



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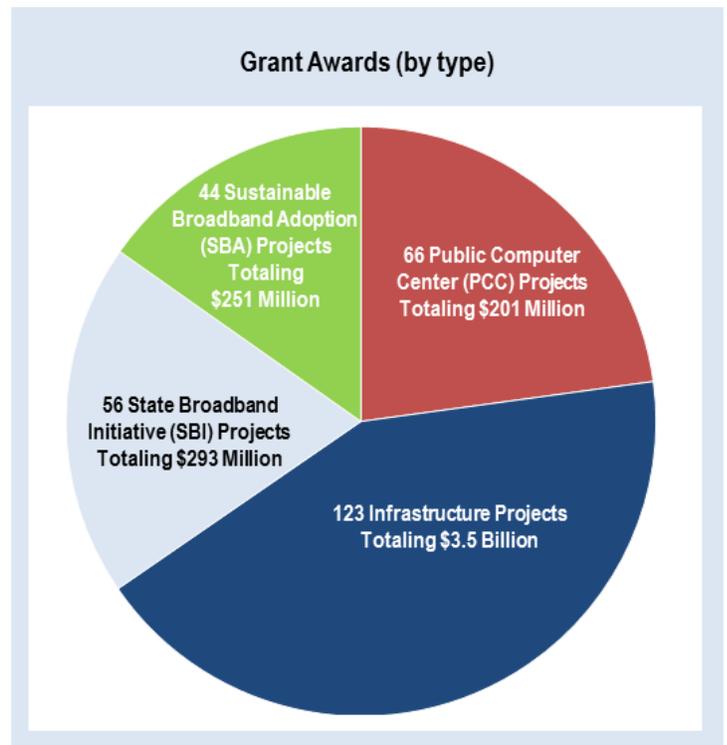
National Telecommunications and Information Administration
U.S. Department of Commerce

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, 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

As of June 30, 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 and recipient progress.
- **Monitoring and grants administration** for broadband projects and the results of those efforts.

¹ On August 10, 2010, Congress rescinded \$302 million from BTOP, reducing the Program's funding to approximately \$4.4 billion.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).

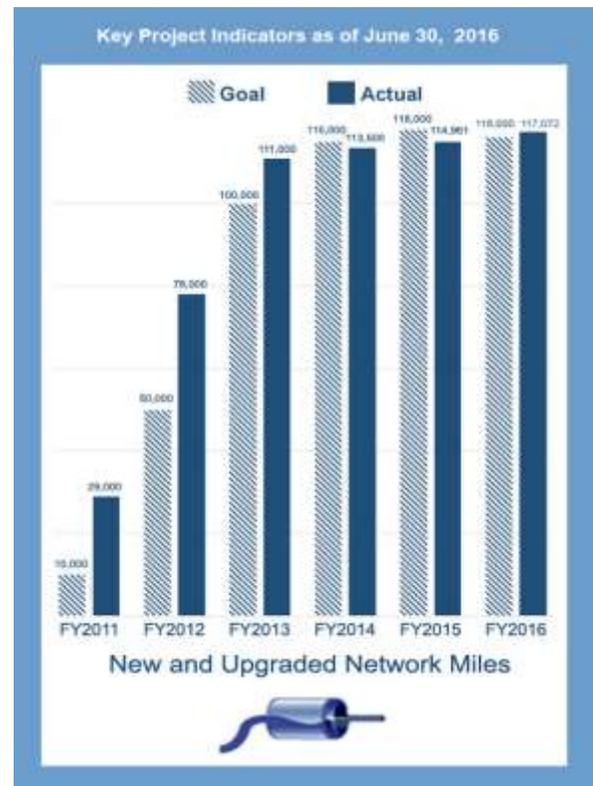
III. PROGRAM STATUS AND PROGRESS

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 April 1 and June 30, 2016, the one remaining BTOP CCI recipient, GovNet LLC (GovNet), deployed or upgraded 207 additional network miles. This brings the cumulative total for all BTOP recipients to more than 117,072 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. NTIA makes these reports public as they are approved for distribution.



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 Department of Treasury (New Jersey), New Mexico Department of Information Technology (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 continued activities beyond June 30, 2016. 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** worked on the administrative requirements for closing out its project.

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.”

New Jersey continued testing and training on its Network Operations Center processes in preparation for full operation. The recipient distributed approximately 400 devices to public safety agencies within the state to demonstrate the data capabilities of its wireless broadband network. The recipient also used deployables and other BTOP-funded equipment to bring the data capabilities of the network to the public safety entities monitoring several special events taking place during this timeframe, including an airport drill in Atlantic City, the Joint Base McGuire-Dix-Lakehurst Air Show, and an Urban Search and Rescue meeting in Lakehurst, New Jersey.

NTIA worked closely with the **Executive Office of the State of Mississippi (Mississippi)** as it explored options to use its remaining BTOP funds to improve public safety communications in the state. NTIA will continue to provide guidance to Mississippi as it moves forward to modify its project plan consistent with BTOP’s program purpose and statutory requirements. During this quarter, **Mississippi** also finalized its capacity upgrade to the Mississippi Wireless Information Network microwave backbone and continued the installation of land mobile radios.

LA-RICS commissioned 63 transport and microwave radio fixed sites. The recipient observed and tested each site to ensure seamless transmission before the hand off to its Network Operations Command Center. The recipient also completed the siting of four Cell-On-Wheels units, which are now ready for deployment. **LA-RICS** also began evaluating additional tower sites for development in an effort to potentially expand the coverage and capacity of its broadband network to underserved areas of LA County.

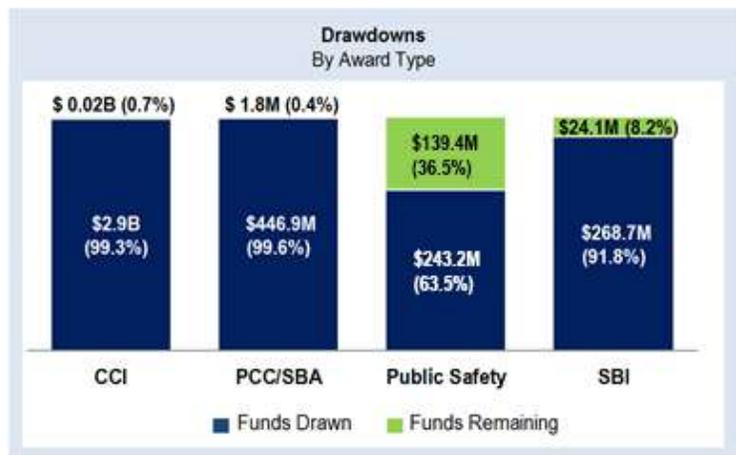
C. Program Status

1. Closeout

As of June 30, 2016, NTIA assisted 275 BTOP recipients in completing project activities. NTIA will continue to monitor the remaining recipients to verify that they have met their grant requirements and formally close out these awards in the coming months. The State Broadband Initiative (SBI) consists of the State Broadband Data and Development Program and the National Broadband Map. As of June 30, 2016, grant recipients closed out all 56 projects.

2. Drawdowns

As of June 30, 2016, BTOP recipients for CCI, PCC, SBA, and Public Safety projects drew down \$3.575 billion (or about 95 percent). As of June 30, 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 \$163 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 has proactively engaged with grant recipients to monitor

project activities and compliance efforts and to protect taxpayer investments.⁵ 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 the 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. NTIA will continue to work with recipients requesting extensions of their awards 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.

NTIA conducted a site visit with **GovNet** on June 8 and 9, 2016 in Phoenix, Arizona. Representatives from NTIA and the National Oceanic and Atmospheric Administration (NOAA) Grants Office reviewed the updated construction and implementation schedule; completed undeployed asset and network resiliency templates and supporting documentation; discussed plans to transition to broadband operations; and reviewed closeout efforts to date. NTIA also conducted a site visit to Jackson, Mississippi on June 22, 2016 to meet with representatives of the Mississippi Wireless Commission and the University of Mississippi Medical Center to provide guidance and technical assistance on potential proposals to modify its BTOP project plan.

V. NEXT REPORT

The next quarterly report to Congress will cover July 1 to September 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.

⁵ Since 2009, the Department of Commerce's Office of Inspector General (OIG) initiated 27 programmatic audits. Recommendations from these reports include minor process improvements that NTIA has incorporated into its oversight and monitoring activities.