

MODERATOR: We can begin.

It's 10:00.

Good morning, my name is Bob Atkinson, I am Director of policy research at the Columbia Institute For Tele-Information.

Based at Columbia Business School in New York.

I am not an NTIA or RUS or any other government employee, so any comments I make cannot be attributed to those agencies or any other government agency.

And they can't be attributed to CITI.

They are my own.

Let me quickly talk about some program logistics.

The first roundtable is on post award compliance and oversight.

We have an excellent panel here today.

Each of the panelists will make some very brief comments and then I will

moderate a roundtable discussion amongst the panelists.

The last 30 minutes of the program will be devoted to questions or comments from the audience here at the Department of Commerce auditorium.

Or from participants on the webcast or teleconference.

I should note these are the last day of these discussions.

There have been six of them total, six days.

I think it has been an open and transparent process and that's part of the overall program that NTIA and RUS have with respect to the broadband stimulus program.

I want to draw your attention to the request for information that the agencies released a couple of weeks ago.

It is a comprehensive document and asks lots of questions and gives everyone an opportunity to share

their thoughts, experiences and recommendations.

I would urge everyone who is interested in this topic to look at the RFI and respond to it.

Your responses are due on April 13.

Let me introduce, first of all our panelists.

On my immediate left is Beth McConnell.

Beth is the executive Director of the media and democracy coalition where she brings together more than two dozen local and national public interest organizations around media policy, including broadband access and adoption.

She has spent more than 15 years in advocacy, with nonprofit consumer and environmental public interest organizations.

To Beth's left is Eli Noam.

Eli is the founder and Director at the Columbia Institute For

Tele-Information -- the same place I

come from.

A center focusing on strategy management and issues in computing and electronic mass media and is a professor of economics and finance at the Columbia business school.

In addition to writing over 400 journal articles he is an economist writing for "financial times" online and has edited and co-edited a couple of books and Eli has an article in "the financial times" about the broadband stimulus program.

I don't know if he was going to plug it, but I thought I should. On Eli's left is Amina Fazlullah.

Amina is with the U.S. public research group, media and telecommunications reform council, and works on the organization's efforts to advance media reform goals and to diversity in media and extend usage to broadband.

Previously she served as a law judge

in the United States District Court in Minnesota and at the federal communications office of strategic planning and policy analysis and with the Equal Employment Opportunity Commission's office of legal counsel.

To Amina's left is Sunne Wright Mcpeak.

She is president and CEO of California Emerging Technology fund. She has headed the bay area council, a major employer public policy organization and was elected county supervisor in Contra Costa county for more than 15 years.

To Sunne's left is Chris Murray, A senior counsel of consumer's union.

He manages advocacy for CU on technology, communications media, and energy policy in the United States and internationally.

And last but certainly not least is John Bunting, John is the Department

of Commerce Inspector General for the recovery act task force and audit manager for the 47 billion dollar broadband technology opportunities program, this program. As regional Inspector General for six years he led science and technology grant audits including audits of the NTIA public safety interoperable communications program that was implemented by the recommendations of the 9/11 commission of 2007.

I have observed that NTIA and RUS have a monumental job to accomplish in a very short period of time to implement the ARRA and the broadband provisions that they are in.

Hopefully in a way that brings us the biggest bang for our taxpayer buck.

Right now these agencies are starting this mammoth project, writing rules, developing contracts, soliciting proposals, reviewing

proposals, selecting those and ultimately monitoring and seeing how the programs have done.

It's a vast task and has to be done very quickly and the purpose of these roundtables and the request for information is to gather as much information from experienced knowledgeable people so that NTIA and RUS can take advantage of their experience and expertise.

So, the topic today, the post-award compliance and oversight.

And obviously everyone wants the broadband stimulus program to be successful but we won't know if it's successful unless we can monitor it, understand whether the projects have achieved their goals and whether or not the overall program has been successful.

Congress clearly wants post-award compliance and oversight.

NTIA has to report on the status of the BTOP program every 90 days to

Congress.

Grant recipients have to report quarterly on their use of the grant, how they are doing towards fulfilling their agendas and those quarterly reports have to be made public.

NTIA is directed by the statute to establish mechanisms to ensure appropriate use of the grants and compliance, and NTIA is required by the statute to make available to the public an internet accessible database with all the information about each grant, the grantee's quarterly reports and such other information that allows according to the Congress that allows the public to understand and monitor the grants.

So, you in the audience, on the web, etc., have a role to play.

You get to also monitor these grants and NTIA is obligated to give you as much information as you need to do

that.

So, let's begin the roundtable and our first speaker is Beth McConnell.

Thank you.

MS. MCCONNELL: Good morning.

My name is Beth McConnell.

I am the executive Director of the media democracy coalition, as you heard.

We are a collaboration of more than two dozen public interest organizations, media advocacy groups in the states and Washington, D.C., and our mission is to amplify the voice of the public in media and telecom policy.

So I am grateful for the chance to be here today.

In crafting my comments I considered and thought about two questions to help focus me.

The first is how do we ensure that grantees are accountable to the congressional intent in the recovery act and second how can we ensure

that the grantees are complying with rules and agreements.

So I thought to address both of those things we need three major things.

One is clear and concrete objectives in grant agreements.

Two, a very strong rules to hold the grantees accountable to, and three is good data to evaluate the programs.

In terms of clear and concrete objectives, I think the obvious really bears repeating.

The goal of the broadband section of the recovery act is to get consumers online.

Funding to the infrastructure is not enough and Congress was right to make adoption programs eligible for funding but we think it is critical that all funded projects contain a component that will measurably increase adoption.

That grantees should be required to

offer very specific, very concrete actions and projected outcomes for how they are going to meet that goal, and for some it may be as simple as committing to offering affordable rates, others may include digital inclusion programs that bring hardware and software and training to targeted populations but what is important is that adoption remains the focus and that very specific outcomes are tracked and reported on, and requiring those clear adoption rules could make it easier for NTIA and RUS to select project that is deliver best bang for buck.

In terms of strong rules there are two recommendations that we have for today.

The first is to prevent the use of public investment and ensure these funds provide economic development for many not just to a few.

We think NTIA and RUS should guard

against the flipping of networks. So to be made in any contract that any condition that is imposed on a grant cannot be waived by a network and any system that buy as system subject to recovery act funds is subject to the same outcome, same reporting and same investigation requirements as the original grant recipient.

And our second recommendation under this category is to improve compliance with and oversight of the nondiscrimination rules.

We think that NTIA and RUS should require that all grantees report what their network management practices are and that the agencies should approve those plans to ensure they are consistent with the FCC policy statement.

Just a reminder that the FCC's principles of nondiscrimination apply to all network providers, whether they are publicly subsidized

or not.

So we don't see any reason to exclude RUS grantees from this requirement even though the recovery act statute does not make it a requirement there. And the third category we think good data is needed.

We need to know what is happening on the ground to adequately measure the recovery act funds.

So our recommendation in that category is that NTIA and RUS should require that grantees report the actual speeds that are delivered, the actual prices paid by consumers and adoption of service once networks are built.

Actual that consumers get and actual prices being paid.

We think it would be wise that grantees report on demographics of new subscribers so we can determine whether or not targeted populations are actual being served.

The agencies whether it's NTIA, RUS or whatever role they play in the disbursing of the 350 million to implement the broadband data improvement act that they do so at the same level of transparency as they treat all recovery act funds. So funds should not be awarded to any entity that purports to map broadband services and withholds critical information.

We heard yesterday on the mapping panel that several states have passed mapping legislation at the behest of industry backed initiatives that failed at least in the kinds of public data that policymakers and others need.

We think it's an outdated approach one that NTIA and RUS should project, whether they are directly subcontracting to states.

In addition to sharing data among agencies which is mentioned in the statute, we think NTIA and RUS

should consider the reporting a critical opportunity to gather data that should inform mapping that is happening at the FCC.

Finally we think the agencies should consider robust post grant assessment.

Access to broadband is an economic gift that keeps on giving long after projects are completed and grant obligations are met.

But it will be difficult for the agencies to truly establish the act of the project simply by reading grant reports at the end of the funding period.

So we think there needs to be some way for agencies to select the projects perhaps by selecting a few projects and conducting a rigorous post grant review.

How many new users started web based small businesses, how did a previously dis-enfranchised community become civically engaged

as a result of communicating with each other and organizing online. These sorts of long range assessments will inform academics and entrepreneurs for years to come yet little funding is available to conduct them so we think NTIA and RUS are needed to take a leading role.

In closing I of course note that the 7 billion that is provided for the broadband recovery act is the most significant to date by the federal government in addressing the digital divide but it's far short that the U.S. needs to gain our position as a worldwide leader in program adoption and the programmes administered by these agencies represent a critical path.

I thank you for the opportunity to be here today.

MODERATOR: Thank you, our next speaker is Eli Noam from Columbia university.

MR. NOAM: Thank you, Bob.

So we got 7.2 billion dollars.

That's the good news.

But we must spend it carefully but in a real hurry with limited staff and politicians and the press ready to pounce.

Can it be done?

Yes, it can.

First the selection process.

Focus.

The relatively vague congressional criteria invite people to tie the pet causes to criteria for grant selection.

I have done so myself in opening.

But one needs to keep the eye on the prize.

This is not called a reformation act.

It's primary purpose is to stimulate the need for spending in the economy.

The secondary goal is to support infrastructure.

The other goals I audable as they are will have to wait their turn and therefore they should not muddy up the selection process and also the monitoring process.

There should be basically several thresholds before an evaluation is even being made.

The first one is operational viability.

The stimulus money should go to programs, not operations.

We don't want to create permanent dependencies post stimulus.

Secondly a minimum multiplier.

Private investment should accompany the public policy and one could specify one to one for Metro areas and one to two for rural areas or some such formula. Next is the speed to market.

The only project that should be considered are those that are substantially completed by the end of a certain period, such as the

next fiscal year.

If you can't make it that fast, then you were shopping in the wrong lane.

Apply to another program.

Then the metrics.

Once the applications meets those first criteria, it gets evaluated in three simple metrics, development projects, community development and innovation projects with additional criteria but they are first, network efficiency, network bang for the buck measured by network miles per dollar.

Next people efficiency, productivity bang for the buck measured by previously unserved households for each dollar.

And thirdly employment, job bank for the buck.

Direct local employment for the dollar.

Each of these gets a number of points.

If you add up the points with a high

scoring protest.

The community and innovation has to be more complicated.

Then have you value.

The selection criteria must be clear rather than fuzzy because otherwise the monitoring will be fuzzy and the accountability will be fuzzy.

This monitoring needs to have at least those elements.

Transparency.

Grantees would need to publish online performance metrics next to the application benchmarks so people can compare.

But openness is not enough.

Web site is no substitute for auditing.

Next is the independent performance evaluation with stress on the word independent.

We must avoid a repeat of the recent experience with Banks and AIG and others that had led to a public fury and suspicion.

It is therefore essential to have a trusted evaluation process, free of any suspicion of internal white wall.

This needs to consist of an independent credibility.

It would consist of outside pro bono boards of technologists, economists, rumor development experts.

They would spot audit, but also spot audit governmental audit.

Now the impacts of the evaluations are first to assure private accountability, incentives and sanctions.

This could be called tactical monitoring, short-term monitoring.

Top performance projects should be awarded through further grants.

Micro-performing projects should receive quick help from special consulting teams set up for that purpose in advance.

Low performing projects should have their the plug pulled on grant

money.

And late performing projects should be required to repay the granted and nonperforming projects should be prosecuted.

And lastly governmental accountability.

This could be called strategic monitoring, long-term monitoring of the the same board should also aggregate the performance of the money and its impact on economic activity and community.

It would identify best practice projects and provide a feedback loop.

It would give taxpayers and Congress confidence that the money is spent well and what it's impact is. These are the elements of keeping the stimulus spending honest and God bless NTIA and RUS.

MODERATOR: Our next speaker is Amina Fazlullah.

And she is with the USBIRG.

MS. FAZLULLAH: Hello I am with the U.S. public research group on counsel on targeted communications and reform.

It is a federation at the federal level I work on behalf of them to bring their issues up to D.C.

When putting my comments together, on post-award compliance and oversight, I actually reached out to our taxing budget advocate who is currently working on tarp compliance and reform.

And I think it's important that we look at a lot of the other problems that have already occurred so we don't make the same missteps with the money we have with the stimulus package.

Excuse me, I am suffering from a cold right now, if I seem a little bit -- if I don't make that much sense, please forgive me.

I split it up into two sections.

First I want to focus on compliance.

The bullet points that are further down on the page mostly are focused on oversight.

When we think about compliance we think about how is this money going to be used and how can we get the best bang for the buck.

I think that what we learned from looking at tarp and other programs is that tailored oversight for each program objective is incredibly important.

Making sure there are clear deliverables for the grantees set up at the beginning of the grant.

That the all grantees participate in the program and not just grantees.

We are going to have people -- programs that are going to be funded in all different shapes and sizes and going to different locations.

It's important that they all have to meet the same goals and deliverables.

When failures and complaints begin the agency should move in early to assess problems and potential solutions to regain compliance.

We want to make sure we are getting the most out of our money, so we want to make sure that each piece of compliance that we were asking from the grantees actually helps the agency to make sure that they are doing what they are supposed to be doing and when they start to fail we have to have intervention as soon as possible so we can assist the grantees and identify whether or not they can continue with the program or whether or not this money should go elsewhere.

The second half is the oversight section.

Each section must include an in-depth section and executive summary.

A lot of information with the tarp program would be placed on the web

or would be kind of thrown out but it would be difficult to understand and it would be difficult to go through.

So it's critical that when the information comes in and is actually put out on the web for the public to view, for the agencies to view, that it is actually digestible.

That people can understand at least the initial goals of that piece of reporting.

Citizens participation must include multiple pathways, phone, mail, online.

There also needs to be bilingual offerings as well.

These will be going out into areas that are rural and unserved.

We need to make sure that we don't expect them to be able to respond -- that recipients can all respond through the same mechanism.

That they can go through the phone, mail, or online, giving them

multiple options would get greater input from the citizens that are actually on the ground and able to tell us what is going on.

Also, it's important that it's in multiple languages to accommodate different populations that are in the area.

Regional quarterly press releases give the public information on grantee progress.

This is actually something we picked up from our toxics program.

When you have federal reporting, the information comes in from the web and sits at the federal level and the smart people who are in this room and who are in the press may take a look at it on a national level.

But a lot of times that information doesn't get back into the states and back into the regions that it's actually serving.

When you do a regional quarterly

press release when reporting usually comes in so you can can you actually get that information out to the local newspapers and local media outlets, it gives an opportunity for someone living in that area an opportunity to learn about what is going on in the area and whether or not the grantee is doing the job that they said they are doing.

Also it motivates citizens to get more involved and could help further the goals of the broadband grant program by letting them know that there is a program in their area that is bringing them broadband and will help them get online so there is a resource for them out to use.

We think it's critical that compliance and oversight go hand in hand with this program.

Obviously a lot of the objectives are not exactly clear at this point. They are very broad.

And so as the rest of the program

becomes clearer, it could be more detailed and tailored with exactly what we want on this compliance and oversight.

But broadly we want to make sure that whatever we do with compliance actually helps the program dollars go further and what I would do with oversight includes citizens in a meaningful way and allows them to participate.

Thank you.

MODERATOR: Thank you.

The next speaker is sunny Wright Mcpeak.

President and CEO California emerging technology fund

MS. McPEAK: Good morning.

I am the president and CEO of the California emerging technology fund. It was directly established by California public utilities commission in 2005 when they approved the mergers of SBC, AT&T, and Verizon and MCI.

Those two surviving companies are contributing 16 million dollars over five years to the California emerging technology fund which today is a 501 C-3 independently directed by a board of 12 directors.

There is no direct legal relationship between the PUC and CETF or the two companies, AT&T and Verizon.

And I think I see Pat Lanthy in the audience who is on our expert board of advisors.

Our mission as directed by the California public utilities commission is to close the digital divide in California.

So that is a directive that we made quantifiable in California.

It involves both deployment, that is the demand side of the picture, and adoption -- excuse me, the supply side of the picture in terms of deployment and adoption in terms of demand.

So when I am making my remarks regarding the national broadband stimulus package, I am also keeping in mind the challenge we have in California.

We have both mapped to pretty significant detail the availability of broadband in California and we have also identified with probably greater specificity than most states where we stand in terms of adoption. And for us we are left with a very tall picture of challenges.

For example, although as our mapping shows we have got availability of broadband to 96% of the population, the 4% that remains is 1.4 million, 5 hundred thousand households, that is a proposition greater than the size of Maine.

The area yet to be served is 44 thousand square miles which in land mass is equal to the state of Kentucky.

The number of people with

disabilities who are not on line who have not adopted, is 2.4 million, which is greater than the population of the state of New Mexico.

Our native American population which is the largest in the nation, who are also largely not on line is about 680,000 which is greater than the State of Alaska and the total number of urban residents in disadvantaged neighborhoods who are not on line exceeds 15 million.

That is almost the state of Florida in population.

It would be the fifth largest state in the nation were it a state unto itself.

So our deployment and adoption challenge in the state is very large.

With respect to post-award compliance and oversight.

I will start with the obvious.

The best way to do post-award monitoring and compliance is to have

pre-award -- pre-award agreement on deliverables and outcomes.

So I want to urge the federal government NTIA, and RUS to come to agreement sooner rather than later prior to awards as to what the monitoring framework and process will be so there is absolute clarity and hopefully a focus on deliverables, and a focus on outcomes and not a huge amount of paperwork and bureaucracy in doing that monitoring.

It is important to establish baselines for both supply deployment side and the demand adoption side of the picture in terms of closing the digital divide.

I should probably add that in California we see getting broadband deployed as a key strategy for not only quality of life for all of our residents but for global competitiveness.

And that is why the adoption side of

the picture becomes as important as the deployment side of the picture. In terms of the supply/deployment, there needs to be I think common and established standardized methodology for mapping and we can provide a lot of detail having gone through this with non-disclosure agreements how to consolidate confidential data and how to be able to map but also the technical aspects of getting that mapping down to a geographic cell size that has relevance in rural areas.

Secondly, on the demand and adoption side, being able to have a common methodology as to how Americans are using the technology and who are actually getting online needs to be a part of the picture as to what we are ultimately trying to accomplish in the country.

It may be also obvious to say this, but it's important to drive accountability and transparency

through reporting, and that means having a very clear framework up front.

It also requires in addition to the grantees reporting on a quarterly basis a way for the grantors to analyze very simply what the status of implementation is.

And that that in and of itself can help spur everybody to achieve what they were given the grants to accomplish.

I might also add that I think it would be important for other agencies in the federal government to report how they are enabling the deployment and the adoption.

Let me give you a couple of examples.

In rural areas, using federal lands can be very important in terms of actually reaching the population, either with wire line or wireless.

And so with the Department of Interior looking at policies that

they could use to facilitate deployment.

In terms of adoption, with the housing and urban development department there should be policies that say we won't have any more dumb housing and if we put public dollars in assisting residents to get decent shelter than that should be --
(interruption in proceedings.

Please stand by,

Interruption in proceedings.

Sunne

MS. McPEAK: Thank you.

Let me continue.

I was talking about the need for example for our housing and urban development policy to have a policy in terms of facilitating broadband availability in housing that they are supporting.

Likewise with the Department of Labor and the workforce investment act, facilitating or accelerating digital literacy training for all of

the workers.

This is it what -- what one of our partners first-mile U.S. calls shovel ready policies.

And asking for those agencies to also report out.

Lastly, in terms of an approach to pre- -- excuse me post-award compliance and oversight, tracking both the immediate and long-term impacts.

So we look at the immediate impacts as being the economic stimulus.

How many jobs direct and indirect are actually caused to happen by the investment of these federal dollars, and how many people are connected.

How many people being connected means both the physical access piece when we are talking about deployment and also the adoption piece when we are talking about the demand side.

I think that it is also worth having tracked by the federal government with standardized formulas for

indirect jobs.

Because that needs to have at least a guideline in terms of indirect job calculations.

And it is also worth tracking by the federal government the green impacts of broadband.

Broadband is a green technology, the reduction of trips, reduction of impacts on the environment, reduction of greenhouse gas emissions is one of those immediate impacts that can be calculated.

Long-term impacts should be the long-term competitiveness of the nation or by any state.

All of this should be tracked by state and nationwide as well.

And long-term impacts should be what do we have in terms of increased deployment and access to households and increased adoption, increased use by our population.

Another indirect long-term impact that actually can be calculated,

although it requires standardized methodology once again is what has been the increase in productivity in the nation to the national economy because of the deployment and adoption of broadband and what has been the increase and attraction of capital investment particularly in rural areas because of the deployment of broadband and also the adoption of its residents through diversity.

Thank you.

MODERATOR: Thank you our next speaker is Chris Murray from consumers union.

MR. MURRAY: Good morning.

Everyone.

As Eli told us the overall purpose of the stimulus package is to create jobs and promote economic recovery as well as to assist those most impacted by the recession and provide investments to increase economic efficiency.

This is about system Mulatering job creation and creating a robust knowledge structure that -- so it's about the jobs but also about the internet.

Success here we think can be measured by how many citizens are getting relatively fast broadband access that they wouldn't have been able to afford otherwise and in using those internet services to access educational or employment opportunities to which they wouldn't have otherwise connected.

Success would be the communities and vital institutions like schools, libraries and hospitals, all over America getting connected to new networks and finding new ways to share knowledge.

As Beth McConnell notes, the touchstone here is whether this is going to be sustainable -- I think Eli made the same point.

Do people have the computers and

training to access this connectivity productively, and will they continue to use it?

Will this be sustainable?

You can invest in infrastructure but a study noted that we need to make sure that there is update.

We think as the Inspector General is trying to determine compliance here for post-award compliance the metric should be what access divided by miles of network or some other density multiplier.

It's difficult to battle tension between the urgent need to stimulate the economy and imperative that these taxpayer dollars are spent wisely and responsibly.

Waste, and fraud is nestably but in a fast moving program it is especially so. The question is not whether it will happen but whether the program will change as it does. The glaring example of the banking bail out is that at minimum the

public should be able to follow where the money went and why it went there. We hope that very expensive lesson won't have to be made here. One of the biggest concerns is it will be difficult to track money flows with aggregated proposals and regranting.

A publicly searchable database must be maintained that tracks who is grant is given to and for what and requires quarterly reports.

We suggest that the NTIA and RUS should require far more granular reporting.

For instance, the City of San Francisco has said that it will implement a Fed-Ex like tracking system for all BTOP moneys that will make every payment traceable.

We applaud that level of openness and urge the agencies to award cities and states and organizations who are willing to provide transparency like this.

Because internet speed is a pivotal question in deciding which projects merit funding, we suggest that speed audits are essential and among the tools that the government should make available is an online broadband speed checker which is a simple tool that allows users to see how much speed they are getting from their provider this would allow for simple on going auditing regarding whether they are delivering on their broadband promises.

These are inexpensive and commercially available **NT** it seems to us because we see a mismatch between advertised speeds and actual throughput that users are getting, we think it's time to bring the debate back to reality and have people focus on real speeds that are getting to real people.

What to do when something goes wrong?

The question of enforcement.

The statute says the agency has the authority to de-obligate awards to grantees who demonstrate insufficient performance.

We would urge NTIA in sending early signals that it will not tolerate wasteful behavior and at minimum for any entities that are found to be wasting or abusing awards we think that no further availability of funds for those entities should be given.

We also need to listen to inspectors general as to whether they are adequately resourced.

NTIA has 10 million dollars for their Inspector General function and we wonder whether that would be sufficient.

But we will be hearing from Mr. Bunting.

MODERATOR: Thank you very much and our last speaker is John Bunting from the Inspector General's office at the Department of Commerce.

MR. BUNTING: Thank you.

The Inspector General's office is with the Department of Commerce, is an independent function and independent from NTIA.

We are here today in an advisory capacity.

Our formal audits are transmitted in written form to the agency and posted on our web site.

My first advice is to plan on audits.

There will be audits.

We conduct audits throughout the entire department, both of its programs and of the grants and contracts outside the department.

We have conducted audits of state and local government, nonprofit, and for profit entities.

We are very assertive in our audits as well as being up front and proactive.

We will not wait until the grant is over to start an audit.

For the PSICP program that we are auditing now, the grants are on going in the first year of the award.

We will provide information to you as well as the audit committee.

We post notification letters of when we begin audits on our web site.

Our emphasis is on prevention and risk-based audits.

And again, we will be conducting them throughout the grant award, both at the beginning, middle, and after the award.

Typically what our audits have emphasized when we have done public safety interoperable communications grant audits have looked at the purpose of the grant, maximum share, internal controls --

>> (Interruption in proceedings.)

Please stand by.

MR. BUNTING: Resuming normal operations.

And other tests within the

compliance.

If you have not done so and are a potential applicant, there is available guidance on the federal cost principles, the office of management and budget circulars that would you would need to have in helping you prepare a proposal online.

Typically our audit process provides both an entrance conference and exit conference draft reports for the comment period and final audit reports posted on our website.

We have coordinated with the U.S. Department of Agriculture and the GAO in planning audits.

As the slide highlights, we will have a dedicated recovery act staff on this.

We are participating in the department steering committees and working groups such as this in an advisement capacity.

And timely response of citizen

complaints will be an integral part of our work.

All of our work that is publicly available is posted on our web site.

We have set a specific separate section of the site available for recovery act where we already have posted our initial oversight plan as well as testimony from our inspector general.

And to forestall in the answering of e-mails and phone calls from around the country, all of our jobs will be posted on USA jobs or on our commerce web site.

Do not send us applications.

Our procurement will be on line.

Do not send me unsolicited proposals.

Thank you.

MODERATOR: Thank you very much.

So we will go to the roundtable discussion.

We will begin the Q and A at approximately 11:00.

And because of the slight interruption we might go a few minutes past 11:30 in terms of the end of the program.

So, the topic is post-award compliance and oversight.

I didn't hear anyone sort of say let's have less compliance and oversight.

But the question of the panel, can there be too much post-award compliance and oversight?

And what is the risk of doing too much?

Anyone have any thoughts?

Eli?

MR. NOAM: Surely in the ideal world we can hope for speed and strictness and fair this and all these other kinds of examples and types of things but the real world is different.

Compliance monetarily is costly for participants on both sides of the process but also the indirect

disincentives that it creates.

It's easier to measure failure that exists than to measure things that didn't happen because there is too much restriction and monitoring there. So in a situation in which money has to be spent quickly, some risk has been to be undertaken.

It's hard for government agencies to engage in this behavior.

It is therefore one reason why I have been proposing that an independent monitoring board outside the agency, precisely to be able to justify to the public in a credible way that mistakes were made but they were honest mistakes rather than mistakes of malfeasance.

MODERATOR: Chris?

MR. MURRAY: I think I agree with Eli is saying but we should accept in this program that there will be a silent administrative cost both for compliance and to emphasize what Beth said in terms of determining

the efficacy of the program.

Here's why this will be the largest effort to date by the U.S.

government to spur the deployment of broadband to sort of bridge the digital divide.

As such, because there is such a diversity of projects that are going to be funded here it's an amazing tested opportunity to figure out what programs work and which programs don't.

So as Beth was saying, it's really important to look on the front side and backside to determine what it is we are aiming for and did we get there. If you have a way to look across the spectrum of projects and look at what is working and what is not currently with the development of the national broadband strategy it's an amazing opportunity going forward after this program to make things like the universal service fund work better and to make sure

that our taxpayer dollars are better spent.

MODERATOR: So you are saying there should be a willingness to experiment, and part of experimentation is some regular number of failures, but you learn from the failures.

MR. MURRAY: Right.

MS. McPEAK: Part of the experimentation needs to be on the technology side.

Being open to a variety of technologies and combination of technologies and being essentially technologically neutral.

Part of what I see in an evaluation is there is too much that is relevant.

There is too much attention on process and not on outcome.

If we are going to allow and encourage the experimentation that I am hearing, than it is easier to evaluate, did we achieve that if

there is that clarity of what we were trying to achieve.

It sounds very simple-minded and it is often not achieved in evaluation to be clear up front.

So if it's going to be, as Chris said, the number of people served per cost of deployment and some kind of other needed information.

If that is an outcome which I think makes sense, then you can evaluate, did the technology or combination of technologies achieve that.

MS. FAZLULLAH: I think there is also something to be said about the amount of information that comes in. For the lawyers that are in the audience, can you overwhelm someone when they request information when you are in the midst of trial.

It is almost a tactic to overwhelm the other side with information.

So it's important when we are requesting information, we are actually requesting information that

is going to matter, going to make a difference that we can utilize.

Because that is a lot of information for the agencies to actually go through, and we want them to actually be able to do something with it.

As well as be understandable to the public so they can participate as part of oversight.

MODERATOR: When Congress suggested in the statute that the -- there should be these reports and NTIA has the obligation to put reports and grant information on the web and such other information as the public will need to monitor a program, do you think that Congress was thinking of the public as literally millions of individuals busily looking on the web or something more structured? Was this is swarm monitoring or an organized public monitoring? Who is the public that Congress is thinking of?

MS. MCCONNELL: I don't think it's an "or" I think it's both.

Have you experts and organizations that are going to be coming with reports and they are going to be looking for trends and pulling out numbers and they are going to have individuals in the community that want to know what's going on where they are digging up the street at the end of the block and they want to know why they don't have service yet.

When those reports are posted online we need to be create -- you know putting the data together in ways that matter to both and are usable by both.

MODERATOR: Chris?

MR. MURRAY: I would only say that we need both.

We shouldn't Del l l ewd ourselves into think that crowd pleasing is a substitute for excessive oversight. Having a robust Inspector General,

really robust auditing function is important.

I think we will get a substantial amount of public oversight here if we can make this truly transparent, but we need both.

MODERATOR: Earlier ROUNDTABLES there has been estimates or guesstimates that the number of grants may be as high as 10 thousand, and certainly in the thousands.

Realistically from public monitoring or direct IG type monitoring, if you have 10 thousand grants, is it realistic to think that all of them can be monitored and evaluated, or what do you do with those kinds of big numbers?

What should be done with those kinds of big numbers?

John?

MR. BUNTING: With that kind of number we will be looking at a risk based assessment as well as looking at what kind of resources do we

need.

Realistically I had everyone in the IG's office 10 thousand is not a number that we can handle.

It has to be risk-based.

MODERATOR: What do you mean by risk based?

MR. BUNTING: Looking at, for example, those first time federal award recipients.

Many of the state and local governments will be covered by the single audit act and can be doing audits and will have local and state auditors in place.

May steer our work to the core private sector than the state and local government and nonprofit sector.

We department with non-profits and state and local governments and for profit programs throughout the government.

So again, a number like 10 thousand grants is greater than the number

throughout the entire Department of Commerce.

MODERATOR: There has been concern expressed about state conflicts of interest when the state was both a grant recipient or applying for a grant and also helping in some proposals that states help NTIA in evaluating the proposals themselves. Is there any conflict issue if the state itself or subdivision were a grant recipient that the state would also be involved in the auditing? Or how do you handle that normally?

MR. BUNTING: That's the basis of the single audit act, is really you are looking at state auditors and local auditors auditing federal funds and as a normal oversight we do periodic reviews of their functions as well.

MODERATOR: You audit the auditors?

MR. BUNTING: Just because they have done an audit doesn't preclude us from going N. We are doing audits in

several states and all of those states we coordinated the work with the state auditor to find out what they identified in previous audits and they are not shy about pointing out problems in their own state.

MODERATOR: Eli?

MR. NOAM: Speaking as a former state Commissioner, the notion that state governments monitor are the same as here in Washington, there are different parts to those elements.

So I think from the beginning in this process of state and public utility commissions, the internet connectivity boards and whatever have to be involved in it, not only because they are closer to the ground, but also because NTIA itself and RUS simply cannot handle 10 thousand grants out of 1 hundred thousand applications?

How is that possible?

There has never been having to face

that kind of pressure on the workload, doesn't have the manpower with all due respect to the people. You come through here to the digital TV transition and there is an experience here but you know how difficult it is to handle these kind of nationwide huge projects, so in lower levels of government have to be involved and whether some other parts have received funding, I don't think it's going to be a factor.

MODERATOR: Just to let the audience know, we are getting close to the 11:00 hour, so if you want to ask questions or make comments, if you can start gathering at the microphones, we have.

Four microphones.

MS. MCCONNELL: I want to react to your last question.

I work with dozens of small local organizations in the country that have come to this issue not because they are tel elawyers but because

their communities are not being served.

I don't think we should underestimate the level of sophistication and level of interest that local groups have to make sure that these projects are implemented well.

You may think about in some manner of deputizing them as auditors.

Third party NC's, tell us whether this project is actually serving the low-income, the non-English speakers, and the unemployed and use that information to help figure out where there are problems or where there are examples of shining projects.

MODERATOR: Anybody else have comments on that last question?

Then we will go to the audience.

MS. McPEAK: The question that you raise in terms of numbers of applicants and what that means for the federal government.

We actually have a flip side concern in California being such a large state, as to how to have the optimal partnership with the federal government to achieve the goals of closing the digital divide.

And it's for that reason that we actually are looking at encouraging the consolidation of applications.

No less transparency or accountability, particularly if there is absolute clarity upfront, what is it going to be that you are looking for if you are going to do an audit, which I think is a good process, so what will you be auditing that will help direct our compliance.

But I do note that is one of the reasons that we are encouraging even with very sophisticated community based organizations, they are a little bit overwhelmed as to what will mean to try to be able to follow compliance, looking to save

overhead, because it takes a lot, it is costly, there is a cost to compliance.

Can we in some way streamline the -- both the grant making and the compliance reporting function by the consolidation of proposals.

MR. MURRAY: I was going to note that 10 thousand does seem like a lot of grants but there are a lot of foundations out there with considerable policy research with for a fraction of the money that will award 1 thousand or even several thousand grants in a year. Those are different in kind to be sure of the it's a smaller scale project, and metrics are not as clear in that space.

I'm not sure which way that cuts, I'm sure it's to get the money out but 3% of the total funds in an appropriation fee can be used for administrative purposes.

So, I suppose it would be

interesting to look at those foundations and see what is the match of staff per grants that get out the door and looking at the size of the grants for sure.

I suspect what we find is that our folks here at NTIA are hugely understaffed.

MODERATOR: Why don't we switch to the audience.

The basic rules for audience questions here in the Commerce Department and certainly from the web and teleconference is to try to keep your questions or comments as succinct as possible.

If you go substantially over a minute, I will intervene and be slightly rude and ask you to sum up or get to the point quickly.

If you could let the panelists know whether you are going to be asking a question or making comments so they know whether to respond or not.

And if you would state your name and

relative affiliations that would be appreciated and we will go around in circles until all the questioning is done.

Microphone number one?

>> Good morning, my name is Jeffrey Reynolds an economic consultant engaged by great plains communications.

Great plains is a Nebraska telecommunications provider serving very rural areas across the state. I would like to offer great plains' comments on post-award compliance and oversight.

NTIA should focus not only on rigorous compliance after a project has been built, but also on careful vetting of companies before the award and measures to ensure compliance during the project.

The requirements should apply to all grant recipients and should address not only the financial components of the grant but also perform its

criteria.

Specifically, great plains recommends that NTIA should require a demonstration of financial capability to complete the project, and agreement to separately account for use of the funds, an agreement for an independent audit for the use of grant funds and monthly performance reports during construction, reporting on things such as increases in accessible lines, job creation, project progress and other performance metrics as well as quarterly reports following project completion.

NTIA should select and publicize any conditions and requirements as early as possible in the process.

Successful applicants should be willing to comply with conditions and also specifically have the funds be used for deployment of broadband to rural and unserved and underserved areas.

We will apply and believes that grant recipients should step up to standards to ensure construction of broadband networks but also the long-term sustainability of those networks.

Great plains is able to establish any to NTIA.

Thank you.

MODERATOR: Number 2?

>> My name is Joe Miller from the minority media and telecom council. I want to point out that the small business administration act requires each federal agency to establish a small business utilization.

And I want to ensure that the OSBDU directs are included in the process and wondering if John Bunting could comment on whether that effort has been made to include the Director of OSBDU in auditing and as part of setting up the initial project specifics specifications.

MR. BUNTING: We are in the process

of he had developing that program. As the slide indicated we developed an initial plan but we have a short range and longer range plan in development and there will be other interested parties throughout the department that will include that.

MODERATOR: Microphone number 3.

>> My name is Bob tupper, like Tupper ware.

I am here making comments on behalf of ace -- association of communications engineers.

Our members include approximately 30 firms providing professional telecommunications engineering services throughout the United States.

For over 50 years our members have designed and implemented a broad array of communications systems including buried and overhead cables in public rights of way.

Such systems need to be properly designed to protect public safety.

In all 50 states the practice of engineering is regulated by statute to safeguard life, health, and property, and to enforce a strict code of ethics.

The use of professional engineers will ensure viability and help ensure transparency in the recovery act.

ACE recommends that both NTIA and RUS require the use of independent registered professional engineers, or equally qualified employees of any grantees or borrowers to number one, perform engineering services for grantees or borrowers, and 2, to certify that the projects constructed with recovery act funds meet the intent of the act.

ACE will file more extensive written comments but I would be happy to answer any questions that the moderator or panelists may have.

MODERATOR: I would simply observe that a lot of your comments might

equally be applicable to this afternoon's roundtable on selection criteria as opposed to compliance and oversight.

Thank you very much.

>> Thank you.

MODERATOR: Anybody have a comment?

Thank you.

We will go to microphone number 4, please.

>> Good morning.

My name is Angela Flynn.

I am with the wireless radiation alert network.

I feel that all post-award oversight must include greater monitoring of the wireless broadband radio frequency radiation levels.

And in support of this is a 2005 fact sheet entitled studies on radio frequency radiation emitted by cellular phones.

The national toxicology program at the national institute of environmental health states, "the

existing exposure guidelines are based on protection from acute injury from thermal effects of exposure.

Current data are insufficient to draw definitive conclusions concerning the adequacy of these guidelines to be protected from any nonthermal effects of chronic exposures and from the January 2008 national academy of sciences report, they state that "there is a need to characterize exposure for RF fields from base station antennas including greatents and variability of exposures, the environment in which the devices are used and radiation from other exposures, multilateral exposures and other frequencies."

>> MODERATOR: Again, those thoughts may equally be applicable to the selection criteria as well.

Anybody have any comments on that from radio frequency issues?

Thank you.

We will go to microphone number 1.

>> My name is David Saway and I am a project manager with the broadband office of New York.

I know previous sessions have dealt with the role of states in the role of prioritizing projects instead of making grant decisions by recommending to the NTIA and RUS on grant awards based on the facts that New York haven't established broadband strategy with broadband for oversite capacity.

It is our recommendation that the selection criteria for wearing grants should be in line with where the state defines broadband strategy where it exists we would suggest that a large part of the measurement achieving the goals of the award should be measured against those strategy goals as well.

With the adoption rates, pricing and affordability objectives, speed goals and interoperability with

other networks or regional impact goals.

I would be interested, I know we touched on this in the last part of the session but I would be interested in hearing from the panel on what role you see for the stay in that oversight.

And as a follow-up would there be any funds for the states to tap into for that oversight responsibility.

MODERATOR: I don't know anybody that here could answer that but that is something you should direct NTIA for comments directly.

MODERATOR: In respect to the first part of the question, state involvement?

Sunne?

Sunne: I would agree that when a state has gone to the effort as New York has and as California has with a state strategy that has been developed with a lot of input, has been accepted by the administration

and the legislature as both of our states are, that that actually is a -- should be a very significant consideration by the federal government.

I think as I listen to your comment about your goals and therefore what would be the outcomes to be achieved by federal government being a partner with New York or in our case a partner with California, that they align with what I understand to be the interests of the federal government in the broadband stimulus package. So I think I would agree in terms of your comment.

I also think it would be helpful to the federal government as I understand the president has asked for not only the states to comment on the applications but perhaps help facilitate the combination or consolidation of applications and the reporting.

Still with a goal of transparency.

MODERATOR: Beth?

MS. MCCONNELL: I am not at all familiar with the process in New York state.

I know a number of states have pulled together broadband councils and we should look at those recommendations seriously but we should keep in mind like any political entity they are political processes and sometimes local community groups that have the most to gain or lose by not being a part of the process have the most to lose.

We should also recognize that it may not always be a reflection of what's really needed on the ground in superior small community levels.

MR. NOAM: As we are listening around here, the points made are easy to agree with and I agreeing with everything that is being said but I am getting worried as we make more rounds that more important

I audable and useful things that being added to the menu of decision criteria.

And so I would come back to the point, keep it simple stupid, that the point is roll out broadband and other things simply have to take a second seat.

MS. McPEAK: Does that mean deployment adoption --

MR. NOAM: Rapid spending number one and roll out of broadband number 2, and I think I would leave it at that.

MODERATOR: So you want to moderate?

MS. McPEAK: Sorry.

MODERATOR: I was asking, Eli, come up here and moderate.

MR. MURRAY: I will disagree with Eli a little bit just to color it out this morning.

I see the goals that are set forth in the statute connecting people who have been disadvantaged by the recession as a primary goal not only

about the statute at large yes, it's about spending money quickly but spending money for the right things and if we look at the subgoals with the NTIA money, it very clear, they want to target the right communities.

It not just about spending money on broadband it's about spending money on broadband the right way and it is harder to do it that way in a targeted fashion but I believe that's what this statute asks for.

MODERATOR: Where were we?

Microphone number -- I was going to say -- number 2.

>> Joe Miller again from minority telecom council.

The OSBDU requirement and section 8 A compliance, section 8 A of the small business development act is not something that should take second seat anymore, I should say, thanks.

MODERATOR: Microphone number 3 is

empty.

Go to microphone number 4 and maybe some people at microphone number 4 could go back to three and speed things up.

>> Thank you very much.

I am Steve Hudson with Northeastern Law firm.

We represent both large regional broadband providers as well as small rural broadband providers.

We have comments.

First of all I think we agree with the importance of stringent preselection criteria and standards.

We believe that will reduce the cost of oversight as well as ensuring that competent people are using the funds in an appropriate manner.

We will not be here this afternoon when that issue will be discussed but we think that is an important point in making compliance oversight effective and less costly especially for small businesses.

As a result of that we think the track record of past success will help achieve the goals that one of the commenters on the panel made about getting the money out there quickly and getting it to actual hook people up.

We also think that on going monitoring as mentioned by several of the panelists is an excellent idea.

We think to the extent that someone is going off track, get them back on track quickly and get them going and if they can't seem to do the job let's pull the money and give it to another grant applicant to do the job.

Thank you very much.

MODERATOR: Microphone 1?

>> Pat Lantry communications leadership intervention center in Silicon Valley.

I wanted to comment about how do you audit the biggest bang for the buck.

Amina suggested that was part of the criteria or goal.

What I have seen over and over again is federal governments tend to fund activities in silos.

What we have done in Eclis brought together the laboratory and navy -- and the department homeland security funding has had various sources of funding to get to the biggest bang for the buck.

Should that be part of the audit of these kinds of programs.

MODERATOR: Responses?

Chris?

MR. MURRAY: I think it's right that finding intersections where people can work together to find efficiencies is critical.

We met with HUD to talk just about this, and I think that's an important partnership as well as what you mention here.

If we have got entities who are already finding communities that we

know are exactly the people that we want to reach with this money, it makes perfect sense to really try to get down to -- bring proposals to the table to get those homes wired. And we shouldn't accept any more dumb housing.

I think that is exactly right.

MODERATOR: Anyone else?

Sunne?

MS. McPEAK: I think as Pat raises the issue of the cross-department, cross-agency, interagency collaboration around these goals is very important.

I like the shovel ready policies that will really help this.

There is an issue in terms of the best bang for the buck.

The evaluation or the assessment of the cost effectiveness of adoption strategies is a totally different Buffett of challenges from the deployment, the cost effectiveness on deployment.

Cost effectiveness should be applied to both.

Part of what we have been trying to do in California with a multitude but not scattered very strategic investments with a number of partners is to figure out what is most cost effective to drive adoption.

We have found, I think interestingly among populations who are very low-income, non-English speaking, that they don't know what broadband actually costs today.

So some of the rates that are offered would actually be attractive to those residents even in very low-income communities if there was a trusted partner delivering the message.

Oftentimes that is the community-based organization that is serving them in other ways.

So I just have to say that when you bring a collaboration together,

there's a different way, a different perception getting to the end consumer to have this done.

Keep that in mind and that argues for on the adoption side, figuring out how to rapidly get to those trusted community organizations.

There are overlay strategies that are very important for adoption, and I would be remiss if I didn't mention what the FCC had done with their rural pilot on telemedicine.

California is ramping that up to be a very robust, rural urban 1 thousand different facilities being connected.

And when you get the providers online and the centers it is a transforming strategy for cost care delivery and cost containment in healthcare.

So it really, really important from the NTIA and RUS to think in terms of how to drive those collaborations and strategies to be one of the most

cost effective ways not just to deploy but with something like telemedicine network you want to jump off the ends and E ray you should be able to jump off the end of the system into unserved communities and they will end up being much more cost effective than the string of dedicated networks that are not being used for multiple purposes.

MODERATOR: That was -- so we go to number 3.

>> Thank you.

My name is Andrew, I am president and CEO of community service broadband.

We are an ISP in northern Maine and we focus on solutions that large telecom companies won't go.

In the past year alone we hooked up 12 hundred customers from dial-up.

We think companies like ours will be a big part of this solution in getting broadband to those unserved

areas.

With that in mind what we really ask you is to craft these compliance requirements that you be mindful of the burden you are going to put on small businesses like ours.

We don't have compliance departments.

We don't have on-staff auditors, we don't have in-house legal people.

All of our people are out on the field installing equipment on towers, getting customers hooked up.

And while we support accountability and everything we have done to date has been private money and we see the waste and mismanagement that goes on in existing state programs, so like we say, we strongly support accountability we really ask that you balance that with the burden you put against businesses like ours and look to ways to make it simple, web-based and get you the data you need so we can ensure compliance but

don't overburden us to get the product out to the customers.

MODERATOR: Thank you.

Is that typical in these kinds of oversights where the bigger the amount of risk, the bigger the grant, the more requirements, the more oversight?

Is that generally typical?

I am seeing nodding heads.

MS. McPEAK: I think so.

I happened to mention Maine because it's interesting, that's the size of the state population that we have to try to get connected in our rural California.

It's a geography the size of Kentucky.

And it will be the smaller companies that are ultimately I think going to be part of that solution.

And right now they are very shy to come forward and be a part of that deployment solution.

We are trying to encourage them to

do so.

Part of it is to help them with the kind of functions that the gentleman just talked about.

I think that if there is that very clear outcome when it comes to the deployment, the supply deployment side of how many are connected and the costs for doing so.

And maybe you want to break the costs down a little bit so you get a sense of what are the components of that cost.

But that kind of clarity that is focused on that outcome, so that there should be accountability by a company to be able to report that.

The small company, the small business has to be able to at least say, that, what they do in terms, that that will do a lot.

We are scrambling to find out how we can assist the internet service providers who are the local mom and pop outfit who need back bone

particular ly.

But you have to look at those small companies and sometimes the suppliers are also small, but the small providers of internet access in combination with other of those established providers and make it as easy as possible.

But be really clear about what we are trying to achieve so they can report.

MODERATOR: Microphone number 1.

>> My name is Septembera Williams, national chair of national Congress of black women.

We represent low and marginalized communities, so naturally most of my questions are on selection so I will save that until later but I have a general question.

I know NTIA has made it clear that it is permitted to spend no less than 250 million dollars on adoption.

I am just wondering if that figure

is expected to go higher, or if anyone has a sense of what would make it go higher and when that decision might be made?

MR. MURRAY: From my perspective and if I were NTIA and I saw a ready path to getting people connected verifiably connected so that I've got effective adoption efforts, then I think I would be more inclined to put more money in the bucket. The part of the problem has been that the metrics have been lacking. Project sustainability has been in question.

But we see new ways to do this and we see a lot of effective projects out there. We are getting amazing bang for the buck if you look at the money that goes into nonprofit spending it is to be sure smaller projects and so it's more complicated to get more of these projects but we are finding that dollar for dollar we are getting far

more value out of that kind of spending than you are out of just giving money to corporations and hoping they do something good with it.

MODERATOR: Looks like the last question is going to come from microphone number 4.

>> My name is bill sheffler.

I'm with spatial info, a DIS mapping solution provider.

The comments that have been made today have been interesting around the adoption question issue.

The statistics that have been quoted today and yesterday lead me to believe and experience says that there is in fact a significantly higher quantity percentage however you want to look at it of non-adopters in broadband served areas today, then you go to the Lady of California to find out if that in fact is true or not.

If you look across the United

States, the number of people that currently could have broadband service is very, very significant. Are you expecting that any of the dollars for adoption are going to be made available to existing communities that are not adopting --

MS. MCCONNELL: I will comment on that briefly.

That is the question of unand underserved that NTIA needs to grapple with.

In my hometown of Philadelphia which is home of Comcast, we certainly have two providers, Verizon and Comcast but we have a staggering low number of households that actually have broadband at home.

And so I think that those are things that NTIA needs to look at and consider and I think you probably need a lot of testimony on definitions of underserved and what they should be comprised to make sure we are not leaving out pockets

of people that can't afford access.

MR. NOAM: Well, the first priority is just kind of to get some connectivity to the areas where people live.

But once you achieve that and you ask the question why are many people still are not connected, it's the matter of price among other things. Not the only one but certainly price and that is a term much modern structure where you have prices.

We should not overlook the market structure aspects in favor of the first over the air is most important, sure, but let's not forget the second and third tier.

>> I was not advocating that should be the case.

I was trying to illustrate what would probably be a significant issue as these broadband deployments occur, if you have the same issues with adoption, so maybe a better question would be, what do you

anticipate to do to increase adoption in those areas where it has been unsuccessful up to this point? It's economic or it's lack of understanding or it's in fact I don't want broadband.

So are we going to have incentives? And if so, what should they be, are we going to have punitive matters and if so, what should they be?

MS. McPEAK: Let me tell was we think we understand.

I use the number 15 million people in urban areas with infrastructure that have not yet subscribed.

That's with at least five very large companies having spent billions of dollars to put that plan in.

So in order to encourage them to have the capital investment elsewhere, we want to see rates go up.

In California 55% of Californians subscribe or have broadband.

That's the national average.

When I said 96% actually have access.

For adoption strategies, we are learning interesting things.

You have touched on them.

I say learning, we are interviewing people, doing focus groups, some are in English.

People don't have broadband at home and don't have computers.

One of the major things is we still need to have for broadband in the home, and believe me mobile devices are also the trend.

There is a lot greater or increase in rates of mobile devices option where you can access the internet.

We understand that as well.

But for digital literacy and workforce skills, it's still pretty hard to do an Excel sheet on a blackberry.

Or doing homework.

So I think most of the companies will tell you that the thing that

makes the most difference in terms of subscribing to broadband is we have a computer at the home, or a thing I will call a computer.

The second is I mention cost.

Ironically when we talk to people who don't have computers and don't have broadband to date, don't subscribe are not accomplish speaking.

They say, maybe a value per month would be somewhere between 15 dollars and 20 dollars.

That is a rate that is actually offered so there is a little bit more going on there. Oftentimes it's not understanding what it can do for you.

For residents in low and low-income housing having that complex be able to provide a unit service, a project service, at an affordable rate is very critical to the actual adoption.

But you have to also be able to

introduce the residents to the technology.

So adoption strategies can be a variety of measures clearly getting more computers into schools with the principal and faculty, and teachers understanding how to integrate the use of computers into the curriculum and teach the parents, engaging parents how to assist their children at home is probably the best way to not leave a whole generation behind. Now to understand, sitting over there our education excellence through technology fund may need to be beefed up with a whole lot more effort to encourage the schools to be able to integrate technology into the teaching, into the curriculum. So those are just a couple of ideas. One last thing I want to say is small business -- MODERATOR: 30 seconds.

MS. McPEAK: Our small businesses are not using broadband.

They were sitting in the middle of the neighborhoods but they are not on line.

Don't leave small businesses on line.

And our companies the department with ethnic chambers to increase adoption among members.

MODERATOR: 30 seconds.

MR. MURRAY: Just to stand on the shoulders of what Sunne said.

What we saw a few years back suggested that controlling for economic status, people who adopt broadband in roughly equal percentages if they have computers and feel comfortable using computers and we would encourage NTIA to focus on those two pieces because that would increase broadband adoption. It would be interesting for at least one program to do a sort of wells to wheels funding.

| so you are funding from the beginning to the end of the chain.

So in one area you fund the deployment of the infrastructure to have more people covered and then you find out why they are not buying it.

Is it computers or training that is standing in the way.

Make sure you fund those programs in those areas, if it's computers and training, make sure they are doing that and audit it on the backside, so that you see what is the sustainability of this program, are they still using it one year later or two years later so you have a test bed to see if you had do that kind of wells to wheels focus you get it more cost effectively.

MR. NOAM: I thought the question was good because it dealt with the demand side rather than the supply side which we have focused more.

I think there is a gap but the gap will disappear rapidly in the take-up rate because the broadband

and internet are going to the entertainment level and user friendliness so there will be a larger population base that will subscribe to that as part of the entertainment experience.

| MODERATOR: With that we come to the appointed time to end this program.

I would like to first thank the panelists for a very interesting and important discussion.

We will be reconvening at 1 p.m., which is the very large roundtable on selection criteria.

That will go longer than the normal. The selection criteria, because it's a large panel will go from 1:00 ultimately 3:00 p.m.

[END SESSION 1]