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
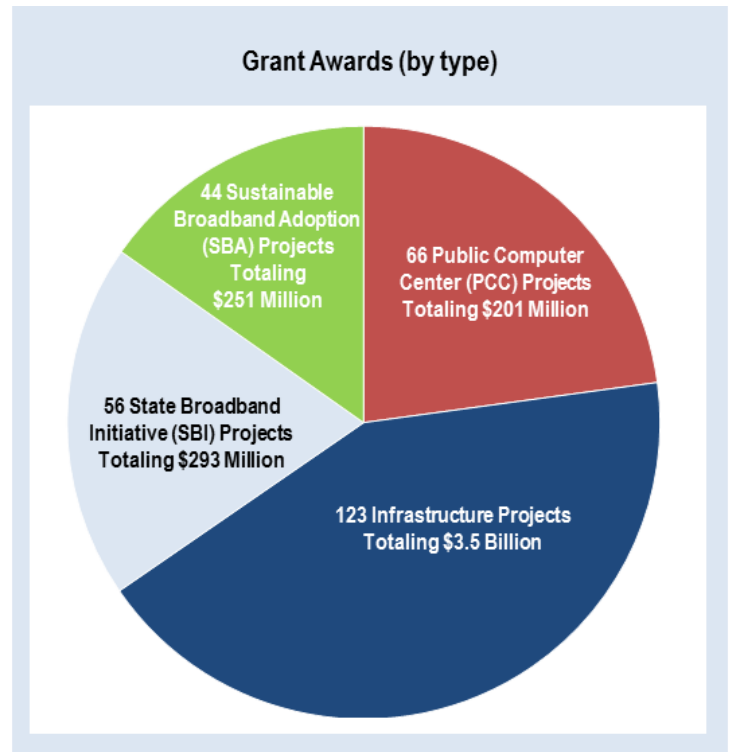United States House of Representatives

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National Telecommunications and Information Administration
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 January 1 to March 31, 2016.

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]

Grant Awards (by type)

- 44 Sustainable Broadband Adoption (SBA) Projects Totaling $251 Million
- 66 Public Computer Center (PCC) Projects Totaling $201 Million
- 56 State Broadband Initiative (SBI) Projects Totaling $293 Million
- 123 Infrastructure Projects Totaling $3.5 Billion

As of March 31, 2016, five projects remained in active status, and 275 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 (SBI),** includes the State Broadband Data and Development Program, the National Broadband Map (NBM), and recipient progress.
- **Monitoring and grants administration** for broadband projects and the results of those efforts.

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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 December 30, 2014, this number was 224, excluding awards to Leech LakBand 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] The five active BTOP grants include one Comprehensive Community Infrastructure (CCI) award (GovNet LLC) and four public safety awards (Adams County Communications Center, Inc., New Jersey Department of the Treasury, Executive Office of the State of Mississippi, and Los Angeles Regional Interoperable Communications System).

III. PROGRAM STATUS AND PROGRESS

A. Program Progress

NTIA established key project indicators to track the success of the Programs. Sustainable Broadband Adoption (SBA) projects tracked the number of households subscribing to broadband, or "SBA Subscribers." Comprehensive Community Infrastructure (CCI) projects tracked the number of "New and Upgraded Network Miles" and the number of "Community Anchor Institutions (CAIs) Connected."[4]

Between January 1 and March 31, 2016, one of the remaining BTOP grant recipients (GovNet LLC) deployed or upgraded 163 additional network miles. This brings the cumulative total for all BTOP recipients to more than 116,865 miles of new or upgraded network infrastructure. CCI recipients exceeded the Program's FY 2016 goal of deploying 116,000 network miles of new or upgraded broadband infrastructure.

Grant recipients' quarterly progress reports provide more granular details of these results. These reports were made public in June 2016, except for those closeout reports not yet approved by NTIA.
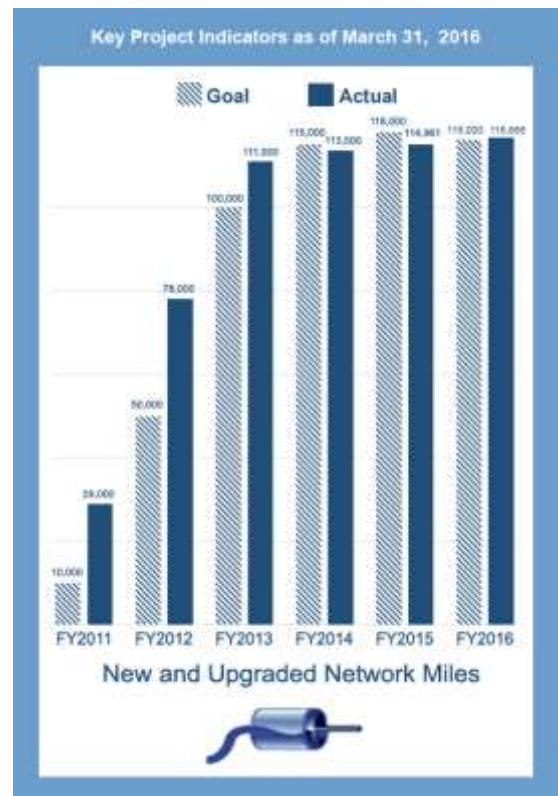

B. Public Safety Projects

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. In 2010, prior to the Act, NTIA awarded seven grants for public safety projects. 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 the 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 a result of the Continuing Resolution Act of 2016, which extended the availability of BTOP funding until 2020, four public safety projects will continue activities beyond March 31, 2016: ADCOM; New Jersey; Mississippi; and LA-RICS. The Continuing Resolution Act of 2016 allows active grants, including those currently in closeout, to extend their project periods through September 30, 2020.

During this quarter, **ADCOM** completed all significant work related to its project. The recipient continued its efforts to coordinate the installation of permanent electrical service at the three Denver International Airport (DIA) sites with the City and County of Denver and the Denver Department of Aviation.

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[4] Since the BTOP appropriation originally expired on September 30, 2015, NTIA discontinued updates for the key project indicators. NTIA noted this in the FY 2016 budget submitted to Congress. However, on September 30, 2015, President Obama signed the Continuing Appropriations Act, 2016, which extended the availability of BTOP funding for both active grants and those in closeout until September 30, 2020. As a result, NTIA reinstated the key project indicator for the number of "New and Upgraded Network Miles." However, due to the limited number and type of projects remaining, NTIA did not reinstate the key project indicator "CAIs Connected."

During this quarter, the **New Jersey Department of Treasury** focused on operational support of special events. For example, the New Jersey State Police and the Newark Police Department tested hand-held devices interoperating on band class 14 and observed the effects on battery life. The test was successful in that the agencies were able to communicate effectively and the batteries endured the power-intensive applications. New Jersey Transit also tested the network to prepare for a potential transit strike. The State deployed a System on Wheels (SOW) and a Cell on Wheels (COW) to the Meadowlands to provide coverage if the strike occurred. The State outfitted each ticket booth with cameras which fed back to a monitoring station utilizing the Long-Term Evolution (LTE) network. Although the strike did not occur, the network deployment was successful.

During this quarter, NTIA approved the **Executive Office of the State of Mississippi's** request for a no-cost extension of its project through June 30, 2016. As a result of the grant extension, Mississippi is working with NTIA on a grant modification proposal which will enable the state to improve public safety communications, data management, and pre-hospital patient care and coordination.

During this quarter, **LA-RICS** reported that the Los Angeles County Sheriff Department (LASD) began implementation of its Public Safety Broadband Network (PSBN) router installation project. The grant recipient designed an antenna and router layout that accounted for antenna interference issues and space requirements for four different types of vehicles. The recipient has completed two of the three locations to house the Network Operations Command Center (NOCC) equipment for monitoring the PSBN. These sites are the Fire Command and Control Facility (FCCF) and the LA-RICS office. The recipient is overseeing a power upgrade and reconfiguration for the third site, the Sheriffs Communication Center (SCC).
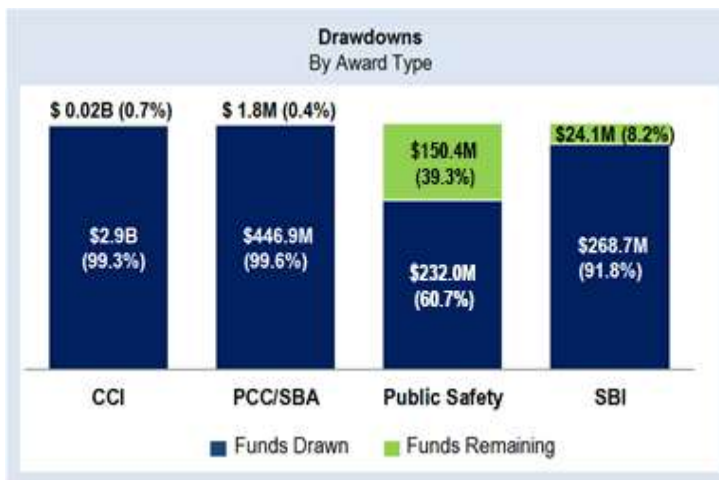
C. Program Status

1. Closeout

As of March 31, 2016, NTIA assisted 219 BTOP recipients in completing project activities. NTIA will continue to monitor the remaining recipients to verify that they have met their grant requirements and to formally close out these awards. The State Broadband Initiative (SBI) consists of the State Broadband Data and Development Program and the National Broadband Map.[5] As of March 31, 2016, all 56 grant recipients closed out their projects.

2. Drawdowns

As of March 31, 2016, BTOP recipients for CCI, PCC, SBA, and Public Safety projects drew down $3.564 billion (or about 95 percent). Please note that this figure is about $30,736,000 less than the funds drawn in the last quarterly report ($3.595 billion). For two weeks at the end of each September, the Department of the Treasury shuts down the Automated Standard Application for Payments (ASAP) for auditing purposes. Consequently, grantees are allowed to draw down funds in advance, in anticipation of expenses. Some recipients over-estimated expenses and

Drawdowns
By Award Type

$ 0.02B (0.7%) $ 1.8M (0.4%)

$24.1M (8.2%)

$2.9B
(99.3%)

$446.9M
(99.6%)

$150.4M
(39.3%)

$232.0M
(60.7%)

$268.7M
(91.8%)

CCI   PCC/SBA   Public Safety   SBI

■ Funds Drawn   ■ Funds Remaining

returned the overage to the Treasury. As of March 31, 2016, SBI recipients drew down $268.7 million (or about 92 percent). As a result, a total of $3.833 billion of grant funds have been disbursed. The remaining

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

$174 million will be used by the current active recipients to complete their projects and to cover the administrative costs associated with close-out activities.

IV. MONITORING AND GRANTS ADMINISTRATION

A. Monitoring Activities

At this stage of the program, NTIA is primarily managing the closing out of grants and a small number of active grants. Throughout the award period, NTIA proactively engages grant recipients to monitor project activities and compliance efforts and to protect taxpayer investments.[6] 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.

Each quarter, the active BTOP 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 Annual Report – to monitor project progress against established baselines, expenditures of grant funds, and contribution of non-federal cost share.

For grants in close out, 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 Uniform Commercial Code (UCC-1) documentation to ensure that the federal interest in grant-funded equipment is protected.

Finally, on September 30, 2015, President Obama signed the Continuing Resolution Act of 2016, which extended the availability of BTOP funding for both active grants and those in closeout until 2020. During the next quarter, NTIA will continue to monitor activities underway with the four public safety recipients that are extending their award periods pursuant to this law.

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. No site visits occurred during this quarter

V. NEXT REPORT

The next quarterly report to Congress will cover April 1 to June 30, 2016.

VI. 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.

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[6] Since 2009, the Department of Commerce's Office of Inspector General (OIG) initiated 25 programmatic audits. Recommendations from these reports include minor process improvements that NTIA has incorporated into its oversight and monitoring activities.