



# **Broadband Technology Opportunities Program (BTOP) Quarterly Program Status Report**

Submitted to the

Committee on Appropriations  
United States Senate

the

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United States House of Representatives

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## **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). This Report focuses on the Program's activities from January 1-March 31, 2011.

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 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.<sup>1</sup> The Act further provided funding to NTIA to develop and maintain a comprehensive nationwide inventory map of broadband service capability and availability, and to implement the State Broadband Data and Development Act and the Broadband Data Improvement Act.

Following a rigorous application and review process documented in previous Quarterly Reports, NTIA invested approximately \$4 billion in 233 BTOP projects benefitting every state, territory, and the District of Columbia.<sup>2</sup> 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 wireless broadband networks. These awards will serve as a critical set of

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<sup>1</sup> 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.

<sup>2</sup> The total number of BTOP awards announced on September 30, 2010 was 233. As of March 31, 2011, this number is 231, which excludes a PCC project to the Leech Lake Band of Ojibwe, who ultimately did not accept their award, and an infrastructure project, Education Networks of America, Inc. (ENA), which was terminated and whose awarded funds (approximately \$16 million combined) were returned to the U.S. Treasury. Additionally, NTIA is in the process of terminating a \$22.9 million award to the State of Wisconsin Department of Administration, and expects to return the remaining award funds to the U.S. Treasury in the near future.

demonstration projects and a head start on the Administration's commitment to support the development of a nationwide, interoperable public safety wireless broadband network.<sup>3</sup>

Additionally, through the State Broadband Initiative (SBI), NTIA granted approximately \$293 million BTOP funds to 56 recipients, one each from the 50 states, five territories, and the District of Columbia, or their designees. With this funding, states are gathering data biannually on the availability, speed, and location of broadband services, as well as the broadband services used by community institutions such as schools, libraries, and hospitals. NTIA is using the data to update the publicly searchable, interactive National Broadband Map, which was launched on February 17, 2011, in accordance with the Recovery Act's requirements.<sup>4</sup> These grants 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

This Quarterly Report focuses on four areas of BTOP implementation and project oversight:

- **Status and progress** of BTOP projects and overall program expenditures.
- **Supporting initiatives**, including the SBI mapping and capacity building efforts and the new Digital Literacy Portal.
- **Monitoring** of BTOP program activity and results from those monitoring efforts.
- **Communications, training, and assistance** initiatives that enhance the implementation and sustainability of BTOP projects.

## III. Program Status and Progress

BTOP is on track to achieve its program goals, and delivered significant progress this quarter in areas such as the environmental and historical preservation clearances needed to begin infrastructure construction, groundbreakings and computer center launches, and delivery of broadband training. This progress can be clearly seen in awardees' quarterly progress reports made public on June 1, 2011.<sup>5</sup>

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<sup>3</sup> On February 10, 2011, the President announced the Wireless Innovation and Infrastructure Initiative (WI3) to spur innovation, expand economic growth and job creation, and provide our nation's first responders with modern, interoperable communications capabilities. See <http://www.whitehouse.gov/the-press-office/2011/02/10/president-obama-details-plan-win-future-through-expanded-wireless-access>.

<sup>4</sup> See American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009).

<sup>5</sup> BTOP recipient quarterly reports can be found for each project at <http://www2.ntia.doc.gov/awards>.

## ***A. Environmental and Historic Preservation Compliance***

Nearly all BTOP infrastructure awards, as well as a smaller number of PCC projects, must comply with applicable Federal, state, local, tribal, and other environmental and cultural or historic policies, most notably the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA). Timely completion of environmental documentation is critical to the 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; coordinates compliance efforts between recipients and outside Federal, state, local, and/or tribal agencies; 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.

As of March 31, 2011, NTIA had cleared 50 of 118 (42 percent) of awardees' environmental special award conditions (SACs). Currently, NTIA is working with recipients to clear the remaining 68 environmental SACs and is on track to have approximately 85 percent of the SACs cleared by the end of June 2011. In most of the remaining cases, the clearance process has been prolonged by required consultations with other Federal agencies, state and local governments, and/or tribal entities that directly affect NEPA or NHPA compliance.

## ***B. Program Measures of Performance***

Recipients are required to report their financial, project performance, and Recovery Act-related activities on a quarterly basis. These reports allow NTIA to monitor the progress of the Program in key areas including new network miles built or upgraded, the number community anchor institutions (CAIs) connected to broadband, the number of public computing center workstations deployed, and the number of new broadband subscribers resulting from sustainable broadband adoption projects, as well as BTOP funds expended. Given the nature of BTOP projects, these are key measures of program and project progress and are strong indicators of BTOP's achievement of the Act's objectives.

### **1. New or Upgraded Network Miles**

BTOP projects focused on deploying new or significantly upgraded network miles are connecting community anchor institutions and facilitating enhanced access to broadband Internet services for households and businesses. Network miles are a direct indicator of the nation's growing broadband infrastructure, and represent both the increasing ability of underserved communities to contribute to America's global competitiveness and the foundation for more affordable broadband services to homes and businesses.

The Program saw considerable progress during this quarter. Twenty-two BTOP recipients delivered over 3,300 network miles, bringing the total number of miles to date to more than 8,000. This represents more than a 70 percent increase in the number of miles deployed over last quarter. The BTOP goal for new or upgraded network miles for fiscal year 2011 is 10,000 miles.

NTIA expects the pace of delivered miles to continue to increase in coming quarters as more recipients clear environmental and historic preservation requirements and take advantage of the summer/fall construction season. Following are examples of state government, for-profit, and non-profit BTOP infrastructure recipients that are having substantial impact in communities across their states.



The **Executive Office of the State of West Virginia** started construction on over 2,000 miles of an open-access, advanced fiber-optic network and microwave links through rural and underserved communities across West Virginia. The grant recipients have reported that the project has created more than 5 jobs, including an Engineering Project Manager, Network Engineer, and Inventory Coordinator. The project intends to connect more than 1,000 community anchor institutions and improve broadband for nearly 800 additional law enforcement offices and fire departments. The project is partnering with local Internet service providers to provide affordable broadband to more than 700,000 householders and 110,000 businesses. At project completion, every K-12 school in the state will have a high-speed Internet connection.



**Maine Fiber Company, Inc.** is continuing construction on the Three Ring Binder project, a 1,100-mile rural high-speed Internet network. This quarter, Maine Fiber installed and upgraded more than 20 miles of new fiber throughout the state. This new stretch of fiber has connected 10 community anchor institutions, including Mid Coast Hospital in Brunswick, where high speed Internet enables the transmission of large data files such as CT scans. The Three Ring Binder project exemplifies how public and private resources can be utilized to enhance broadband capabilities in the state. BTOP funding will help build a middle mile connection to the large Internet hubs, or nodes, in Portland, while private money will support the construction of laterals needed to reach anchor institutions, including the state's university and community college campuses, government offices, police stations, and economic development and training facilities. The Maine Fiber project has produced jobs in project management, general management, financial support, and technical field work.



Officials attend a ribbon-cutting ceremony at Mid Coast Hospital.



On December 21, 2010, **Merit Network** broke ground on 2,108 miles of open-access, advanced fiber-optic network through rural and underserved communities in

Michigan's Lower and Upper Peninsulas. The \$130 million REACH-3MC project, \$103 million of which is funded by BTOP, plans to connect 105 community anchor institutions and spur deployment of affordable



Merit Network crews begin to feed fiber into the conduit.

broadband to households and businesses that lack adequate service options in 52 counties. This quarter, Merit installed more than 19 network miles. Merit has hired six new employees to assist with the construction – including positions in IT, engineering, permit coordination, and grants management – and is holding community meetings and quarterly webcasts to update local citizens on the project’s progress.



The BTOP-funded **Deltacom, Inc.** project will bring a high-speed broadband backbone to an area with more than 34,000 households and 5,000 businesses and plans to connect 26 anchor institutions – including educational and healthcare facilities –

via a 544-mile network across the state of Tennessee. Phase 1 of construction concluded in March, and included a 343-mile upgrade of an existing fiber-optic route from Nashville to Knoxville and the addition of a new fiber-optic route from Knoxville to Chattanooga. Once the network is complete, Deltacom will offer full voice, data, and high-speed broadband services to Internet providers at wholesale, reducing Internet costs to local residents and businesses across the entire state. Deltacom has hired new part-time construction employees, equivalent to approximately seven full-time staff members.



Deltacom crew installs a pre-fabricated building that will house fiber.



The **Navajo Tribal Utility Authority (NTUA)** has begun construction on more than 110 miles of aerial fiber in addition to the 30 miles it had completed through March 31. Overall, NTUA will activate a total of 570 miles of fiber-optic network lines that will cover more than 70 percent of the 27,000 square miles of the Navajo Nation homeland. Once the project is completed, NTUA will help make broadband Internet service more

affordable for as many as 30,000 households, 1,000 businesses, and 1,100 anchor institutions located throughout the Navajo Nation. The tribal utility authority is also training Navajo Nation citizens to install and maintain these new Internet technologies by offering classroom instruction, webinars, mentors, coaches, and hands-on training. Seven NTUA personnel are currently dedicated to building and learning how to sustain this infrastructure; NTUA anticipates it will need up to 12 staff to maintain the infrastructure in the future.



NTUA prepares to install new fiber in New Mexico.

## 2. Community Anchor Institutions

Projects focused on connecting CAIs, including schools, libraries, hospitals, and public safety facilities, are providing broadband access to critical institutions that demand faster Internet speeds to improve service delivery. In addition to enabling these local institutions to provide enhanced service to their employees, students, and customers, CAIs can have a multiplier effect

throughout a community. As a result, connecting CAIs is a key indicator of grantee progress in meeting their milestones and in providing much needed benefits to communities.

Six BTOP recipients have already connected and/or improved service to 565 CAIs within their project areas. The BTOP goal for connected and/or improved services for CAIs for fiscal year 2011 is 3,000. Given the number of network miles already completed, NTIA expects the number of CAI connections to continue to increase over the next several quarters.



**MCNC** is another BTOP recipient that made significant progress this quarter. MCNC continued construction on five priority routes, the first steps toward expanding the existing North Carolina Research Network (NCREN). This quarter, MCNC installed and upgraded more than 462 miles of new fiber throughout the

state, including lighting 200 miles of existing cable between Raleigh and Wilmington. This fiber allowed MCNC to improve broadband service to 497 CAIs with Internet speeds of up to 1 Gbps. Construction on segments near Charlotte, Greenville, Raleigh, and Wilmington was scheduled for completion by April 2012. When complete, NCREN will provide higher-quality and more reliable connections for rural education and community support organizations as well as rural libraries, non-profit hospitals, and county-operated free health clinics.



Gov. Bev Perdue loads the first spool of fiber-optic cable onto a truck in Hickory, N.C.



BTOP recipient **South Dakota Network (SDN)** is moving swiftly to connect hundreds of CAIs. Throughout the state, SDN crews are deploying a network that is the core of a \$25 million investment to connect more than 300 CAIs – schools, hospitals,

public safety agencies, and government offices – in 75 South Dakota communities. The project, a partnership of 27 independent telecom providers, is also adding 140 miles of backbone network and 219 miles of middle mile spurs to SDN's existing 1,850-mile fiber-optic network. Through March 31, SDN has installed 72 miles of new fiber and connected 40 CAIs. One of the first BTOP infrastructure recipients to break ground, the company has employed an estimated 50 construction workers, as well as other administrative and consulting staff.



South Dakota Network crews have installed 72 miles of new fiber.

### 3. Public Computing Center Workstations

BTOP grants for PCC projects are funding new public computer facilities and/or upgrades to existing facilities that provide broadband access to the public or to specific vulnerable populations, such as low-income individuals, the unemployed, seniors, children, minorities, tribal communities, and people with disabilities. PCCs not only offer access to the necessary technology, but also the training to equip individuals with digital literacy skills, including how to

search and apply for jobs online, computer and Internet skills, adult basic education, and GED and college preparatory courses.

Through March 31, 34 BTOP recipients had installed or upgraded more than 9,000 workstations, a 140 percent increase in the number of workstations over the previous quarter. Recipients that had not previously deployed workstations provided almost 3,000 of the 9,000 workstations. The BTOP goal for new or upgraded public computer center workstations for fiscal year 2011 is 10,000. NTIA expects the pace of workstation installation and upgrading to continue to increase in the coming quarters as the projects that have not yet installed or upgraded PCCs begin to do so. BTOP PCC recipients are providing workstations and training aimed at impacting the lives of people in their local communities. For example:



**Michigan State University** opened three new PCCs and deployed or improved more than 1,145 workstations in libraries across the state this quarter. These centers are supporting a statewide initiative to provide affordable broadband, online educational courses, computer skills and workforce development training, and one-on-one computer tutoring to job seekers, students, and senior citizens. For example, the new PCC at the Lake Superior Village Youth Center in Marquette includes a media lab with 16 workstations providing computer access to low-income elementary and high school students in the center's summer and after-school programs. These new workstations are serving more than 15,000 users per week in addition to the students.



**South Carolina State Board for Technical and Comprehensive Education** opened nine new PCCs and expanded broadband capabilities at 12 existing locations at the South Carolina Technical College System's community colleges this quarter. The centers are supporting a system-wide initiative to provide degree-seeking and continuing education students with high-speed broadband, Wi-Fi hot spots, and free access to a variety of online journals, reports, and databases to build job-search skills and access. The centers are also providing computer skills and workforce development training courses to almost 4,000 students participating in a wide range of classes including computer basics, resume writing, and job search fundamentals. As of March 31, the project has also deployed more than 1,250 new workstations, serving more than 28,000 additional users across the system's 16 colleges.

#### **4. New Broadband Subscribers**

SBA projects increase broadband Internet usage and adoption by consumers, businesses, and institutions. These projects focus on vulnerable populations where broadband technology has been traditionally underutilized. This is extremely important for the gainful employment and economic advancement of these vulnerable populations, because many jobs now require computer and Internet skills as a prerequisite. NTIA measures the number of people who obtain broadband subscriptions through SBA efforts, because it correlates to access to and use of critical e-resources and, subsequently, to job creation. Many SBA projects also include digital literacy training and robust outreach and awareness campaigns to increase the relevance of broadband in people's everyday lives.



New broadband subscribers exceeded 32,000 this quarter, a greater than fourfold increase from the previous quarter. This quarter, 28 BTOP recipients reported a cumulative total of more than 40,000 broadband subscribers, including some businesses. The BTOP goal for new households or business subscribers in fiscal year 2011 is 100,000. More than 60 percent of SBA grant recipients have now reported new broadband subscribers, and NTIA expects the number of new subscribers to increase significantly over the balance of 2011. The following two projects are not only bringing broadband to a significant number of new subscribers, but are making differences in people's everyday lives, including enabling parents to become more involved in their children's education.



The **C.K. Blandin Foundation** is making broadband an integral part of Minnesotans' lives through the Minnesota Intelligent Rural Communities (MIRC) project. MIRC is a collaborative project focused on supporting individuals and communities in rural Minnesota, especially the unemployed, small businesses, local leaders, and government entities with training, technical assistance, and removing barriers to broadband adoption. One of the project partners, PCs for People, is a non-profit organization that refurbishes used computers with the help of people transitioning off of government assistance. MIRC provides the refurbished computers to low-income individuals and families. Since the inception of the project in March 2010, the organization has refurbished 651 computers and distributed 525. MIRC also is funding broadband projects in 11 demonstration communities that assessed their broadband needs and received \$100,000 to spend on local projects. The Blandin Foundation's outreach efforts have already resulted in more than 12,300 new broadband subscribers based on surveys, information from broadband providers, and independent research.



The **City of Boston** works with Technology Goes Home (TGH) to promote broadband adoption by low-income families. Through the BTOP award, TGH has trained and distributed computers to more than 1,000 families through a school-based program. The City of Boston negotiated with Comcast to secure a reduced broadband subscription rate of \$10.95/month for up to 2,800 families that receive training through the program. The median income of participating families is under \$20,000, 86 percent are minorities, and 40 percent of the parents do not have a high school diploma. TGH helped develop digital literacy skills and has strengthened parents' connections to school. In an initial survey, more than 60 percent of all parents said they had never participated in an activity at their child's school. After enrolling in the program, more than 94 percent of parents said they would email teachers and participate in additional school activities. The Public Technology Institute awarded the City of Boston a 2010-2011 Technology Solutions Award, recognizing the positive social impact of the TGH program.



Area students join Boston Mayor Thomas M. Menino as he cuts the ribbon for the new computer center.

## 5. Expenditures

BTOP recipients reported Federal expenditures of more than \$130 million for this quarter, matched by recipient funds of approximately \$70 million. Cumulatively, total Federal expenditures have now exceeded \$280 million (approximately seven percent of the total funds awarded) and have been matched by recipient funds of more than \$130 million. Through March 31, nearly 90 percent of BTOP recipients have expended Federal funds. The amount of Federal expenditures this quarter exceeded last quarter's totals by 32 percent, and recipient matching amounts increased by 95 percent.

NTIA expects spending (both Federal and matching dollars) to continue to increase significantly over the next several quarters as the remaining infrastructure projects complete their environmental and historic preservation requirements and other pre-construction requirements.

### IV. Other Supporting Initiatives

#### A. *National Broadband Map and SBI Projects*

On February 17, 2011 NTIA, in collaboration with the Federal Communications Commission (FCC), unveiled the National Broadband Map – the first public, searchable nationwide map of consumer broadband Internet availability in the United States. The National Broadband Map, available at [www.broadbandmap.gov](http://www.broadbandmap.gov), is an unprecedented searchable database of information on high-speed Internet access including more than 25 million searchable records using data collected by states from 1,650 unique broadband providers and other data sources. Users can view the data in a variety of ways, from address searches to national and state rankings to maps that display broadband speeds and number of providers. The map shows where broadband Internet service is available, the technology used to provide the service, the maximum advertised speeds, and the names of the service providers. The website also contains information about the broadband speeds utilized by community anchor institutions across the country.

The map shows that between 5 and 10 percent of Americans lack access to broadband at speeds that support a basic set of today's broadband-rich applications and services while retaining sufficient capacity for web browsing and email.<sup>6</sup> It also demonstrates that CAIs appear to be largely underserved.<sup>7</sup> The map also shows that approximately 36 percent of Americans have access to wireless Internet service at maximum advertised download speeds of 6 Mbps or greater, which some consider the minimum speed associated with "4G" wireless broadband service. Already, nearly half a million unique users have utilized the site; various stakeholders have downloaded all of the public data more than 600 times and the broadband provider list over

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<sup>6</sup> *Commerce's NTIA Unveils National Broadband Map and New Broadband Adoption Survey Results*, NTIA Press Release (Feb. 17, 2011) available at [http://www.ntia.doc.gov/press/2011/NationalBroadbandMap\\_02172011.html](http://www.ntia.doc.gov/press/2011/NationalBroadbandMap_02172011.html).

<sup>7</sup> For example, based on studies by state education technology directors, most schools need a connection of 50 to 100 Mbps per 1,000 students. The data in the map show that two-thirds of surveyed schools subscribe to speeds lower than 25 Mbps, however. In addition, only four percent of libraries reported subscribing to speeds greater than 25 Mbps. See [http://www.ntia.doc.gov/press/2011/NationalBroadbandMap\\_02172011.html](http://www.ntia.doc.gov/press/2011/NationalBroadbandMap_02172011.html).

750 times, and third parties are using the map's Application Programming Interfaces (APIs), allowing additional and more granular analysis than what is already available.

The SBI grants, in addition to funding state efforts to collect data for the map, are also playing a critical role as states and territories identify and address obstacles to broadband deployment and adoption. SBI has empowered states to fashion solutions tailored to their unique broadband needs, has supported state and local task forces and planning teams to expand broadband awareness and adoption, and has enabled government to be more responsive to citizens in this new digital economy. By providing coordination to this new network of state broadband activity, the SBI is facilitating collaboration among the states, enabling the exchange of best practices and lessons learned. This is yet another way that NTIA intends to leverage our grants to help share best practices.

### ***B. Digital Literacy***

High-speed Internet access and online skills are necessary for seeking, applying for, and succeeding at today's jobs. Yet 28 percent of Americans do not use the Internet at all and a noticeable broadband adoption gap exists when comparing demographic groups.<sup>8</sup> There is no single solution for closing this gap, but increasing digital literacy skills among non-users is key to bringing them online and opening doors to opportunity. Many BTOP projects are teaching digital literacy skills, developing and using a wide variety of tools and educational materials to expand broadband access and adoption.

On May 13, 2011, Department of Commerce Secretary Gary Locke launched DigitalLiteracy.gov, an online digital literacy portal that seeks to prepare more Americans for today's jobs by leveraging the BTOP investments made to date. To support these efforts, DigitalLiteracy.gov includes more than 80 resources used or donated by BTOP recipients. Recipients can upload and share content and best practices with other digital literacy practitioners and the general public; and, thereby, building on knowledge gained through BTOP projects and extending the nation's Recovery Act investments to benefit all Americans.

DigitalLiteracy.gov's workforce development page connects users to a wide variety of career building applications that teach the digital skills needed for today's global workforce, including word processing fundamentals, resume building tips, and job search techniques. These resources, now widely available to the public, allow individuals in service-oriented organizations to better serve their customers – usually vulnerable populations – by adopting what is working in the field.

NTIA, in collaboration with the Department of Education and other Federal agencies, created the portal to make it easy for librarians, teachers, workforce trainers, and others to find and share resources and tools that teach the computer and online skills necessary for success in today's

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<sup>8</sup> Digital Nation: Expanding *Internet Usage*, NTIA Research Preview (Feb. 2011) at 5, [http://www.ntia.doc.gov/reports/2011/NTIA\\_Internet\\_Use\\_Report\\_February\\_2011.pdf](http://www.ntia.doc.gov/reports/2011/NTIA_Internet_Use_Report_February_2011.pdf).

economy.<sup>9</sup> NTIA led the effort to design the site and incorporated feedback from over 50 practitioners throughout the development phase.

NTIA is collaborating with the American Library Association and the Institute of Museum and Library Services to promote the use of the portal by the nation's 16,600 public libraries. This important partnership will support a wide range of activities that encourage the development of digital literacy skills beyond the website's launch and encourage digital proficiency across the Nation.

## **V. Monitoring Efforts**

NTIA conducts multiple monitoring activities as part of its oversight of BTOP awards. These activities are designed to protect taxpayer investment and to support recipients' progress and performance against project benefits outlined in their applications. BTOP Federal Program Officers (FPOs) carry out these monitoring activities with support from the National Institute of Standards and Technology (NIST) and the National Oceanic and Atmospheric Administration (NOAA) Grants Offices.

### ***A. Financial, Project Performance, and Recovery Act Reporting***

Recipients are required to report their financial, project performance, and Recovery Act-related activities on a quarterly basis. Three reports – the Federal Financial Report (FFR), BTOP Performance Progress Report (PPR), and Recovery Act report – are reviewed each quarter by the BTOP Program Office and the NIST/NOAA Grants Office to formally monitor project progress against established baselines, expenditure of grant funds, and contribution of non-Federal cost share.

NTIA instituted a number of measures to increase the consistency and accuracy of recipient data reporting. Using last quarter's data and review experience, NTIA received feedback from grant recipients to identify areas of inconsistency and/or misunderstandings in the PPR instructions as well as Program guidance. Based on this feedback, NTIA developed additional guidance documents and held several drop-in calls to help recipients accurately report their progress and address any questions. In addition, NTIA improved its internal process to compare PPR reporting to FFR and Recovery Act financial reports. To improve NTIA's monitoring of recipient progress, the Program identified instances of potential discrepancies and/or mistakes in recipient baseline reports, prioritized them by size and importance, and developed and initiated a process to address the potential issues.

Collectively, these activities have provided NTIA an in-depth and accurate understanding of each grant recipient's progress and performance, including financial activity, and overall ability to comply with award requirements to ensure that BTOP-funded projects are successfully

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<sup>9</sup> Digital Literacy.gov was created by NTIA in collaboration with the Corporation for National and Community Service; Federal Communications Commission; Institute of Museum and Library Services; and the U.S. Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, and Labor.

executed and fully compliant with grant requirements.

### ***B. Site Visits***

During this quarter, NTIA launched site visits to closely monitor recipients through on-site meetings and discussions with the recipient's project leadership, including grant and financial management teams, as well as direct observations of project activities. Site visits afford NTIA staff the opportunity to inspect the Public Computing Centers and observe training classes; discuss how SBA projects are tracking and validating broadband subscribership numbers; and inspect the towers, trenches, and huts being built to provide high-speed Internet to anchor institutions and consumers.

In addition, FPOs, Program Directors, and BTOP Compliance Office staff visited 27 recipients, representing 12 percent of the BTOP awards and \$915 million in grants, held a two-day meeting with each recipient, and then documented their findings in a summary report. In nine instances, NTIA instituted Performance Improvement Plans (PIPs) with recipients to address areas of concern identified on the visit. These PIPs range from formalizing processes and procedures to ensuring that recipients remain on schedule and continue to meet milestones. The projects visited represented NTIA's highest risk projects, such as large, complex projects and awards. Next quarter, NTIA plans to visit an additional 51 recipients, which will bring the total number visited to more than one-third of the BTOP project portfolio represents more than \$2.3 billion in grants.

### ***C. Status Meetings***

A key monitoring activity implemented by NTIA is regularly scheduled grantee status meetings, typically conducted via teleconference, with the recipient and key project members. BTOP FPOs hold calls on a weekly or bi-weekly basis with recipients. The frequency is based on the complexity and size of each project and the issues currently faced by the recipients. These calls are in addition to any *ad hoc* communications via phone or email that may occur as a part of NTIA's monitoring of and support for BTOP recipients. During these calls, project progress against milestones, adherence to Federal grant compliance requirements, and any issues or concerns held by the recipient and/or NTIA staff are discussed.

### ***D. Cost Share Monitoring and Review***

During this quarter, BTOP FPOs launched an in-depth effort to review each recipient's ability to meet its non-federal matching funds requirement. The Recovery Act required BTOP recipients to contribute at least a 20 percent cost share to the BTOP project. Although applicants' proposed match was reviewed and assessed during the application review process, NTIA initiated this additional review activity to help recipients ensure that they are meeting this statutory requirement in a timely and compliant manner.

### ***E. Audit Reviews***

NTIA also recently finalized its Compliance Supplement for Office of Management and Budget (OMB) Circular A-133 audits. This supplement provides BTOP-specific guidance for the required annual audits of non-profit, state and local government, and education recipients. NTIA

worked closely with the Department of Commerce Office of Inspector General (OIG) to ensure that the audit guidance reflected best practices used by auditors and met the OIG's standard for audit activities to monitor and prevent waste, fraud, and abuse. This guidance will be used by third-party independent auditors employed by recipients to audit organizational and program specific activities including financial controls and accounting, Federal grant administration compliance requirements, and internal controls. The results of these audits will be used by NTIA and the NIST/NOAA Grant Offices to further monitor recipient compliance.

#### ***F. Third-Party Inquiries***

Additional sources of information used by NTIA to help monitor BTOP recipients are phone calls, letters, and emails to the Program Office. These communications provide external input on BTOP recipients and are carefully reviewed and addressed by NTIA. The Agency is implementing a rigorous approach to addressing third-party inquiries and complaints with official mechanisms and processes to ensure timely review and objective responses. This approach addresses recommendations of the Department of Commerce Office of Inspector General.<sup>10</sup> NTIA takes its responsibility to prevent waste, fraud, and abuse of taxpayer dollars very seriously and is committed to making continued process improvements and strengthening its compliance function to ensure transparency and accountability.

### **VI. Communications, Training, and Assistance**

NTIA conducted ongoing communications and outreach to report on BTOP progress to interested stakeholders and to assist grant recipients in achieving project success. The agency used concrete examples from BTOP projects to demonstrate how the Program will benefit communities across the United States and improve access to and use of broadband. NTIA leadership, including Assistant Secretary for Communications and Information Larry Strickling and his Deputy Assistant Secretary Anna Gomez, spoke to industry organizations and attended recipient events, which helped communicate the Program's trajectory and accomplishments. Additionally, Assistant Secretary Strickling provided a status report on the Program during testimony on April 1, 2011, before the House of Representatives Committee on Energy and Commerce, Subcommittee on Communications and Technology.<sup>11</sup>

Public visitors to the BTOP website can access an increasing number of recent reports about BTOP project progress in their communities by reviewing the 48 "BTOP In Action" articles that highlight individual project accomplishments. An online Photo Gallery also depicts community members using BTOP-funded facilities, construction of broadband infrastructure, and project milestones. NTIA staff, recipients, and others provide first-person reports on BTOP's progress in postings on the Program's blog.

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<sup>10</sup> See *Review of BTOP Award for the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project*, OIG-11-024-I (May 6, 2011) available at <http://www.oig.doc.gov/Pages/Review-of-BTOP-Award-for-San-Francisco-BayWEB-Project.aspx>.

<sup>11</sup> Assistant Secretary Strickling's recent Congressional testimony regarding BTOP is available at [http://www.ntia.doc.gov/presentations/2011/Strickling\\_House\\_BTOP\\_Testimony\\_04012011.html](http://www.ntia.doc.gov/presentations/2011/Strickling_House_BTOP_Testimony_04012011.html).

NTIA maintains a transparent approach to project oversight, with compliance materials available to the general public and other stakeholders interested in how Recovery Act funds are used. For instance, when the Program launched its site visit efforts in March 2011, NTIA posted materials on the public website that explained site visit processes. As it has done since the BTOP website was launched, NTIA continued to post key documents associated with projects, such as required environmental assessments and official findings as they become available.

NTIA helps recipients understand grant guidance and comply with statutory and regulatory requirements. The technical assistance, oversight, and outreach activities that NTIA has conducted to date include the following:

- Holding two multi-day grantee conferences on key project implementation topics;
- Creating more than 15 relevant fact sheets;
- Hosting over 40 webinars and drop-in conference calls to provide guidance on key compliance topics;
- Conducting at least bi-weekly conference calls with each grant recipient;
- Publishing Recipient Handbooks;
- Providing an online workspace and collaboration tool for grantees; and
- Delivering monthly recipient newsletters and as-needed emails regarding training, lessons learned, and answers to frequently asked questions.

## VII. Program Milestones

The following list includes upcoming tentative broadband grant milestones for 2011. Future dates and activities may change based upon developments or circumstances.

<i>Milestone</i>	<i>Date</i>
Recipient Second Quarter 2011 Recovery Act Reports Due	July 10, 2011
Recipient Recovery Act Second Quarter 2011 Reports Posted to Web	July 30, 2011
Recipient Second Quarter 2011 PPRs and Financial Reports Due	July 30, 2011
Broadband Map Update	August 2011
Recipient Second Quarter 2011 PPRs Posted to Web	August 29, 2011
Recipient Third Quarter 2011 Recovery Act Reports Due	October 10, 2011
Recipient Recovery Act Third Quarter 2011 Reports Posted to Web	October 30, 2011
Recipient Third Quarter 2011 PPRs and Financial Reports Due	October 30, 2011
Recipient Third Quarter 2011 PPRs Posted to Web	November 29, 2011
Recipient Fourth Quarter 2011 Recovery Act Reports Due	January 10, 2012
Recipient Recovery Act Fourth Quarter 2011 Reports Posted to Web	January 30, 2012
Recipient Fourth Quarter 2011 PPRs and Financial Reports Due	January 30, 2012
Recipient Fourth Quarter 2011 PPRs Posted to Web	February 28, 2012

### **VIII. Next Report**

NTIA will provide its next Quarterly Report to Congress in mid-September 2011.

### **IX. Additional Program Materials**

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