

Broadband Initiatives Program (BIP)
Quarterly Program Status Report

Submitted to the
Committee on Appropriations
United States Senate

the
Committee on Appropriations
United States House of Representatives

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USDA Rural Development
Rural Utilities Service

INTRODUCTION AND BACKGROUND

The Rural Utilities Service (RUS) provides this quarterly report on the status of the Broadband Initiatives Program (BIP) established under the American Recovery and Reinvestment Act of 2009 (Recovery Act or Act), (Public Law No. 111-5).

Section 6001 of the Recovery Act requires the National Telecommunications and Information Administration (NTIA) to establish the Broadband Technology Opportunities Program (BTOP). The Recovery Act further establishes authority for RUS to make grants and loans for the deployment and construction of broadband systems known as our Broadband Initiatives Program (BIP).

The Act establishes a loan, loan guarantee, and grant program designed to increase broadband penetration and adoption primarily in rural areas to foster rural economic development. In addition to fostering greater availability and the use of broadband technology, the \$2.5 billion in budget authority funding provided under the Act is also intended to create jobs and stimulate economic growth.

Among other things, RUS and NTIA are required to provide status reports every 90 days. Informal briefings of Congress, as well as appearances at Congressional hearings, will complement these reports. This initial status report reviews developments since President Obama signed the Act into law on February 17, 2009.

SUMMARY

This report focuses on initial procedural and administrative steps taken by RUS and NTIA to launch our programs in accordance with the Act's requirements. In addition to a tentative timeline, this report sets forth both RUS's and NTIA's key activities over the past 90 days aimed at ensuring a prompt and effective implementation of the program: (i) program kickoff in cooperation with other Federal agencies and the States; (ii) public outreach and participation; and (iii) enhancing transparency and accountability. The content and format of subsequent reports may differ to reflect new developments and phases in the program, particularly once RUS and NTIA begin to receive and act on grant applications.

RUS and NTIA currently intend to conduct three rounds of funding. The Agencies' goal is to open the first funding application window in the summer of 2009, following publication of a Notice of Funding Availability (NOFA) that will establish more specific eligibility criteria and funding conditions in accordance with the Act's requirements. After review of the initial applications, RUS and NTIA anticipate issuing funds beginning in the final quarter of calendar year 2009. Two more rounds of funding will follow, each commencing with its own NOFA that will allow for appropriate changes to the program based on the agencies' previous experience.

GRANT PROGRAM PHASES AND ANTICIPATED MILESTONES

Statutory deadlines are in *italics*

Phase 1: Program Design 2009

February – June

Initial consultation with Federal Agencies, States,
and other governmental entities

February – June 2009

Publication of Request for Information

March 12, 2009

Public Comment Period
2009

March 12 – April 13,

Public Meetings and Field Hearings

Kickoff meeting/Washington, DC

March 10, 2009

Washington, DC

March 16, 2009

Las Vegas, NV

March 17, 2009

Flagstaff, AZ

March 18, 2009

Washington, DC

March 19, 2009

Washington, DC

March 23, 2009

Washington, DC

March 24, 2009

Execution of Interagency Agreements for
Administrative Support

March – June 2009

Phase 2: Program Implementation 2012

June 2009 – September

Issuance of Notice of Funding Availability

Early Summer 2009

Outreach and Funding Guidance Workshops

Summer 2009

Submission of Funding Applications	July 2009 – September 2009
Initial Funding Awards	November 2009
Second and Third Notices of Funding Availability	2010
Completion of Funding Awards	<i>September 30, 2010</i>
Phase 3: Final Program Audits and Shut-down	September 30, 2014

KICKOFF: INTERACTION WITH FEDERAL AGENCIES AND STATES

RUS and NTIA have been coordinating activities. The two agencies – along with the Federal Communications Commission – hosted a public kickoff meeting in Washington, D.C., on March 10, 2009, to announce their initial implementation activities and respond to public inquiries. Department of Agriculture Secretary Tom Vilsack, Acting Federal Communications Commission Chairman Michael Copps, and Department of Commerce Senior Advisor and Acting Chief of Staff Rick Wade announced the release of a joint Request for Information (RFI) and described a series of public meetings and field hearings to follow. A copy of the RFI can be found at www.rurdev.usda.gov or www.ntia.doc.gov.

The RFI invited public comment on a range of criteria and conditions that the Act requires in implementing and assessing the programs. Following release of the RFI, RUS and NTIA also co-hosted six days of public meetings and field hearings in Washington, D.C., Flagstaff, Arizona, and Las Vegas, Nevada. RUS and NTIA are collaborating to create a common grant application form to make it easier for entities to file applications with both agencies.

Public comments received at the public meetings, as well as those provided in response to the RFI, informed the policy decisions in the NOFA released July 9, 2009. Among other things, the NOFA opened the window for funding applications; defined the applicable statutory terms, including “broadband,” “unserved,” and “underserved,” established additional eligibility and selection criteria in accordance with the Act, and specified the progress and reporting obligations of grantees and borrowers and the monitoring and audit role of both agencies. RUS and NTIA have been consulting with the States and the FCC to ensure that the criteria and conditions set forth in the NOFA will further the purposes of the programs as set forth in the Act.

Apart from the BIP and BTOP, the Act directs NTIA to develop and maintain a nationwide broadband map for use by policymakers and consumers. NTIA is working with the FCC and RUS on the mapping initiative. The Act sets aside up to \$350 million to fund the Broadband Data Improvement Act’s State Broadband Data and Development

Grant Program and the development of the map, which will depict the geographic extent to which broadband service capability is deployed and available throughout each State.

Further consultation among RUS, NTIA, FCC, and the States, as well as territories, possessions, and other agencies of government, will guide implementation of substantially all aspects of the Act from start to finish. The Act specifically allows NTIA to transfer funds to the FCC to support its obligation to produce a national broadband plan.

RUS and NTIA are also seeking close coordination with other Federal agencies responsible for implementing related Recovery Act initiatives, such as the Department of Housing and Urban Development, the Department of Health and Human Services, the Department of Transportation, the Department of Energy, and the Small Business Administration. Through constructive coordination, funds and expertise can be leveraged where appropriate—and duplication and redundancy will be avoided to maximize the utility of taxpayer dollars.

Critical to the successful administration of the programs will be an efficient yet thorough process for reviewing applications. While the substantive review of applications will remain within RUS and NTIA, the outsourcing of some administrative aspects of this process will expedite awards while maximizing efficiency. RUS has issued a Request for Proposal for such services; NTIA currently is preparing an appropriate Request for Proposal for those services.

Along with significant consultation with other governmental entities, both agencies are in the process of increasing staff and enhancing technical capabilities to accommodate the high level of public interest and the tremendous volume of public comment and funding applications that are anticipated.

PUBLIC OUTREACH AND PARTICIPATION

As noted above, the first broad public outreach initiative was the March 10 kickoff meeting, co-sponsored by RUS, NTIA, and FCC, which also served to announce the release of the RFI. The March 10 meeting was followed by 6 days of additional public meetings and field hearings held throughout March. Those meetings and hearings included nearly 120 panelists—including representatives from consumer and public interest groups, State and local governments, tribal governments, minority and vulnerable populations, industry, academia and other institutions—who provided invaluable insights about how to make the programs effective, equitable, and efficient. The meetings all were publicly accessible via webcast and teleconference, and those participating through those means were able to offer comments and pose questions to the panelists.

In response to the RFI, more than 1,600 institutions and individuals filed comments. RUS and NTIA are now reviewing those comments to help inform the funding requirements and conditions that will be included in the NOFA to be released in early Summer 2009.

Following release of the NOFA, RUS, and NTIA will conduct a series of regional funding workshops across the Nation to encourage applicants to participate, provide further guidance regarding the NOFA requirements and programmatic processes and provide a forum for potential applicants to partner with each other and to learn of other Recovery Act funding sources. RUS and NTIA will actively promote these workshops, including announcing dates and venues for these workshops as such information becomes available.

ENHANCING TRANSPARENCY AND ACCOUNTABILITY

Information and updates about the broadband grants initiative are made available via the Web. Currently, the public can access archived videos and transcripts from all seven public meetings and field hearings. NTIA has also posted the written comments submitted in response to the joint RFI. Details can be found at www.rurdev.usda.gov and www.ntia.doc.gov.

Moving forward, in accordance with the Act, RUS and NTIA will post critical funding information, including recipient and fund use data to accurately track, monitor, and report on taxpayer funds. In addition, and as mandated by the Act, the broadband inventory map will be accessible on the Internet no later than February 2011, in a form that is interactive and searchable.

Further, the Act provides funding for the Inspector General (IG) of the Agriculture and Commerce Departments to ensure vigorous oversight of all grant funds. The agencies are working to ensure that the program design incorporates appropriate safeguards from the outset to protect the taxpayers' investment against fraud, waste, and abuse.

RUS and NTIA have also begun to design monitoring and evaluating activities to assess whether the funds are meeting the intended objectives of the program, are reaching the intended populations, and are making a difference in deploying broadband services to unserved and underserved areas of the United States and in spurring economic growth. Formal guidance to standardize procedures for conducting audits, desk reviews, and onsite monitoring visits are being developed for the program. Agency staff will also explore additional ways to compile and maintain documentation electronically to facilitate more consistent information collection, more accessible management oversight and sound performance measurements.

Evaluations of individual funding projects as well as of the overall program are being designed to assess the impact of these funded projects by comparing outcomes to an established baseline. Underlying metrics will include the extent to which the funds expanded broadband availability, increased the number of broadband connections and extended the availability of broadband in unserved and underserved areas of the United States. Also to be evaluated will be the economic indicators on key stimulus initiatives, such as economic growth and job creation.

NEXT REPORT

The next quarterly report will be submitted by the end of fiscal year 2009.