

Testimony of
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Hearing on
Oversight of the Broadband Stimulus Programs
in the American Recovery and Reinvestment Act

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I. Introduction.

Chairman Rockefeller, Ranking Member Hutchison, and Members of the Committee, 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).

I am 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). Our two agencies have worked together closely to implement the broadband provisions of the Recovery Act to ensure a well-coordinated and thoughtful approach that takes advantage of the individual expertise of each agency.

I also want to thank the Committee for its leadership on broadband policy, especially for your work to help enact the Recovery Act and Broadband Data Improvement Act. This Committee has a long history of furthering the Nation's economic activity and overseeing the infrastructure necessary for the Nation's commerce – whether in aviation or seaports, railroads or highways. The Recovery Act's broadband initiatives, crafted by Congress earlier this year, are the modern version of these past successes. These initiatives will not solve all of America's broadband challenges, but they will allow us to take significant steps in bringing the benefits of broadband throughout America.

I assure you these Recovery Act funds 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 investment that will ultimately deliver the promise of truly ubiquitous broadband. At NTIA, we will target Recovery

Act funds to the areas of the country that need them the most. In doing so, we want to make broadband more widely available, especially to community anchor institutions, such as hospitals, schools, and libraries. 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.

As directed by Congress, NTIA is implementing BTOP in line with several critical goals. First, reduce the broadband gap in America, focusing in particular on ensuring that unserved and underserved areas – whether rural or urban – 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 community anchor institutions, such as schools, libraries, community centers, and medical centers.

Third, improve broadband service for public safety users, whose ability to access modern communications services is of vital importance in their role as first responders.

Fourth, help stimulate broadband demand, economic growth, and job creation. 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. Our challenge is to award high-quality grants that will have measurable impacts on broadband availability and adoption in a timeframe that maximizes the usefulness of these dollars to help the Nation recover from the recession.

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 first round applications we have received. I will then briefly describe our review process for the first round and will conclude my testimony by discussing what is ahead for BTOP and the Broadband Mapping Program and by identifying a few issues and challenges I see on the horizon for NTIA in the coming months.

II. Overview of First Round Broadband Applications Received.

The level of interest shown by applicants in the first round of BTOP and BIP funding has been extraordinary. We received almost 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 initial round of broadband funding underscores the interest for expanded access to broadband service throughout the country.

Applications came in from a diverse range of parties including State, tribal and local governments; nonprofits; industry; small businesses; 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 supports NTIA's and RUS's decision to implement our respective Recovery Act broadband initiatives in a coordinated fashion, and underscores the success of those joint 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 apply for funding simultaneously under both RUS's BIP and under NTIA's BTOP, although pursuant to the Recovery Act, projects will only be funded in a single agency. Parties submitted more than 830 applications jointly, requesting nearly \$12.8 billion in infrastructure funding. A rural applicant who is not awarded funding by BIP remains eligible for BTOP funding without needing to refile.

NTIA received an additional 260 infrastructure 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 innovative projects that promote sustainable demand for broadband services, including projects to provide broadband education, access, equipment or support, particularly 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 posted 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.

Having received nearly 2,200 applications in our first funding round, we are now fully engaged in reviewing these applications to determine which best meet the goals of the Recovery Act. In this phase, at least three expert reviewers are evaluating each application against established criteria, including the proposed project’s purpose, benefits, viability, budget, and sustainability. Those applications considered the most highly qualified in this review phase advance for further “due diligence” consideration.

Each State, territory, and tribal government has been given the opportunity to prioritize and comment on the applications relevant to its jurisdiction, and I am pleased that every State has provided NTIA with its input. NTIA, like the Recovery Act, recognizes that State, territorial, and tribal officials have a unique perspective on broadband needs within their jurisdictions; we welcome and appreciate the effort and thought they have put into their admissions.

As applications qualify for the due diligence phase, applicants then submit supplementary information to NTIA as necessary to substantiate representations made in their applications. NTIA staff reviews and analyzes this supplemental information. I will make the final selections of BTOP awards, consistent with the statutory directives established by Congress in the Recovery Act.

III. Broadband Mapping.

I also welcome the opportunity to discuss NTIA’s State Broadband Data and Development Grant Program, commonly referred to as NTIA’s Broadband Mapping Program. The Broadband

Mapping Program, also funded by the Recovery Act, will increase broadband access and adoption over the long haul through better data collection and broadband planning. This is an unprecedented effort to collect data on broadband deployment in the United States, which will culminate in the creation of a national broadband map.

I am pleased that we have received broadband mapping application packages from every State, territory, and the District of Columbia, meaning that all governments that were eligible to apply for grants did so, whether directly or through a designated entity. These 56 applicants to the Broadband Mapping Program requested a total of approximately \$100 million in grant awards to fund broadband mapping projects and \$26 million to fund broadband planning projects. Unlike BTOP's multiple round approach, only a single, state-designated entity per State or territory is eligible to receive a grant, which helps guarantee that the projects will benefit from significant state involvement and oversight. As with BTOP, applications for broadband mapping grants also are being evaluated by at least three expert technical reviewers, with program staff performing a second review of the application.

NTIA is funding the state mapping and data collection efforts for a two-year period as opposed to the 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. NTIA recently signed an agreement with the FCC through which the Commission will provide technical and other services needed to develop the national broadband map. As you know, the Recovery Act requires NTIA to make the national broadband map available to the public February 17, 2011.

Earlier this month, NTIA awarded the first four grants under this program to fund mapping activities in California, Indiana, North Carolina, and Vermont. Specifically, NTIA

awarded \$1.8 million to the California Public Utilities Commission (CPUC); \$1.3 million to the Indiana Office of Technology (IOT); \$1.6 million to the Rural Economic Development Center, Inc. (e-NC Authority); and \$1.2 million to the Vermont Center for Geographic Information (VCGI) to collect and verify the availability, speed, and location of broadband across the States of California, Indiana, North Carolina, and Vermont, respectively.

Today, I am pleased to announce that NTIA is awarding four additional grants to fund broadband mapping and planning activities in West Virginia, Arkansas, New York, and the District of Columbia. We will continue to announce awards on a rolling basis throughout the fall.

We hope to provide a broadband mapping grant to every program applicant. If necessary, NTIA is working with applicants to revise and refine project proposals such that each proposal meets the program's standards. We will continue to award grants to other states as they improve and refine their applications to bring them up to our quality standards. The timing of subsequent award announcements will depend on the quality of the applications and the necessary amount of revision and refinement.

We aim to leverage the information gathered by this mapping program to make data-driven decisions on BTOP grants. We will have the first grantees' 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.

IV. Next Funding Round

As we prepare for the next funding round, the first task is to evaluate how the first round has worked. NTIA and RUS are finalizing a new request for information that will help us shape the Round Two process. The request for information will solicit the public's views on how the

first round worked for applicants and what changes and clarifications should be made for the second round of applications. Our goal is to improve the broadband programs and specifically the application experience, and we will have the time necessary to 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, will have additional time to work out the details of those arrangements.

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.

NTIA also is working diligently to make certain 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.

We will continue to ensure that implementation of the Recovery Act broadband initiatives is a collaborative and coordinated effort with RUS and others in the Administration. We are also committed to making this process as transparent and as efficient as possible, and we will obligate all \$7.2 billion in Recovery Act broadband funds by September 30, 2010, as the Act requires.

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