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
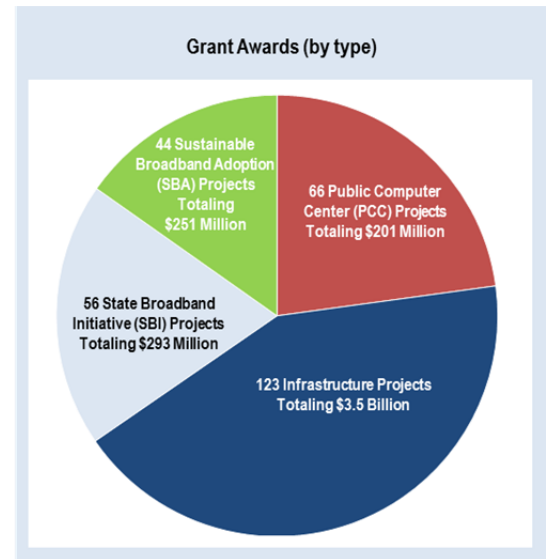United States House of Representatives

March 2015

National Telecommunications and Information Administration
U.S. Department of Commerce

I. INTRODUCTION AND BACKGROUND

Pursuant to Section 6001(d)(4) of the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act) (Public Law No. 111-5), the National Telecommunications and Information Administration (NTIA) provides this Quarterly Report on the status of the Broadband Technology Opportunities Program (BTOP or Program). This Report focuses on the Program's activities from July 1 to September 30, 2014.

The Recovery Act appropriated $4.7 billion for NTIA to establish BTOP to increase broadband access and adoption; provide broadband access, training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband.[1] In 2009 and 2010, NTIA invested approximately $4 billion in 233 BTOP projects and $293 million in 56 State Broadband Initiative (SBI) projects benefitting every state, as well as five territories and the District of Columbia.[2]

As of September 30, 2014, 74 projects remained in active status, and 206 projects had completed their project activities.[3]

II. SUMMARY

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

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

III. PROGRAM STATUS AND PROGRESS

A. Program Progress

From July through September 2014, NTIA's broadband grant recipients continued to exceed the Program's FY14 subscriber and community anchor institution goals, and to make progress toward the miles goal. Grant recipients' quarterly progress reports, which were made public at the beginning of December 2014, provide more granular details of these results.[4]

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[1] On August 10, 2010, Congress rescinded $302 million from BTOP, reducing the Program's funding to approximately $4.4 billion. *See* Pub. Law No. 111-226.
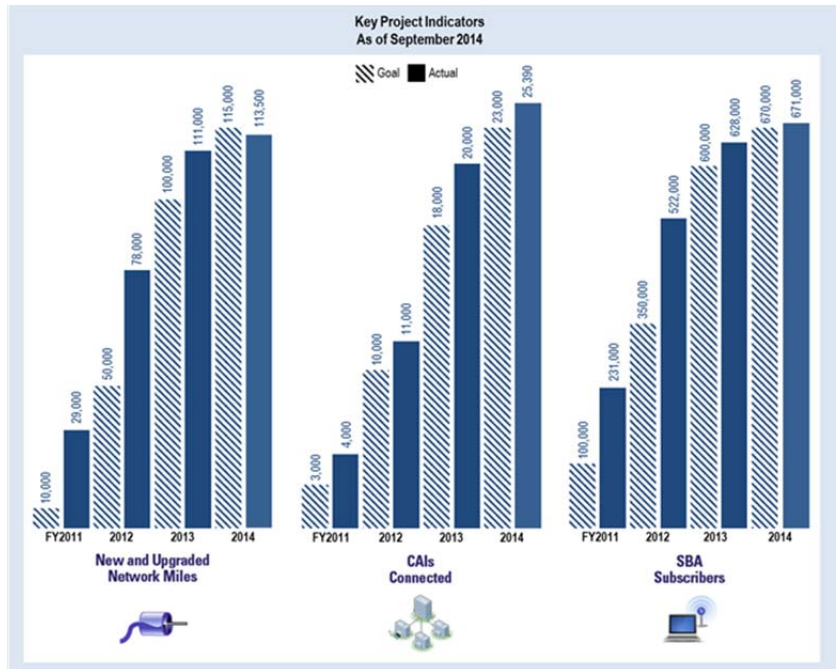
[2] The total number of BTOP awards announced by September 30, 2010 was 233. As of September 30, 2013, this number was 224, excluding awards to Leech Lake Band of Ojibwe (approximately $1.7 million), which ultimately did not accept its award; Education Networks of America, Inc. (approximately $14 million), the State of Wisconsin Department of Administration (approximately $22.9 million), the City of Tallahassee (approximately $1.2 million), and DigitalBridge Communications (three separate awards totaling approximately $4.2 million), each of which voluntarily terminated its project; and the Louisiana Board of Regents (approximately $80.6 million) and Trillion Communications, Inc. (approximately $59 million), which NTIA terminated for material noncompliance with their grant terms and conditions.

[3] Active awards include 55 SBI grants and 19 BTOP grants.

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

From July through September 2014, BTOP grant recipients: [5]

- Connected 19 additional community anchor institutions. Thus far, recipients have connected approximately 25,390 total community anchor institutions, surpassing FY14 goals.

- Deployed or upgraded nearly 770 additional network miles. Since the program began, recipients have deployed more than 113,500 new or upgraded network miles. While recipients did not meet the FY14 goal, projects are on track to meet the programmatic goal.[6]

- Over the course of the program, recipients have generated a total of more than 671,000 new subscribers, surpassing FY14 goals.[7]

Key Project Indicators
As of September 2014

B. Recipient Highlights

Last quarter, NTIA published eight ASR Analytics case studies on NTIA's Public Computer Center (PCC) and Sustainable Broadband Adoption (SBA) grants using program data from 2009 through 2013.[8] ASR Analytics provided examples of activities, outputs and outcomes, as well as social and economic benefits from five key areas that have been linked to broadband adoption and use: Workforce and Economic Development; Education and Training; Healthcare; Quality of Life/Civic Engagement; and Digital Literacy. Below are highlights from two of the case studies:

C.K. Blandin

C.K. Blandin's SBA project is an example of communities working together to increase broadband adoption and usage. The Minnesota Intelligent Rural Communities (MIRC) project used BTOP funds to provide education, training and technical assistance to help rural communities remove barriers to adoption. The program secured, refurbished, and distributed more than 2,000 computers in 65 of Minnesota's 87 counties, a distribution more than double their original target. MIRC also provided more than 31,000 hours of digital education and 1,890 hours of open lab access to nearly 9,000 individuals and offered technical assistance and training to more than 2,000 small businesses, teaching entrepreneurs how to leverage broadband and online tools to increase business operations and efficiency. They also initiated a broadband awareness campaign, using

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[5] As NTIA continues to successfully close BTOP grant projects, the rate of progress towards the Key Product Indicators (KPIs) can be expected to slow. Only 19 recipients were still active this quarter.

[6] As NTIA continually exceeded its performance goals, we raised our goals and continued to raise performance standards.

[7] Last quarter, the reported number of subscribers was 735,000. NTIA's oversight led us to discover that a recipient's methodology for reporting adoption figures needed to be amended. We worked with the recipient to modify its methodology, which ultimately decreased the total number of new subscribers to 671,000.

[8] ASR Analytics, "Case Study Reports" NTIA (May 9, 2014) *available at* http://www.ntia.doc.gov/report/2014/public-computer-center-and-sustainable-broadband-adoption-case-studies.

TV and radio ads to reach more than 250,000 Minnesotans, and encouraged an estimated 56,000 rural Minnesotans to subscribe to broadband.

In addition, the University of Minnesota Extension (UME) provided 306 workshops to more than 2,000 unique businesses and 4,206 attendees. A survey of businesses early in the grant period found that, although businesses perceived broadband as very important, fewer than 50 percent used it. They provided one-on-one consulting to 196 businesses, which was more than three times the original goal. Staff members noted the training led to an increase in the percentage of businesses with a digital presence, and the businesses that attended UME trainings increased their digital presence at a greater rate than those that did not. For example, the owners of Kettle River Ironworks had an ineffective web presence until they attended a Connecting Rural Communities program. Through one-on-one consulting, the owners learned to redesign their website more effectively to include search optimization and Google maps. As a result, their online sales have increased to the point where one owner quit a day job to work for the company and they hired a full-time employee.

"One of the biggest long-term successes of our involvement in MIRC are the relationships that were developed and strengthened throughout the program that have helped in spurring broadband-based economic development." – Director of Office of Innovation and Strategic Alliances, Minnesota Department of Employment and Economic Development (DEED)[9]

Florida A&M University

The Florida A&M University (FAMU) Public Computer Center (PCC) project is another example of how BTOP has delivered critical training and skills building to communities struggling with poverty and unemployment. FAMU used BTOP funding to establish a new Center for Public Computing and Workforce Development (CPCWD) on the Florida A&M University campus. Many local residents lacked the skills necessary for industry certifications and job preparation. FAMU's PCCs provided residents of the three-county region with increased access to computers and training with the goal of improving their digital literacy, job skills, and operational capabilities. By project completion, FAMU had installed 112 new workstations, upgraded broadband connectivity at four PCCs, and connected one PCC to a new broadband provider. Training programs taught topics including basic Internet and computer use, basic Java programming, software use, and web design to nearly 6,000 participants. Each of the courses improved relevant digital literacy, job, and educational skills for PCC patrons, whether they were seniors, students, or unemployed residents searching for employment.

Staff members reported that approximately 69 percent of the user base at the CPCWD were students who accessed the computers and Internet to complete coursework, take computer and Internet training, and increase skills for employment. In addition, CPCWD was a homebase for entrepreneurs with small, budding businesses that were unable to rent office space. They used the CPCWD as a workspace from which to operate their businesses and staff members helped small business owners develop skills to enhance their businesses. For example, one patron learned how to create letterhead, design business cards, and build a website for her business to increase its online presence. Her business grew from three clients to seven during the time she received training and assistance at the computer center.

"I moved from Raleigh and I had my business, but I didn't do as much. I had three clients and now I have seven since I've been at the center. My business has grown because I've learned how to do more on the computer and I can offer more to my clients." – FAMU Public Computer Center student

C. Public Safety Projects

The Middle Class Tax Relief and Job Creation Act of 2012 authorized and provided funding to the First Responder Network Authority (FirstNet) to implement a nationwide public safety broadband network. Prior to

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[9] *See id.*

the Act, NTIA had awarded seven grants for public safety projects in 2010. Following the Act's passage in 2012, NTIA partially suspended the grants to allow FirstNet to evaluate them. Four recipients, Adams County Communications Center Inc. (ADCOM) in Colorado, New Jersey, New Mexico, and Los Angeles Regional Interoperable Communications System Authority (LA-RICS), executed spectrum lease agreements with FirstNet. NTIA lifted the partial suspensions, enabling them to restart their projects. In addition to coordinating with NTIA, these recipients also communicate with FirstNet on a regular basis to ensure their projects are consistent with FirstNet's approach to designing the nationwide public safety broadband network. NTIA also closely coordinates with FirstNet regarding these projects. As of September 30, 2014, all four recipients are working on network design and construction activities.

During this quarter, LA-RICS continued network design activities and executed site access agreements with Los Angeles County for over 90 sites in its LTE network. LA-RICS also finished the environmental work related to its Environmental Assessment. New Mexico continued to work with the Department of Interior, and evaluated responses to its Request for Proposal for 700 MHz LTE equipment, services, and installation. In addition, New Mexico submitted a route modification to NTIA to develop an LTE network along the U.S. border. ADCOM completed approximately 87 percent of its fiber optic work and completed LTE installation for 13 sites. Finally, New Jersey developed site sharing agreements for state, local, and private organizations. New Jersey also worked closely with FirstNet on its plan for the lessons that FirstNet will learn from the project. Moreover, New Jersey selected a vendor for the deployment of LTE, microwave, trailers, satellite, and integration services for the Deployable Network Project.

While the City of Charlotte did not reach an agreement with FirstNet on a spectrum lease, the project remains active. Charlotte is moving forward with a modified project that does not require access to FirstNet's spectrum and will deploy broadband communications tools to police and fire vehicles. During the fourth quarter of 2014, Charlotte identified and ordered network and distribution infrastructure equipment for all community anchor sites. Two recipients, Mississippi and Motorola, did not reach agreement with FirstNet on the terms of a spectrum lease and are in the process of closing out their awards.
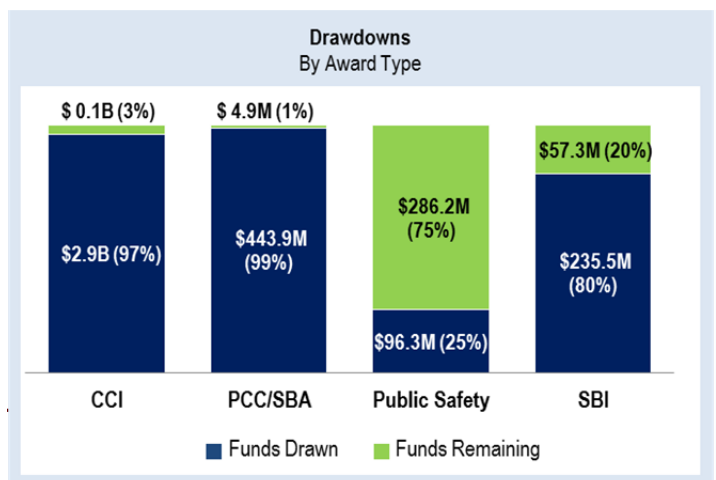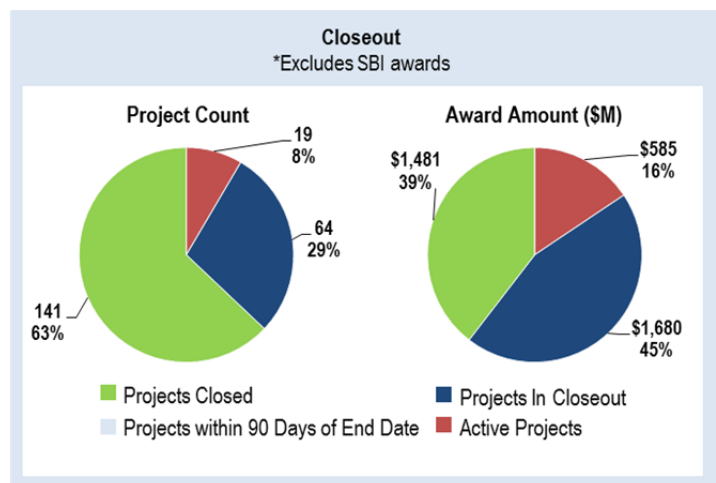
D. Program Status

1. Closeout

As of September 30, 2014, NTIA helped 205 BTOP recipients complete project activities. NTIA will continue to work with the remaining 19 recipients to verify that they have met their grant requirements and formally close out these awards in the coming months. The 55 SBI awards will remain active until at least January 31, 2015.

Some grant recipients faced factors beyond their control that have caused project delays and hindered BTOP project deployment. NTIA extended the award period beyond September 30, 2013 for 32 grant recipients only after ensuring that they could complete their projects and deliver the projects' promised benefits.

2. Drawdowns

As of September 30, 2014, grant recipients drew down $3.63 billion, or 89 percent, of federal grant funds. Recipients will use the remaining federal

Closeout
*Excludes SBI awards

Project Count

141 63%
64 29%
19 8%

Award Amount ($M)

$1,481 39%
$1,680 45%
$585 16%

■ Projects Closed
□ Projects within 90 Days of End Date
■ Projects In Closeout
■ Active Projects

Drawdowns
By Award Type

CCI: $2.9B (97%), $0.1B (3%)
PCC/SBA: $443.9M (99%), $4.9M (1%)
Public Safety: $96.3M (25%), $286.2M (75%)
SBI: $235.5M (80%), $57.3M (20%)

■ Funds Drawn ■ Funds Remaining

grant funds to complete their projects. The majority of the remaining funds, 77 percent or $343.5 million, are allocated to the Public Safety and SBI programs.[10]

IV. STATE BROADBAND INITIATIVE

The State Broadband Initiative (SBI) consists of the State Broadband Data and Development Program and the National Broadband Map.[11] 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.[12] 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.

In July, the SBI team updated the National Broadband Map by releasing a new dataset including broadband data valid as of December 31, 2013.[13] In addition, the team held its first closeout guidance webinar to provide recipients with an overview of the process that ensures all funded project activities are completed, including discussions of the timing related to closeout activities and recipient closeout requirements. More than 88 percent of the SBI grant recipients participated in the webinar training. The team also published guidance documentation in August 2014, including the Closeout Award Notification package and a checklist to help recipients ensure that all technical work and administrative requirements have been finalized.

Beginning in March 2015, the Federal Communications Commission will assume responsibility for the National Broadband Map and the data therein.

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 activities and compliance efforts and to protect taxpayer investments.[14] This engagement includes regularly communicating with recipients to ensure proper use of grant funds, identifying potential risks affecting projects, and offering guidance to resolve issues promptly. Quarterly, grant recipients must report their financial, project performance, and ARRA-related activities. NTIA reviews these reports – the Federal Financial Report (FFR), Performance Progress Report (PPR), and ARRA Report – to monitor project progress against established baselines, expenditures of grant funds, and contribution of non-federal cost share. These initiatives continue as grant recipients transition their efforts to closeout activities and prepare for post-closeout obligations.

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[10] Approximately $80 million of the unspent public safety funds is attributable to the Motorola and Mississippi awards. We expect the public safety drawdowns to increase exponentially over the next few quarters as the recipients make large contractual payments and make substantial progress on deployment.

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

[12] 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.

[13] Dataset is *available at* http://www2.ntia.doc.gov/broadband-data.

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

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

B. Site Visits

NTIA uses site visits to monitor grant recipients and provide technical assistance through in-person meetings with project leadership and grant and financial management teams. This quarter, NTIA visited one SBI grant recipient responsible for $4.5 million in grant funds, and two infrastructure grant recipients responsible for $41.3 million in grant funds. To date, NTIA has conducted site visits to 182 recipients' projects representing more than $3.91 billion of the BTOP and SBI portfolios.

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

VI. NEXT REPORT

The next quarterly report to Congress will cover October 1 to December 31, 2014.

VII. ADDITIONAL PROGRAM MATERIALS

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