

Testimony of
The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
United States Department of Commerce

Before the
Subcommittee on Rural Development, Biotechnology,
Specialty Crops, and Foreign Agriculture of the
Committee on Agriculture
United States House of Representatives

Hearing to Review Rural Broadband Programs
Funded by the American Recovery and Reinvestment Act

November 19, 2009

I. Introduction.

Chairman McIntyre, Ranking Member Conaway, and Members of the Subcommittee, thank you for your invitation to testify on behalf of the National Telecommunications and Information Administration (NTIA) on the broadband initiatives funded in the American Recovery and Reinvestment Act (Recovery Act).

For many Americans, life without broadband is becoming unthinkable. For all of us here, the Internet has transformed the way we live, work, communicate, shop, and learn. However, we have not yet succeeded in connecting everyone to the benefits of broadband. Despite being the world's leader in technological innovation and where the Internet was pioneered, extending fast connections to small towns and rural areas has proven especially daunting. Mr. Chairman, I am sure you remember President Clinton declaring the need to "bridge the digital divide" in Whiteville, North Carolina in 1999. Ten years later, the divide remains. According to the Pew Internet & American Life Project, only 38 percent of rural American households subscribe to broadband at home. That's an improvement from 18 percent in 2005, but it still doesn't stack up to the 57 percent and 60 percent broadband uptake rate for cities and suburbs. Geographic challenges and sparse populations are real challenges, but President Obama is committed to working toward making the United States the world leader in broadband penetration and adoption.

As we move forward in achieving President Obama's vision of universal access to broadband service, Recovery Act initiatives such as NTIA's Broadband Technology Opportunities Program (BTOP) and State Broadband Data and Development Grant Program (Broadband Mapping and Planning Program) will have significant positive impacts on the growth and development of businesses and communities in rural America. I am pleased to be

here today with Jonathan Adelstein, the Administrator of the U.S. Department of Agriculture's Rural Utilities Service (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.

Congress authorized NTIA to expend \$4.7 billion to implement BTOP. We will award the bulk of the dollars in support of projects to deploy broadband networks in unserved and underserved areas. In addition, we 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 at institutions such as community colleges and public libraries. The Recovery Act further directs that up to \$350 million of BTOP funding should be used for the development and maintenance of a national broadband inventory map.

NTIA is implementing BTOP in line with several critical goals. First, the Administration is committed to reducing the broadband gap in America, focusing in particular on ensuring that unserved and underserved areas have access to modern communications services and the benefits those services offer for education, high-value jobs, quality health care, and more. Second, the Administration is committed to bringing the maximum broadband benefits possible to our community anchor institutions, such as schools, libraries, community centers, and medical centers. Third, the Administration is committed to improving broadband service for public safety users, whose ability to access modern communications services is of vital importance in their role as first responders. And fourth, the Administration is committed to helping stimulate broadband demand, economic growth, and job creation.

These programs will not solve all of rural America's broadband challenges; however, in conjunction with BIP, and with the continued support of Members of this Subcommittee, NTIA will use these funds to take significant steps in bringing rural communities the benefits of broadband.

II. Recovery Act Grant Awards for Broadband Mapping and Planning.

Our efforts to bring robust and affordable broadband to rural America begin with a simple question: what is the current state of broadband in rural America? We would like to answer this question definitively, and detail the extent, type, and speed of broadband availability throughout rural America. However, as a 2009 Federal Communications Commission (FCC) report on "Bringing Broadband to Rural America" concluded, "[r]egrettably, we cannot."¹ At this moment, no federal agency has collected comprehensive and reliable data needed to answer this question.

With the Broadband Mapping and Planning Program funded by the Recovery Act, NTIA is now well-positioned to obtain the most complete set of data on the deployment of broadband service in rural communities across the nation. In the past few weeks, NTIA has announced fifteen grant awards for broadband mapping and planning activities totaling nearly \$28 million. States receiving awards to date are: Alabama, Arkansas, California, the District of Columbia, Idaho, Indiana, Maryland, Massachusetts, New York, North Carolina, Vermont, Washington, West Virginia, Wisconsin, and Wyoming. These awards fund two years of broadband mapping efforts and up to five years of broadband planning activities.

NTIA expects to award a mapping grant to every State and territory, and is currently working with the remaining applicants to revise and refine their project proposals to ensure that

¹ See BRINGING BROADBAND TO RURAL AMERICA: REPORT ON A RURAL BROADBAND STRATEGY, FCC Acting Chairman Michael J. Coops (2009), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-291012A1.pdf.

each proposal meets the program's standards. We expect to complete all mapping awards by next month.

The effort will culminate in the creation of a national broadband map by February 2011. The national broadband map will educate rural 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 rural constituents.

III. Forthcoming BTOP Awards for Broadband Development and Expansion.

Congress funded programs in the Recovery Act to accelerate the deployment of and subscription to broadband services in rural communities. Much like extending the reach of railroads across the country or bringing electricity and telephones to rural areas, NTIA's BTOP investments will serve as valuable building blocks for future private investment that will ultimately deliver significant and lasting improvements in rural America's broadband deployment, technological innovation, and economic health.

There is much good news to report since we last testified before this Subcommittee. For the first funding round of BTOP, NTIA and RUS 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 you include the approximately \$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 a result of NTIA and RUS coordination, applicants could 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 grants and loans.

In addition, NTIA and RUS worked together to make publicly available – at www.broadbandusa.gov – a searchable database containing information on all applications received, as well as maps of the geographic service areas proposed by entities applying for infrastructure grants. We provided each State, territory, and tribal government with an opportunity to prioritize and comment on applications relevant to its jurisdiction, and we've provided existing service providers with the opportunity to comment on their existing service offerings.

We are now fully engaged in a thorough review of the nearly 2,200 applications to determine which best meet the goals of the Recovery Act. Each eligible BTOP application is evaluated by at least three expert reviewers against established criteria, including the proposed project's purpose, benefits, viability, budget, and sustainability. For this phase, NTIA recruited and selected over 1,000 highly-qualified BTOP application reviewers. Those applications considered the most highly qualified then advance for further consideration by NTIA.

Applicants in the second phase of review 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.

I expect that BTOP grant announcements for the \$1.6 billion available in the first funding round will begin by mid-December and will continue into early 2010. This is approximately one month later than we originally communicated to the Subcommittee in July. However, we felt it necessary to expand the review period to provide full and fair reviews to the large number of complex applications we received.

IV. Next Funding Round.

Even in the middle of all this activity to review the current applications, we are constantly thinking about ways to improve the program. On November 10, 2009, NTIA and RUS announced that there will be one more BTOP and BIP funding round, which will begin early in 2010. Although NTIA and RUS previously indicated that we planned to hold up to three rounds of funding, our experience in the first round led us to opt for just one more round of funding. This more consolidated approach should yield multiple benefits for all stakeholders.

First and foremost, it will enable us to complete the entire grant-making process earlier, expediting the stimulative benefits for the economy and job creation that the Recovery Act promises. It also affords 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, will have additional time to work out the details of those arrangements. This policy will produce better 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.

On November 10, 2009, NTIA and RUS also announced the release of a second joint Request for Information (RFI) requesting public comment on issues relating to the implementation of BTOP and BIP for the next funding round. Stakeholders will have the opportunity to provide us with feedback on how the first round worked for applicants, what policy clarifications or changes should be made, and how the agencies can make improvements to the process.

Of particular interest to potential rural applicants, we are seeking comment on whether more targeted regional economic development or “comprehensive community” approaches focusing on middle mile infrastructure projects could maximize broadband benefits to unserved and underserved areas. The deadline for comments is November 30, 2009, and we look forward to using those comments to improve the program.

V. 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.

The Recovery Act does not provide authority or funding for administration and oversight of BTOP-funded projects beyond the end of Fiscal Year 2010. NTIA intends to work with Congress in the coming months to ensure sufficient authority and funding to administer and monitor the execution of BTOP grant projects and carry the program to conclusion.

VI. Conclusion.

NTIA is working diligently to make certain that the broadband projects funded by BTOP and the broadband mapping information developed under the Broadband Mapping and Planning 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 assure you these Recovery Act funds will be money well spent and that we will do our best to target Recovery Act funds to areas of the country that need them the most. In doing so, we will make broadband more widely available, especially to rural anchor institutions, such as hospitals, schools, and libraries. 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.

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