



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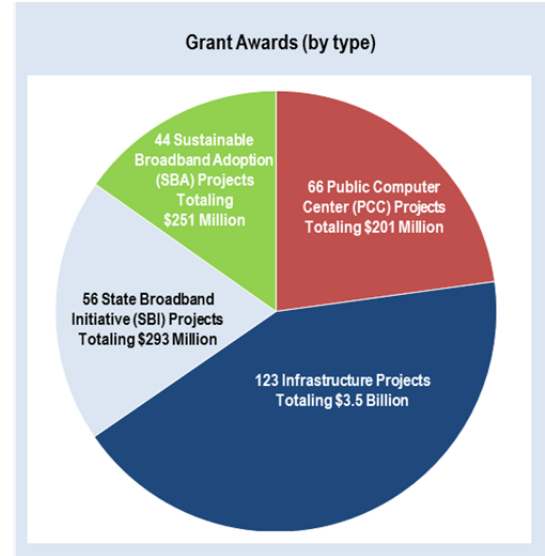
National Telecommunications and Information Administration
U.S. Department of Commerce

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 April 1 to June 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 June 30, 2014, 75 projects remained in active status, and 205 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.
- **Supporting initiatives**, including the SBI and Public Safety grants.
- **Monitoring and grants administration** for broadband projects and the results of those efforts.

III. PROGRAM STATUS AND PROGRESS

A. Program Progress

From April through June 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 September 2014, provide more granular details of these results.⁴

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.

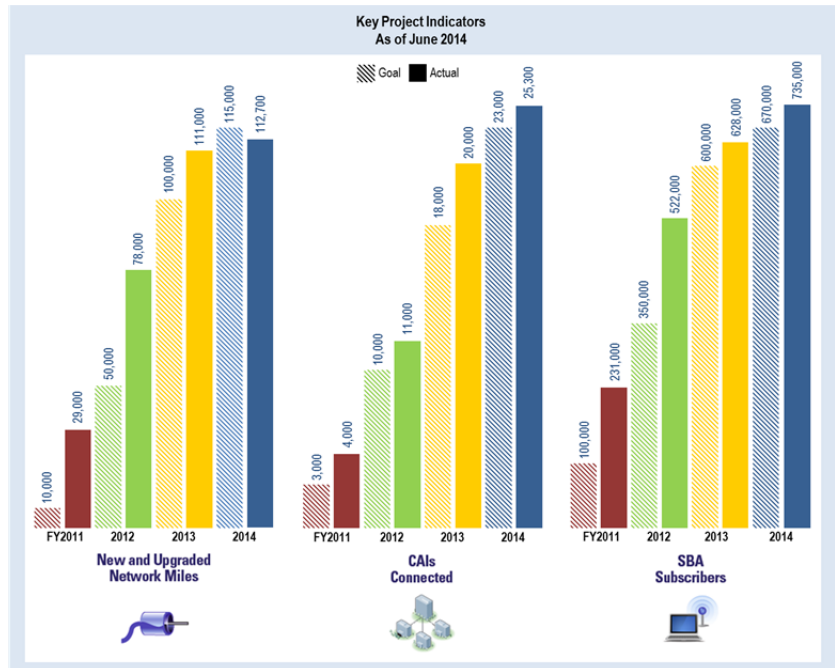
² The total number of BTOP awards announced by September 30, 2010 was 233. As of September 30, 2013, this number was 224, excluding awards to Leech Lake Band of Ojibwe (approximately \$1.7 million), which ultimately did not accept its award; Education Networks of America, Inc. (approximately \$14 million), 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 20 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 April through June 2014, BTOP grant recipients:⁵

- Connected more than 400 additional community anchor institutions (CAIs). Thus far, recipients have connected approximately 25,300 total community anchor institutions, already surpassing FY14 goals.
- Deployed or upgraded more than 400 additional network miles. Since the program began, recipients have deployed more than 112,700 miles of new or upgraded network miles.



Over the course of the program, BTOP recipients generated a total of approximately 735,000 new subscribers. The four remaining active Sustainable Broadband Adoption (SBA) projects are nearing completion and did not generate any new subscribers this quarter.

B. Recipient Highlights

In May, NTIA published eight ASR Analytics case studies on NTIA's Public Computer Center (PCC) and SBA grants using program data from 2009 through 2013.⁶ 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:

South Carolina State Board for Technical and Comprehensive Education



The South Carolina State Board for Technical and Comprehensive Education (State Board) project is an outstanding example of the broad impact of BTOP's public computer center (PCC) projects. This project made it possible for South Carolina residents to find a PCC within a 30-minute drive from any home in the state. The State Board established and upgraded 71 PCCs, offering South Carolina residents access to computers, digital

skills training, educational resources, and workforce training. Over the course of the project, State Board centers provided more than 160,000 hours of training and deployed more than 3,000 new workstations. Average users per week increased from 3,783 in the second quarter of 2010 to 50,962 in the fourth quarter of 2012. The PCCs offered college credit courses and noncredit courses open to the public, such as free tax preparation, résumé basics, Microsoft Excel, Internet basics, keyboarding, and GED prep. In addition to job skills training, many centers offered job fairs. More than 150 residents applied for jobs at the fairs, and one center noted that at least 25 residents found a new or improved job after attending training at the center.

"BTOP has enabled us to upgrade the broadband-level infrastructure at our colleges. We've been able to bring people in and teach them things that we take for granted, like being able to access electronic resources." – South Carolina Technical Colleges System Grant Administration Officer

⁵ As NTIA continues to successfully close BTOP grant projects, the rate of progress towards the Key Product Indicators (KPIs) will slow. Only 26 recipients were still active this quarter.

⁶ 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>

Las Vegas Urban League



The Las Vegas Urban League (LVUL) PCC project is another outstanding example of how BTOP has delivered valuable benefits to vulnerable communities. Through the Access to Computer Technology and Instruction in Online Networking (ACTION) project, LVUL offered computer access and training, including digital literacy and workforce skills, in low-income and high unemployment communities in and around Las Vegas. The grant's service area contained a significantly greater percentage of African Americans and Hispanics than to both the state and the nation, and nearly a third of the households in the service area have annual incomes lower than \$25,000. LVUL established 14 new PCCs and upgraded 15 existing PCCs in public housing developments, community centers, and senior centers, and added or replaced more than 230 computer workstations. Trainers from all of the locations worked together to develop new curricula for the centers, ranging from basic to advanced computer training. By the end of the project, LVUL developed more than 100 courses and performed more than 100,000 hours of training. LVUL also improved services to Hispanic patrons through marketing and courses developed in Spanish.

"The thing that kept me coming back were those people that I was helping. For example, one gentleman in one of the residential communities, one of the vulnerable communities, is now working, when he was not working for the last five years." – Nevada Public Computer Center Trainer, Las Vegas, NV

C. Program Status

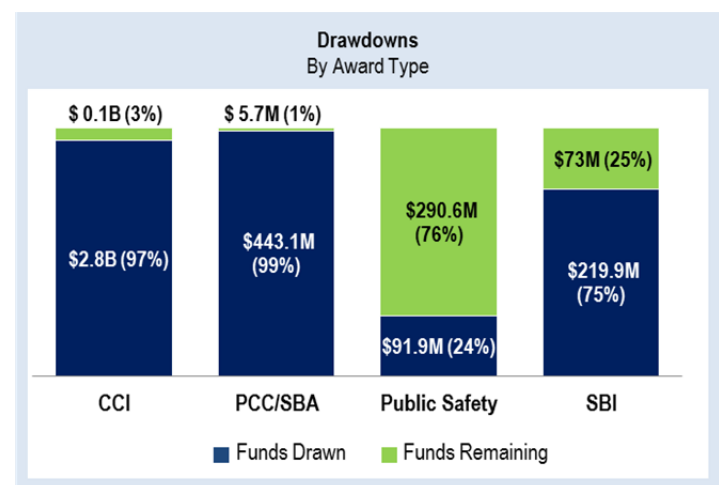
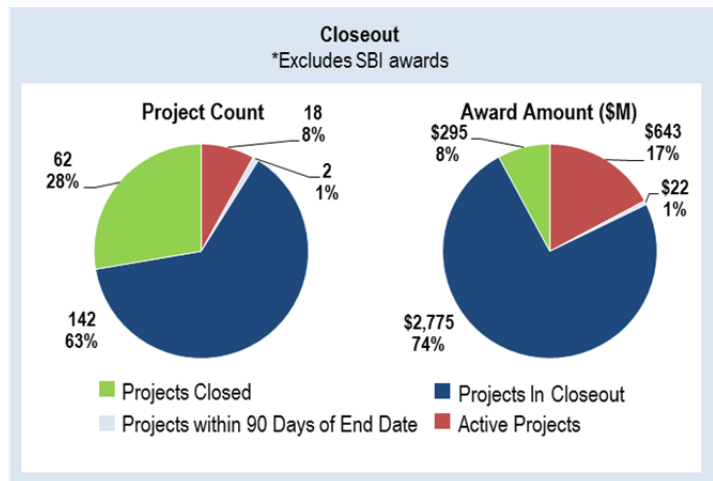
1. Closeout

As of June 30, 2014, NTIA had helped 205 BTOP recipients complete project activities. NTIA will continue to work with the remaining 20 recipients to verify that they have met their grant requirements and formally close out these awards in the coming months. The 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 June 30, 2014, grant recipients drew down \$3.59 billion, or 89 percent, of federal grant funds. Recipients will use the remaining federal grant funds to complete their projects. The majority of the remaining funds, 79 percent or \$359 million, are allocated to the Public Safety and SBI programs.



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.⁷ 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.⁸ 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 May, more than 100 SBI recipients from 48 states and territories attended the 2014 SBI Grantee Conference. Attendees participated in an interactive broadband priorities exercise to rank the purposes and functions of state broadband programs. The exercise shared “lessons learned” that can help SBI recipients continue to make progress on their broadband priorities as they complete their projects and the SBI grants end. Other conference sessions focused on future funding, top issues faced by broadband practitioners, and the role of states in efforts to increase broadband access and adoption. Federal staff also gathered research materials from the recipients and posted them to an online Wiki as reference for recipients.

Throughout the quarter, SBI staff began to develop closeout guidance materials and planned to hold webinars for recipients. Beginning in March 2015, the Federal Communications Commission will assume responsibility for the National Broadband Map and the data therein.

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. Prior to the Act, NTIA had awarded seven grants for public safety projects in 2010. Following the Act’s passage, NTIA partially suspended the grants to allow FirstNet to evaluate them. Subsequently, four recipients, Adams County Communications Center in Colorado; New Jersey; New Mexico; and Los Angeles (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 June 30, 2014, all four recipients have resumed network design and construction activities.

During this quarter, LA-RICS made progress on planning and design work. New Mexico completed construction on all 24 microwave tower sites, and identified and scheduled site visits for seven Long-Term Evolution (LTE) sites. In addition, New Mexico worked with the Department of Interior, and evaluated responses to its Request for Proposal for 700 MHz LTE equipment, services, and installation. Adams County Communications Center completed approximately 40 percent of its fiber optic work and completed LTE installation for six sites. Finally, New Jersey continued outreach and site visits to multiple locations to assess tower placement and is updating its coverage design map. New Jersey also worked closely with FirstNet on its plan for the lessons that FirstNet will learn from the project. New Jersey also finalized Statements of Work for the key pieces of its deployable network.

⁷ The National Broadband Map is available at <http://www.broadbandmap.gov>.

⁸ 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.

While the City of Charlotte did not reach 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 communications to police and fire vehicles. During the second quarter of 2014, Charlotte received best and final offers on an RFP for a qualified dual band vehicle router and began a 10-car pilot project. 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.

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.⁹ 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.

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 two SBI grant recipients responsible for \$10.9 million in grant funds, and four infrastructure grant recipients responsible for \$277.3 million in grant funds. To date, NTIA has conducted site visits to 181 recipients' projects representing more than \$3.91 billion of the BTOP and SBI portfolios.

During the remaining quarter of FY14, 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 July 1 to September 30, 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.

⁹ 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.