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Oversight of the American Recovery and Reinvestment Act:
Broadband, Part 2

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I. Introduction.

Chairman Boucher, Ranking Member Stearns, and Members of the Subcommittee, thank you for your invitation to testify on behalf of the National Telecommunications and Information Administration (NTIA) on the implementation of the Broadband Technology Opportunities Program (BTOP) and the development of the national broadband map as set forth in the American Recovery and Reinvestment Act (Recovery Act or Act). I welcome the opportunity to come before you early in my tenure to begin what I trust will be an ongoing and productive dialogue and collaboration on our shared priorities of fostering innovation and growth in the communications and information sectors, and ensuring that all of our citizens are able to participate in today's information age. NTIA also is very appreciative of the capable and proactive leadership of Secretary Locke, who, from day one, made clear that BTOP is a top priority for the Department.

I am also very pleased to be here today with Jonathan Adelstein, the new Administrator of the U.S. Department of Agriculture's Rural Utilities Program (RUS), which administers BTOP's sister project, the Broadband Initiatives Program (BIP).

While we do not expect the Recovery Act broadband initiatives to solve all of the country's broadband challenges, we do believe they will allow us to take significant steps forward to achieve President Obama's vision of bringing the benefits of broadband to all Americans. I assure you this will be money well spent: just as investments in transportation infrastructure supported the development of the national highway system, these investments will serve as valuable building blocks for future private investments in the national broadband plan, helping to bring the electronic interchanges and roads to areas of the country that need them the most, particularly rural areas. Additionally, we are confident that multiple communities across

America will use this funding to provide sustainable broadband infrastructure to hospitals, schools, libraries, and public safety entities; infrastructure that also will be used by tens of thousands of households and businesses. These communities can point the way for future private investment and will provide instructional, focused case-studies for the program. In short, I believe that we can leverage these programs into significant and lasting improvements in America's broadband deployment, technological innovation, and economic health.

Under the Recovery Act, Congress authorized NTIA to expend \$4.7 billion in implementing BTOP and specifically to award grants to support the deployment of broadband infrastructure and to promote the adoption of broadband service. We will award the bulk of the dollars in support of projects to deploy broadband networks in unserved and underserved areas in rural and urban America. In addition, NTIA will provide at least \$250 million to projects that encourage sustainable adoption of broadband services, and at least \$200 million to enhance public computer center capacity, including at community colleges and public libraries.

The Recovery Act further provides up to \$350 million of BTOP funding for implementation of the Broadband Data Improvement Act (BDIA) and to develop and maintain a broadband inventory map. NTIA used this authority to establish the Broadband Mapping Program, under which it implemented the State Broadband Data and Development Grant Program to provide grants to the single designated eligible entity in every State for the collection of broadband data for use in the national map and for broadband planning in the States.

As directed by Congress, NTIA is implementing BTOP in line with several crucial goals. First, close the broadband gap in America, focusing in particular on ensuring that unserved and underserved areas – whether rural, urban or in between – have access to modern communications

services and the benefits those services offer for education, high-value jobs, quality health care and more.

Second, bring the maximum broadband benefits possible to our schools, libraries, community centers, and medical centers, as well as to our most vulnerable populations and geographic areas.

Third, improve broadband service for public safety users.

Fourth, help stimulate broadband demand, economic growth, and job creation. As President Obama often stated, broadband has a transformative power to generate growth across many sectors of the economy, improve America's overall competitiveness, and contribute to solving some of our Nation's most pressing problems.

Additionally, NTIA will develop a publicly accessible and regularly updated national broadband map. This map will serve to educate consumers and businesses about broadband availability, enable broadband providers and investors to make better-informed decisions regarding the use of their private capital, and allow Federal, State, and local policy-makers to make more data-driven decisions on behalf of their constituents.

My testimony today will begin with a snapshot of the applications we have received in the first round of BTOP, BIP and Broadband Mapping funding. I will also briefly describe the effort that has gone into these programs to date and will conclude my testimony by discussing what is ahead for BTOP and by mentioning a few issues and challenges I see on the horizon for NTIA in the coming months.

II. Overview of First Round Broadband Applications Received

We are extremely pleased with the level of interest shown by applicants in the first round of BTOP and BIP funding and the broadband mapping grant program. We received over 2,200

applications requesting nearly \$28 billion in funding for proposed broadband projects reaching all 50 U.S. States, five territories, and the District of Columbia. When including about \$10.5 billion in matching funds committed by the applicants, these applications represent more than \$38 billion in proposed broadband projects. The fact that applicants requested nearly seven times the total amount of funding available in this one round of broadband funding underscores the extent of interest in expanded access to broadband service throughout the country.

In this first round of funding, NTIA will award up to \$1.6 billion in grants. Of this amount, up to \$1.2 billion will fund broadband infrastructure, both last mile and middle mile projects. We will also award grants totaling \$50 million for public computer center projects and \$150 million for projects that promote broadband demand and affordability.

Applications came in from a diverse range of parties including State, tribal and local governments; nonprofits; industry; anchor institutions, such as libraries, universities, community colleges, and hospitals; public safety organizations; and other entities in rural, suburban, and urban areas. As I mentioned, applicants proposed over \$10 billion in matching funds. The Recovery Act requires BTOP applicants to commit matching funds equal to at least 20 percent of the value of the project, but in the aggregate, applicants' proposed matches actually exceeded 25 percent of the value of all projects, meaning that the Recovery Act is already stimulating private sector interest and investment beyond the statutory baseline minimum.

A review of the first round applications also demonstrates the wisdom of NTIA's and RUS's decision to implement our respective Recovery Act broadband initiatives in a coordinated fashion, and the success of those coordinated efforts in both educating the public about BTOP and BIP and establishing rules and intake mechanisms that encourage diverse and broad-based participation.

One result of our collaboration was the decision to allow applicants in rural areas to seek funding under both RUS's BIP and under NTIA's BTOP, although of course no project would be funded twice. Parties submitted more than 830 applications jointly, requesting nearly \$12.8 billion in infrastructure funding. Thus, a rural applicant who is not awarded funding by BIP remains eligible for BTOP funding without needing to refile.

NTIA received an additional 260 applications that were filed solely with the BTOP program, requesting over \$5.4 billion in grants to fund broadband infrastructure projects in unserved and underserved areas. In addition, parties filed more than 320 applications with NTIA requesting nearly \$2.5 billion in grants from BTOP for projects that promote sustainable demand for broadband services, including projects to provide broadband education, awareness, training, access, equipment or support, including among vulnerable population groups where broadband technology has traditionally been underutilized. Parties submitted more than 360 applications with NTIA requesting more than \$1.9 billion in grants from BTOP for public computer center projects, which will expand access to broadband service and enhance broadband capacity at public libraries, community colleges, and other institutions that provide the benefits of broadband to the general public or specific vulnerable populations. NTIA and RUS are posting online – at www.broadbandusa.gov – a searchable database containing descriptions of all applications received, as well as maps of the geographic areas of coverage proposed by applicants in the first funding round.

Our proactive outreach regarding the Mapping Grant Program also paid dividends, as we have received application packages from every State, territory, and the District of Columbia. These 56 applicants to the Mapping Grant Program have requested a total of \$187 million in grant awards to fund broadband mapping projects and \$26 million to fund broadband planning

projects. Unlike BTOP's multiple round approach, the Broadband Mapping Grant Program will issue awards in a single round, and, pursuant to BDIA, only a single state-designated entity per State or territory is eligible to receive a grant. This will help ensure that the projects will benefit from significant state involvement and oversight. We are asking awardees to submit initial data as early as November and hope to leverage the information gained in this program to make data-driven decisions on BTOP grants. We will have a first set of substantially complete broadband mapping data by February 2010, and we will complete a comprehensive, interactive national broadband map by February 17, 2011 as directed by the statute.

After months of hard work by the staffs at NTIA and RUS, as well as by public and private applicants all over the nation, I am confident that we have before us a strong initial pool of broadband proposals. As we now undertake the hard work of choosing the most qualified applications from this pool, we look forward to awarding grants and making investments that will stimulate the economy and expanding the promise of broadband to more Americans.

III. Interagency Coordination and Public Outreach.

We have gotten where we are today by embracing an approach that is based upon collaboration and transparency. In implementing the Recovery Act's broadband initiatives, NTIA coordinated closely at every turn with other Federal agencies and stakeholders, in particular with RUS. Because the BTOP and BIP programs have significant similarities, NTIA and RUS have joined arm-in-arm to implement the two programs in unison. In March, we released a joint Request for Information (RFI) seeking public comments on how best to implement the BTOP and BIP programs. The over 1,000 comments we received in response to that RFI played a crucial role in formulating the first BTOP/BIP Notice of Funds Availability (NoFA), which we jointly issued on July 1, 2009.

This collaborative approach further enables our two agencies to leverage our resources and streamline the process by which projects in rural areas can be considered by both agencies without requiring parties to complete two separate applications. We launched www.broadbandusa.gov, a “one-stop-shop” portal where stakeholders can go to complete BTOP and BIP applications, and access application guidelines and other information.

We have also reached out to other Federal agencies, including the Federal Communications Commission (FCC), the States and territories, tribal governments, the public interest community, public safety entities, academia, the broadband industry and many others, all of whom have generously contributed their valuable expertise and assistance. These outreach efforts began in March with a public meeting that NTIA, RUS, and the FCC co-sponsored to initiate public input about the Recovery Act’s broadband initiatives. Following release of the BTOP-BIP NoFA, we embarked on an aggressive educational campaign, holding ten in-depth workshops all across the country¹ to assist potential applicants with our application process. We also held three additional meetings focusing on the challenges faced by minorities and small and economically disadvantaged businesses. For those unable to attend the workshops, NTIA and RUS made available online workshop presentation materials, step-by-step application guidance, and answers to frequently asked questions to assist applicants in completing their applications.

IV. Overview of Application Evaluation Process and Evaluation Criteria.

Having received nearly 2,200 applications, we have now begun the initial review phase for the first round of completed BTOP applications. In this phase, at least three expert reviewers will grade each application against established criteria, including the proposed project’s purpose, benefits, viability, budget, and sustainability. The expert reviewers’ scores for each application

¹ In July 2009, NTIA held public workshops in the following cities: Washington, DC area; Boston, MA area; Charleston, WV; Birmingham, AL; Memphis, TN; Lonoke, AR; Billings, MT; St. Paul, MN; Albuquerque, NM; and Los Angeles, CA.

will be averaged and those applications considered the most highly qualified in the initial review phase will advance for further consideration.

Each State and territory will be given the opportunity to prioritize and comment on the applications relevant to its jurisdiction. The Act recognizes that State and territorial officials have a unique perspective on broadband needs within their jurisdictions and we look forward to their input.

During the second review phase, NTIA also will engage in additional “due diligence,” which may include requesting that applicants submit supplementary information as necessary to substantiate representations made in their applications. NTIA staff will review and analyze this supplemental information. I will make the final selections, consistent with the statutory directives established by Congress in the Recovery Act.

As with BTOP, applications for broadband mapping grants also are being evaluated by at least three expert technical reviewers, and program staff will perform a second review of the application. We hope to provide a broadband mapping grant to every program applicant. If necessary, NTIA will work with applicants to revise and refine project proposals such that each proposal meets the program’s standards. NTIA expects to announce the first awards by the end of September. The timing of subsequent award announcements will depend on the quality of the applications and the necessary amount of revision and refinement.

In consideration of NTIA’s charge to both create and maintain the national broadband map, and its responsibility to use funds in a fiscally prudent manner, NTIA decided to initially fund mapping and data collection efforts for a two-year period as opposed to a five-year period as originally contemplated. This approach will allow NTIA to assess lessons learned, determine best practices, and investigate opportunities for improved data collection methods prior to

awarding funds for subsequent years. Based on the information submitted by applicants, NTIA estimates funding requests for the first two years to total approximately \$107 million. All of these efforts will ensure that NTIA publishes a comprehensive, interactive national broadband map on or before February 17, 2011 as provided by statute.

NTIA established the development and maintenance of a national broadband map as one of its highest priorities and, in following Congress' directive that it develop and maintain a "comprehensive" map of both "capability and availability," NTIA will fund high-quality projects that are designed to gather data on broadband availability, technology, speed, infrastructure, and, in the case of wireless broadband, the spectrum used. I believe that this information is critical to fulfilling NTIA's statutory mandate, and I am pleased that this effort received support from government, public interest and industry stakeholders alike.

V. Future Funding Rounds.

Although NTIA and RUS previously indicated that we planned to hold up to three rounds of funding, our review of our experience in this first round, leads us to now explore the option of holding just one more round of funding. This more consolidated approach may have the potential of yielding benefits for all stakeholders.

First, it would enable us to complete the entire grant-making process in the summer of 2010, as opposed to next September, thus expediting the stimulative benefits for the economy and job creation that the Recovery Act promises.

Combining the second and third rounds into a single funding round, and adjusting the application deadline, could afford additional time – both to stakeholders, to provide us with well-informed views on how the first round worked for applicants, and to NTIA and RUS, to learn from our experience and adjust those aspects of the process that need to be improved. Also,

parties who wish to collaborate on an application, such as through consortia or public-private partnerships, could have additional time to work out the details of those arrangements. Finally, combining the final two rounds may also economize on administrative expenses.

As we evaluate this option, however, we want to ensure that our framework promotes the development of high quality applications and the funding of projects that meet the most compelling priorities. This was the reason that we initially designed the program with multiple funding rounds.

Our goal remains producing the best possible results for the American public, in terms of both the quality of the broadband projects we support and the speed with which the program will contribute to our economic recovery.

IV. Oversight.

Looking forward, I must underscore the importance of our oversight objectives for the program. NTIA is committed to ensuring that taxpayers' money is spent wisely and efficiently. Since the inception of BTOP, we have been working with the Department of Commerce's Inspector General to design this program in a manner that minimizes the risk of waste, fraud, and abuse. As we move forward and project construction begins, NTIA will enhance its auditing and monitoring responsibilities, including site visits to grantees. I will, of course, keep the Committee apprised of our progress on those efforts.

V. Conclusion.

NTIA is working extremely hard to ensure that the broadband projects funded by BTOP and the broadband mapping information developed under the Broadband Mapping Program serve as valuable inputs to our long-term broadband strategy. At its core, the broadband

initiatives in the Recovery Act offer a tremendous opportunity to stimulate job creation and economic growth both in the near term and for the future.

I am convinced that NTIA's mission and programs can play an important role in the Nation's economic recovery and future growth and for the quality of life for all Americans. I look forward to working with the Subcommittee in the months ahead to ensure that the Nation's policies benefit our communications and information industries and Americans consumers.

Thank you again for the opportunity to testify this morning. I will be happy to answer your questions.