.S. Virgin Islands Economic Development Authority, the U.S. Virgin Islands Small Business Development Center (SBDC) and other local government-funded departments and agencies.

			Significant progress is expected during Quarter 3, CY 2013, as reflected in the project accomplishments planned that are outlined in Item #1 above and based on total anticipated expenditures through Quarter 3, CY 2013.
2.b.	**Equipment Purchases**	-	Milestone Data Not Required
2.c.	**Awareness Campaigns**	-	Milestone Data Not Required
2.d.	**Outreach Activities**	-	Milestone Data Not Required
2.e.	**Training Programs**	-	Milestone Data Not Required
2.f.	**Other (please specify):**	-	Milestone Data Not Required

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

Refer to the response in Question #3 above, as it relates to challenges experienced during Quarter 2, CY 2013.

Further, the other challenge that the team faces is in identifying a supply of broadband-related jobs that matches with the current skill levels of residents and meets and addresses the demand for jobs within the Territory and/or that elevate broader economic expansion in the Territory. Unemployment rates remain higher than the national average, particularly on the island of St. Croix, given the recent closing of the Hovensa Oil Refinery which is the largest refinery in the Western Hemisphere and was one of the largest employers in the Territory during the past thirty years. The VIPFA/viNGN team is working with one of its key implementing vendors, BetterWorld/Connectspace.vi, the U.S. Virgin Islands Department of Labor and the U.S. Virgin Islands Economic Development Authority to determine ways to attract more broadband-based jobs that can address the critical demand for employment within the Territory and/or facilitate entrepreneurial opportunities while simultaneously sourcing opportunities that will result in the U.S. Virgin Islands having a more digitally literate and competitive workforce. The team remains confident that the activities under the project will have significant impact by serving as a pilot for providing lessons learned in designing future local government activities.

Sustainable Broadband Adoption Budget Execution Details

Activity Based Expenditures (Sustainable Broadband Adoption)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Cost Classification	Budget for Entire Project			Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Personnel	$105,442	$0	$105,442	$48,212	$0	$48,212	$65,040	$0	$65,040
b. Fringe Benefits	$33,742	$0	$33,742	$4,832	$0	$4,832	$6,251	$0	$6,251
c. Travel	$126,837	$0	$126,837	$14,739	$0	$14,739	$25,408	$0	$25,408
d. Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
e. Supplies	$54,825	$0	$54,825	$0	$0	$0	$2,947	$0	$2,947
f. Contractual	$3,164,985	$1,150,749	$2,014,236	$2,407,903	$1,217,208	$1,190,695	$2,492,003	$1,217,208	$1,274,795
g. Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0
h. Other	$200,000	$0	$200,000	$5,185	$0	$5,185	$35,185	$0	$35,185
i. Total Direct Charges (sum of a through h)	$3,685,831	$1,150,749	$2,535,082	$2,480,871	$1,217,208	$1,263,663	$2,626,834	$1,217,208	$1,409,626
j. Indirect Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0
k. TOTALS (sum of i and j)	$3,685,831	$1,150,749	$2,535,082	$2,480,871	$1,217,208	$1,263,663	$2,626,834	$1,217,208	$1,409,626

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: $0	b. Program Income to Date: $0