Broadband Technology Opportunities Program (BTOP)
Quarterly Program Status Report

Submitted to the

Committee on Appropriations
United States Senate

the

Committee on Appropriations
United States House of Representatives

the

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United States Senate

and the

Committee on Energy and Commerce
United States House of Representatives

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National Telecommunications and Information Administration
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I. INTRODUCTION AND BACKGROUND

Pursuant to Section 6001(d)(4) of the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act) (Public Law No. 111-5), the National Telecommunications and Information Administration (NTIA) provides this Quarterly Report on the status of the Broadband Technology Opportunities Program (BTOP or Program). This report focuses on the Program's activities from July 1 to September 30, 2013.

The Recovery Act appropriated $4.7 billion for NTIA to establish BTOP to increase broadband access and adoption; provide broadband access, training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband.[1] The Recovery Act also provided funding for NTIA to develop and maintain a comprehensive nationwide map of broadband service capability and availability, and to implement the State Broadband Data and Development Act and the Broadband Data Improvement Act.

In 2009 and 2010, NTIA invested approximately $4 billion in 233 BTOP projects benefitting every state, as well as five territories and the District of Columbia. The portfolio of projects initially included:

- 123 infrastructure projects totaling $3.5 billion in federal grant funds to construct broadband networks;
- 66 Public Computer Center (PCC) projects totaling $201 million in federal grant funds to provide access to broadband, computer equipment, computer training, job training, and educational resources to the public and vulnerable populations; and
- 44 Sustainable Broadband Adoption (SBA) projects totaling nearly $251 million in federal grant funds to support innovative projects that promote broadband adoption, especially among vulnerable population groups where broadband technology traditionally has been underutilized.

Additionally, through the State Broadband Initiative (SBI), NTIA granted approximately $293 million to 56 grant recipients, which included one grant for each of the 50 states, five territories, and the District of Columbia. With this funding, states are collecting and validating data biannually on the availability, speed, type, and location of broadband services, as well as the broadband services used by community anchor institutions, such as schools, libraries, and hospitals. NTIA makes the data available in several formats and uses the data to update the publicly searchable, interactive National Broadband Map (NBM),[2] launched on February 17, 2011, in accordance with the Recovery Act's requirements.[3] NTIA will publish updates to the NBM using data collected by the states in June 2013, December 2013, and June 2014.

These grants also support states' efforts to foster the efficient and creative use of broadband technology to better compete in the digital economy. These state-led efforts vary depending on local needs, but include programs to assist small businesses and community anchor institutions in using technology more effectively, investigate barriers to broadband adoption, develop innovative applications that increase access to government services and information, and establish state and local task forces to expand broadband access and adoption. NTIA has created an interactive map depicting where NTIA's broadband investments are delivering benefits in communities across the country.[4]

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[1] On August 10, 2010, Congress rescinded $302 million from BTOP, reducing the Program's funding to approximately $4.4 billion. *See* Pub. Law No. 111-226.

[2] The National Broadband Map *available at* http://broadbandmap.gov.

[3] *See* American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009).

[4] The Connecting America's Communities Map is *available at* http://www2.ntia.doc.gov/BTOPmap/.

As of September 30, 2013, 105 projects remained in active status and 175 projects had completed their project activities.[5]

II. SUMMARY

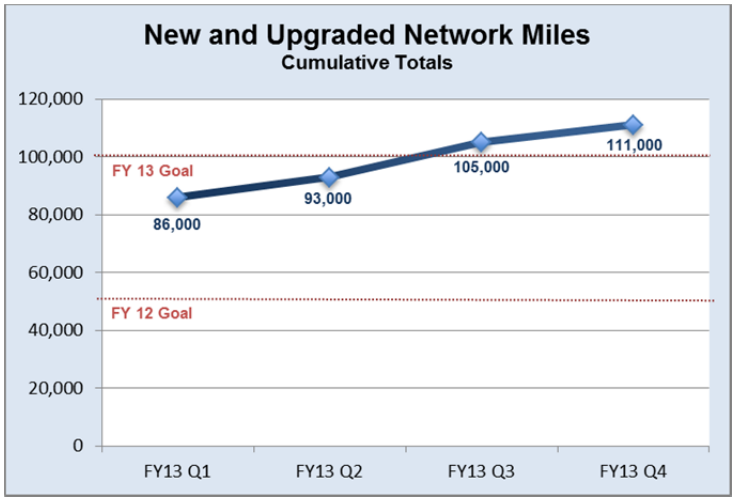
This Quarterly Report focuses on four areas of Program implementation and project oversight:

- **Status and progress** of broadband projects and program expenditures.
- **Supporting initiatives**, including the SBI mapping and capacity-building efforts.
- **Monitoring, grants administration, and closeout efforts** for broadband projects and the results of those efforts.
- **Program communications** supporting outreach with and among stakeholders.

III. PROGRAM STATUS AND PROGRESS

From July through September 2013, NTIA's broadband grant recipients exceeded the Program's FY13 goals in areas such as building or expanding fiber-optic networks, opening new computer centers, training to drive broadband adoption, and adding new broadband subscribers. Grant recipients' quarterly progress reports, which were made public at the beginning of December 2013, provide more granular details of these results.[6]

A. New and Upgraded Network Miles



BTOP infrastructure projects deploy new or upgraded network miles, connect community anchor institutions, and facilitate enhanced access to broadband Internet services for households, businesses, and public facilities. The infrastructure deployed by grant recipients is a long-term asset that is significantly increasing broadband capacity to more than 5,700 communities across the country—many to a gigabit or more. These investments provide many benefits to communities, including stimulating economic growth. While the full extent of these benefits is only just being realized, the miles deployed have already directly and indirectly impacted local businesses and workforces. For example, high-speed infrastructure has enabled local entrepreneurs to use online business tools, such as video conferencing or online advertising, to increase visibility and profitability. Additionally, the construction of essential digital infrastructure has attracted new industries and businesses to previously unserved and underserved areas, thus increasing job opportunities.

[5] The total number of BTOP awards announced by September 30, 2010 was 233. As of September 30, 2013, this number was 224, excluding awards to Leech Lake Band of Ojibwe (approximately $1.7 million), which ultimately did not accept its award; Education Networks of America, Inc. (approximately $14 million), the State of Wisconsin Department of Administration (approximately $22.9 million), the City of Tallahassee (approximately $1.2 million), and DigitalBridge Communications (three separate awards totaling approximately $4.2 million), each of which voluntarily terminated its project; and the Louisiana Board of Regents (approximately $80.6 million) and Trillion Communications, Inc. (approximately $59 million), which NTIA terminated for material noncompliance with their grant terms and conditions. Funds from these projects will be returned to the U.S. Treasury. Fifty-six State Broadband Initiative grant projects remain active.

[6] Quarterly reports for each BTOP and SBI project *available at* http://www2.ntia.doc.gov/awards.

This quarter, grant recipients deployed more than 5,000 network miles. These results bring the total number of miles to more than 111,000, signifcantly exceeding the FY13 goal of 100,000 miles. Through September 2013, grant recipients deployed or improved the broadband infrastructure in 47 states, four territories, and the District of Columbia. More than two-thirds of infrastructure projects are now complete and many of the remaining recipients are in the final phases of construction, conducting testing and provisioning activities as they move to the operational phases of their projects. Recipients are already noting initial economic impacts as they make services available to local communities. Two examples of projects encouraging economic growth and workforce development are detailed below:

OSHEAN, Inc. (which stands for the Ocean State Higher Education Economic Development and Administrative Network) connected 110 community anchor institutions to the BEACON 2.0 fiber-optic backbone network. OSHEAN deployed 432 upgraded and 475 leased fiber miles, providing interconnection points for local broadband providers in all five counties in Rhode Island and two counties in Massachusetts. The new high-speed broadband access allowed community organizations to use broadband tools to enhance the lives of Rhode Islanders. For example, medical institutions used the access to enable remote diagnostics, K-12 and higher education institutions increased their use of digital learning tools, and job-seekers took online certification and job training courses at local libraries. Congressman Jim Langevin recognized that one of the most important uses of the enhanced broadband is to build the Rhode Island economy. "Business, education, public safety, tourism - every aspect of our lives - is tied to technology. In order for Rhode Island to stay competitive on all fronts, and to attract the innovative, forward-thinkers who will grow our economy, we must make smart investments in technological infrastructure," he said. "Information technology continues to be an industry with high-growth potential, and this successful grant program will lay the groundwork for new jobs, more efficient health care delivery and an improved, more modern system of education."[7]

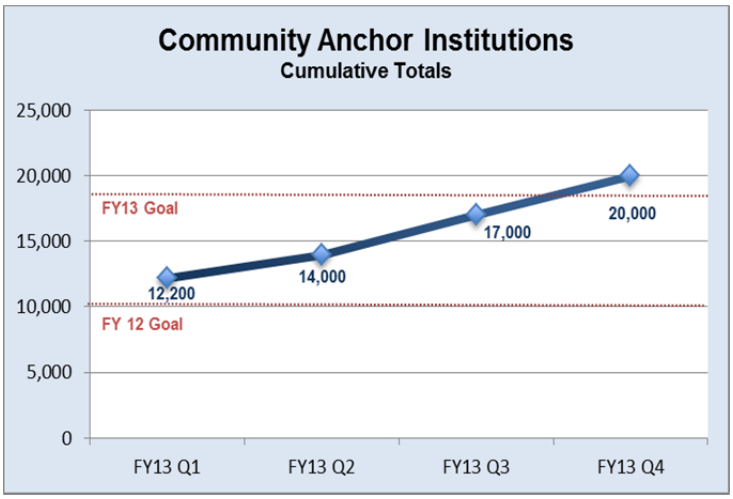
Gov. Lincoln Chaffee announced the completion of the Beacon 2.0 fiber-optic network in Providence, Rhode Island.

The **Oklahoma Office of State Finance** deployed the 2,200-mile Oklahoma Community Anchor Network, a collaborative effort to extend and complete Oklahoma's state network. The project deployed more than 800 new and nearly 1,400 leased miles to bring affordable broadband service to rural communities across the state. The network improved the delivery of educational and workforce development services, and helped position Oklahoma to compete competitively in a global economy. For example, patrons of a public library in Duncan, Oklahoma used the enhanced broadband access to complete job applications, seek legal assistance, and take online jobs training courses. Chancellor Glen Johnson of the Oklahoma State Regents for Higher Education believes access to 21st century technology is important to prepare students for jobs and to build the economy: "It's critical if Oklahoma is going to be competitive in this global economy we participate in," he said. "It will provide students the opportunity to hook up and be connected, not only in this country but globally, and it will happen at high speed."[8]

The enhanced broadband access at community anchor institutions, including Duncan Public Library, is helping rural communities in Oklahoma revitalize their economies.

[7] The full press release is *available at* http://www.oshean.org/?page=Beacon2Launch.
[8] The full press release is *available at* http://www.okhighered.org/news-center/OCAN-kickoff-2013.shtml

B. Community Anchor Institutions



Infrastructure projects focus on connecting community anchor institutions such as schools, libraries, hospitals, and public safety facilities, which increasingly require faster Internet speeds to provide essential community services. Grant recipients recognize that these institutions are critical assets in their communities, providing support in everything from healthcare to economic growth. High-speed access at these institutions facilitated job training and distance learning to help people advance their careers or learn skills necessary to find a job. This quarter, grant recipients connected more than 2,500 community anchor institutions, an increase of 15 percent from last quarter, bringing the total number of institutions connected through BTOP to more than 20,000 across 45 states, four territories, and the District of Columbia. Below are examples of how community institutions are using broadband to foster economic growth and workforce development:

The **Mid-Atlantic Broadband Cooperative** (MBC) installed more than 600 miles of high-speed broadband fiber as part of its two Middle Mile Expansion projects. MBC also connected nearly 140 community anchor institutions throughout unserved and underserved areas in Eastern and Southern Virginia. One goal of the projects was to provide students with the access, tools, and resources to learn specialized 21st century skills, such as robotics design and engineering. The projects increased access to broadband at more than 120 schools across the state, which enhanced educational opportunities for more than 58,000 students. MBC also aimed to encourage economic growth in rural Virginia communities that previously did not have the necessary broadband speeds to support local businesses. The enhanced infrastructure attracted a global consulting firm that established an operations center in Martinsville, Virginia. The new center brought approximately 540 jobs to the community. Congressman Robert Hurt acknowledged MBC's positive impact, saying "This critical network infrastructure is a long-term asset that not only enables the private sector to expand their broadband services, but also assists our students in competing in the global, networked economy."[9]

Tad Deriso, President and CEO of MBC, discusses the educational benefits of broadband at Halifax County Public Schools.

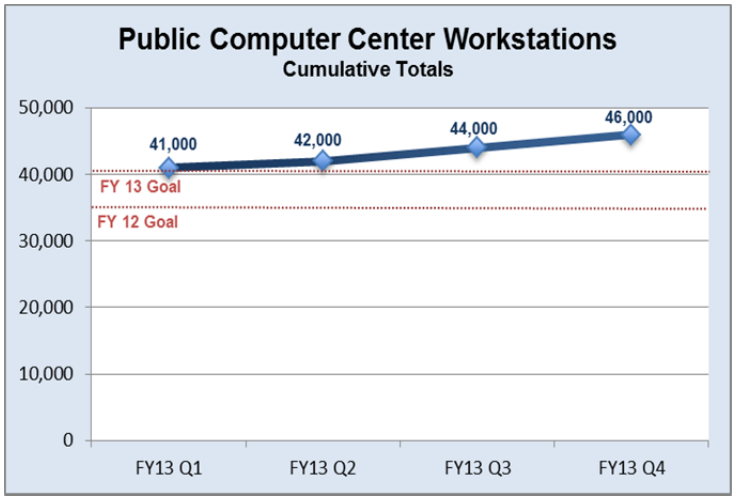
Sho-Me Technologies' "Sho-Me MO" middle mile project connected more than 100 community anchor institutions to new or enhanced high-speed access across the state. As part of MoBroadbandNow, the state government initiative to expand broadband access in Missouri, Sho-Me deployed 540 new and 954 leased network miles. One goal of the initiative was to use broadband to increase the economic viability of the agriculture industry in Missouri. The state held training sessions at local community anchor institutions to teach rural farmers how to use the new high-speed access available to them to benefit their businesses. For example, farmers learned how to use

A Sho-Me Technologies construction worker strings fiber that helped increase broadband availability to rural farmers.

[9] The full press release is *available at* http://www.mbc-va.com/news/details/id/38/mid-atlantic-broadband-completes-ntia-bt.

broadband tools such as smart energy meters to reduce utility bills through energy efficiency methods, GPS technologies to track weather patterns for crop irrigation, and video conferencing to track commodities with global markets.

C. Public Computer Center Workstations



Public Computer Centers (PCCs) serve as access points for individuals who may not subscribe to broadband in their homes. Through September 2013, 65 BTOP grant recipients installed more than 46,000 new workstations, exceeding the FY13 goal, in PCCs across 38 states, one territory, and the District of Columbia. Grant recipients installing workstations also continue to develop and implement training programs and educational courses. During the quarter, PCCs provided 1.3 million hours of training to 160,000 users. NTIA's grant recipients develop training programs tailored to best meet the needs of their local communities and, for many communities, economic security is a primary focus. As an access point to the Internet, PCCs provide individuals with the tools needed to learn new technology skills as well as search for and secure employment. Programs for small business owners are equipping entrepreneurs with knowledge on topics such as how to create a business plan for securing capital or how to reach new customers through online marketing. Below are examples of PCC recipients promoting economic development through workforce and small business development initiatives:

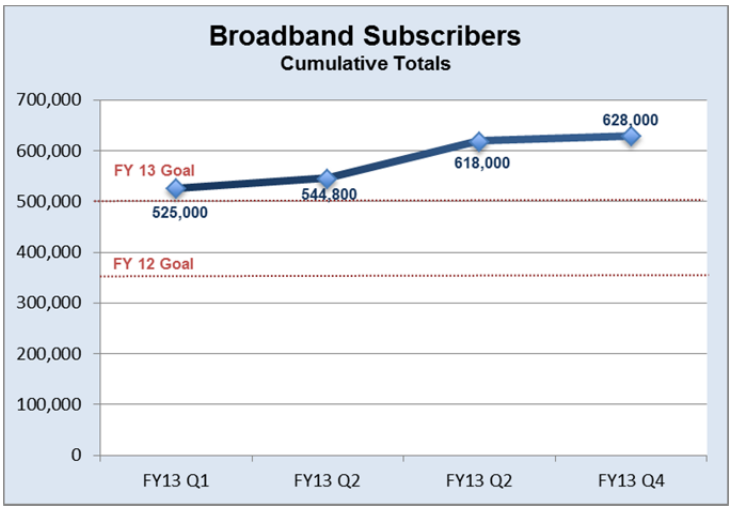
Mission Economic Development Agency (MEDA) opened 18 public computer centers in 13 communities across the country as part of the Latino Microenterprise Tech Net project. The primary goal of the project was to help improve economic and social conditions in the communities by helping Latin American entrepreneurs establish and grow small businesses. MEDA installed 350 workstations in the centers and provided free access to broadband, digital literacy classes, and technology workshops that helped local residents evolve their business ideas into productive, profitable entities. For Latinos interested in owning or expanding a small business, MEDA's business development program offered workshops and one-on-one consultations on a variety of topics, including capital assessment, business planning, budgeting, and marketing. Program participants were also encouraged to take digital literacy classes to gain the computer skills needed to run a business effectively. One San Francisco resident had worked in a coffee shop for 10 years when he approached MEDA about opening his own business. After completing MEDA's business core training, he developed a business plan and worked with MEDA instructors to secure low-interest loans and grants to finance his project. In 2011, he opened Cafeto Coffee Shop and has been so successful that he is considering opening a second location.

A graduate of MEDA's business core training program used his training to open his own coffee shop in San Francisco, California.

The **New Jersey State Library (NJSL)**, an affiliate of Thomas Edison State College, provided job-readiness and computer skills training to more than 7,800 job seekers in public libraries across New Jersey since the project began. The initiative was designed to help unemployed and underemployed residents acquire the skills needed to find and retain jobs. Along with free access to workstations, the libraries offered classes on topics such as computer fundamentals, resume and cover letter techniques, job search fundamentals, and email basics. The libraries also provided free access to career databases and applications that helped users explore careers, find and apply for jobs, improve interviewing skills, and track job search progress. These initiatives helped develop the workforce, fostered entrepreneurship, and helped small business owners make lasting and substantial improvements to their businesses. Local librarians saw many of their patrons apply for and obtain jobs after taking career building and digital literacy courses at NJSL locations. For example, a visitor to the Mount Laurel Public Library who lost his job took the library's workforce development workshops and, using skills he learned in the workshops, found a new job through an online search.

A workshop instructor teaches computer skills to students at South Brunswick Public Library in New Jersey.

D. Broadband Subscribers



Sustainable Broadband Adoption (SBA) projects increase broadband Internet usage and adoption by helping individuals overcome barriers to adoption, including perception, relevance, and lack of skills. Those looking to participate in the digital economy benefit from job-readiness programs that leverage online resources to increase individuals' digital literacy skills as well as to assist them with completing online applications. Grant recipients also support local businesses with free broadband access, business software, and resources to conduct technology needs assessments. Through September 2013, SBA grant recipients reported more than 622,000 households and 5,000 businesses subscribed to broadband services, exceeding the FY13 goal. The following projects demonstrate how BTOP recipients are driving economic growth through broadband adoption and use:

The **Urban Affairs Coalition** used broadband access and digital literacy training to improve the lives of the economically disadvantaged in Philadelphia, Pennsylvania. Over the course of the program, more than 22,000 participants received more than 208,000 hours of training at 79 KEYSPOT public computer centers across the city. The Urban Affairs Coalition offered computer training and helped visitors find jobs, prepare for interviews, and identify professional development opportunities. After completing introductory courses, many participants pursued additional education. For example, an employment coordinator at a public housing complex referred a mother of six to a KEYSPOT program that provided laptop computers to residents completing an eight hour training course. "I attended the class and really enjoyed it because this was the first time I had formal

A KEYSPOT user proudly displays the laptop she earned after completing an introductory computer class in Philadelphia, Pennsylvania.

computer training," she said, adding that the experience encouraged her to become a certified information technology technician. She now owns her own business, "Geek Girl Computer Services," which offers in-home repair services such as laptop screen repair, memory upgrades, and virus removal at affordable rates. Without her KEYSPOT training and laptop, she said she would not have had the inspiration or skills to establish her business, "and that's the power of a computer."

The City of Chicago's SmartChicago program focused on spurring economic development in five disadvantaged neighborhoods in Chicago. The comprehensive broadband awareness and adoption program has provided computers and training opportunities to more than 20,300 residents, small businesses, and not-for-profits since the program began. As part of the project, the city launched the Business Resource Network (BRN) initiative to help local small- and medium-sized businesses establish or enhance their digital capabilities. The BRN provided discounted broadband access and free software, technology needs assessments and action plans, and an online community for digital marketing services. In addition, businesses received access to an online resource center with tutorials on topics such as securing financing and methods for decreasing energy costs. As of September 30, the BRN assisted more than 1,400 businesses, including Reciclarte Studio, an art gallery located in the Pilsen neighborhood. The gallery's owner said BRN's assistance helped her "focus on what people are interested in at the store, what makes us special." She recognized that people may be interested in art but unable to afford a painting, so she expanded her merchandise selection and also offered classes for people interested in hand art. "I'm seeing more revenue come in," she said proudly, "My business has done a 180-degree turn for the better."

The owner of Reciclarte Studio in Chicago, Illinois, received assistance from BRN that helped her expand her business.

E. Expenditures

During the fourth quarter of FY13, grant recipients spent more than $173 million in federal grant funds. These funds were matched by grant recipient contributions of more than $72 million. Cumulatively, federal outlays for the Program totaled $3.2 billion through September 30, 2013, representing 85 percent of total obligated federal funds, while total grant recipient matching contributions exceeded $1.2 billion.

IV. SUPPORTING INITIATIVES

A. State Broadband Initiative

The State Broadband Initiative (SBI) consists of the State Broadband Data and Development Program and the National Broadband Map.[10] These grants have two components. First, SBI collects and verifies broadband availability data that states collect from broadband providers, public data, and third-party datasets.[11] Second, SBI grants play a critical role in helping states and territories identify and address obstacles to broadband deployment and adoption. SBI supports state and local task forces and planning teams to expand broadband awareness and adoption and implements innovative applications to increase access to government services and information, including job resources. To coordinate this network of state

[10] The National Broadband Map is *available at* http://www.broadbandmap.gov.

[11] Broadband availability data are available in a number of different formats, including Application Programming Interfaces (APIs) and as files for download. Website users can compare availability and speeds across different geographic regions and can view the service area, speeds, technology, and demographic information for any broadband provider. Since its launch in 2011, the National Broadband Map has attracted more than 1,100,000 users and more than 100,000,000 API calls.

broadband activity, SBI facilitates collaboration among the states and enables the exchange of best practices and lessons learned. Below are two examples of SBI projects that are encouraging broadband use to help communities stimulate economic growth and workforce development:

The **Louisiana Broadband Initiative (LBI)** used technical assistance funding to invest in initiatives developed by Louisiana municipalities to promote broadband adoption. LBI awarded 12 technical assistance grants that funded programs focusing on e-government, e-commerce, and distance learning. In addition, the grants enabled communities to perform broadband feasibility studies and learn how to effectively use broadband as an economic development tool. One notable project allowed the staff of a Northeast Louisiana nonprofit to mentor a small business owner in rural West Carroll Parish. The owner learned how to effectively utilize social media to promote and expand her enterprise. After implementing her new knowledge, she reported that sales increased by 60 percent and her Facebook contacts grew by more than 1,000 percent. Her success allowed her to move her business from her house to a more traditional brick-and-mortar location. Another LBI-funded effort helped the Coushatta Tribe of Louisiana develop a web-based "talking dictionary" of its native language, *Koasati.* This dictionary enabled younger tribal members to learn to speak the language via broadband connectivity and made the language available to linguists across the world for advanced study.

Members of the Coushatta Tribe of Louisiana attend web-based Koasati language training.

In implementing the New Mexico Broadband Program (NMBBP), the **New Mexico Department of Information Technology (DOIT)** recognized that the most effective way to encourage broadband use was to provide a combination of digital skills training and affordable access. To meet this need, DOIT developed a Train the Trainer Toolkit to help organizations, institutions, and businesses deliver digital literacy training for their employees and clients. The Toolkit contained 26 training modules on basic and business digital skills, and emphasized the application of these skills for successful engagement in the professional, social, medical, and civic realms. In addition, the Toolkit included information about technical requirements, best practices for promoting classes, instruction in adult learning theory, and model training videos to support beginning trainers. DOIT also held 11 in-person workshops to train digital literacy instructors throughout the state on how to use Toolkit resources to communicate with staff at libraries, small business development centers, community colleges, non-profits, and local businesses or technical providers. The NMBBP Train the Trainer program had a far-reaching impact across the state, touching nearly 100 trainers directly and more than 1,000 end users indirectly, through the trainers' classes. The program was especially valuable in more remote regions where the need for training was high and resources were largely absent. Trainers in those areas learned new skills, connected with fellow instructors, and gained access to a rich repository of training resources. To quote one participant, "The workshop and materials are all excellent. Now we need you to come back and spend three more days here."

The NMBBP Train the Trainer program trained adults from a number of institutions on the proper tools for each trainer to educate their own communities.

B. Evaluation Study

In September 2010, NTIA contracted with ASR Analytics, LLC (ASR) to conduct an evaluation of BTOP's economic and social impacts. This study was intended to assess the degree to which NTIA's implementation of BTOP has met the Recovery Act goals by measuring the short- and long-term economic gains in grant-

funded communities. This quarter, ASR completed reports from visits to 15 PCC and SBA sites and continued conducting site visits for 12 infrastructure grant recipients.[12]

V. MONITORING, GRANTS ADMINISTRATION, AND CLOSEOUT EFFORTS

As NTIA enters the latter stages of the Program, NTIA must simultaneously manage active grants and grants in the process of "closing out." Throughout the award period, NTIA proactively engages grant recipients to monitor project and compliance efforts and protect taxpayer investments. This engagement includes regularly communicating with recipients to ensure successful oversight of grant funds, identify potential risks affecting projects, and offer guidance to resolve issues promptly. These initiatives continue as grant recipients transition their efforts to closeout activities and prepare for post-closeout obligations. In addition, NTIA continues to work with the NIST and NOAA Grants Offices to verify that each recipient has completed all applicable administrative actions and required documentation. The closeout process occurs over several months and includes a review of the technical obligations, financial accounting, and administrative requirements before concluding the grant agreements between NTIA and grant recipients. NTIA continues to execute its BTOP Monitoring and Assessment Plan, as it has done throughout the Program, during this critical phase of the grant life cycle.[13]

A. Monitoring Activities

NTIA engages grant recipients regularly to monitor project performance and compliance with Program requirements. NTIA maintains regular contact with recipients; collects regular reports; performs case reviews evaluating recipients' successes and challenges in meeting milestones; and conducts site visits assessing grant recipients' compliance with federal grant rules and requirements. These activities help NTIA understand grant recipients' progress, devise proactive interventions to keep projects on track, and recommend appropriate corrective actions and enforcement measures, if needed. NTIA also conducts status meetings with grant recipients and key project partners to review project milestones, gather additional information, and provide guidance on federal grant requirements. These monitoring efforts help ensure that taxpayer dollars are used in an appropriate and responsible manner.

1. Financial, Project Performance, and ARRA Reporting

Quarterly, grant recipients must report their financial, project performance, and ARRA-related activities. NTIA reviews these reports – the Federal Financial Report (FFR), Performance Progress Report (PPR), and ARRA Report – to monitor project progress against established baselines, expenditures of grant funds, and contribution of non-federal cost share. FPOs provide feedback and additional guidance, as necessary, to ensure that each recipient is providing sufficient detail to allow NTIA to determine that the projects are meeting programmatic objectives and delivering promised project benefits. From these reviews, NTIA analyzes data to identify emerging trends and better measure individual project and overall programmatic progress.

2. Site Visits

NTIA uses site visits to closely monitor grant recipients and provide technical assistance through in-person meetings with project leadership and grant and financial management teams. During site visits, NTIA

[12] More information about the ASR Evaluation Study and the Interim Report is *available at* http://www2.ntia.doc.gov/BTOP-Reports#evaluation.

[13] The BTOP Monitoring and Assessment Plan is *available at* http://www2.ntia.doc.gov/files/BTOPFY12MonitoringandAssessmentPlan_111611.pdf.

observes project activities, examines facilities and equipment procured with federal funds, reviews fiscal management practices, identifies and addresses any areas of concern, and pinpoints best practices. Following each site visit, NTIA addresses any issues, when necessary, through a Performance Improvement Plan (PIP) or by working with the Grants Offices to create a Corrective Action Plan (CAP). These plans require grant recipients to take specific actions in a defined timeframe to improve project management or compliance with award terms.

As more recipients successfully complete their projects, the number of site visits will continue to decrease. To date, NTIA has conducted more than 150 site visits representing more than 95 percent of the total BTOP funds, including all of the projects initially assigned an "advanced" monitoring level. NTIA has also conducted site visits to projects accounting for nearly 43 percent of all SBI funds. This quarter, NTIA visited a total of four SBI grant recipients responsible for $18.8 million in grant funds.

3. Environmental and Historic Preservation Assistance

BTOP infrastructure awards, as well as some PCC projects, are subject to applicable federal, state, local, tribal, and other environmental and historic preservation (EHP) policies, most notably the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA). NTIA works with grant recipients to achieve and maintain compliance with applicable EHP policies, including active monitoring of project-specific EHP requirements. NTIA also works with grant recipients to maintain compliance through an established EHP review process when project or route modifications become necessary due to field conditions, changing engineering requirements, or other factors. NTIA has successfully completed EHP clearance for all grants, and is analyzing and documenting additional compliance requirements for public safety projects, as necessary.[14] NTIA also continues to monitor project-specific EHP requirements for other active grants.

B. Public Safety 700 MHz Projects

NTIA awarded seven BTOP infrastructure grants for public safety projects that were designed to utilize the 700 MHz public safety spectrum. After passage of the Middle Class Tax Relief and Job Creation Act of 2012, which authorized and provided funding to the First Responder Network Authority (FirstNet) to implement a nationwide public safety broadband network, NTIA partially suspended the public safety awards in May 2012 to ensure that the projects would proceed in a manner that supported the network's development.[15] As of September 30, two public safety recipients, the Los Angeles Regional Interoperable Communications System (LA-RICS) and the New Mexico Department of Information Technology have successfully reached agreements with FirstNet on terms and conditions of spectrum leases. Four other public safety recipients have continued negotiations with FirstNet for spectrum leases required for their BTOP projects to move forward. The City of Charlotte discontinued spectrum lease negotiations and is developing an alternative plan. This quarter, NTIA granted extensions to three public safety recipients—LA-RICS, the New Mexico Department of Information Technology, and Adams County Communications Center—to begin or resume their projects. NTIA continues to monitor the progress of the discussions between the remaining public safety recipients and FirstNet. If the negotiations successfully result in spectrum leases, NTIA may recommend lifting the partial suspension of BTOP funding so projects can resume activities in support of building a nationwide public safety broadband network.

[14] Public Safety 700 MHz recipients may have outstanding EHP requirements. *See* the "Public Safety 700 MHz Projects" section of this Report for more information about the partial suspension of public safety grants.
[15] *See* the Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112-96) *available at* http://www.gpo.gov/fdsys/pkg/BILLS-112hr3630enr/pdf/BILLS-112hr3630enr.pdf.

C. Equipment Acquisition Monitoring and Assessment

In December 2012, the OIG initiated an audit to evaluate NTIA's processes for monitoring and assessing grant recipients' equipment acquisitions. As part of the audit, the OIG has been reviewing projects to determine whether: (1) NTIA has the personnel and processes in place to effectively monitor grant recipients' equipment acquisitions, including security, inventory control, and report submittals; (2) grant recipients have appropriately acquired, tested, and implemented the most effective equipment; and (3) grant recipients are on track to complete their projects on schedule and achieve project goals. NTIA is working with the OIG to provide additional facts and context as the OIG completes its final report.

D. Grant Closeout Activities

NTIA provides guidance to grant recipients to facilitate the closeout of their grants. For example, NTIA continues to hold regular webinars to discuss recipient closeout requirements and, in July 2013, began holding closeout office hours to allow recipients to informally pose questions about closeout activities, and learn from other recipients.[16] NTIA also continues to refine the closeout guidance and process with the Grants Offices and OIG based on lessons learned from grant recipients that have completed all activities according to their award requirements. In addition, NTIA monitors project statuses and conducts analyses to gauge when projects are likely to close out. Based on these analyses, NTIA has identified grant recipients that have faced challenges beyond their control and granted reasonable extensions to allow grant recipients time to complete their projects.

In February 2013, the OIG initiated an audit of grant closeout procedures.[17] The specific audit objectives are to determine whether NTIA and its Grants Offices have established adequate closeout policies and procedures to effectively close out the 224 BTOP awards and assess whether closeout procedures are being followed. NTIA, the Grants Offices, and grant recipients continue to work cooperatively with the OIG on this matter.

1. Project Closeout

As of September 30, 2013, 49 BTOP and 56 SBI projects remained in active status, and 175 projects have completed their project activities. Of these 175, 159 projects, representing approximately $2.1 billion in funding are in the process of closing out their grants and 16, representing approximately $71 million in federal funding, have formally closed out.[18]

NTIA will continue to work with these projects and the Grants Offices to verify that the grant recipients have met their requirements and formally close out these grants in the coming months.

2. Project Extensions

Some grant recipients faced factors beyond their control and unanticipated in their project plans, which caused project delays and hindered BTOP project deployment. Some of these factors include securing necessary capital to meet match requirements, adherence to complex EHP requirements, global fiber supply

[16] The Award Closeout Notification Package is *available at* http://www2.ntia.doc.gov/compliance#closeout.

[17] *See* notification of BTOP Award Closeout Audit *available at* http://www.oig.doc.gov/OIGPublications/Notification-NTIA-BTOP-Closeout.pdf.

[18] Closeout is the process by which NTIA and the Grants Offices determine that a recipient has completed all applicable administrative actions and all required work. Formal closeout can be completed only when all parties are satisfied with the final project, all costs have been accepted as eligible, all terms and conditions (T&Cs) and special award conditions (SACs) have been met, all required documentation has been submitted, and no other impediments exist.

shortages, and unpredictable weather events. In March 2013, the Office of Management and Budget (OMB) granted the Department of Commerce a limited waiver of OMB's accelerated Recovery Act spending requirements, allowing for an extension of BTOP award periods beyond September 30, 2013.[19] Consistent with the Recovery Act, the DOC Uniform Administrative Requirements, and guidance from OMB, NTIA extended the award period for a select number of grant recipients beyond September 30, 2013, only after significant review of their compelling circumstances to ensure they can maximize taxpayer investment in the project and further the Recovery Act's goals.[20] NTIA provided 71 grant recipients with extensions until September 30, 2013 and these recipients successfully completed their grants as of that date. As of September 30, 2013, NTIA provided extensions until no later than December 31, 2014 to 49 grant recipients to allow for the successful completion of their projects.

VI. PROGRAM COMMUNICATIONS

NTIA maintains ongoing communications and outreach efforts to share Program progress and accomplishments with interested stakeholders and to assist grant recipients in achieving project success. To support stakeholder communications about project accomplishments and community benefits, NTIA developed 120 "BTOP in Action" articles that are posted online. Visitors to the site can access these articles as well as photos that highlight project milestones and show community members benefiting from the projects. NTIA, grant recipients, and others also provide first-person reports on BTOP's progress through postings on the Program's blog.

VII. NEXT REPORT

The next quarterly report to Congress will cover October 1 to December 31, 2013.

VIII. ADDITIONAL PROGRAM MATERIALS

Additional BTOP materials are available at http://www2.ntia.doc.gov/, including prior quarterly reports, press releases, Congressional testimony, information on grants awarded, and quarterly performance progress reports for each funded project.

[19] In accordance with OMB Memorandum M-11-34, released in September 2011, NTIA was granted a waiver of OMB's initial Recovery Act spending acceleration guidelines on March 25, 2013. OMB's revision of the limited waiver in September 2013 brought spending requirements in line with actual grant recipient expenditures, giving NTIA greater flexibility as awards enter closeout and approach project completion.

[20] *See* Pub. L. No. 111-5, 123 Stat. 115, 128, 512 (Feb. 17, 2009); 15 C.F.R. § 14.28; 15 C.F.R. § 24.23 (allowing recipients to carry over funds from the initial award period upon approval of the Grants Office).