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

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National Telecommunications and Information Administration
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I. INTRODUCTION AND BACKGROUND

Pursuant to Section 6001(d)(4) of the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act) (Public Law No. 111-5), the National Telecommunications and Information Administration (NTIA) provides this Quarterly Report on the status of the Broadband Technology Opportunities Program (BTOP or Program). This Report focuses on the Program’s activities from October 1 to December 31, 2013.

The Recovery Act appropriated $4.7 billion for NTIA to establish BTOP to increase broadband access and adoption; provide broadband access, training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband.¹ In 2009 and 2010, NTIA invested approximately $4 billion in 233 BTOP projects and $239 million in 56 State Broadband Initiative (SBI) projects benefitting every state, as well as five territories and the District of Columbia.

As of December 31, 2013, 87 projects remained in active status, and 192 projects had completed their project activities.² NTIA streamlined the format of this report to provide more analysis of program progress.

II. SUMMARY

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

- **Status and progress** of broadband projects, including closeout efforts, extensions, and Program expenditures.
- **State Broadband Initiative**, including the mapping and capacity-building efforts.
- **Monitoring and grants administration** for broadband projects and the results of those efforts.

III. PROGRAM STATUS AND PROGRESS

A. Program Progress

From October through December 2013, NTIA’s broadband grant recipients made progress toward the Program’s FY14 goals. Grant recipients’ quarterly progress reports, which were made public at the beginning of March 2014, provide more granular details of these results.³

¹ On August 10, 2010, Congress rescinded $302 million from BTOP, reducing the Program’s funding to approximately $4.4 billion.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

² Active awards include 55 SBI grants and 32 BTOP grants.

³ Quarterly reports for each BTOP and SBI project, available at [http://www2.ntia.doc.gov/awards](http://www2.ntia.doc.gov/awards).
From September through December 2013, BTOP grant recipients:

- Deployed or upgraded more than 760 miles of fiber. Since the program began, recipients have deployed more than 112,000 miles of fiber.
- Connected more than 900 community anchor institutions. Thus far, recipients have connected approximately 21,000 total community anchor institutions.
- Generated approximately 1,600 new broadband adoption subscribers, bringing the total number of new subscribers to approximately 631,000.

Recipient Highlight: Technology for All (TFA)

In early 2014, NTIA published an evaluation of TFA’s BTOP project.4 The Texas Connected Coalition (TXC2) project used BTOP funds to develop a network of high-capacity Public Computer Centers (PCC) in urban and rural communities throughout Texas. TFA worked with its partners to create a service model for PCCs designed to facilitate a user experience to make everyone, particularly those who had not adopted broadband, comfortable with using computers and the Internet. As a result of the grant-funded equipment and training updates, weekly PCC traffic increased by at least 25 percent and TFA was able to provide more than 32 new full-time equivalent jobs. By the end of 2012, TFA also provided more than 1.9 million hours of training to nearly 1.3 million participants.

“The computers have added such wealth and depth to the program, and the overall success can be seen in the numbers that have secured employment and improved their educational standing.”—Program Specialist

Recipient Highlight: Michigan State University (MSU)

NTIA also recently published an evaluation of MSU’s BTOP project.5 The project used BTOP funds to establish and improve PCCs in colleges, public libraries, public housing developments, tribal community centers, and other community support organizations across the state. MSU focused on urban centers most affected by the economic decline, targeting communities with the greatest need for broadband services, and one tribal area. Before the grant, a shortage of workstations was a common problem at busy PCCs. The installation of additional workstations

reduced the frequency and length of users’ wait times. As a result of the grant, MSU estimates that it will serve an additional 57,000 PCC users. Users now have prompt access to PCC resources and are able to use the access to apply for jobs, achieve certifications, and learn digital literacy skills.

“How do you prove that the grant is having a direct impact? Perhaps because not as many basic questions are being asked of our Technology Assistant on a daily basis. That would be the proof right there. The expectations and skills of the users are steadily climbing.” – Librarian, Hackley, Michigan Public Library

**B. Program Status**

1. **Closeout**

As of December 30, 2013, NTIA helped 192 recipients (86 percent of the total) complete project activities. NTIA will continue to work with the remaining 32 recipients (14 percent) to verify that they have met their grant requirements and formally close out these grants in the coming months. The majority of SBI awards remain active until January 31, 2015.

Some grant recipients have faced factors beyond their control, which have caused project delays and hindered BTOP project deployment. NTIA extended the award period beyond September 30, 2013 for 32 grant recipients only after significant review of their compelling circumstances to ensure they can maximize taxpayer investment in the project and further the Recovery Act’s goals.

2. **Drawdowns**

As of December 31, 2013, grant recipients drew down $3.51 billion, or 85 percent, of federal grant funds. Recipients will use up to the remaining $613.3 million, or 15 percent, of federal grant funds to complete their projects.
IV. SUPPORTING INITIATIVES

A. State Broadband Initiative

The State Broadband Initiative (SBI) consists of the State Broadband Data and Development Program and the National Broadband Map. These grants have two components. First, SBI collects and verifies broadband availability data that states collect from broadband providers, public data, and third-party datasets. Second, SBI grants play a critical role in helping states and territories identify and address obstacles to broadband deployment and adoption. SBI supports state and local task forces and planning teams to expand broadband awareness and adoption and implements innovative applications to increase access to government services and information, including job resources.

As of the last data submission in June 2013, 57 percent of the population has access to broadband speeds of 100 Mbps or more, compared with only 10 percent in June 2010. In addition, nearly nine percent of the population has access to 1 Gigabit per second service, as of June 2013, compared with only one percent when NTIA began collecting data in June 2010. In Q2 FY14, NTIA will make the seventh update to the National Broadband Map to include broadband availability and speed data we collected from more than 2,100 providers as of June 30, 2013.

B. Public Safety 700 MHz Projects

After passage of the Middle Class Tax Relief and Job Creation Act of 2012, which authorized and provided funding to the First Responder Network Authority (FirstNet) to implement a nationwide public safety broadband network, NTIA partially suspended its public safety grants. As of December 30, 2013, four recipients, Adams County Communications Center, Inc.; New Jersey Department of Treasury; New Mexico Department of Information Technology; and Los Angeles Regional Interoperable Communications System Authority (LA-RICS), executed spectrum lease agreements with FirstNet. NTIA lifted their partial suspensions, enabling them to restart their projects to deploy broadband networks for public safety using Long-Term Evolution (LTE) technology, and extended their grant award periods to September 30, 2015 to allow them to complete their projects. In addition to coordinating with NTIA staff, these recipients also communicate with FirstNet on a regular basis to ensure they deploy their projects consistent with FirstNet’s approach to designing the nationwide public safety broadband network.

While the City of Charlotte did not reach agreement with FirstNet on a spectrum lease, the project remains active. The City is moving forward with a modified public safety broadband project that does not require access to FirstNet’s spectrum. NTIA extended the grant award period to September 30, 2015 to give the

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

City adequate time to complete its modified project. Two recipients, Mississippi and Motorola, did not reach agreement with FirstNet on the terms of a spectrum lease and began to close out their projects.

V. MONITORING AND GRANTS ADMINISTRATION

A. Monitoring Activities

NTIA is currently managing a number of active grants and a large quantity of grants in the process of “closing out.” Throughout the award period, NTIA proactively engages grant recipients to monitor project and compliance efforts and protect taxpayer investments. This engagement includes regularly communicating with recipients to ensure successful oversight of grant funds, identifying potential risks affecting projects, and offering guidance to resolve issues promptly. Quarterly, grant recipients must report their financial, project performance, and ARRA-related activities. NTIA reviews these reports – the Federal Financial Report (FFR), Performance Progress Report (PPR), and ARRA Report – to monitor project progress against established baselines, expenditures of grant funds, and contribution of non-federal cost share. These initiatives continue as grant recipients transition their efforts to closeout activities and prepare for post-closeout obligations.

In addition, NTIA continues to work to verify that each recipient has completed all applicable administrative actions and required documentation. The closeout process occurs over several months and includes a review of the technical obligations, financial accounting, and administrative requirements before concluding the grant agreements between NTIA and grant recipients.

B. Site Visits

NTIA uses site visits to closely monitor grant recipients and provide technical assistance through in-person meetings with project leadership and grant and financial management teams. This quarter, NTIA visited one SBI grant recipient responsible for $7.3 million in grant funds.9 To date, NTIA has conducted site visits for 174 recipients representing more than $3.8 billion of the BTOP and SBI portfolio.

During the remaining three quarters of FY14, NTIA plans to visit a number of recipients to monitor ongoing project activities and provide guidance regarding closeout procedures and compliance measures.

C. Best Practices

During FY 2015, NTIA will continue our multi-stakeholder work that builds on the demonstrable outcomes and best practices of the recent public and private broadband investments that have raised the levels of broadband availability and adoption across much of the country. This public-private engagement will help communities participate more effectively in the Internet-based economy.

VI. NEXT REPORT

The next quarterly report to Congress will cover January 1 to March 31, 2014.

VII. ADDITIONAL PROGRAM MATERIALS

Additional BTOP 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.

9 NTIA had a number of site visits scheduled for October 2013. However, when it furloughed staff during the government-wide shut down, it cancelled those visits.