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April 13, 2009

The Honorable Gary Locke  
Secretary  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

The Honorable Thomas J. Vilsack  
Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250

Dear Secretary Locke and Secretary Vilsack:

The nation's governors call on the National Telecommunications Information Administration (NTIA) and the Department of Agriculture's Rural Utilities Services (RUS) to work closely with states to ensure the dramatic funding increases provided to their programs through the American Recovery and Reinvestment Act of 2009 (ARRA) are spent efficiently and effectively to provide more Americans with access to broadband technology.

The ARRA relies heavily on states and existing federal-state programs to spend funds quickly, create jobs, and spur economic growth. A portion of ARRA funds are dedicated to prudent investments in our nation's infrastructure including increased deployment and availability of broadband technology. Specifically, the ARRA provides \$4.7 billion to NTIA for the Broadband Technology Opportunities Program (BTOP) and \$2.5 billion to RUS for its grants and loan programs. NTIA and RUS have indicated they intend to release these funds in three stages, with the first stage in early fall 2009, followed by two more in 2010.

The five goals identified by NTIA and RUS for broadband recovery funds are: 1) create jobs; 2) close the broadband gap; 3) stimulate investment in broadband; 4) spread high-speed access to schools, universities, libraries, community centers, job training centers, hospitals and public safety personnel; and 5) encourage demand for broadband. The BTOP in particular is designed to accelerate broadband deployment in unserved and underserved areas and improve access to broadband by public safety agencies.

To meet these goals the ARRA calls on NTIA to consult with states to help identify unserved and underserved areas and provide input regarding the allocation of grant funds for projects in or affecting the states. The following recommendations focus on identifying the role states should play to help NTIA and RUS administer their programs so that recovery funds are spent efficiently and are consistent with state plans.

#### **1. Work through governors to coordinate broadband investments in states.**

Governors are at the forefront of the recovery effort under the ARRA. With more than \$230 billion going to or through states under the ARRA, governors have taken the lead in implementing recovery efforts within their states. In most cases, governors have designated individuals or appointed task forces to ensure that ARRA funds are spent efficiently, jobs are created, and all activities are conducted with an eye towards accountability and transparency.

Governors' authority as chief executives means they are in the best position to take into account the unique geographic, economic, and demographic factors of their states. They also are best positioned to leverage cross-agency resources to maximize the economic development and employment opportunities of particular investments, and coordinate the requests of local governments and the private sector.<sup>1</sup>

## **2. Expedite funding for statewide broadband inventory assessments and planning.**

Developing guidelines and regulations for ARRA spending programs on the law's accelerated timelines has been described as akin to "building the airplane while we fly it." This characterization is particularly accurate with regard to new programs like BTOP and existing federal-state programs under the RUS that received recovery funds far in excess of their regular appropriation. In such instances, spending funds too quickly or without planning, could lead to missed opportunities or conflicting outcomes. Governors therefore call on NTIA and RUS to expedite funding for statewide broadband inventory mapping and encourage states to develop strategic state broadband plans in advance of awarding funding for projects in the state.

- a. *Mapping.* ARRA provides up to \$350 million to implement the Broadband Data Improvement Act (Pub. L. No. 110-385) to develop and maintain a broadband inventory map. Governors recommend that NTIA make these funds available to all states as soon as possible to initiate, complete, or improve broadband inventory mapping efforts. Mapping is important for identifying underserved and unserved areas and developing strategies for deploying broadband in a cost-effective and comprehensive manner. Governors suggest that, as part of this mapping initiative, the FCC share with the states broadband deployment information from FCC Form 477 collected semi-annually from facilities-based providers and local exchange carriers. By providing this information and deploying funds immediately, NTIA can help states improve existing maps or initiate new mapping programs to inform state broadband plans.
- b. *Strategic Broadband Plans.* Ideally, a strategic state broadband plan that details priorities would be in place before in-state grantees apply for ARRA broadband funds. Such plans would offer states, NTIA and RUS a baseline against which to measure whether a grantee's proposal complements or conflicts with the plan for broadband in a state. Through planning and evaluation, states can identify stakeholders and partners, assess need, aggregate demand for broadband services, and evaluate demands for technical assistance. Development of state plans, moreover, will help inform the FCC's work over the next year to prepare a national broadband plan.

To facilitate state planning and implementation, NTIA should make available a one-time flexible funding award per state to help defray costs associated with developing new or updating existing statewide broadband plans and offset state costs associated with executing new responsibilities under

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<sup>1</sup> The National Association of Regulatory Utility Commissioners (NARUC) recognizes the unique position of governors. In calling for a primary role for states in reviewing and ranking applications for broadband recovery funds, NARUC first calls for NTIA and RUS to have governors "specify an entity to review and rank all applications for all in-State projects based on NTIA/RUS criteria."

the ARRA. To advance immediate action, the grant should encourage a state without a broadband plan to complete one within 90 days of receipt of the award. Awarding these flexible funding grants should occur as soon as possible and not count towards the ARRA's requirement that a state receive at least one competitive grant under the program.

**3. Establish a direct role for states in evaluating broadband projects.**

The ARRA charges NTIA to seek advice and assistance from the states in reviewing grant applications. Governors recommend that states play a direct role in evaluating all in-state grantee applications and making recommendations based on state priorities. States with broadband plans are ready to play a central role in evaluating in-state grantee applications immediately because the plans become the yardstick to measure consistency. NTIA and RUS, likewise, should ensure awarded projects are consistent with state recommendations and project rankings.

**4. Allocate funds to assist all states.**

As recommended above, governors support the use of some ARRA broadband funds to assist states with planning and administration, while preserving the bulk for competitive grants. Congress provided for all states by specifying that each state receive at least one competitive grant. For example, to expedite grant distribution, NTIA and RUS should consider allocations to states to fund a number of state recommended ready-to-go projects subject to NTIA and RUS approval.

States are positioned to play a primary role in implementing the ARRA's broadband objectives. Using dedicated funds to develop broadband inventory maps and a small portion of available funds to establish strategic state plans will help ensure federal and state investments are targeted and effective. Governors look forward to working closely with NTIA and RUS to evaluate projects and deploy ARRA funds in a meaningful way that maximizes job growth and provides more Americans with access to broadband technology.

Sincerely,



Governor Jon S. Corzine  
Chair  
Economic Development and Commerce Committee



Governor M. Michael Rounds  
Vice Chair  
Economic Development and Commerce Committee