



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

November 16, 2009

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).

Title VI of the Recovery Act directs the Assistant Secretary for Communications and Information (Assistant Secretary), in consultation with the Federal Communications Commission (FCC), to establish a grant program designed to increase broadband penetration and adoption in unserved and underserved areas of the United States; 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. In addition, the \$4.7 billion in funding provided under the Act is intended to create jobs and stimulate economic growth.

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

Among other things, the Assistant Secretary is required to provide a status report to Congress every 90 days. NTIA will supplement these reports with informal briefings for Members of Congress as well as appearances at Congressional hearings when requested. For example, NTIA's Assistant Secretary recently testified before the Committee on Commerce, Science and Transportation of the United States Senate on October 27, 2009, as well as a Subcommittee of the Committee on Energy and Commerce of the United States House of Representatives on September 10, 2009. This quarterly status report reviews developments since NTIA submitted its second report on August 17, 2009.¹

II. Summary

Since the passage of the Recovery Act, NTIA has worked expeditiously to ensure that BTOP funds are distributed quickly, efficiently, and fairly. In the previous two reports submitted to Congress, NTIA outlined the following procedural and administrative steps taken to launch BTOP in accordance with the Recovery Act's requirements:

- Program kickoff in cooperation with other Federal agencies;
- Public outreach;
- Efforts to enhance transparency and accountability;
- Release of the first Notice of Funds Availability (NOFA);

¹ Previous BTOP Quarterly Reports are available at <http://www.ntia.doc.gov/broadbandgrants/index.html>.

- Public workshops to enhance participation by eligible entities;
- Preparations to accept and evaluate applications; and
- Other steps to improve NTIA's organizational readiness.

This report focuses on: efforts to accept and process applications; the application review process; preparations for the second funding round; and steps to ensure appropriate oversight and compliance of BTOP grants. This report also provides an update on the State Broadband Data and Development Program, including applications received, awards made, and other steps taken to develop a national broadband map.

III. First Notice of Funds Availability (NOFA)

On July 1, 2009, NTIA and the U.S. Department of Agriculture's Rural Utilities Service (RUS) released the first NOFA describing the availability of funds and application requirements for BTOP and the Broadband Initiatives Program (BIP).² The NOFA provided detailed information regarding eligibility, definitions, award terms, application submission, evaluation and selection, and award administration to the disbursement of BTOP funding in the first round. NTIA and RUS also unveiled a shared website – at www.broadbandusa.gov – to make relevant information publicly available regarding BTOP and BIP funds and to accept applications.

Up to \$1.6 billion in BTOP funds are available in the first grant round. Consistent with the appropriation, first round BTOP funding is divided into three categories of projects. Up to \$1.2 billion is available in the Broadband Infrastructure category to fund projects that deliver broadband service through Last Mile or Middle Mile facilities to unserved and underserved areas. Up to \$50 million is available in the Public Computer Center category to fund projects that expand computer center capacity at entities that permit the public to use these computer centers, such as community colleges and public libraries. Up to \$150 million is available in the Sustainable Broadband Adoption category to fund innovative projects that promote broadband demand, such as projects focused on broadband education, awareness, training, access, equipment, or support, particularly among vulnerable populations. An additional \$200 million was placed in reserve for use if needed in the first grant round for meritorious applications in any of the three project categories, or to be used in later grant rounds.

IV. Application Intake

For the first funding round, NTIA and RUS received almost 2,200 applications requesting nearly \$28 billion in funding for proposed broadband projects reaching all states, five territories, and the District of Columbia.

When including about \$10.5 billion in matching funds committed by the applicants, these applications represent more than \$38 billion in proposed broadband projects. Applications were received from a diverse range of parties including: state, tribal, and local governments;

² The first NOFA is available at <http://www.broadbandusa.gov/files/BB%20NOFA%20FINAL%2007092009.pdf>.

nonprofits; industry; small businesses; anchor institutions such as libraries, universities, community colleges, and hospitals; public safety organizations; and other entities in rural, suburban, and urban areas. Parties submitted more than 830 applications jointly to RUS's BIP and NTIA's BTOP, requesting nearly \$12.8 billion in infrastructure funding. NTIA received an additional 260 infrastructure applications that were filed solely with the BTOP program, requesting over \$5.4 billion in grants to fund broadband infrastructure projects in unserved and underserved areas. In addition, parties filed more than 320 applications with NTIA requesting nearly \$2.5 billion in grants from BTOP for projects that promote sustainable demand for broadband services. Parties submitted more than 360 applications with NTIA requesting more than \$1.9 billion in grants from BTOP for public computer center projects.

NTIA and RUS posted online – at www.broadbandusa.gov – a searchable database containing information and descriptions of all applications received, as well as maps of the geographic areas of coverage proposed by applicants for infrastructure projects in the first funding round.³ As required by the Recovery Act, NTIA has made the following relevant information about each project publicly available: the applicant name, contact information, amount requested, a description of the application, and the executive summary when authorized by the applicant.⁴ The database allows the public to search applications by organization name and/or keyword, or view by Project Type, Program, State, Proposed Project Area, or Status.

V. Application Review

NTIA is employing a multi-step application review process for proposed BTOP projects. It first conducts an initial screen of applications to determine whether an application meets the eligibility requirements. Eligible applications then proceed to the “Step One” review process, where applications receive at least three independent reviews (by a three-member expert review panel) against the eligibility factors as well as against the evaluation criteria established in the NOFA. NOFA evaluation criteria include: (1) Project Purpose; (2) Project Benefits; (3) Project Viability; and (4) Project Budget and Sustainability.

Based on reviewer scores, applications that are considered the most highly qualified advance to “Step Two” “due diligence” review for further consideration. In Step Two, applicants are asked to submit additional information, as appropriate. Such information could include more detailed plans or supporting documentation to further substantiate the representations made in their application. The supplemental information is reviewed and analyzed by NTIA staff with the support of engineering, business, and subject-matter experts provided by NTIA's contractor, Booz Allen Hamilton, to evaluate the consistency of the applications with the supporting documents and ensure applications merit awards.

³ The BTOP Applications Database is available at <http://www.ntia.doc.gov/broadbandgrants/applications/search.cfm>.

⁴ First round applicants were given the choice of publishing their full executive summary, a redacted executive summary, or no executive summary at all.

Thereafter, the Director of BTOP (BTOP Director) will prepare and present a package of recommended grant awards. The BTOP Director's recommendations will take into account selection factors established in the NOFA that include: reviewer scores; due diligence review; satisfaction of the program's purpose; geographic distribution and diversity of populations served; the range of technologies; avoidance of redundancy; conflicts with initiatives of other federal agencies; avoidance of unjust enrichment; availability of funds; and the recommendations of states and tribal entities.

The BTOP Director will present the recommendations to the Selecting Official, NTIA's Assistant Secretary for Communications and Information (Assistant Secretary). The Assistant Secretary will select the applications for grant awards, taking into consideration the BTOP Director's recommendations and the degree to which the application satisfies the selection factors and the program's purposes and priorities. Awards will be made on a rolling basis subject to the availability of funds.

A. Independent Expert Review

NTIA successfully recruited and selected over 1,000 highly-qualified BTOP application reviewers. Reviewers were selected for their expertise in: (1) the design, funding, construction, and operation of broadband networks or public computer centers; (2) broadband-related outreach, training, or education; (3) innovative programs to increase the demand for broadband services; or (4) other broadband-related functions or activities. NTIA staff reviewed the resumes to screen and document the level of expertise in over 30 skill sets, such as telecommunications/broadband technical knowledge, engineering experience, communications network budgeting and financial expertise, grants management, non-profit management, experience with anchor institutions (libraries, schools, health, public safety), and experience working with minority and vulnerable populations (Native American, unemployed, senior citizens, non-English speaking). In addition, potential reviewers were required to sign a Conflict of Interest and Confidentiality Certification in order to be considered. Approximately 300 individuals were rejected due to a conflict of interest, lack of qualifications, or lack of participation.

Once reviewers were validated and categorized, NTIA provided them a training webinar and a comprehensive Reviewer Guidance manual as well as access to a help desk to answer email and phone inquiries. NTIA conducted more than 15 webinars to provide training for reviewers. NTIA then assigned reviewers to panels based on the expertise of the reviewers and the characteristics of the application (e.g., the type of project) to ensure that each application was evaluated by reviewers with the most relevant expertise possible. Reviewers score applications utilizing an online tool on www.broadbandusa.gov based upon established criteria using the Reviewer Guidance materials. After they input their initial scores, they were invited to participate in a teleconference to discuss their analysis and reconcile any significant differences. NTIA observed and monitored panels to help ensure consistency to the greatest extent possible.

B. State and Tribal Consultation

NTIA invited each state, tribe, territory, possession, and the District of Columbia to comment on BTOP applications that propose to serve areas within their jurisdiction and to provide an explanation of why certain applications meet the greatest needs of the state or tribal area. NTIA invited states and tribes to identify priority areas for investment and explain why certain projects address unmet broadband needs and advance the state or tribe's social and economic development objectives. NTIA received thoughtful comments from every state and numerous tribal entities, which it will take into consideration before making final awards. Secretary of Commerce Gary Locke and NTIA Assistant Secretary Strickling also hosted a conference call with tribal leaders to solicit tribal input on the BTOP program. However, NTIA will conduct its own thorough reviews of the applications and retains the final authority to decide which applications to fund.

C. Public Notice Comment Period

NTIA and RUS posted Public Notice Filings of the proposed funded service area(s) of each timely-submitted and complete BIP and BTOP Infrastructure application at www.broadbandusa.gov. This mechanism allowed existing service providers, if they chose to do so, to submit information to RUS and NTIA regarding their existing service offerings to help inform the application review process. Existing service providers were asked to submit specific information about their existing service offerings, including the number of households and businesses that have access to broadband service in the proposed funded service area and the price, speed, and number of subscribers for the broadband services offered.

The name of each service provider submitting information and a summary of their response are posted on www.broadbandusa.gov. NTIA will review submissions made by any existing service provider(s) and compare them against the applicant's proposed funded service area designations and the methodology the applicant used to evaluate the unserved or underserved status of the area. The NOFA gives RUS and NTIA discretion to reject an application if it is determined that a proposed funded service area identified by an applicant does not meet the "unserved" or "underserved" definitions or does not qualify as a "rural" area without sufficient access to broadband service.

VI. Updated Schedule for First Funding Round

NTIA is committed to providing full and fair consideration to our pool of applications. Given the large number of complex applications and the voluminous amount of information the agency needs to review, NTIA has extended the review period for first round grants and is now targeting December 2009 to begin awarding BTOP grants. Similarly, NTIA will not conclude the first round of BTOP funding at the end of 2009 as originally targeted, but is on course to do so in February 2010.

VII. Second Notice of Funds Availability

NTIA and RUS announced on November 10, 2009 that they will limit BTOP and BIP grant awards to one more funding round, which will begin early in 2010.⁵ Based on experience from the first funding round, including the overwhelming response from applicants nationwide, the agencies believe this consolidated approach has a number of benefits. It will enable the agencies to distribute funding faster to stimulate the economy and create jobs, while giving applicants and communities a greater opportunity to come together to form networks and find more creative ways to apply for federal broadband funds. In doing so, NTIA will seek to ensure that it is able to apply the lessons learned from the first funding round in designing the second round, and to enhance the applicant experience to the maximum extent possible.

On November 10, 2009, RUS and NTIA released a second joint Request for Information (RFI) requesting public comment on issues relating to the implementation of BIP and BTOP.⁶ The RFI seeks to gather the information for the following purposes:

- Help the agencies improve the broadband programs;
- Enhance the applicant experience; and
- Make targeted revisions to the first NOFA, if necessary.

The agencies seek comment on topics related to the application and review process, among others:

- Application simplification;
- Transparency and confidentiality;
- Outreach and support; and
- NTIA expert review process.

The RFI also seeks input on policy issues addressed in the NOFA, including:

- Funding priorities and objectives;
- Program definitions;
- Public notice of service areas;
- Interconnection and nondiscrimination requirements;
- Sale of project assets;
- Cost effectiveness; and
- Other substantive changes to encourage participation and enhance the program.

Comments to the second RFI must be received by November 30, 2009 at 5:00 p.m. Eastern Standard Time. NTIA will use the comments received from all interested parties to help determine what changes, if any, will improve the program.

⁵ NTIA and RUS originally contemplated at least three broadband initiative funding rounds. Please see http://www.ntia.doc.gov/press/2009/BTOP_BIP_RFI_091110.html for more information.

⁶ The Request for Information is available at http://www.ntia.doc.gov/frnotices/2009/FR_BIP_BTOP_RFI_091109.pdf.

VIII. Oversight and Compliance

A. NEPA and Section 106 of NHPA

NTIA has taken a number of steps to ensure that the BTOP program complies with all relevant environmental and historic preservation requirements, including working with RUS and the Advisory Council on Historic Preservation (ACHP) to ensure that projects comply with the National Historic Preservation Act (NHPA). NTIA is also working to streamline and expedite the NHPA Section 106 consultation process with state and/or tribal historic preservation Officers as it relates to tower construction and fiber-optic cable installation.⁷

Working with RUS and the Council of Environmental Quality, NTIA created a uniform, efficient, and streamlined environmental review process for BTOP and BIP applicants. Specifically, NTIA worked in close collaboration with RUS, the FCC, and tribal leaders to improve Section 106 notification for Indian tribes regarding BTOP/BIP applications being considered for funding. RUS and NTIA have adopted a modified version of the “Tower Construction Notification System” (TCNS), an innovative FCC tool and database which will enable RUS and NTIA to provide fast, reliable information about BTOP/BIP proposals to tribes in order to expedite historic preservation compliance.

NTIA and RUS also coordinated closely with the FCC, ACHP, and other key stakeholders on a Program Comment that was recently approved by the ACHP. The Program Comment will streamline Section 106 historic preservation review for the construction and modification of wireless communication facilities subject to, or exempted by, two FCC Nationwide Programmatic Agreements.⁸ Under this Program Comment, NTIA and RUS will not be required to conduct an independent review under Section 106 of NHPA for the construction and modification of wireless communication facilities already subject to review by the FCC under the two Nationwide Programmatic Agreements.

B. 2010 A-133 Compliance Supplement

NTIA is helping develop a 2010 OMB Circular A-133 Compliance Supplement, “Audits of States, Local Governments and Non-Profit Organizations,” which will include BTOP audit requirements. The Supplement will identify important compliance requirements that NTIA expects to be considered as part of an audit required by the Single Audit Act Amendments of 1996 and OMB Circular A-133.

⁷ Section 106 of the NHPA requires Federal agencies to take into account the effects of their undertakings on historic properties, and afford the Advisory Council on Historic Preservation a reasonable opportunity to comment.

⁸ These include the Nationwide Programmatic Agreement for Review of Effects on Historic Properties for Certain Undertakings Approved by the FCC (2004) and the Nationwide Programmatic Agreement for the Collocation of Wireless Antennas (2001).

C. *NTIA Post Award Compliance and Monitoring*

NTIA is currently developing program-specific post-award compliance and monitoring processes and guidelines that will include Recovery Act and BTOP reporting requirements.

IX. Staffing and Resources

NTIA is authorized to spend up to \$141 million for BTOP administrative expenses through September 30, 2010. NTIA has hired approximately 80 percent of the federal staff planned for these programs. To assist with acquisition support, NTIA entered into an Interagency Agreement with the Acquisition Services Directorate of the National Business Center, U.S. Department of the Interior. On August 3, 2009, NTIA entered into a contract with Booz Allen Hamilton (BAH) for program development and administrative services. The contractor is assisting NTIA staff in awarding Recovery Act funds in the most effective, equitable, and accountable manner possible. BAH is assisting NTIA with a number of important tasks and responsibilities, including program administration, application processing, communications and outreach, grants administration and post-award monitoring, technical assistance, and management support. All grant award decisions shall be made exclusively by NTIA.

NTIA has also entered into agreements with the Grants Offices of the National Oceanic and Atmospheric Administration (NOAA) and the National Institute of Standards and Technology (NIST) for them to use their existing Grants Office services to assist with NTIA BTOP grants. The NOAA and NIST Grant Offices will play an important role in helping NTIA award and administer BTOP funds in an as quick and accountable manner as possible.

The Recovery Act does not provide authority or funding for administration and oversight of BTOP-funded projects beyond the end of Fiscal Year 2010. NTIA intends to work with Congress in the coming months to ensure sufficient authority and funding to administer and monitor the execution of BTOP grant projects and carry the program to conclusion.

X. State Broadband Data and Development Program (Mapping Program)

On July 1, 2009, NTIA released a separate NOFA for the State Broadband Data and Development Program (Mapping Program).⁹ The Mapping Program is a competitive, merit-based matching grant program to fund projects that collect comprehensive and accurate state-level broadband mapping data, develop state-level broadband maps, aid in the development and maintenance of a national broadband map, and fund statewide initiatives directed at broadband planning.

⁹ The Mapping Program NOFA is available at http://www.ntia.doc.gov/frnotices/2009/FR_BroadbandMappingNOFA_090708.pdf

Applications for Mapping Program grants were due August 14, 2009. NTIA received application packages from every state, territory, and the District of Columbia, so that all governments that were eligible to apply for grants did so, whether directly or through a designated entity. These 56 applicants requested a total of approximately \$100 million in grant awards to fund broadband mapping and verification projects over two years and approximately \$26 million to fund broadband planning projects up to five years in length.¹⁰ Only a single, state-designated entity per state or territory is eligible to receive a grant, which helps guarantee that the projects will benefit from significant state involvement and oversight. NTIA plans to continue to engage in a collaborative process with Indian tribes to ensure that broadband availability on tribal lands is accurately portrayed on the national broadband map.

As with BTOP, applications for broadband mapping grants were evaluated by at least three expert technical reviewers, with program staff performing a second review of the application. NTIA carefully evaluates each application to determine whether the application directly represents the interests of the state. NTIA requires states whose designated entity is a non-state government entity to provide direction and supervision to the planning activities undertaken by the designated entity. This approach will allow NTIA to assess lessons learned, determine best practices, and investigate opportunities for improved data collection methods prior to awarding funds for subsequent years.

As of November 11, 2009, NTIA awarded 15 grants under this program to fund two years of broadband availability collection and verification activities, and up to five years of broadband planning activities in the following states: Alabama, Arkansas, California, District of Columbia, Idaho, Indiana, Maryland, Massachusetts, New York, North Carolina, Vermont, Washington, West Virginia, Wisconsin and Wyoming. These awards total nearly \$28 million.¹¹

NTIA recently signed an agreement with the FCC through which the FCC will provide technical and other services needed to aid in the development of the national broadband map. As required by the Recovery Act, NTIA will make the broadband map developed and maintained through the Mapping Program accessible to the public no later than February 17, 2011.

¹⁰ NTIA is initially funding the state mapping and data collection efforts for a two-year period as opposed to the five-year period originally contemplated. *See* http://www.ntia.doc.gov/frnotices/2009/FR_MappingProgram_090910.pdf.

¹¹ *See* <http://www.ntia.doc.gov/broadbandgrants/> for press releases related to grants.

XI. Program Milestones

Below is a chart depicting past and upcoming tentative milestones for the BTOP program. Dates and activities may change based upon future developments or circumstances.

<i>Action</i>	<i>Date</i>
Initial consultation with Federal agencies, states, and other governmental entities	February 2009 – June 2009
Publication of Request for Information	March 12, 2009
Public Comment Period	March 12, 2009 – April 13, 2009
Public Meetings and Field Hearings	March 10, 2009 – March 24, 2009
Interagency Agreement Between NTIA and Department of Interior Executed	May 1, 2009
Release of BTOP Notice of Funds Availability	July 1, 2009
Release of State Broadband Data and Development (SPDD Grant Program) Notice of Funds Availability	July 1, 2009
BTOP Public Workshops	July 7, 2009 – July 24, 2009
SBDD Grant Program Online Workshop	July 24, 2009
Online Portal Opened to Accept BTOP/BIP Applications	July 31, 2009
Contract Issued to Booz Allen Hamilton for Program Development and Administrative Services	August 3, 2009
Clarification Issued Regarding SBDD Grant Program Data Delivery Requirements. FAQ Issued Regarding Extension of Deadline waiver process.	August 12, 2009
Announcement of Extension of BTOP Application Closing Deadline for Electronic Applications Pending as of 5 p.m. ET on August 14, 2009	August 13, 2009
Original Deadline for Applications for BTOP and SBDD Grant Program	August 14, 2009
Deadline for Electronic BTOP Applications Pending as of 5 p.m. ET on August 14, 2009	August 20, 2009
Clarification Issued Regarding Period of Performance for Awards Under SBDD Grant Program	September 9, 2009
BTOP Initial Public Notice Filing Comment Period	September 28, 2009 – October 28, 2009
BTOP State Consultation Comments Due	October 14, 2009

BTOP Tribal Consultation Comments Due	October 28, 2009
SBDD Grants Awarded	October 2009 – December 2009
SBDD Grantees Begin Providing Broadband Availability Data	November 2009
Round Two BTOP Request for Information (RFI)	November 10, 2009
Begin Announcing First Round of BTOP Awards	December 2009
Announce Second BTOP Notice of Funds Availability	January 2010
Second Round Public Workshops	Early 2010
Complete Announcing First Round of BTOP Awards	February 2010
Complete Set of Broadband Mapping Data Due for SBDD Grant Program	March 1, 2010
All BTOP Funds Awarded	September 30, 2010*
Broadband Map Posted to Website	February 17, 2011*
BTOP Projects Substantially Complete	September 30, 2012*
BTOP Projects Fully Complete	September 30, 2013
	<i>* statutory deadlines</i>

XII. Next Report

NTIA will provide its next quarterly report to Congress no later than February 15, 2010.

XIII. Additional Program Materials

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

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