AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

ARRA BROADBAND SPENDING

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY

OF THE

COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

FEBRUARY 10, 2011

Serial No. 112–5

Printed for the use of the Committee on Energy and Commerce
energycommerce.house.gov

ARRA BROADBAND SPENDING

ARRA BROADBAND SPENDING

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY

OF THE

COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

FEBRUARY 10, 2011

Serial No. 112–5

Printed for the use of the Committee on Energy and Commerce
energycommerce.house.gov

U.S. GOVERNMENT PRINTING OFFICE

65–760 PDF WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON ENERGY AND COMMERCE

FRED UPTON, Michigan
Chairman

JOE BARTON, Texas
Chairman Emeritus
CLIFF STEARNS, Florida
ED WHITFIELD, Kentucky
JOHN SHIMKUS, Illinois
JOSEPH R. PITTS, Pennsylvania
MARY BONO MACK, California
GREG WALDEN, Oregon
LEE TERRY, Nebraska
MIKE ROGERS, Michigan
SUE WILKINS MYRICK, North Carolina
Vice Chair
JOHN SULLIVAN, Oklahoma
TIM MURPHY, Pennsylvania
MICHAEL C. BURGESS, Texas
MARSHA BLACKBURN, Tennessee
BRIAN P. BILBRAY, California
CHARLES F. BASS, New Hampshire
PHIL GINGREY, Georgia
STEVE SCALISE, Louisiana
ROBERT E. LATTA, Ohio
CATHY MCMORRIS RODGERS, Washington
GREGG HARPER, Mississippi
LEONARD LANCE, New Jersey
BILL CASSIDY, Louisiana
BRETT GUTHRIE, Kentucky
PETE OLSON, Texas
DAVID B. MCKINLEY, West Virginia
CORY GARDNER, Colorado
MIKE POMPEO, Kansas
ADAM KINZINGER, Illinois
H. MORGAN GRIFFITH, Virginia

HENRY A. WAXMAN, California
Ranking Member
JOHN D. DINGELL, Michigan
EDWARD J. MARKEY, Massachusetts
EDOLPHUS TOWNS, New York
FRANK PALLONE, JR., New Jersey
BOBBY L. RUSH, Illinois
ANNA G. ESHOO, California
ELIOT L. ENGEL, New York
GENE GREEN, Texas
DIANA DEGETTE, Colorado
LOIS CAPPS, California
MICHAEL F. DOYLE, Pennsylvania
JANE HARMAN, California
JANICE D. SCHAKOWSKY, Illinois
CHARLES A. GONZALEZ, Texas
JAY INSLEE, Washington
TAMMY BALDWIN, Wisconsin
MIKE ROSS, Arkansas
ANTHONY D. WEINER, New York
JIM MATHESON, Utah
G.K. BUTTERFIELD, North Carolina
JOHN BARROW, Georgia
DORIS O. MATSUI, California
DONNA M. CHRISTENSEN, Virgin Islands

SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY

GREG WALDEN, Oregon
Chair

LEE TERRY,
Vice Chairman
CLIFF STEARNS, Florida
JOHN SHIMKUS, Illinois
MARY BONO MACK, California
MIKE ROGERS, Michigan
BRIAN P. BILBRAY, California
CHARLES F. BASS, New Hampshire
MARSHA BLACKBURN, Tennessee
PHIL GINGREY, Georgia
STEVE SCALISE, Louisiana
ROBERT E. LATTA, Ohio
BRETT GUTHRIE, Kentucky
ADAM KINZINGER, Illinois
JOE BARTON, Texas
FRED UPTON, Michigan

ANNA G. ESHOO, California
EDWARD J. MARKEY, Massachusetts
MICHAEL F. DOYLE, Pennsylvania
DORIS O. MATSUI, California
JANE HARMAN, California
JOHN BARROW, Georgia
EDOLPHUS TOWNS, New York
FRANK PALLONE, JR., NEW JERSEY
BOBBY L. RUSH, Illinois
DIANA DEGETTE, Colorado
JOHN D. DINGELL, Michigan
HENRY A. WAXMAN, California

CONTENTS

	Page
Hon. Greg Walden, a Representative in Congress from the State of Oregon, opening statement	1
Prepared statement	3
Hon. Joe Barton, a Representative in Congress from the State of Texas, prepared statement	4
Hon. Anna G. Eshoo, a Representative in Congress from the State of California, opening statement	5
Prepared statement	6
Hon. Lee Terry, a Representative in Congress from the State of Nebraska, opening statement	7
Hon. Henry A. Waxman, a Representative in Congress from the State of California, opening statement	8
Hon. John D. Dingell, a Representative in Congress from the State of Michigan, prepared statement	10
Hon. Fred Upton, a Representative in Congress from the State of Michigan, prepared statement	125
Hon. Edolphus Towns, a Representative in Congress from the State of New York, prepared statement	128

WITNESSES

Donald J. Welch, President and Chief Executive Officer, Merit Network, Inc.	10
Prepared statement	13
Gary Shorman, President and Chief Executive Officer, Eagle Communications	44
Prepared statement	46
Answers to submitted questions	266
Mark Goldstein, Director, Physical Infrastructure Issues, Government Accountability Office	58
Prepared statement	61
Answers to submitted questions	268
Phyllis K. Fong, Inspector General, U.S. Department of Agriculture	72
Prepared statement	74
Answers to submitted questions	283
Todd J. Zinser, Inspector General, U.S. Department of Commerce	82
Prepared statement	84
Answers to submitted questions	289

SUBMITTED MATERIAL

Letters of support from Members of Congress, submitted by Ms. Eshoo	129
Letters of support, submitted by Ms. Matsui	247

ARRA BROADBAND SPENDING

THURSDAY, FEBRUARY 10, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY,
Washington, DC.

The subcommittee met, pursuant to call, at 10:00 a.m., in room 2322 of the Rayburn House Office Building, Hon. Greg Walden (chairman of the subcommittee) presiding.

Members present: Representatives Walden, Terry, Stearns, Shimkus, Bono Mack, Bass, Blackburn, Gingrey, Scalise, Latta, Guthrie, Kinzinger, Barton, Eshoo, Markey, Doyle, Matsui, Barrow, Towns, DeGette, Dingell, and Waxman (ex officio).

Staff present: Ray Baum, Senior Policy Advisor, C&T; Mike Bloomquist, Deputy General Counsel; Allison Busbee, Legislative Clerk; Fred Neil, Chief Counsel, C&T; Peter Kielty, Senior Legislative Analyst; Brian McCullough, Senior Professional Staff Member, CMT; Jeff Mortier, Professional Staff Member; Katie Novaria, Legislative Clerk; Lyn Walker, Coordinator, Admin./Human Resources; Roger Sherman, Chief Counsel; Shawn Chang, Counsel; Jeff Cohen, Counsel; and Sarah Fisher, Policy Analyst.

OPENING STATEMENT OF HON. GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WALDEN. The subcommittee will come to order. And I would like to ask any of our guests we probably have some seats there you can take advantage of.

And I want to recognize myself for an opening statement. I want to welcome you all today. With today's hearing we begin exercising our important oversight role regarding the approximately $7 billion in taxpayer money the ARRA allocated to the NTIA and the RUS for broadband grants and loans. We will start to examine what the money is being used for and how we can minimize waste, fraud, and abuse. We will also consider a staff discussion draft intended to improve oversight and return unused or reclaimed money to the United States Treasury. I want to emphasize that this is a discussion draft. It is only a starting point. We hope it will elicit suggestions from our colleagues on both side of the aisle, the witnesses, and any other interested parties to help accomplish a goal I think we all share that is treating taxpayer money with the utmost care and insuring that when we do spend it, it gets spent wisely.

When we originally considered the broadband provisions of the ARRA in the Energy and Commerce Committee, my colleagues and I suggested some revisions. We were not convinced that this much

money needed to be spent. Private sector investment has resulted in 95 percent of the country having access to broadband and two-thirds of the country subscribing. As the FCC's national broadband plan pointed out, we have gone from 8 million broadband subscribers to 200 million in approximately a decade. We propose therefore that any subsidies be targeted to the five percent of households that are unserved and only if it is otherwise uneconomic for the private sector to deploy there. And we thought it would be a good idea to finish the nationwide broadband map before the government started to spend the taxpayer's money. Our suggestions were not adopted. We will be interested to see the results and hopefully to learn from the things that work and the things that don't. Measuring performance I think is crucial. Otherwise we won't know what is worth repeating and what we should avoid.

A cost benefit analysis is also important. With a $1.48 trillion deficit this year and enormous deficits predicted for the rest of the decade we have a responsibility to cut costs. I would suggest for example we determine how much we end up spending for each additional broadband subscriber. We ought to know that. All of this is important not just to evaluate the programs at hand. We are, after all, soon to embark on a discussion of how to reform the Universal Service Fund and the President has also recently announced a goal of reaching 98 percent of the country with wireless broadband. I love the goal, but believe we must be cost efficient about how we go about it and be realistic in our expectations of what taxpayers can afford. In pursuit of this goal, increasing the deployment of wireless broadband to the unserved areas of rural American, it will be important to remember the colloquial definition of insanity; and that is repeating the same actions but expecting a different outcome.

While there has been disagreement over provisions in the ARRA, everyone agrees on the importance of oversight. My concerns about possible waste, fraud, and abuse are heightened by the fact that the only funding currently available to the NTIA for oversight expires March 4 with the continuing resolution. My hope is that we can discuss with the Government Accountability Office and the inspectors general what we should be keeping an eye out for what they ordinarily do in their oversight roles and what we can do help them in that task. The draft legislation is offered in that vein. It would ensure that the NTIA and the RUS report to Congress on any red flags the inspectors general find as well on what they propose to do about it. It would also help ensure that any money that is returned, reclaimed, or goes unused is put back in the U.S. Treasury. One would think that is the ordinary course but there is some ambiguity in the law about whether and when the program administrators must de-obligate funding and whether it comes back to the Treasury when they do.

So I look forward to hearing from our witnesses about the language in the draft bill and where there are things that they suggest we should change.

[The prepared statement of Mr. Walden follows:]

PREPARED STATEMENT OF HON. GREG WALDEN

Welcome. With today's hearing we begin exercising our important oversight role regarding the approximately $7 billion in taxpayer money the ARRA allocated to the NTIA and the RUS for broadband grants and loans. We will start to examine what the money is being used for and how we can minimize waste, fraud, and abuse. We will also consider a staff discussion draft intended to improve oversight and return unused or reclaimed money to the U.S. Treasury.

I want to emphasize that this is a discussion draft. It is only a starting point. We hope it will elicit suggestions from our colleagues, the witnesses, and any other interested parties to help accomplish a goal we all share: treating taxpayer money with the utmost care and ensuring that when we do spend it, we spend it wisely.

When we originally considered the broadband provisions of the ARRA in this committee, my colleagues and I suggested some revisions. We were not convinced that this much money needed to be spent. Private sector investment has resulted in 95 percent of the country having access to broadband and two-thirds of the country subscribing, as the FCC's national broadband plan pointed out. We have gone from 8 million broadband subscribers to 200 million in approximately a decade.

We proposed, therefore, that any subsidies be targeted to the five percent of households that are unserved, and only if it is otherwise uneconomic for the private sector to deploy there. And we thought it a good idea to finish a nationwide broadband map before we started the spending.

Our suggestions were not adopted. We will be interested to see the results, and hopefully to learn from the things that work, and the things that don't. Measuring performance will be crucial. Otherwise we won't know what is worth repeating and what we should avoid. A cost benefit analysis is also important. With a $1.48 trillion deficit this year and enormous deficits predicted for the rest of the decade, we have a responsibility to cut costs. I would suggest, for example, we determine how much we end up spending for each additional broadband subscriber.

All of this is important not just to evaluate the programs at hand. We are, after all, soon to embark on a discussion of how to reform of the Universal Service Fund. And the President has also recently announced a goal of reaching 98 percent of the country with wireless broadband. I laud the goal but believe we must be cost-efficient about how we go about it and be realistic in our expectations of what taxpayers can afford. In pursuit of the goal of increasing the deployment of wireless broadband to the unserved areas of rural America, it will be important to remember the colloquial definition of "insanity": repeating the same actions and expecting different results.

While there has been disagreement over provisions in the ARRA, everyone agrees on the importance of oversight. My concerns about possible waste fraud and abuse are heightened by the fact that the only funding currently available to the NTIA for oversight expires March 4 with the Continuing Resolution. My hope is that we can discuss with the Government Accountability Office and the inspectors general what we should be keeping an eye out for, what they ordinarily do in their oversight roles, and what we can be doing to help them in that task.

The draft legislation is offered in that vein. It would ensure that the NTIA and the RUS report to Congress on any red flags the inspectors general find, as well as on what they propose to do about it. It would also help ensure that any money that is returned, reclaimed, or goes unused is put back in the U.S. Treasury. One would think that is the ordinary course, but there is some ambiguity in the law about whether and when the program administrators must "de-obligate" funding, and whether it comes back to the treasury when they do.

I look forward to hearing from our witnesses about the language in the draft bill and whether there are other things they suggest we add.

Mr. WALDEN. With the minute-and-a-half left I would like to defer now to the gentleman from Texas, Mr. Barton, and yield the remainder of my time.

Mr. BARTON. Well, thank you, Chairman Walden. It is good to see you in the Chair. I am sure we are going to have a very productive subcommittee and I look forward to working with you and Ms. Eshoo on a wide range of telecommunications issues.

This issue is something that shows the subcommittee in its oversight role. We have had a number of concerns about the broadband plan as it was rolled out several years ago. And my position as

ranking member and Mr. Stearns who was the ranking member of this subcommittee in the last Congress, we wrote several letters to some of you that are sitting at the table asking about how the funds were being spent and where the grants were going. Some of the answers we got back to those letters were to say the least unsatisfactory. So, today in the Majority with Mr. Walden as Chairman, we are going to ask some of those same questions. We certainly support broadband. We support broadband in rural America, but we also think the money should be spent wisely, effectively, and transparently.

So I look forward to the testimony, and Mr. Chairman, again I look forward to working with you. This is an important subcommittee. The economy of the United States can be very positively impacted by what we do in this subcommittee. So with that let us have a good hearing and let us get to work.

[The prepared statement of Mr. Barton follows:]

PREPARED STATEMENT OF HON. JOE BARTON

Thank you Mr. Chairman for holding this important hearing. As Chairman Emeritus, I firmly stand with Chairman Upton and Subcommittee Chairman Walden in further investigating the broadband spending in the American Recovery and Reinvestment Act (ARRA).

The Recovery Act provided $4.7 billion to the National Technology and Information Administration (NTIA) to create the Broadband Technology Opportunities Program (BTOP) and $2.5 billion to the Rural Utilities Service (RUS) to create the Broadband Incentive Program (BIP). These programs were created to extend broadband service to those rural areas that were without service. Unfortunately, it has been brought to the attention of Congress that both programs have not been administered as efficiently as possible and both have either awarded rural areas with grants that already have access to broadband or have completely eliminated their requirement to only target areas without broadband service.

I believe that broadband technology has the potential to create jobs, fundamentally alter our economy, and improve the quality of life for many Americans. While I was in support of the President's efforts to focus on expanding broadband technology, this is an issue that deserves great oversight and accountability to ensure that taxpayer dollars are being spent efficiently. As Ranking Member of this committee, I was intent on questioning both the RUS and the NTIA in their handling of the $7.2 billion allocated to them for implementing the broadband award programs established by the Recovery Act. In March of 2009, I sent a letter to both RUS and NTIA to recommend that we prioritize funds towards projects in States where broadband mapping was complete; towards unserved areas before underserved areas; towards projects that were sustainable without additional government funding; and toward projects that were most cost-effective. Because of my steadily increasing concern, I sent another letter in December of 2009 to encourage both organizations to use greater oversight when awarding grants and use more efficient metrics to decide on awardees.

We owe it to the American people to ensure that their hard-earned dollars are being used as efficiently as possible. If the law mandates that a program has a specific purpose, I believe that we must honor the law and have integrity in our implementation of the law. I look forward to hearing from our witnesses and working to create greater oversight of the broadband spending in the Recovery Act.

Mr. WALDEN. Thank you, Mr. Chairman. I now am delighted to yield the—for opening statement purposes to my ranking member on the subcommittee, Anna Eshoo from California. We have already met and talked and I look forward to a very productive relationship on this subcommittee as we work to improve telecommunications in our country and so delighted to work with you and I yield the 5 minutes to you.

OPENING STATEMENT OF HON. ANNA G. ESHOO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. ESHOO. Thank you, Mr. Chairman very much for your generous comments. I want to return them by wishing you well and congratulating you on being the Chairman of this subcommittee which is really so important, I agree, to our national economy.

There are a number of issues that we are going to be working on and today's hearing I think is an important one to examine the dollars that were appropriated, oversight of the Congress is one of the most important things that we do. So I know that the members on this side of the aisle look forward to working with you. Many of these issues are really nonpartisan so I hope that we can come together for the good of the country and produce products that the American people will be proud of and that will benefit the Nation. Again, I welcome the oversight of these two programs of the BTOP and the BIP because it is important to root out problems. It is also instructive because we then can find solutions to the problems. We need a thorough understanding if in fact there are obstacles that applicants and awardees face in gaining access to and utilizing the dollars that Congress appropriated. We have to ensure that the programs are efficient and effective because we all know what the consequences are in an era where every dollar is just so precious. We want these dollars to dance. We want them to count.

The United States of America invented the Internet, but today we are falling behind in broadband deployment and by some measure we are now ranked 15th in the world. There are different measurements but the one that eludes us is number one. And I think if we do anything together that we raise that up and that the United States really take over and be number one in the world. We need significant investment from both the public and the private sectors to close the gaps and increase broadband affordability and ensure that Americans have access to the highest speeds and the latest technology. And I wanted to repeat that—the highest speeds and the latest technology. That is why I strongly advocated more than 2 years ago for recovery act funding to expand broadband deployment in our country. And that is what I—why I raise it. Again, because I think that America should be number one, not 15th, or 24th, or 17th. If we could build the transcontinental railroad in the 1800s, I think that we can certainly do this. So, 2 years ago a study predicted that adding 30 million new broadband lines would raise USGDP by over $110 billion. Others have specifically examined the benefits of broadband stimulus concluding that a $10 billion investment in broadband networks could support an estimated 498,000 new or retained U.S. jobs per year. And Mr. Chairman, at this point I would like to ask that the following be placed in the committee's record today. These are all comments from letters of Members relative to the program and their support of it.

Mr. WALDEN. Without objection.

[The information appears at the conclusion of the hearing.]

Ms. ESHOO. Thank you. So, like the building of our Nation's interstate highway system, this transformation won't happen overnight. Recovery Act dollars have begun making their way into communities across the nation and when completed, these projects will

have a critical impact especially on community anchor institutions, an issue that Congresswoman Matsui and others worked very hard on the committee. Public safety, first responders, schools, libraries, public health facilities, these are all areas that affect every single one of our congressional Districts. NTIA and RUS have undertaken major task in administrating their respective programs. Along the way, there have been some bumps in the road. Some of which I, myself have raised in past hearings and in letters to the NTIA administrator. And these challenges are to be expected I think with a multiyear program. So we have an opportunity to strengthen these programs. I am committed to ensuring that there is success because the country needs this and I think in fact demands it. I think it is clear that our future depends upon the ubiquitous and rapid deployment of broadband and the Recovery Act is but a first step in this process and there is much more work to do.

So thank you, Mr. Chairman, congratulations to you again. I don't know how much time I have left, but——

Mr. WALDEN. None. You are out.

Ms. ESHOO. None. OK. All right, I am out of time.

Mr. WALDEN. You were perfectly timed to that one.

Ms. ESHOO. All right, all right, perfectly timed to use all the time. Again, my congratulations to you and to all of the members. We look forward to working together with you.

[The prepared statement of Ms. Eshoo follows:]

PREPARED STATEMENT OF HON. ANNA G. ESHOO

Thank you Mr. Chairman. I welcome our witnesses and thank them for appearing before our panel today. I welcome oversight of BTOP and BIP because it's always important to root out problems and find solutions. We need a thorough understanding of the obstacles that the applicants and awardees face in gaining access to and utilizing the money. We have to ensure the program is efficient and effective because the consequences for our nation, our economy, and our future are critical.

The U.S. invented the Internet, but today we are falling behind in broadband deployment, and by some measure, we're now ranked 15th in the world. We'll need significant investment from both the public and private sectors to close the gaps, increase broadband affordability and ensure Americans have access to the highest speeds and latest technology. That's why I strongly advocated more than two years ago, for Recovery Act funding to expand broadband deployment, because I believe America should be number one in technology and we need to make the investment to do so. If the U.S. could build the transcontinental railroad in the 1800s, we can certainly do this.

Two years ago, a study predicted that adding 30 million new broadband lines would raise U.S. GDP by over $110 billion. Others have specifically examined the benefits of broadband stimulus, concluding that a $10 billion investment in broadband networks could support an estimated 498,000 new or retained U.S. jobs for a year.

Like the building of our nation's interstate highway system, this transformation will not come overnight. Recovery Act dollars have begun making their way into communities across the nation. When completed, these projects will have a critical impact on community anchor institutions such as public safety first responders, schools, libraries and public health facilities, as well as small businesses and directly into homes around the country. We need to ensure we're doing everything we can to quickly get these funds out to the communities that so desperately need them.

NTIA and RUS have undertaken a major task in administering their respective programs. Along the way, there have been some bumps in the road, some of which I've raised in past hearings, and in letters to the NTIA Administrator. These challenges are to be expected with a multi-year program supporting the build-out of large, complex infrastructure projects. But we must meet these challenges head-on, and not take them as a sign that the overall program is flawed.

We have an opportunity to strengthen these programs and I'm committed to ensuring the continued success of BTOP and BIP. Proper oversight of BTOP and BIP will ensure federal money is used towards its intended purpose: expanding broadband deployment. When problems are identified, let's find solutions, not point blame.

It's clear our future depends upon the ubiquitous and rapid deployment of broadband. The Recovery Act funding is the first step in this process, but there's much more work to be done to ensure America's leadership on broadband. Thank you for being here today and I look forward to your testimony.

Mr. WALDEN. Thank you very much. Now we will yield for 5 minutes to the Vice Chairman of the committee, a gentleman who has put a lot of time and effort into telecommunications issues especially a Universal Service Fund over the years, Mr. Lee Terry of Omaha.

OPENING STATEMENT OF HON. LEE TERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mr. TERRY. Thank you, Mr. Chairman. I am pleased that we are exercising our oversight over the broadband provisions of the stimulus bill. While some of may have wished that the $7 billion allocated for broadband would have been designated for only unserved households or that we would have waited until the broadband mapping project was completed, was all should agree that it is important for this committee to be involved in oversight now that all the funds have been obligated. We must analyze risks associated with the program and help facilitate proper oversight by the administrating agencies including our witnesses here today and thank you all for being here today.

Given the current state of our economy and the absolute necessity to cut federal spending now it is imperative that we do our due diligence in making sure that proper oversight of both BTOP and BIP is conducted in that any waste, fraud, or abuse is eliminated and that any unused or misused money is returned to the Treasury. I realize the fine on unserved v. unserved is well, some people think it is over, but I do look forward to hearing from our witness Gary Shorman today on his concerns about an overbill that is taking place in rural Kansas due to BIP award. We have received further complaints from Montana, from Maine, from Washington State, from Illinois, so you are not alone. Overbuilding in my opinion should be considered as waste and abuse as we are subsidizing competition in areas that are already being served by broadband providers. Many rural telecommunication companies have raised this issue with me since the stimulus was enacted and it would seem to me that this would be something the inspector general would like to examine when conducting oversight. It is my understanding that although awards were obligated by September 30, 2010, only 300 million on that has been spent to date under BTOP and less than 100 million has been dispersed under BIP. I look forward to hearing from our witnesses today on how disbursements will be handled from here on and what kind of performance milestones must be met as to avoid any rescission of funds. I am worried that oversight could be needed for years to come on a program that was initially intended to be an immediate job creator and needed stimulus in our economy now. I understand that both RUS and NTIA will be challenged by the oversight, a dramatically larger

and more diverse portfolio of projects while also facing impact of a lack of sufficient oversight, staff, and resources. We must make sure they have both their ability to monitor and ensure compliance with the terms of the awards. I welcome a discussion on legislation that will ensure that any unused or reclaimed funds are returned to the federal Treasury and hope that we can act quickly but prudently in providing NTIA and RUS the appropriate resources to find these unused and reclaimed funds. And thank you for holding this hearing and I yield back.

Mr. WALDEN. Thank the gentleman. Now I would like to recognize the ranking member of the Full Committee, the distinguished gentleman from California, Mr. Waxman for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. HENRY A. WAXMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. WAXMAN. Thank you very much, Mr. Chairman. Chairman Walden, I thank you for scheduling this important hearing and congratulations on your new role as chairman of the Subcommittee on Communications and Technology. And I want to work with you and Ranking Member Eshoo and our members to accomplish important bipartisan objectives. Despite some policy differences we can accomplish a great deal together. I hope we get started by addressing spectrum availability and reform, universal service, and the construction of a nationwide interoperable broadband public safety network. We also need to conduct appropriate oversight of ongoing programs and the agencies under our jurisdiction. And I am pleased that our first subcommittee meeting is an oversight hearing of two important Recovery Act programs, the Broadband Technology Opportunies Program and the Broadband Initiatives Program.

When Congress passed the landmark Recovery Act, we built oversight into the very structure of these programs. We knew it was imperative to provide the Departments of Commerce and Agriculture with the tools necessary to conduct vigorous oversight of approximately $7 billion in broadband spending. The Commerce Department Inspector General was allocated $16 million and the Agriculture Department Inspector General $22.5 million to oversee and audit programs, grants, and activities funded by the Recovery Act. We need to ensure that the IGs and Agency program managers have enough resources for this significant task.

With billions of dollars invested in hundreds of broadband projects throughout the Nation it would be irresponsible for Congress to skimp on oversight funding. We had a vigorous debate about the merits of the Recovery Act and the broadband programs at the start of the last Congress and it is clear that Republicans and Democrats did not agree on the merits, but we should all be able to agree that the agencies and their independent inspectors general should have adequate resources to oversee these projects.

I am encouraged that we are going to hear today from the IGs at the Department of Commerce and Agriculture as well as the GAO. The Department of Commerce IG and GAO have been warning Congress for months that adequate funding must be assured

for these activities. We should heed their advice. In our zeal for budget cutting we must not trade a temporary savings in the area of oversight for significantly larger future losses due to waste, fraud, or abuse.

We will also hear from Eagle Communications, a company that has concerns about the BIP program and how RUS allegedly funded competitors in its service area to the detriment of Eagle's business. We should listen carefully to these concerns but it is unfortunate the subcommittee did not invite the RUS administrator to testify today so we could be further enlightened.

I am also pleased that we will hear from the CEO of the nonprofit MERIT network, a Michigan based research and education network provider that is constructing more than 2,000 miles of "middle mile" shared infrastructure to address Michigan's backhauled needs. Dr. Welch, a former Army Colonel who served as the Dean for Information Technology at WestPoint and the Chief of Software Engineering for Delta Force is also a constituent of Mr. Dingell's and his project has bipartisan support from the Michigan delegation including Chairman Upton who has previously noted "this funding provides a tremendous boost to our region helping a home grown business expand and create jobs in an effort to deliver broadband to countless families, businesses, schools, libraries, and health centers across the state."

Finally, we have before us a Republican legislative proposal to capture de-obligated Recovery funds. None of us should oppose the prompt return of unused Recovery Act funds to the U.S. Treasury and I believe that is what current law requires. We should discuss how this new law—this new legislation differs from existing statutory requirements. We also should be careful not to establish a process to defund projects without cause especially now that obligated money has been translated into real projects with real jobs in every state. I would like to thank our witnesses for their participation at this hearing and I look forward to their testimony. Thank you, Mr. Chairman.

Mr. WALDEN. And I thank the gentleman from California. I just note for the record note that we have met with the RUS administrator. We will have additional hearings. The RUS administrator actually is out of the country right now, and so we are going to go ahead with this part and then we hope to have another hearing where they are available. Now I would like to recognize the Chairman Emeritus of the Committee, Mr. Dingell, who would like to welcome our witness, Dr. Donald Welch who is President and CEO of Merit Network. So with this I would yield to the distinguished gentleman from Michigan, Mr. Dingell.

Mr. DINGELL. Mr. Chairman, you are most courteous. I thank you for your graceful treatment of me and my constituent and I congratulate you on your first hearing which is an important one.

I want to welcome our witnesses today particularly Dr. Donald Welch, the President, and the CEO of Merit Network Incorporated which is based in my District in Michigan. Merit is the recipient of over $100 million in grants from the National Telecommunications and Information Administrations Broadband Technology Opportunities Program (BTOP) to extend the broadband Internet infrastructure to anchor institutions and underserved areas in

Michigan, Wisconsin, and Minnesota. So welcome, Dr. Welch, and we wish you great success in Merit's very valuable project. Federal support for infrastructure projects such as yours support economic growth will help our country to recover from current recession and also are going to be very useful in moving this country forward in terms of technology which is so important. Again, Mr. Chairman, I thank you for your courtesy to me and yield back the balance of my time.

[The prepared statement of Mr. Dingell follows:]

PREPARED STATEMENT OF HON. JOHN D. DINGELL

Thank you, Chairman Walden, for holding today's oversight hearing about projects sponsored under the American Recovery and Reinvestment Act (ARRA). As you know, the Committee on Energy and Commerce has a proud history of using fair and measured oversight to inform its legislative work. I am confident you will carry on in this tradition.

Before making my remarks, I would like to welcome our witnesses today, particularly Dr. Donald Welch, the President and CEO of Merit Network, Inc., which is based in my district in Michigan. Merit is the recipient of over $100 million in grants from the National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program (BTOP) to extend broadband Internet infrastructure to anchor institutions and underserved areas in Michigan, Wisconsin, and Minnesota. Welcome, Dr. Welch, and best of luck with your company's valuable project. Federal support for infrastructure projects such as Merit's support economic growth and will help our country recover from the current recession. All the same, such support must be subject to reasonable scrutiny in order to mitigate waste, fraud, and abuse.

I note that my Republican colleagues have circulated a draft bill to require NTIA and RUS to return to the U.S. Treasury any BTOP or Broadband Initiatives Program (BIP) funds either agency finds to have been involved in fraudulent, wasteful, or mismanaged projects, as well as funds that are otherwise unobligated. I find this curious in view of the fact that ARRA, as amended by Dodd-Frank, already requires this. Nevertheless, I hope our witnesses, especially the Commerce and Agriculture Departments' respective Inspectors General and Mr. Goldstein of the GAO, will help me understand the necessity, implications, and feasibility of such legislation for NTIA and RUS, all while bearing in mind that the draft bill authorizes no spending whatsoever for the additional oversight burdens it imposes.

Thank you for your courtesy, Mr. Chairman, and I yield the balance of my time.

Mr. WALDEN. And I thank the gentleman and with that, Dr. Welch, if you would like to be our lead-off witness just go ahead and make sure your microphone is turned on and we look forward to your testimony. We appreciate your being here, sir.

STATEMENTS OF DONALD J. WELCH, PRESIDENT AND CEO, MERIT NETWORK, INC; GARY SHORMAN, PRESIDENT AND CEO, EAGLE COMMUNICATIONS; MARK GOLDSTEIN, DIRECTOR, PHYSICAL INFRASTRUCTURE ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE; PHYLLIS K. FONG, INSPECTOR GENERAL, U.S. DEPARTMENT OF AGRICULTURE; AND TODD J. ZINSER, INSPECTOR GENERAL, U.S. DEPARTMENT OF COMMERCE

STATEMENT OF DONALD J. WELCH

Mr. WELCH. Thank you. Good morning, my name is Don Welch. I am the President and CEO of Merit Network and I am very proud to be here on behalf of Merit Network and its community in Michigan.

Merit Network, as you have heard, is an independent non for profit that is governed by the public universities. Merit receives no subsidies from the State. Our mission is to provide community anchor institutions with advanced IT and network services to foster collaboration and community and to facilitate knowledge transfer with and between community anchors. Merit is guided by a vision of equal access to information for all Michigan citizens regardless of geographic location.

For almost a decade, Merit has had a plan to build fiber to serve community anchor institutions in rural and remote regions of Michigan where an absence of viable backhaul has left entire communities underserved but we have lacked the funds to do so. Through BTOP and with the support of the Michigan public universities, Merit's vision is within reach to the benefit of all sectors of society and the entire State. Merit's project is 2,287 miles of fiber optic cable lit at 10 Gbps that provides both "middle mile" or backhaul infrastructure in underserved areas and redundant paths out of poorly connected areas that will improve service for the entire region. Merit and its commercial sub recipients will each own infrastructure. Merit serving the community anchors the sub recipients focusing on homes, businesses, and local internet service providers. Our project will directly connect over 100 community anchor institutions and has the ability to serve an additional 900 community anchors. The network will also have access points in 51 central offices and create 12 new colocation spaces making it easy for existing providers to leverage the project. Thus the network can indirectly serve over 55,000 businesses and 1 million homes.

The majority of the cost for many local ISPs in the service area are for backhaul to internet exchange points like that are in places like Chicago. Our project provides cost effective backhaul to areas where it is lacking. In some instances customers could see over 10 times the bandwidth for less than half of what they are currently paying. Merit is a member of the Schools, Health Care and Libraries Broadband Coalition because we share their belief that high capacity broadband is the key infrastructure that K–12 schools, universities, colleges, libraries, health care providers, and other community anchors need to provide 21st century education, information, and public services. Community anchor institutions also need access to a private network of peer organizations for the exchange of information, consolidation, and sharing of services.

The Merit Network is the platform our members use to collaborate, cut costs, and provide better service to their constituents and patrons. Our project will eliminate geographic barriers for Michigan community anchor institutions. Merit has members in the Upper Peninsula that are further away from Merit's offices in Ann Arbor than we are right now from—in D.C. from Ann Arbor. This project will enable them to collaborate with members across the State as if they were across town.

The project is not without risk. The BTOP grants provide 80 percent of the estimated capital costs of the project. Merit and the sub recipients are responsible for 20 percent and the maintenance of the complete work. Merit is responsible for cost overruns and operational costs during construction. We have drawn out our existing staff to support the project before we can reduce cost or generate

any revenue. Even exceeding the budget by one penny per foot in construction and materials means an additional cost of 120,000 for us—a substantial amount. We have every incentive to spend the money wisely.

Merit controls the project and mitigates its risk in several ways. A competitive RFP process is used to select vendors. Merit has established a process for handling all federal funding. We have vetted the process with a red team exercise in which we try to anticipate every way someone could get improper access to the funds. Merit has hired four BTOP funded staff to support our reporting and compliance team. That team includes the librarian as we expect to have over 100,000 auditable documents by the project's completion.

The impact of our project's success will be profound and long lasting for Michigan which is working hard to revitalize its economy. We believe that education and economic development are inseparable. The two key components necessary for economic development are an educated work force of life-long learners and unfettered access to the global information grid. Our project targets both, creating knowledge infrastructure upon which Michigan will compete and grow in the 21st century. Thank you very much.

[The prepared statement of Mr. Welch follows:]

February 10, 2010

One Hundred Twelfth Congress
Congress of the United States
House of Representatives
Committee on Energy and Commerce

"ARRA Broadband Spending"

Witness Name: Dr. Donald Welch

Witness Organization: Merit Network, Inc. (www.merit.edu)

Summary of Written Testimony

Problem

In rural and remote Michigan, a lack of viable backhaul infrastructure limits Internet and network service performance, availability and affordability for community anchor institutions (CAIs), homes and businesses, placing these entities at a disadvantage compared to their counterparts in metropolitan areas of Michigan and the US.

Solution

Merit Network, Inc., Michigan's research and education network provider, in collaboration with eight commercial providers, acting as sub-recipients of the BTOP grants, will create 2,287 miles of "middle mile," shared infrastructure that will address Michigan's backhaul shortfalls.

Impact

Through REACH-3MC, Merit will provide 105 community anchor institutions with a dedicated 1 Gbps fiber connection, and enable the same benefits of a high-capacity connection for over 900 more community anchor institutions in the service area.

REACH-3MC will create a statewide CAI network that will enable Michigan's public institutions to consolidate resources, cut costs and provide more service to Michigan's citizens.

The REACH-3MC service area encompasses over 1 million homes and 55,000 businesses that stand to benefit from the fiber-optic infrastructure either as direct customers of a REACH-3MC sub-recipient, or indirectly through an existing service provider that obtains backhaul from a REACH-3MC sub-recipient.

Because it is a "middle mile" network with "open access" principles, REACH-3MC will support not harm incumbent service providers in the service area.

Extending broadband to financially troubled areas in Michigan will improve the quality of life, create jobs and spur economic growth in a state with one of the highest needs of any in the nation.

Project Safeguards

Merit Network has owned and operated networks for over 40 years. Merit has the experience and internal mechanisms in place to successfully complete a project of REACH-3MC's magnitude. Merit has created internal mechanisms to complement the ARRA oversight controls that protect against waste, fraud and abuse.

February 10, 2010

One Hundred Twelfth Congress
Congress of the United States
House of Representatives
Committee on Energy and Commerce

"ARRA Broadband Spending"

Witness Name: Dr. Donald Welch

Witness Organization: Merit Network, Inc. (www.merit.edu)

In 2010, Merit Network, Inc. received two grants from the Broadband Technology Opportunities Program (BTOP) administered by the National Telecommunications and Information Administration (NTIA) and the Department of Commerce, and funded through the American Recovery and Reinvestment Act of 2009 (ARRA). Together the BTOP grants, with help from the public universities of Michigan, fund REACH-3MC (Rural, Education, Anchor, Community, Health care – Michigan Middle Mile Collaborative), a project that will create much-needed fiber-optic infrastructure in rural and underserved areas of Michigan, with key interconnection points in Wisconsin and Minnesota.

REACH-3MC engages Merit Network, Michigan's research and education provider to community anchor institutions (CAIs), and eight commercial sub-recipients to serve all sectors of society: homes, businesses and CAIs. REACH-3MC solves the backhaul problem in rural Michigan by constructing 2,287 miles of "middle mile" fiber-optic infrastructure governed by "open access" network principles.

REACH-3MC will create much needed infrastructure in a state that must transition from a manufacturing-based economy to one that is based on information and technology. The infrastructure is vital to both education and economic development. REACH-3MC furthers Merit's vision of equal access to information for all of Michigan, and enables Michigan's public institutions with a mechanism to cut costs and provide more service to their constituents.

Problem REACH-3MC Seeks to Address

In rural and remote areas of Michigan, a lack of backhaul infrastructure, or a lack of cost-effective backhaul due to shortfalls in capacity and competitive service offerings, limits Internet service performance, availability and affordability for end users. Internet Service Providers (ISPs) that serve homes, businesses and community anchor institutions (CAIs) in rural Michigan are hindered because the majority of their costs go to obtaining backhaul. Circuit connections and transport to major Tier 1 access points are either cost prohibitive or unavailable due to limited capacity.

Michigan's unique geography creates a state with a substantial land mass and a population that is predominately concentrated in metropolitan areas of the Lower Peninsula's southern core. In the rural areas beyond this core, population density is not enough to support a cost-effective build-out of Internet infrastructure. The cost of construction is too great to render a sustainable return on investment. The result is that the regions of the Northern Lower Peninsula, Upper Peninsula, Ohio border and Lake Michigan coastline are underserved in terms of broadband resources.

Because of the lack of backhaul, community anchor institutions in rural and remote Michigan are forced to operate with levels of Internet, telecommunication and networking service that are below their need. These CAIs provide the same vital services that the public relies upon with only a fraction of the resources their counterparts in populous regions of Michigan and the US have access to. The problem is the same for businesses in rural and remote Michigan that must compete in the emerging global economy without an effective method to access it. End users at home face similar predicaments regarding access to information.

About Merit Network and the SHLB Coalition

Merit Network, Inc. is an independent, 501(c)3, non-profit organization that receives no subsidy or funding of any kind from the State of Michigan. Our origins date back to 1966, when Merit was founded by the three major universities in Michigan as a shared resource to help meet their networking needs. Over time, Merit's mission has evolved to include the service of community anchor institutions of all kinds. Merit provides our Members with leading-edge network resources and network-related services. Today, Merit owns and operates the longest-running research and education network in America.

Merit Network believes in the strength of a robust educational community, both in Michigan and nationwide. As a member of the Schools, Health and Libraries Broadband Coalition (SHLBC) we believe that improving the broadband capabilities of schools, libraries and health care providers will enhance the quality and availability of the essential services they provide to the public and will help them serve underserved and unserved populations more effectively.

As a valued resource to our Member organizations, Merit Network has helped our Members achieve success by working with them to facilitate collaboration between organizations. The Merit backbone, a network of CAIs connected to one another is optimal infrastructure not only for telecommunication and access to information, but also for the sharing of resources and consolidation of services for Michigan's public institutions. It allows our Members to cut costs and provide more service to their patrons and constituents. Due to the lack of backhaul in rural and remote Michigan, not all CAIs have the ability to connect to the Merit network to take advantage of these benefits.

Merit Network is guided by a vision of equal access to information for all of Michigan's citizens—regardless of physical location or geography. Though we have fostered this idea for quite some time, Merit lacked the financial means necessary to bring our vision to reality. Absent the BTOP grants Merit Network received, building the necessary infrastructure would take decades. The BTOP grants greatly accelerate that process to the benefit of the entire state.

Solving the Backhaul Problem, a Foundation for Michigan's Future

REACH-3MC will create 2,287 miles of fiber-optic infrastructure through 52 counties in Michigan. The fiber will be lit with the most advanced technologies and is designed to benefit all sectors of society: homes, businesses and community anchor institutions.

REACH-3MC is based on a comprehensive community approach that leverages public-private sector collaboration. Because our mission prohibits Merit from providing service to homes and businesses, Merit engages eight different commercial providers through REACH-3MC who, with

Merit, will each own fiber strands over various portions of the REACH-3MC network. This is what is commonly referred to as a "condo build" in the telecommunications industry. As the primary grant recipient, Merit owns the fiber sheath, while the ownership and operation of the fiber strands within the sheath are divided between Merit and the commercial providers, who are sub-recipients of the grants.

REACH-3MC network segments will have between 12 and 168 strands of fiber. The basic access speeds will range from 10 Gbps (gigabits per second) and 1 Gbps. The infrastructure allows for capacity to be easily increased with a simple upgrade in optronics to accommodate future growth and industry innovation with additional investment in fiber-optic infrastructure.

Merit's portion of the fiber will allow state and local governments, universities, schools, libraries, health care facilities, community colleges, public safety entities and other community anchor institutions to connect to Merit's private, high-performance network, enabling them to lower costs, consolidate services and provide more service to Michigan's citizens.

REACH-3MC will provide over 100 direct connections to community anchor institutions, but as a "middle mile" project, the aim of REACH-3MC is not to directly connect every home and business in the network service area, but rather, REACH-3MC will build backhaul into a region. Local ISPs will then have the opportunity to use this infrastructure to provide faster, cheaper, and more reliable service.

The regulations of the grant ensure that REACH-3MC will be an "open access" network, meaning that any ISP with an interest in connecting to the network will not be unreasonably withheld from doing so where capacity permits. Connection agreements will be negotiated in

good faith and access will be at market rates. In this manner, REACH-3MC supports incumbent ISPs in the service area. Leveraging the middle mile infrastructure, local ISPs will have the option to obtain affordable backhaul service from REACH-3MC and improve service offerings. Merit will work with any ISP interested in accessing REACH-3MC infrastructure to leave a splice enclosure at a desired location for interconnection.

The number and diversity of sub-recipients participating in REACH-3MC ensure the network will be a sustained investment that delivers results. On each network segment, there are multiple service providers (Merit and sub-recipients) competing to provide a given community the best value—whether it be wholesale transport to a local ISP, a fiber connection to a school or library, or residential and commercial service. Each sub-recipient brings a different value proposition to the service area, employing different technologies, content and service packaging. Competition will also enforce market rates, ensuring that consumers in remote areas will not pay more for the same service than those in metropolitan areas.

Benefit to Community Anchor Institutions

Through REACH-3MC, Merit will provide 105 community anchor institutions with a dedicated 1 Gbps fiber connection. REACH-3MC will make it feasible for any other community anchor institution to connect at speeds of 1 Gbps or greater. The FCC National Broadband Plan sets a goal to connect every CAI in America at 1 Gbps by 2020. REACH-3MC will place these anchor institutions in the service area almost a decade ahead of this target and allow them to collaborate with the over 230 other community anchor institutions that are currently

connected to the Merit network. Additionally, REACH-3MC will enable the same benefits of a high-capacity connection for over 900 more community anchor institutions in the service area.

Indirectly, community anchor institutions in every region of Michigan will benefit from REACH-3MC because it will complete a statewide network for CAIs. Merit currently connects 35 % of private universities, 93 % of public universities, 66 % of community colleges, 63 % of K-12 ISDs, 50 % of library cooperatives and 37 % of public libraries in Michigan—the vast majority of those not connected due to a lack of affordable backhaul in their area.

Advanced Placement (AP) classes, which provide students with a significant academic advantage in college preparation, are only available on a limited basis in remote areas of Michigan districts—if at all. Foreign language classes tell a similar story: students in remote areas have fewer opportunities and options than those in metropolitan areas. Utilizing the statewide CAI network, students anywhere in the state will be able to take advantage of both AP and foreign language courses, leveling the playing field and ensuring that every Michigan school is equipped to produce a skilled workforce that will drive the 21st century economy.

REACH-3MC received over 250 letters of support from community anchor institutions in Michigan, including letters from over 30 CAI Leadership Organizations (example: Michigan Association for Intermediate School Administrators). REACH-3MC has the backing of 12 major Universities in Michigan that are committed to fully supporting the project in its entirety.

Public Safety: a Foundation for Michigan's Transition to Next Generation 911

Due to the need to update first-response public safety, the State of Michigan commissioned a study on transitioning to Next Generation (NG) 911 service. The resulting plan has a dedicated, high-availability network as its foundation. The cost of such a network had placed the implementation of this plan in doubt. With REACH-3MC in place, making an incremental move to the NG 911 system is not only possible, but likely in the future.

A portion of REACH-3MC was designed with input from the State of Michigan 911 Administrator. The fiber, leveraging REACH-3MC and Merit's existing network, will provide a footprint to connect all Public Safety Answering Points (PSAPs) to a robust, IP-based infrastructure that will create cost-savings and enable the consolidation of resources. The redundancy, security, interoperability, and flexibility of this network will be paramount to maintaining a reliable 911 system in Michigan, and provide options and functions to meet the changing demands of public safety.

Improved Service for Homes and Businesses

REACH-3MC will enable the commercial sub-recipients access to 51 Central Office facilities throughout the state, which they will use to provide "middle mile" service and leverage the existing infrastructure of local ILECs (Incumbent Local Exchange Carriers) to provide better service to the community. An additional 12 colocation facilities will be constructed as part of REACH-3MC that will enable the same for providers in the Upper Peninsula.

The REACH-3MC service area encompasses over 1 million homes and 55,000 businesses that stand to benefit from the infrastructure either as direct customers of a REACH-3MC sub-recipient, or indirectly through an existing service provider that obtains backhaul from a REACH-3MC sub-recipient.

Economic Development

REACH-3MC is focused on the needs of Michigan and Michigan's efforts to fix its faltering economy. Until recently, Michigan had the highest unemployment rate in America for 4 years. Michigan has lost more than 300,000 jobs since 2000, including 170,000 manufacturing jobs.

Extending broadband to these financially troubled areas will create jobs and bolster economic growth in a state with one of the highest needs of any in the nation. Merit Network has received strong support and interest from a number of Economic Development Councils in Northern Michigan who are very excited about the possibility that REACH-3MC infrastructure holds for their communities. They believe in transformative power of broadband to improve the quality of life in Michigan's rural areas.

More high-speed internet means more small businesses, farmers, and entrepreneurs will have better access to national and international markets, to a broader array of vendors, suppliers and customers and to a team of skilled employees.

As our state must transition to an information-based economy, its entire citizenry needs access to affordable, high-speed broadband at home, in the workplace and at its community anchor institutions. That is why it is important to view REACH-3MC not as an exercise on the Federal

Government's part that favors one entity over another, but rather, because of the "open access" provisions and the investment in community anchor institutions, it is important to view REACH-3MC as an investment in a foundation that will benefit the entire state.

Businesses considering relocation to Michigan will no longer face difficult choices. Michigan has always had incredible physical beauty, but a lack of modern infrastructure has sometimes deterred potential companies from operating here. With the completion of REACH-3MC, prospective companies will not be forced to decide between setting and resources. Our state will have pristine natural resources *and* leading-edge modern business infrastructure.

Job Creation

Merit Network plans to hire 13 new positions in support of REACH-3MC funded by the BTOP program. Of those 13, Merit has hired 5 thus far. REACH-3MC sub-recipients have also indicated that they will hire new staff in support of the project. Merit has already hired 8 additional staff from non-BTOP funds since the first award.

Merit Network has awarded $7,871,851 in contracts to vendors in support of REACH-3MC implementation for environmental assessment consulting, engineering, fiber and materials. Merit has retained three construction contractors in support of the REACH-3MC build-out, one of which has begun construction and reported adding six new jobs in support of the work.

Merit Network estimates the total jobs created by the REACH-3MC project will be 946 job-years. The methodology used to determine the job-years created by this project came from the Council of Economic Advisors, May 2009, and was required by the Round 2 BTOP grant

application. Specifically, Merit utilized the methodology found in Table 5 of the Council of Economic Advisers "Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009."

A study by Gartner Consulting referenced in "Michigan's Push for Broadband," published by Michigan Department of Information Technology, concludes that accelerating the build out of a statewide broadband infrastructure in Michigan could result in a $440 billion increase in Michigan's gross state product over the next ten years.

Because the BTOP grant requires a 20 percent cash-match, the initial Federal investment has catalyzed an additional $25.7 million in private investment. Merit has successfully secured $8.3 million in loans that will account for its portion of the total matching funds, and REACH-3MC sub-recipients are in the process of securing their portion of the remaining $17.4 million.

Project Oversight and Control

From an organizational standpoint, Merit Network is very capable of successfully completing REACH-3MC. Merit has owned and operated network infrastructure for over 40 years. Merit also has extensive experience managing network construction. Merit continues to leverage its experience from managing the NSFNET, the precursor to the modern Internet.

The staffing, policies and practices are currently in place to manage a project of REACH-3MC's scale. Merit has established internal controls to safeguard against the following: abuse of wages and benefits, employee expenses, fairness in vendor evaluation for equipment procurement and contracts awarded as part of the project, expenses for services and

maintenance, and cash flow related to the project. All of these controls are delineated in Supplemental Information submitted with this testimony, "Project Safeguards."

The ARRA, NTIA and NOAA (National Oceanic and Atmospheric Administration, an agency that supports NTIA in their grant oversight activities) require Merit to submit several reports that detail project performance, construction completion, and funds expended.

Additionally Merit's financials are audited annually and Merit has always received an unconditional report from the audit firm. In the fall of 2011 and each subsequent year, Merit will receive an A-133 audit as required by the grants.

Supplemental Information

Project Safeguards

Ability to Successfully Complete the Project

Control:

Merit is a full service company providing expertise in network engineering, network operations, a 24/7 Network Operations Center, member relations, marketing, IT, finance and administration. Merit has already built hundreds of miles of fiber and has operated a network for over forty years. Merit currently has approximately 75 employees and estimates that it will be hiring about 10 more over the next 18 months. Below is a list of staff that works directly and indirectly on the project:

Grant Specific Staff

- Grants Manager –project manager, NTIA liaison, compliance oversight
- Compliance Manager- Documentation specialist, compliance manager, systems coordinator
- Permit Specialist – state/county/municipality permit coordinator
- Accountant – billing and invoicing, project tracking
- Outside Plant Project Manager – construction and engineering oversight
- Outside Plant Project Manager Assistants- aids to the OPP Manager
- Outside Plant Tool Developer
- Network Engineers

- Network Engineer-Equipment specialist
- Engineer Technicians- aid to engineers

Merit Support Staff

- Director of Engineering
- Mapping Specialist
- GIS Technician
- Director of Operations
- Engineering Staff
- Controller
- Assistant Controller
- Community Relations Managers
- Communication Specialist

Merit has written and posted a Conflict of Interest (COI) policy and whistleblower information in its offices. Merit has a zero tolerance for the acceptance of any type of gratuity at any level. The COI outlines standards of conduct to establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain in the administration of the awards. All Merit employees operate under the University of Michigan staff codes of conduct.

The Grants Manager and the Compliance Manager are knowledgeable of the grant requirements and continue to attend training seminars offered through the NTIA to

keep abreast of any changes and to reinforce prior training. They in turn share the knowledge and skills learned with other staff to ensure compliance requirements are met throughout the organization. All tools are made available to all staff including: the grant agreements, the NOFA, various regulations, terms and conditions, handbooks, cost principal circulars, and Federal Internet sites.

Wages and Benefits within Acceptable Limits

Control:

All staff (except the project Outside Plant Project Manager who serves as a consultant) are University of Michigan employees. Salaries are regulated through prescribed market ranges within the university system. All fringe benefits are standard University of Michigan benefit packages and average about 28.5% of salary. No preferential treatment is given for position or title. All positions are listed and staff is hired according to University policy and procedure. Merit is audited annually and all payroll and fringe benefit registers and a listing of all employees and related salaries are reviewed for accuracy and omissions by the auditors.

Travel and Other Employee Expense Within Acceptable Limits

Control:

Travel is reviewed and approved by the supervising manager, the company controller and the VP of Finance and Administration. (Three approvals required.) The current Federal rate per mile ($0.51/mile) is utilized. Records are kept of miles traveled.

Overnight trips require advance approval from the direct supervisor and meal payment utilizes the Federal per diem rates or actual reimbursement if less. Consultants are reimbursed for travel based on the same procedures. Merit does not own any vehicles; however, the University of Michigan rents vehicles at reduced rates which Merit utilizes as often as it can to reduce travel costs.

Project staff equipment is limited to standard issue laptops and monitors which are included in the corporation's inventory database. Cell phones are either company issued through a reduced rate plan with the University of Michigan or an employee can choose to utilize their own cell phone. A standard $20 to $30 taxable monthly stipend is provided for those who utilized their own phones. Cell phones and stipends provided by Merit must be approved by the supervising manager and the VP of the supervising manager. All invoices and payments are auditable through Merit's financial records.

Merit does not have a negotiated indirect cost rate with any Federal agency. Therefore, indirect costs have not been included in the project as directed by OMB Circular-A21.

Network, Fiber, Conduit, Splice Cases, Huts, Hand-hole, and Tagging Equipment Expense Within Acceptable Limits

Control:

Merit has a very knowledgeable staff of network and operations engineers and many years of experience procuring network equipment and fiber related products.

The original budget submitted to the NTIA for network equipment was from direct vendor quotes or current vendor contracts. All equipment purchased through the Stimulus grant has to be matched against the submitted and approved budgeted Stimulus listing for equipment. Since the listing was approved over one year ago very often the cost of the equipment has gone down or the features of the equipment have improved. Merit has been able to negotiate additional reductions in cost by leveraging the awarding of the second grant. Merit seeks to reduce costs whenever possible. However, it anticipants increased costs in some budget categories. One example is the current escalation of petroleum based products resulting in the cost increase of conduit material. Merit is carefully balancing and monitoring these differentials in order to successfully complete the project within budget.

Budgeted amounts for fiber, conduit, splice cases, huts, hand-holes, tags and other related equipment were based on estimates from various vendors and current purchasing experience.

All equipment purchases, except those with a sole source justification, commence with an Internet published Request for Proposal. Submissions are reviewed and ranked for quality, price, compatibility and other necessary conditions. The top suppliers are interviewed before a final selection is made. The decision to award a contract, including ones with a sole source justification, is made in a group setting within the company; no one individual has the sole authority to approve the vendor choice. Once selection has been made it is announced on Merit's Web site. All vendor contracts must contain the compliance conditions required by the NTIA and/or Merit which may include but are not limited to the following: a) consequences for breach or default by the contractor or supplier, b) supplying a bid guarantee, c) performance bond if required, d) equal employment opportunity agreement, e) compliance with the Copeland "Anti-Kickback" Act, f) compliance with the Davis-Bacon Act, g) Compliance with Contract Work Hours and Safety Standards Act, h) compliance with the Clean Air Act and the Federal Water Pollution Control Act, g) compliance with the Byrd Anti-Lobbying Amendment, h) compliance with the E.O.s 12549 and 12689 Debarment and Suspension, i) minimum insurance levels, and j) compliance will all NTIA regulations and requirements.

Merit has an official written restrictive policy for procurement. All purchases of fiber equipment must be approved by one manager if under $5,000, and two managers if over $5,000. The CFO approves and reviews all project purchases. Fiber equipment delivered directly to the field such as optical fiber, conduit, splice cases, etc. is verified by on-site staff and tested when appropriately connected. If it passes

acceptability testing then the cost of the equipment is aggregated along with environmental assessment, engineering, construction, and other related costs and recorded into the asset management system.

All related equipment orders, packing slips, invoices, location information and asset management documentation is kept indefinitely either electronically and/or hardcopy until disposal of the equipment. No equipment can be sold, transferred, conveyed, or mortgage without the expressed permission of the NTIA during the useful life of the asset in whole or in part.

Underlying transaction records are reviewed to assure they properly reflect activities and costs that are ARRA allowable. All requests for payment are evaluated for project appropriateness, budget alignment, and proper authorization before payment is issued.

Environmental Assessment, Engineering, Construction, Maintenance Expense Within Acceptable Limits

Control:

All contractor agreements, except those with a sole source justification, commence with an Internet published Request for Proposal. Submissions are reviewed and ranked for quality, price, compatibility and other necessary conditions. The top suppliers are interviewed before a final selection is made. The decision to award a contract, including ones with a sole source justification, is made in a group setting

within the company; no one individual has the sole authority to approve the vendor choice. Once selection has been made it is announced on Merit's Web site. All service contracts must contain the compliance conditions required by the NTIA and/or Merit including but not limited to: a) consequences for breach or default by the contractor or supplier, b) supplying a bid guarantee, c) performance bond if required, d) equal employment opportunity agreement, e) compliance with the Copeland "Anti-Kickback" Act, f) compliance with the Davis-Bacon Act, g) compliance with Contract Work Hours and Safety Standards Act, h) compliance with the Clean Air Act and the Federal Water Pollution Control Act, g) compliance with the Byrd Anti-Lobbying Amendment, h) compliance with the E.O.s 12549 and 12689 Debarment and Suspension, i) compliance with the Whistleblower Protection Act, j) minimum insurance levels, and k) compliance will all NTIA regulations and requirements.

Merit has an official written restricted policy for procurement. All payment of consultants or contractors must be approved by one manager if under $5,000 and two managers if over $5,000, The CFO approves and reviews all project purchases.

Merit is required for the useful life of the facility, funded with the award, to be properly and efficiently administered, operated, and maintained for the purpose authorized by the award and in accordance with the terms, conditions, requirements, and provisions of the award. If the NTIA determines at any time during the estimated useful life of the project, that the project and any project

property is not being properly and efficiently administered, operated, and maintained, then the NTIA has the right to terminate the award. Merit currently operates and maintains a network in Michigan. It operates an efficient 24/7 Network Operations Center to monitor, identify and report disturbances across the network. Furthermore, it is currently planning on hiring additional engineers and technicians to monitor the physical network by quarterly driving the entire 2,300 mile route and inspecting all related assets. Merit will establish annual contracts with emergency repair crews and will utilize its own operations and engineering staff to facilitate repairs and general maintenance along the route.

Underlying transaction records are reviewed to assure they properly reflect activities and costs that are ARRA allowable. All requests for payment are evaluated for project appropriateness, budget alignment, and proper authorization before payment is issued.

ARRA Reporting Requirements

Control:

The NTIA has a number of Special Award Conditions (SACs) related to reporting and monitoring. Merit is required to report on the progress of the project on a regular basis as described in section 1512(c) of the ARRA SAC. This information is then shared with the public on its Web site. Failure to provide acceptable reporting by the due date can result in the suspension or termination of the award. The following reports are currently required by the NTIA:

- **Baseline Report**
  - Due: 45 days after the award date
  - The report lays out the project plan in narrative form as well as percentage complete. The report identifies the number of CAI's Merit will connect and contracts Merit has with Wholesales or Last Mile Providers. This report is used to gauge the annual and quarterly performance project reports.
- **ARRA Report**
  - Due: 10 days after every quarter ends
  - The report identifies financial information, vendor information, sub-recipient information, FTE's created by federal funds as well as briefly discussing Merit's quarterly activities. We also report compensation to officers when the federal funds are substantially expended.
- **SF-425**
  - Due: 30 days after every quarter ends
  - The report depicts the federal funds expended and the matching funds expended as well as the balance remaining. Merit is also required to show its cash receipts and disbursements of the grant.
- **Performance Progress Report – Quarterly**
  - Due: 30 days after every quarter ends
  - The report describes the progress of the project for the quarter past and estimates the progress in the next quarter. It also presents a

narrative for milestones/accomplishments and any challenges/issue Merit may have faced in the past quarter and similar projections for the next quarter. Merit reports on network miles active due to the Federal funds. This report is compared to the Baseline Report and if there are variances an explanation is given in narrative form. This report also lays out the budget for the entire project, the actuals from the inception of the project and projections from the inception to the end of next quarter.

- **Performance Progress Report – Annual**
  - Due: 30 days after every calendar year end of the funded period
  - The report is compared to the Baseline Report where information has been reported on an annual basis. Information includes the average cost per new mile, listing the facility name and type, were construction is taking place and listing agreements Merit has for interconnection, peering, transit, etc.

Merit collects this data on a regular basis. There have been no issues in meeting reporting deadlines. Merit management meets weekly with its Grant Officer and other specialists to discuss any problems Merit may be having or answer any questions the Grant Officer/Merit may have concerning the project. This communication helps to keep both sides well informed of project progress.

Match Funds Requirements

Control:

Merit must provide, from non-Federal funds, not less than 20% of the total of the project costs. Merit will contribute approximately $8.16M in matching cash and its sub-recipients will contribute approximately $17.56M. All of Merit's matching funds are in the form of cash. Merit was successful in obtaining funding to support its cash match. Its sub-recipients are self-funding or obtaining loans for their share of the cash match. Adequate documentation is being maintained to provide proof of the cash support for the project. Merit only submits requests for funding when an invoice has to be paid or costs for staff salaries and fringe benefit costs have been incurred. All submissions for funding are reviewed and approved by the Grant Manager and the Controller, only 80% funding is requested for any incurred expense.

Cash, Funding and Payment Requirements

Control:

The NTIA requires that cash flow related to project events be kept segregated from standard operational cash flow events. Merit keeps a separate checking account for each of its Stimulus projects. Furthermore, Merit segregates the projects' revenue and expense events and the project income statements and balance sheet as required by the NTIA.

Merit has put in place strong controls to prevent theft and fraud and to ensure the proper allocation of ARRA funds. These controls are present in the entire cash flow process, from payment, to draw down, to disbursement. Separate checking accounts are maintained for the receipt and subsequent disbursement of funds for each ARRA award. Checks are kept in a secure, locked location. The receipt of a vendor invoice initiates the flow of ARRA funds. The process, and the controls instituted in each phase of the process are outlined below:

1. Vendor Invoice Received
    a. Reach staff prepare payment request form
    b. Payment request form and related backup are submitted to management for approval. Payment request approvals are obtained based on the following criteria:
        i. Under $5k are approved by the Grant Compliance Manager (GCM) and the CFO
        ii. Over $5k but less than $10k are approved by GCM and CFO
        iii. Over $10k require the creation of a PO and are approved by the GCM, CFO and COO
2. Approved payment request and related backup are submitted to the Senior Accountant for payment.

3. Every Friday the Senior Accountant collects all submitted payment requests and prepares an analysis which determines ARRA's 80% and Merit's 20% allocation of total pending payments.
4. Senior Accountant submits the allocation analysis to Reach Grant Administrator who reviews analysis, prepares a "Request for Drawdown of Funds" form and signs off.
5. The "Request for Drawdown of Funds" form is then submitted to the Controller who reviews and signs off.
6. The "Request for Drawdown of Funds" form is then submitted to the GCM who reviews and accesses the ASAP system to initiate the drawdown of funds, via direct deposit, into the appropriate checking account. Only the GCM and the CEO have access to ASAP. Neither the GCM nor the CEO has access to the checking accounts which tightens control by separating duties. The GCM then routes the "Request for Drawdown of Funds" form to the Senior Accountant.
7. The Senior Accountant confirms receipt of funds into the checking account and signs off on the ""Request for Drawdown of Funds" form.
8. Upon CFO approval the Senior Accountant transfers Merit's 20%, via direct deposit, into the appropriate Reach checking account and then cuts checks to pay those vendors represented on the approved payment request forms.
9. CFO signs all checks as a final review

10. The Senior Accountant provides the bank with a list of all newly cut checks. The bank then references this list as checks come in for payment. If there is an anomaly between the list and a check submitted to the bank for payment the Senior Accountant and Controller are notified and must provide their approval to the bank before an anomalous check is cashed.
11. Each checking account is reconciled on a bi-weekly basis.
12. All payment requests, supporting documentation and "Request for Drawdown of Funds" forms are retained electronically.

All ARRA transactions are monitored through independent reconciliations, staff meeting feedbacks, supervisory review, and management review. Budgets are utilized to provide proper monitoring of grant activities, to validate that total expenditures for each budget category do not exceed the amount assigned to the category, and that budget changed get prior approval from the Grants Officer.

Sub-recipients are not allowed to draw down funds within the ARRA system. All requests for NTIA budget approved expenses incurred by the sub-recipients will have to be first reviewed and approved by Merit. The sub-recipient will not be reimbursed until all required documentation has been submitted to Merit. The responsibility for approval and documentation of approval of cash payments to sub-recipients requires the approval of three individuals.

Environmental Assessment Requirements

Control:

The NTIA requires the completion of an environmental assessment (EA) that meets the requirements of the National Environmental Policy Act of 1969 before expending funding except for some limited categories such as management and administration, project planning, collecting environmental-related information, required consultation activities, conditional insurance, funds used to secure land or right-of-way leases, right-of-way easements, equipment, etc. It should be noted that in order to be allowed the use of the limited preliminary funding a 6-month revised expenditure plan must be submitted within 30 days of receiving this Special Award Condition and cannot result in an irrevocable commitment of resources; equipment cannot be placed in the field, all contracts must contain early termination dates, etc. Merit applied and was approved to utilize preliminary funding with the above limitations.

Consultations must include State Historic Preservation Offices, federally recognized native American tribes, and the U.S. Fish and wildlife Services. The EA must also demonstrate compliance with all other applicable federal, state, and local environmental laws and regulations. Site preparation, demolition, ground disturbances, or any other project implementation activities may not begin prior to the completion of the EA. Furthermore, the draft EA must be completed no later

than within six months. (Unless a formal request for extension is submitted and approved by the Grants Officer.)

If a project is found to have significant impacts to environmental or historic resources it may face de-obligation of funding if the impacts cannot be mitigated. Merit is required to provide any information requested by the NTIA to ensure both the initial and ongoing compliance with environmental and historic preservation laws, regulations, and best practices. Merit has weekly meeting with its Grant Officer who deals directly with the environmental specialist.

Merit hired an environmental consulting firm to manage the environmental assessment. Merit has since received its FONSI (Finding of No Significant Impact) for Round 1. However, as the build is about to proceed and minor route changes and adjustments are required the NTIA requires that Merit not only show cause for the change but demonstrate that the FONSI results apply to the route adjustment before granting approval. The NTIA has been very thorough in their analysis and review in those instances. If it is not consistent with the approved environmental assessment then the project would have to be re-evaluated for compliance. Merit has just submitted its EA draft for Round 2 and may be near some possible archaeological sites. The NTIA will require that Merit ensures it will have an NTIA approved person to monitor ground disturbance and cease construction in that area should any potential archeological resources or buried human remains are discovered. The route would then have to be re-evaluated.

Project Overlap Requirements

Control:

The NTIA will not allow the use of Federal funds for duplicate construction, acquisition, or lease of broadband facilities funded by ARRA through the NTIA or RUS. Merit recently was informed of the possibility that some small sections of the project may overlap with other projects. Merit had to provide a detailed, street-level network map confirming that there was or was not duplication of construction. In the very few instances where project section overlap was confirmed Merit and the other funded projects were directed to work together to present a plan that resulted in no duplication but retention of the operational integrity of each project.

Project and Company Audit Requirements

Control:

Merit's financials are audited annually by Plante/Moran and has always received an unconditional report from the audit firm. In the Fall of 2011, Merit will have an A-133 audit performed by Plante/Moran as it will annually during the duration of the project.

Mr. WALDEN. Dr. Welch, thank you and I would be remiss not to also thank you for your many years of service it the U.S. Army and your teaching at West Point. We appreciate that.

Mr. WELCH. Thank you.

Mr. WALDEN. Now I would like to move on to Mr. Gary Shorman, President and CEO of Eagle Communications. Mr. Shorman, you have 5 minutes for your opening statement. We thank you for participating in our hearing today.

STATEMENT OF GARY SHORMAN

Mr. SHORMAN. And thank you for being here. My name is Gary Shorman. I am President and Chief Executive Officer of Eagle Communications, a small business that is based in Hays, Kansas. And I appreciate being invited today to talk about my experience on the impact of how the Recovery Act's Broadband Initiative Program or BIP has had on our company.

Eagle offers high speed internet, high definition cable television, and digital telephone service to our communities throughout central and northwestern Kansas. In the last five years alone we have invested over $20 million to make sure our customers have cutting edge technology for broadband and broadband speeds. Our company has 277 employees of which 212 are employee owners through our employee stock ownership plan. That means that our employee owners live, work, and volunteer their time in the communities that we serve. We like what we do and we like where we do it. Eagle strongly supports the primary goals of the BIP program. Broadband is a critical driver in the economic recovery and global competitiveness especially in rural Kansas and rural America because it provides and creates jobs and provides for a better educational opportunity. Our concern with the program, however, is that how it has been implemented and certain funded projects may actually frustrate the goals of BIP. My testimony today will explain part of my concerns.

In January of 2010, the RUS announced a $101 million BIP award, nearly one-third of the money awarded in round one, to one of our competitors, Rural Telephone Service Company—that is RTS. We were stunned that while the award's announcement stated that is would be used to provide "service in an area that was 99.5 percent underserved or unserved" RTS announced that money would be used to build part of their plant and upgrade their network in Hays. Hays is one of the best served for technology in western Kansas. Eagle, AT&T, and RTS's own affiliate Nex-Tech all provide high speed broadband service there. A report last month on the availability of broadband in Kansas showed that 99.99 percent of the customers in Ellis County where Hays is the home—it is the county seat—already have access to broadband and high speed broadband.

The fact that Hays was one of the communities covered by this award was particularly surprising. One, because we had done our best to determine whether Hays was even included in the RTS application and secondly, we tried to inform the RUS of the extensive broadband service already available there. A RUS field representative actually made a stop and a visit in Hays. The fact is that while the RUS argues that this project meets the technical requirements

for BIP funding, it certainly violates the spirit and the intent of the Recovery Act and BIP's own rules. It also demonstrates a serious flaw in the award process.

While much of the geographic area covered by the award may be technically unserved, almost half of the 23,000 homes in this project, homes and businesses within this project are actually in Hays. This means that millions of federal dollars will go toward overbuilding Eagle and other service providers in this non-rural area. With this award, the government is effectively penalizing small companies like ours that has invested its own risk capital in this network. Companies that have taken financial risk of servicing rural markets and serving them well it is unrealistic to expect us to continue to do so if we have to face large government competition; moreover, wasting valuable time and dollars to overbuild a community that is well served at the expense of unserved Kansans and unserved others? That just doesn't make sense. Eagle is happy to face competition from other providers, but we cannot effectively compete with a government backed favorite. RTS has already gained millions from government supported program. Even prior to the $101 million BIP award, RTS received millions of dollars in assistance from the RUS on 32 other projects in the same area and they have received millions of dollars from federal and state Universal Service Fund program. It is clear to us that the BIP award to RTS will have a serious impact on our business. RTS has approached every Hays resident and asked for permission to install for free network boxes on their home. And they are offering to those who grant permission a chance to win a free 50-inch HD TV, maybe a laptop computer, even an Ipad. It is unreasonable to expect a privately funded company to match these free offers and expect to compete against this kind of funding.

I am here to ask that this committee consider legislation that would require wasteful funding to be returned to the Treasury so that it can be used for other more pressing and more needed services, and they assume a more oversight role over funding of awards to ensure that our Eagle experience is not unnecessarily repeated. RUS should also be required to defund RTS's project in the Hays non-rural area and other places where BIP funds were spent in manners contrary to the goals of the program. Taxpayer dollars should not be wasted in an area that is already being well served at the potential cost of jobs, lost competition, and loss of additional investment by private companies. Again, thank you for inviting me to be here and I look forward to your question.

[The prepared statement of Mr. Shorman follows:]

SUMMARY OF TESTIMONY OF GARY SHORMAN
PRESIDENT AND CEO, EAGLE COMMUNICATIONS, INC.

- Eagle Communications, Inc. ("Eagle") is a small, employee-owned business based in Hays, Kansas. Eagle offers high-speed broadband Internet access service, high definition cable television service, and digital telephone service in central and northwestern Kansas. In the last 5 years alone, Eagle has invested over $20 million to bring cutting edge broadband to its service areas. 98% of the homes passed by Eagle's plant have access to broadband connections, and 100% of our cable modem customers have access to broadband service at 6 MB downstream/2MB upstream or faster. As a result of its efforts to continually upgrade its broadband service, 90% of Eagle customers can access the Internet at speeds of 10 MB or better, nearly 40% at 50 MB or better, and many have access to speeds of up to 100 MB or more.

- Eagle strongly supports the primary goals of the Broadband Initiatives Program ("BIP"). However, certain BIP-funded projects may actually frustrate the goals of BIP, lead to wasteful spending, create enormous economic barriers for existing providers, and limit the funds that would otherwise go to residents in other areas whose broadband needs were contemplated by the Recovery Act.

- Last January, RUS announced a $101 million BIP award to one of Eagle's competitors, Rural Telephone Service Co. ("RTS"). RUS stated that the award would be used to provide service in an area 99.5 percent unserved or underserved, but RTS has said that the money will be used in part to build and upgrade its network in Hays, Kansas.

- Hays is one of the best-served communities in western Kansas, with broadband available from Eagle and other providers. Eagle had demonstrated to RUS that it provides extensive broadband service in Hays, and urged RUS to seek out information about the broadband services already being offered in Hays by AT&T, RTS/Nex-Tech and other carriers.

- RUS argues that this project met the technical requirements for BIP funding, but the award violates the spirit and the intent of both Congress's Recovery Act broadband provisions and BIP's own rules, and demonstrates a serious flaw in the award process. While much of the geographic area covered by the award may be technically unserved, almost 50% of the 23,000 homes and businesses that are within the RTS project area are located in Hays. This means that millions of federal dollars will go towards overbuilding Eagle and other service providers in a non-rural area.

- Facing a government-subsidized competitor creates tremendous difficulties for small companies like Eagle and puts its continued viability seriously at risk. Funding served areas creates disincentives for providers to continue deploying broadband through private investment. Companies that have taken the financial risk of serving a rural market, and serving it well, without government assistance cannot realistically be expected to continue to do so if they must face a government-subsidized competitor. Moreover, wasting valuable dollars to overbuild well-served communities at the expense of unserved residents of Kansas and elsewhere does not make sense.

- Eagle asks that this Committee consider legislation that would require wasteful funding to be returned to the Treasury so it can be used for other, more pressing and needed services; that any future governmental funding go to areas where sufficient access to broadband is lacking; and that this Committee assume an active oversight role over funding awards to ensure that Eagle's experience is not unnecessarily repeated. Rather than devoting scarce funds to overbuild an area already served, funds that would be expended in Hays should be returned to the U.S. Treasury.

TESTIMONY OF GARY SHORMAN

PRESIDENT AND CEO
EAGLE COMMUNICATIONS, INC.

on

ARRA Broadband Spending

before the

Committee on Energy and Commerce
Subcommittee on Communications and Technology

UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

February 10, 2011

TESTIMONY OF GARY SHORMAN

PRESIDENT AND CEO
EAGLE COMMUNICATIONS, INC.

Good morning. My name is Gary Shorman, and I am the President and Chief Executive Officer of Eagle Communications, Inc. ("Eagle"). Thank you for inviting me today to share my experience about the impact of the Recovery Act's broadband stimulus funding program, specifically the Broadband Initiatives Program ("BIP") administered by the USDA's Rural Utilities Service ("RUS"), on our small, employee-owned business based in Hays, Kansas.

Eagle Communications offers high-speed broadband Internet access service, high definition cable television service, and digital telephone service. We also offer web-hosting, e-business, and wireless solutions. Our service area includes 32 cable systems in central and northwestern Kansas communities serving nearly 18,000 customers. The size of our communities ranges from less than 250 in Cuba, Kansas to our largest community, Hays, which has a population of just over 20,000. Ninety-eight percent of the homes passed by our cable plant have access to broadband connections, and 100% of those cable modem customers have access to broadband service that offers 6 MB downstream/2MB upstream or faster service. As a result of our continued and significant efforts to continually upgrade our broadband service, 90% of our customers can access the Internet over our fiber deep plant at speeds of 10 MB or better, nearly 40% at 50 MB or better, and many have access to speeds of up to 100 MB or more.

Our company has 277 employees, 212 of which are employee-owners through our Employee Stock Ownership Plan. These employee-owners live, work, and raise families in the same communities that we serve. Our continued success is important to each of our employee-owners at Eagle.

Our company is also involved charitably within these communities. Our employee-owners dedicate thousands of volunteer hours annually across the state. Our "Eagle Cares" program, a partnership with the Salvation Army, helps needy individuals with their telephone, Internet and cable payments. In 2010, Eagle's trucks delivered "meals on wheels" to retirees when bad weather kept regular drivers off the road, we recently donated emergency heart defibrillator units to community schools, and we have raised hundreds of thousands of dollars for children by sponsoring an annual telethon. Eagle was also one of the first in the country to connect its schools with broadband Internet connections. We like what we do, and we like where we do it.

I would like to begin by stating that I strongly support the primary goals of BIP. In fact, Eagle applied for several BIP awards in areas we believed were unserved, but our applications were denied. Quality broadband services should be available to all regions of the country, including the least densely populated areas of the country. Broadband is a crucial driver of economic recovery and global competitiveness. Broadband links rural America to the rest of the country and the world, creates jobs, improves educational opportunities, and delivers health care more efficiently. Eagle has invested over $20 million to bring broadband to its service areas, but we recognize that there are still some rural consumers who lack access to broadband. I was pleased that BIP placed special emphasis on remote and rural areas without any first generation broadband, to allow all areas of the country to enjoy the benefits of broadband service.

My company's concern with the program, however, is that as it has been implemented, certain funded projects may actually frustrate the goals of BIP, lead to wasteful spending, create enormous economic barriers for existing providers, and limit the funds that would otherwise go to residents in other areas whose broadband needs were contemplated by the Recovery Act.

My testimony today will address these points in a little more detail.

RUS'S AWARD TO RTS

In January 2010, RUS announced a $101 million BIP award to one of our competitors, Rural Telephone Service Co. ("RTS") – nearly one-third of all the money awarded in Round One – split about evenly between a grant and a loan.[1/] We were stunned to find that while RUS's announcement of the award stated that it would be used to "provide service in an area 99.5 percent unserved/underserved," RTS's CEO in an interview said that in fact, the money would be used in part to build and upgrade its network in Hays, Kansas – an area that Eagle and others already serve.

In fact, Hays is one of the best-served communities in western Kansas. As I mentioned, Eagle provides broadband service of up to 100 mbps via fiber, cable modem, and wireless technologies. AT&T also offers high-speed broadband through the community, as does RTS's own affiliate, Nex-Tech.[2/] In fact, the Kansas Corporation Commission report last month on the availability of broadband services in Kansas shows that 99.99% (11,191) of the 11,193 total households in Ellis County, where Hays is the county seat, already have access to broadband of 3-6 mbps downstream and at least 200 kbps upstream.[3/] It also shows that there are many areas of Kansas that truly lack and need broadband service.

EAGLE'S EFFORTS TO PARTICIPATE IN THE PROCESS

We were particularly surprised to hear that Hays was among the served communities

---

1/ The award is comprised of a $49,588,807 grant and a $51,612,842 loan for a last mile project. *See Agriculture Secretary Vilsack Ann ounces $310 Million in Recovery Act Funds for Rural Broadband Projects*, USDA Press Release (Jan. 25, 2010), *available at* http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2010/01/0032.xml.

2/ For the Ellis County, Kansas broadband service inventory map see: ftp://ftp.connectkansas.org/CKSPublic/Connect_Kansas_Mapping/County_Maps/County_Broadband/Broadband_Ellis.pdf (last updated October 1, 2010).

3/ *See Report to the Legislature Regarding the Availability of Broadband Services in the State of Kansas*, Attachment D, *available at* http://www.kcc.state.ks.us/pi/2011_broadband_report.pdf.

covered by the award, because we had done our best to determine whether or not Hays was covered by RTS's application, and to the extent it was, to inform RUS of the extensive broadband already available in Hays. However, despite Congress's goal that the award process be transparent, we found it to be exactly the opposite.

Although RUS published maps of RTS's proposed service areas so that existing service providers could demonstrate that they provide broadband services in the area, when Eagle viewed RTS's proposed service area on the RUS-designated broadbandusa.gov website, we were unable to clearly determine whether or not Hays was covered. It appeared from the map that all or most of Hays was excluded. In an exercise of caution, Eagle nonetheless submitted data to RUS to show that it provides extensive broadband service in Hays, and a RUS field representative even made an on-site visit to verify this information. We also urged RUS to seek out information about the broadband services being offered in Hays by AT&T, RTS/Nex-Tech and other carriers.

After the award's announcement, we were still uncertain as to whether Hays was included. We wrote repeatedly to RUS Administrator Adelstein seeking clarification as to the extent that Hays was actually included in the funded project, and when RUS did not promptly reply, submitted a Freedom of Information Act ("FOIA") request to RUS asking for a copy of the application, information relating to the geographic scope of the award, and information related to RUS's determination that the area was unserved or underserved.[4/] Congressman Jerry Moran made a similar inquiry to RUS on March 18. Only in mid-April did RUS finally reply to Representative Moran (we did not receive any response for several more months). Included in the response was a map different from that which previously had been available on RUS's

---

4/ RUS docketed the FOIA request as Request No. 10-106-R.

website. This map appears to show all of Hays as included in the project.[5] We have since repeatedly tried to follow-up with RUS to obtain information on how this could have happened and to ask about certain apparent deficiencies in RTS's application in identifying Hays as a covered community, to no avail.

IMPACT OF THIS AWARD ON EAGLE

The fact is, that while RUS argues that this project met the technical requirements for BIP funding, it violates the spirit and the intent of both Congress's Recovery Act provisions for broadband and BIP's own rules, and demonstrates a serious flaw in the award process. While much of the geographic area covered by the award may be technically unserved, almost 50% of the 23,000 homes and businesses that are within the RTS project area are located in Hays.[6] And all available data indicates that in the Hays area and Ellis County generally, more than 99% of all households already have access to high-speed broadband service today. This means that millions of federal dollars will go towards overbuilding Eagle and other service providers in a non-rural area, a result clearly not envisioned by the Recovery Act or the BIP program's stated priorities.

Facing a government-subsidized competitor creates tremendous difficulties for small companies like Eagle and puts our continued viability seriously at risk. We have invested over $20 million in private capital in the last 5 years alone to bring cutting-edge broadband to our communities. Using scarce federal resources to undermine that investment by skewing the

---

[5] *Cf.* BroadbandUSA.gov Rural Telephone Service Co, Inc. Service Area Map *with* Letter from RUS Administrator Jonathan Adelstein to Representative Jerry Moran, at Attachment "Rural Telephone Services Company BIP-Funded Service Area" (undated letter from April 2010).

[6] *See* Mike Corn, "Rural Gets $100M in grants, loans," HAYS DAILY NEWS (Jan. 26, 2010), *available at* http://www.hdnews.net/Story/rural012610. RUS Administrator Adelstein and the CEO of RTS have each tried to emphasize that the Hays overbuild only covers 8 of the 4,600 miles of this project. *See* "Under Fire: Adelstein Defends Broadband Stimulus Grants," *CableFax, March 11, 2010;* Mike Corn, "Eagle Takes Issue with Federal Aid," HAYS DAILY NEWS (April 4, 2010). Such a small geographic area could be easily excised from this project. As noted above, those 8 miles contain almost half of the homes and businesses within the project, all of which have access to robust broadband service. RTS should be forced to compete in Hays fairly, without government subsidy.

playing field is wrong. It threatens the jobs of our 277 employees who live in the very communities the award was intended to benefit, offsetting new jobs created by the project, and undermines one broadband provider in the area to benefit another.

Eagle is happy to face competition from other providers. We have competed with RTS for many years, just as we have competed with large corporations like DISH Network, AT&T, Verizon, and DirecTV. That type of competition, however, differs from government-backed investment in particular companies. RTS already has repeatedly gained millions from government support programs. Even prior to its $101 million BIP award, RTS received assistance from RUS on at least 32 other projects, and received many millions of dollars from federal and state Universal Service Fund ("USF") programs.[7] Specifically, over a 5-year period, RTS received over $100 million in USF support for its wireline network and its wireless affiliate received almost $50 million in additional USF support. The $101 million in BIP funding for a fiber network thus represents the third network RTS is building at taxpayer expense.

By injecting this level of BIP funding into our existing service area, on top of the tens of millions that RTS receives every year in USF support, the government is effectively penalizing our small company that has invested private capital in its communities while supporting another company that has repeatedly benefitted from government subsidies. Competing with such a handpicked beneficiary of taxpayer funds greatly and unnecessarily disadvantages a small, private, employee-owned business as ours.

It is already clear to us the overwhelming impact that the BIP award to RTS will have on our operations. RTS has approached every Hays area resident and asked for permission to install – *for free* – network boxes on each residence in preparation for its buildout. It has people all

---

[7] *See* FCC's Response dated May 4, 2009 to U.S. House of Representatives Committee on Energy and Commerce Universal Service Fund Data Request of April 1, 2009, pp. 139, 177, 215, *available at* http://republicans.energycommerce.house.gov/Media/file/News/050409_FCC_Response_on_USF.pdf.

over the city working evenings and weekends to contact residents and businesses to secure this approval. RTS's subsidiary in Hays, Nex-Tech, has sent letters to Hays residents advertising that the construction of Nex-Tech's fiber-to-the-premise communications system "will soon begin," seeking permission to install the fiber, and emphasizing that the "fiber installation is FREE for you." Moreover, the letters entice Hays residents to sign up to enter drawings to "Win a Free Laptop Computer!" and "Win a 50" Hi-Def TV." RTS's CEO has stated publicly that it anticipates tremendous response to these efforts, and expects to win at least 75% of the households this way.[8/] It is unreasonable to expect a privately funded company to match these offers or expect to compete against this kind of government funding.

BIP awards must be consistent with the goals of the program and made with full awareness of marketplace realities. Funding served areas creates disincentives for providers to continue deploying broadband through private investment. A robust broadband strategy inevitably depends on this continued private investment – government subsidies cannot fund all the broadband deployment needed for the country to become truly broadband-accessible. Companies that have taken the financial risk of serving a rural market, and serving it well, without government assistance cannot realistically be expected to continue to do so if they must face a government-subsidized competitor. Moreover, wasting valuable dollars to overbuild well-served communities at the expense of unserved residents of Kansas and elsewhere does not make sense.

EAGLE'S RECOMMENDATIONS

I conclude today by first, thanking the Committee for holding this hearing; second, asking that this Committee consider legislation that would require wasteful funding to be

---

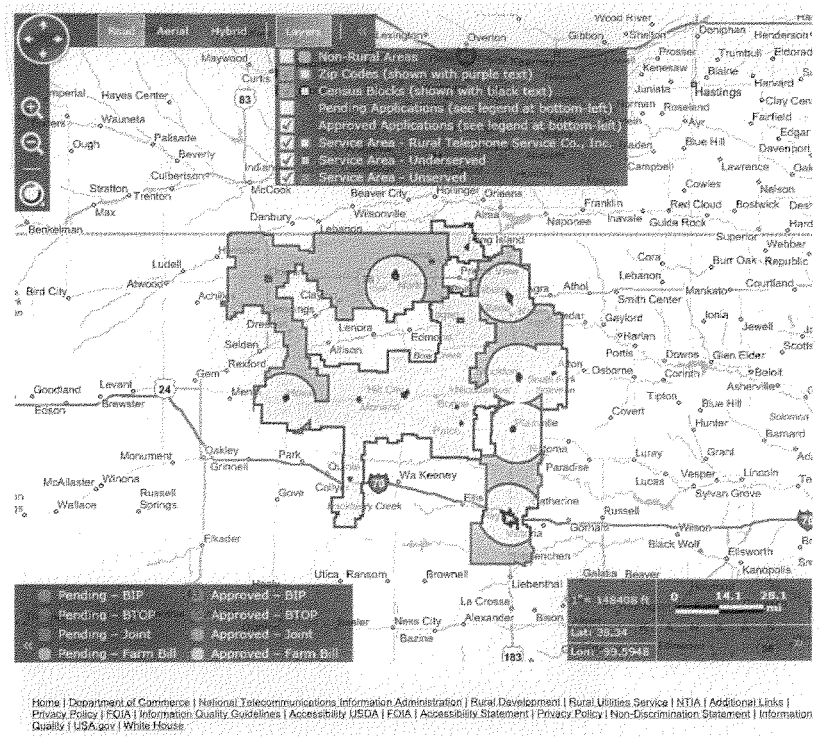
[8/] *See* Mike Corn, "Nex-Tech Pushes Ahead With Project," HAYS DAILY NEWS (Feb. 14, 2010), *available at* http://www.hdnews.net/Story/rural021410.

returned to the Treasury so it can be used for other, more pressing and needed services; and third, asking that this Committee assume an active oversight role over funding awards to ensure that my experience is not unnecessarily repeated.

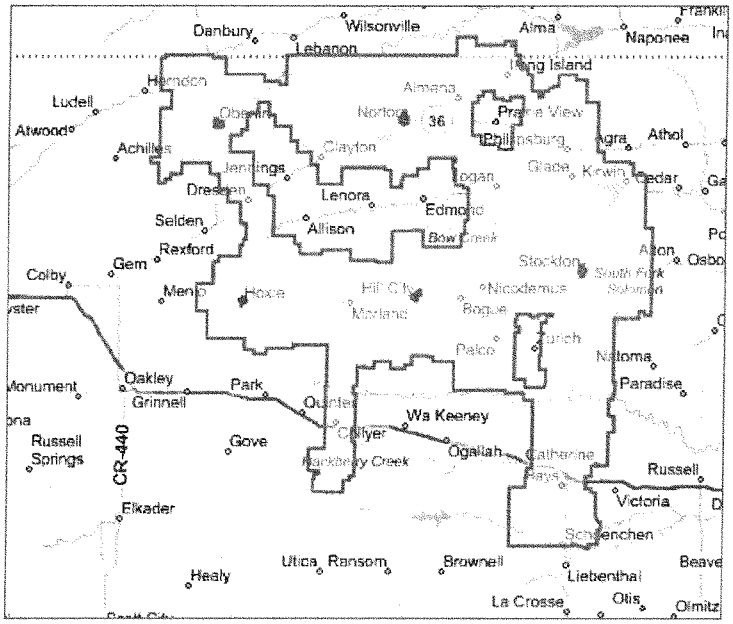
Specifically, RUS should be required to defund RTS's project in the Hays non-rural served area and other places where BIP funds were spent in manners contrary to the goals of the program. Rather than devoting scarce funds to overbuild an area already served, the funds that would be expended in Hays should be returned to the U.S. Treasury. Any future governmental funding should go to areas of the state where sufficient access to broadband is lacking, as identified by both the Kansas Corporation Commission and Connect Kansas.

Taxpayer dollars should not be wasted in an area that is already being served with significant broadband by more than one enterprise, at the potential cost of job loss for Eagle employees, lost competition, and lost additional investment by private enterprise. RTS should be required to compete fairly in Hays and other served areas, without the benefit of a federal subsidy. Moreover, our experience shows that there remains a need for meaningful transparency in the process before providing funding.

I sincerely thank you for the opportunity to speak here today and I appreciate your willingness to consider ways to ensure that broadband stimulus funds are spent in the most effective way possible for all Americans.


Road
Aerial
Hybrid
Layers
Non-Rural Areas
Zip Codes (shown with purple text)
Census Blocks (shown with black text)
Pending Applications (see legend at bottom-left)
Approved Applications (see legend at bottom-left)
Service Area - Rural Telephone Service Co., Inc.
Service Area - Underserved
Service Area - Unserved
Pending - BIP
Pending - BTOP
Pending - Joint
Pending - Farm Bill
Approved - BIP
Approved - BTOP
Approved - Joint
Approved - Farm Bill
Lat: 39.34
Lon: -99.5948

Rural Telephone Services Company
BIP-Funded Service Area



Mr. WALDEN. Mr. Shorman, thank you for your testimony today. It is most helpful in our look at this issue. I would now like to recognize Mr. Mark Goldstein, Director of Physical Infrastructure Issues from the Government Accountability Office. Mr. Goldstein, you have 5 minutes. We appreciate the good work your agency does and we look forward to your comments and testimony.

STATEMENT OF MARK GOLDSTEIN

Mr. GOLDSTEIN. Thank you, Mr. Chairman and members of the subcommittee. We appreciate the opportunity to participate in this hearing to discuss oversight of the broadband programs funded through the Recovery Act.

As you know, access to broadband services seem as vital to economic, social, and educational development, yet many areas of the country lack access to or the residents do not use broadband. To expand broadband deployment adoption, the Recovery Act provided $7.2 billion to the National Telecommunications and Information Administration and the Rural Utilities Service for grants or loans to a variety of program applicants. The Congress subsequently rescinded the $300 million of this funding. The Recovery Act required that agencies awarded all funds by September 30, 2010.

This testimony summarizes an update to two prior GAO reports including one, NTIA and RUS's efforts to award Recovery Act broadband funds and two, remaining risks that NTIA and RUS face in providing oversight for funded projects.

NTIA and RUS awarded grants and loans for several hundred broadband projects in two funded rounds. By the end of fiscal year 2010 NTIA and RUS awarded grants and loans to 553 broadband projects across the country. These awards represent almost $7.5 billion in obligated funds which exceed the 7.2 billion provided by the Recovery Act because an agency such as RUS that awards loans can obligate funds in excess of its budget authority.

In our review of the first funding round, we found that NTIA and RUS with the help of agency's contractors consistently substantiated information provided by awarded—by award recipients applications. We have not evaluated the thoroughness of the process used by agencies in the second round. Because of the challenges the programs face and what we have previously reported, we recommended that NTIA and RUS take several actions to ensure the funded projects receive sufficient oversight. These recommendations included the following. One, that NTIA and RUS develop contingency plans to ensure sufficient resources for oversight of funded projects beyond fiscal year 2010 and that the agencies incorporate into their monitoring plans steps to address the variability and funding levels for program oversight beyond 2010. Two, that NTIA and RUS should use information provided by applicants to establish quantifiable outcome base performance goals by which to measure program effectiveness. Three, that NTIA should determine whether commercial entities receiving BTOP grants should be subject to an annual audit requirement.

We can report that NTIA and RUS have taken several actions to address these recommendations and improve oversight. These actions include that NTIA has developed and is beginning to implement a post-award framework to ensure the successful execution of

BTOP. This framework includes three main elements: monitoring and reporting, compliance and technical assistance. As part of its oversight plans, NTIA intends to use desk reviews and on-site visits to monitor the implementation of BTOP awards and ensure compliance with award conditions by recipients, and intends to provide technical assistance in the form of training: Webinars, conference calls, workshops, and outreach for all recipients of BTOP funding. RUS is also putting into place a multifaceted oversight framework to monitor compliance and progress of recipients of BIP funding.

Unlike NTIA, which is developing a new oversight framework, RUS plans to replicate the oversight framework it uses for existing grants and loan programs. The main components of RUS's oversight framework are financial and program reporting, and desk and field monitoring. According to RUS officials, no later than 30 days after the end of each calendar-year quarter, BIP recipients will be required to submit several types of information to RUS, including balance sheets, income statements, statements of cash flow, summary of rate packages, and the number of broadband subscribers in each community. In addition, RUS intends to conduct desk and site reviews.

RUS extended its contract with ICF International to provide BIP program support through 2013. According to RUS, the agency fully funded the contract extension using Recovery Act funds and no appropriations are required to continue the contract until fiscal year 2013. In addition, RUS extended the term of employment through fiscal year 2011 for 25 temporary employees assigned to assist with the oversight of BIP projects. Last spring, NTIA reported that for-profit awardees will be required to comply with program-specific audit requirements set forth by the Office of Management and Budget under the Single Audit Act. This audit and reporting requirement will give NTIA the oversight tool it needs to help ensure that projects meet the objectives of the Recovery Act and guard against waste, fraud, and abuse.

Finally, despite these actions, NTIA and RUS have not fully addressed all our recommendations and we therefore remain concerned about the oversight of broadband programs. First, NTIA's oversight plan assumes the Agency will receipt additional funding for oversight. For fiscal year 2011, the President's budget requested included nearly $24 million to continue oversight activities and funds as they are expire shortly. NTIA reported that it is imperative that it receive sufficient funding to ensure effective oversight. RUS's oversight activities which the agency in part addressed through the extension of this contract with ICF International, however, should there be a reduction in RUS's fiscal year 2011 budget and beyond, the agency will need to assess the fiscal impacts and the temporary employment of these staff members. Therefore, we believe the agencies and especially NTIA need to do more to ensure their oversight reflects current fiscal realities. Second, we continue to keep our recommendations open regarding performance goals. NITA has taken some steps on this recommendation such as creating new goals related to new network miles and workstations deployed, but the Agency continues to establish additional goals and network is not yet complete.

Mr. Chairman and members of the subcommittee, this concludes my prepared remarks. I would be happy to answer any questions you may have.

[The prepared statement of Mr. Goldstein follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Communications and Technology, Committee on Energy and Commerce, House of Representatives

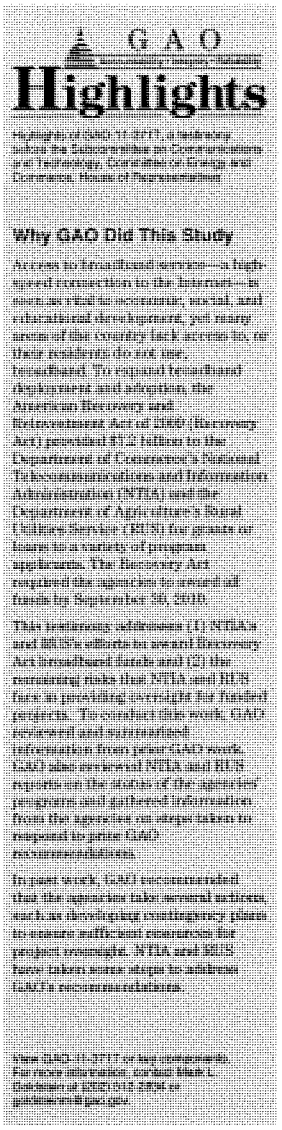
For Release on Delivery
Expected at 10:00 a.m. EST
Thursday, February 10, 2011

RECOVERY ACT

Broadband Programs Awards and Risks to Oversight

Statement of Mark L. Goldstein, Director
Physical Infrastructure Issues

GAO-11-371T



February 10, 2011

RECOVERY ACT

Broadband Programs Awards and Risks to Oversight

Why GAO Did This Study

What GAO Found

NTIA and RUS awarded grants and loans for several hundred broadband projects in two funding rounds. By the end of fiscal year 2010, NTIA and RUS awarded grants and loans to 553 broadband projects across the country (see table below). These projects represent almost $7.5 billion in awarded funds, which exceeds the $7.2 billion provided by the Recovery Act because RUS—which awards loans that must be repaid to the government—has authority to provide funds in excess of its budget authority. In its review of the first funding round, GAO found that NTIA and RUS, with the help of the agencies' contractors, consistently substantiated information provided by award recipients' applications. GAO has not evaluated the thoroughness of the process used by the agencies in the second round of funding.

Even with steps taken to address project oversight, risks to the success of the broadband programs remain. GAO previously reported that NTIA and RUS face several challenges to successfully overseeing the broadband programs. These challenges include (1) monitoring and overseeing a combined total of 553 projects that are diverse in scale, scope, and technology and (2) conducting project oversight activities after the expiration of Recovery Act funding on September 30, 2010. Because of these challenges, in two previous reports, GAO recommended that NTIA and RUS take several actions to ensure that funded projects receive sufficient oversight. For example, GAO recommended that NTIA and RUS develop contingency plans to ensure sufficient resources for oversight of funded projects beyond fiscal year 2010. The agencies have taken several actions to address GAO's recommendations and improve oversight of funded projects—both agencies developed oversight plans, RUS secured contractor support though fiscal year 2013, and NTIA established audit requirements for commercial awardees. Even with these actions, GAO remains concerned about the oversight of the broadband programs. In particular, GAO believes the agencies, and especially NTIA, need to do more to ensure their oversight plans reflect current fiscal realities.

Projects Awarded Federal Funding by NTIA and RUS as of September 30, 2010

(Dollars in millions)

Agency	Federal funds awarded	Projects awarded funding
NTIA grants	$3,936	233
RUS grants and loans	3,529[a]	320
Total	**$7,465**	**553**

Source: NTIA and RUS documents.

[a]This amount is based on a total budget authority of more than $2.4 billion, which includes more than $2.3 billion for grants and about $87 million to support loans.

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to participate in this hearing to discuss oversight of the broadband programs funded through the American Recovery and Reinvestment Act of 2009[1] (Recovery Act). Access to broadband—which offers a higher speed Internet connection than dial-up and always-on connectivity—is seen as vital to economic, social, and educational development. However, many areas of the country lack access to, or their residents do not use, broadband. The Recovery Act appropriated $7.2 billion to extend access to broadband throughout the United States. Of the $7.2 billion, $4.7 billion was appropriated for the Department of Commerce's National Telecommunications and Information Administration (NTIA)[2] and $2.5 billion for the Department of Agriculture's Rural Utilities Service (RUS). Specifically, the Recovery Act authorized NTIA to create the Broadband Technology Opportunities Program (BTOP) to support broadband infrastructure deployment, public computer centers, and innovative projects to stimulate demand for, and adoption of, broadband.[3] Similarly, RUS established the Broadband Initiatives Program (BIP) to support broadband infrastructure projects in rural areas. The Recovery Act required NTIA and RUS to award all funds by September 30, 2010, and both BTOP and BIP projects must be substantially complete within 2 years and fully complete no later than 3 years following the date of issuance of their award.

As part of our ongoing efforts to monitor Recovery Act programs, we issued two reports that reviewed NTIA's and RUS's respective implementation of BTOP and BIP.[4] In those reports, we provided information on the agencies' efforts to evaluate grant and loan applications and award funds, as well as on challenges the agencies face in overseeing funded projects. We made several recommendations to NTIA

[1]Pub. L. No. 111-5, 123 Stat. 115 (2009).

[2]Congress subsequently rescinded $300 million of the funding provided for NTIA that had not been awarded previously. Pub. L. No. 111-226 § 302, 124 Stat. 2389, 2404 (2010).

[3]Of the $4.7 billion, up to $350 million was made available for the purpose of developing and maintaining a nationwide map featuring the availability of broadband service, with some funds available for transfer to the Federal Communications Commission for the development of a national broadband plan.

[4]GAO, *Recovery Act: Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs*, GAO-10-823 (Washington, D.C.: Aug. 4, 2010), and *Recovery Act: Agencies Are Addressing Broadband Program Challenges, but Actions Are Needed to Improve Implementation*, GAO-10-80 (Washington, D.C.: Nov. 16, 2009).

and RUS in those reports to address the process by which the agencies reviewed funding applications, and to improve the agencies' oversight and monitoring of funded projects. My testimony today summarizes and updates information from those reports by discussing (1) NTIA's and RUS's efforts to award Recovery Act broadband funds and (2) remaining risks that NTIA and RUS face in providing oversight for funded projects.

To conduct our work, we reviewed and summarized information from our existing reports and prior testimony.[5] We reviewed NTIA and RUS reports on the status of BTOP and BIP awards. We also gathered additional information from NTIA and RUS on steps taken by the agencies to respond to recommendations in our prior reports. We conducted all of our work in accordance with generally accepted government auditing standards. Additional information on our scope and methodology is available in each issued product.

NTIA and RUS Awarded Grants and Loans for Several Hundred Broadband Projects in Two Funding Rounds

By the end of fiscal year 2010, NTIA and RUS awarded grants and loans to 553 broadband projects across the country (see table 1). These projects represent almost $7.5 billion in funds awarded, which exceeds the $7.2 billion provided by the Recovery Act because an agency such as RUS that awards loans can award and obligate funds in excess of its budget authority.[6] NTIA awarded more than $3.9 billion in grant funding to 233 projects for various purposes, including 123 broadband infrastructure projects, 66 public computer center projects, and 44 projects designed to encourage broadband adoption. NTIA reported that the vast majority of its broadband infrastructure projects were investments in middle-mile infrastructure projects, which are intended to provide a link from the Internet backbone to the networks of local broadband service providers, such as cable or phone companies. Based on a budget authority of more than $2.4 billion, RUS awarded funds to 320 projects, including more than $2.3 billion for grants and about $87 million for loans. According to RUS,

[5]GAO, *Recovery Act: Preliminary Observations on the Implementation of Broadband Programs*, GAO-10-192T (Washington, D.C.: Oct. 27, 2009).

[6]RUS received $2.5 billion for both grants and loans. For grants, the face amount of each grant is charged against RUS budget authority. Because loans, unlike grants, must be repaid to the government, RUS uses a complex formula to calculate charges against its budget authority. The Federal Credit Reform Act of 1990 requires RUS to account for the budgetary impact of loans by estimating the expected net loss (or gain) of loans. This net amount, which is estimated by calculating the net present value of all cash flows to and from RUS over the lifetime of the loans, is referred to as the subsidy cost of the loans. RUS must charge the subsidy cost of loans to its budget authority.

the budget authority of $87 million for loans supports almost $1.2 billion in total loans, and a combined loan and grant award amount of more than $3.5 billion. According to RUS, the vast majority of its awards and funding amounts went to last-mile projects, which are intended to provide connections from Internet service providers to homes, businesses, or other users.

Table 1: Projects Awarded Federal Funding by NTIA and RUS as of September 30, 2010

(Dollars in millions)

Agency	Federal funds awarded	Projects awarded funding
NTIA grants	$3,936	233
RUS grants and loans	3,529[a]	320
Total	**$7,465**	**553**

Source: NTIA and RUS documents.

[a]This amount is based on a total budget authority of more than $2.4 billion, which includes more than $2.3 billion for grants and about $87 million to support loans.

NTIA and RUS awarded the BTOP and BIP grants, loans, and loan/grant combinations in two funding rounds. NTIA and RUS initially proposed using three separate funding rounds during the 18-month window to award the entire $7.2 billion. We reported that under this approach each funding round would operate under a compressed schedule that would impose challenges on applicants in preparing their project applications, as well as on the agencies in reviewing these applications to meet their statutory deadlines. NTIA and RUS subsequently revised their plans and issued the awards in two funding rounds.

- In the first funding round, which began in July 2009 and ended in April 2010, NTIA and RUS received more than 2,200 applications and awarded 143 grants, loans, and loan/grant combinations totaling almost $2.2 billion to a variety of entities in nearly every state and U.S. territory. In our review of the first funding round, we found that NTIA and RUS, with the help of the agencies' contractors—Booz Allen Hamilton and ICF International, respectively—consistently substantiated information provided by award recipients in their applications during the first round of funding.[7] We reviewed 32 award recipient applications and found that the agencies consistently reviewed the applications and substantiated the information

[7]GAO-10-823.

as specified in the first funding notice. In each of the files, we observed written documentation that the agencies and their contractors reviewed and verified pertinent application materials, and requested additional documentation where necessary.

- In the second funding round, which began in January 2010 and ended in September 2010, NTIA and RUS received more than 1,700 applications and awarded approximately $5.3 billion in funding for 410 projects. To meet the Recovery Act's September 30, 2010, deadline for awarding broadband funds, NTIA and RUS streamlined their application review processes by issuing separate funding notices that targeted different types of infrastructure projects and reduced the number of steps in the due-diligence review process. NTIA also reduced the basic eligibility factors for BTOP grants from five to three, moved from a largely unpaid to a paid reviewer model to ensure that reviews were conducted in a timely fashion, and decreased the number of reviewers per application from three to two. Although NTIA officials reported that these steps allowed the agency to complete the initial portion of its review ahead of schedule, we have not evaluated the thoroughness of the revised evaluation process used by the agencies in the second round of funding.

Even with Steps Taken to Address Project Oversight, Risks to the Success of the Broadband Programs Remain

We previously reported that NTIA and RUS face several challenges to successfully overseeing the broadband programs. These challenges include:

Number and scale of projects. NTIA and RUS will need to monitor and oversee a combined total of 553 projects that are diverse in scale, scope, and technology. The agencies funded several types of broadband projects dispersed nationwide, with at least one project in every state. NTIA funded middle-mile broadband infrastructure projects for unserved and underserved areas, public computer centers, and sustainable broadband adoption projects. RUS funded both last- and middle-mile infrastructure projects in rural areas across the country. The agencies funded projects using multiple types of technology, including wireline, wireless, and satellite. In addition, the agencies awarded funds to many large projects, which may pose a greater risk for misuse of federal funds than smaller projects. One of RUS's largest projects provided more than $81 million in grant funding and $10 million in loan funding to the American Samoa Telecommunications Authority to replace old copper infrastructure with a fiber-optic network to link the main islands of American Samoa; RUS reported that this project will make broadband services available to 9,735 households, 315 businesses, and 106 anchor institutions, and create an estimated 2,000 jobs. One of NTIA's largest BTOP projects received more

than $154 million, which was awarded to Los Angeles region public safety agencies to deploy a public safety mobile broadband network across Los Angeles County to enable services such as computer-aided dispatch, rapid law-enforcement queries, real-time video streaming, and medical telemetry and patient tracking, among others.

Adding to these challenges, NTIA and RUS must ensure that the recipient constructs the infrastructure project in the entire project area, not just the area where it may be most profitable for the company to provide service. For example, the Recovery Act mandates that RUS fund projects where at least 75 percent of the funded area is in a rural area that lacks sufficient access to high-speed broadband service to facilitate rural economic development; these are often rural areas with limited demand, and the high cost of providing service to these areas make them less profitable for broadband providers. Companies may have an incentive to build first where they have the most opportunity for profit and leave the unserved parts of their projects for last in order to achieve the highest number of subscribers as possible. To ensure that Recovery Act funds reach hard-to-serve areas, recipients must deploy their infrastructure projects throughout the proposed area on which their award was based.

Providing oversight after Recovery Act funding has ceased. BTOP and BIP projects must be substantially complete within 2 years of the award date and fully complete within 3 years of the award date. As a result, some projects are not expected to be completed until 2013. As we previously reported, NTIA and RUS officials maintain that site visits, in particular, are essential to monitoring progress and ensuring compliance. However, the Recovery Act did not provide specific funding for the administration and oversight of BTOP- and BIP-funded projects beyond September 30, 2010. To effectively monitor and oversee more than $7 billion in Recovery Act broadband funding, NTIA and RUS will have to devote sufficient resources, including staffing, to ensure that recipients fulfill their obligations.

Because of these challenges, in our 2009 and 2010 reports, we recommended that NTIA and RUS take several actions to ensure that funded projects receive sufficient oversight:

1. NTIA and RUS should develop contingency plans to ensure sufficient resources for oversight of funded projects beyond fiscal year 2010. Furthermore, we recommended that the agencies incorporate into their risk-based monitoring plans, steps to address

the variability in funding levels for postaward oversight beyond September 30, 2010.

2. NTIA and RUS should use information provided by applicants in the first funding round to establish quantifiable, outcome-based performance goals by which to measure program effectiveness.

3. NTIA should determine whether commercial entities receiving BTOP grants should be subject to an annual audit requirement.

NTIA and RUS have taken several actions to address these recommendations and improve oversight of funded projects. These actions include:

NTIA and RUS developed oversight plans. NTIA has developed and is beginning to implement a postaward framework to ensure the successful execution of BTOP. This framework includes three main elements: (1) monitoring and reporting, (2) compliance, and (3) technical assistance. As part of its oversight plans, NTIA intends to use desk reviews and on-site visits to monitor the implementation of BTOP awards and ensure compliance with award conditions by recipients. NTIA also plans to provide technical assistance in the form of training, Webinars, conference calls, workshops, and outreach for all recipients of BTOP funding to address any problems or issues recipients may have implementing the projects, as well as to assist in adhering to award guidelines and regulatory requirements. Additionally, RUS is putting into place a multifaceted oversight framework to monitor compliance and progress for recipients of BIP funding. Unlike NTIA, which is developing a new oversight framework for BTOP, RUS plans to use the same oversight framework for BIP that it uses for its existing grant and loan programs. The main components of RUS's oversight framework are (1) financial and program reporting and (2) desk and field monitoring. According to RUS officials, no later than 30 days after the end of each calendar-year quarter, BIP recipients will be required to submit several types of information to RUS, including balance sheets, income statements, statements of cash flow, summaries of rate packages, and the number of broadband subscribers in each community. In addition, RUS intends to conduct desk and site reviews.

RUS secured contractor support through fiscal year 2013. RUS extended its contract with ICF International to provide BIP program support through 2013. According to RUS, the agency fully funded the contract extension using Recovery Act funds and no additional appropriations are required to continue the contract through fiscal year

2013. In addition, RUS extended of the term of employment through fiscal year 2011 for 25 temporary employees assigned to assist with the oversight of BIP projects.

NTIA established audit requirements for commercial awardees. On May 17, 2010, NTIA reported that for-profit awardees will be required to comply with program-specific audit requirements set forth by the Office of Management and Budget. This audit and reporting requirement will give NTIA the oversight tools it needs to help ensure that projects meet the objectives of the Recovery Act and guard against waste, fraud, and abuse.

Even with these actions, NTIA and RUS have not fully addressed all our recommendations and we therefore remain concerned about the oversight of the broadband programs. First, NTIA's oversight plan assumes the agency will receive additional funding for oversight. For fiscal year 2011, the President's budget request includes nearly $24 million to continue oversight activities. NTIA reported that it is imperative that it receive sufficient funding to ensure effective oversight. In contrast, the President's budget request does not include additional resources to continue RUS's oversight activities, which the agency in part addressed through the extension of its contact with ICF International. However, should there be a reduction in RUS's fiscal year 2011 budget, the agency will need to assess its impacts and the temporary employment of 25 staff members, as discussed previously. Therefore, we believe the agencies, especially NTIA, need to do more to ensure their oversight plans reflect current fiscal realities. Second, we continue to keep our recommendation regarding performance goals open. NTIA has taken some action on this recommendation, such as creating goals related to new network miles and workstations deployed, but it continues to establish additional goals.

Mr. Chairman and Members of the subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you or other members of the subcommittee might have.

For questions regarding this statement, please contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov. Contact points for our Offices of Congressional Relations and Public Relations can be found on the last page of this statement. Michael Clements, Assistant Director; Matt Barranca; Elizabeth Eisenstadt; Hannah Laufe; and Mindi Weisenbloom also made key contributions to this statement.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.
Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, http://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537. Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.
To Report Fraud, Waste, and Abuse in Federal Programs	Contact: Web site: www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470
Congressional Relations	Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400 U.S. Government Accountability Office, 441 G Street NW, Room 7125 Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

Please Print on Recycled Paper

Mr. WALDEN. Thank you, Mr. Goldstein. Thank you. Thanks again for your work on this issue and for your advice and counsel. I would now like to recognize the Honorable Phyllis K. Fong, Inspector General, U.S. Department of Agriculture. Ms. Fong, we appreciate your input today and the work that you and your folks do and we look forward to you testimony.

STATEMENT OF PHYLLIS K. FONG

Ms. FONG. Thank you, Mr. Chairman, Ranking Member Eshoo, and members of the subcommittee. We appreciate the opportunity to testify this morning about our work in this broadband program.

As you may know, over the last 10 years, RUS has administered programs intended to provide broadband service to rural areas that lack these services. We did audits of these programs in 2005 and 2009, and our most significant findings were that RUS was funding projects in communities close to major metropolitan areas rather than in more rural areas, and that RUS's funding projects in areas that had pre-existing broadband service. We made a number of recommendations to RUS to help RUS improve the management of its programs and to focus funding on rural communities. RUS agreed with many of our recommendations but it has not yet fully implemented its corrective actions. We recognize in the OIG's office that recent legislation such as the 2008 Farm bill and the Recovery Act has actually partially addressed some of the concerns that we raised, but we also believe that the basic policy goals and management challenges still exist with respect to delivery in these programs and so we will continue our work with RUS to address these issues.

Let me briefly talk about fraud in the program. One of the things that our investigations have revealed that in some instances broadband providers receiving RUS funds have engaged in fraud and other criminal conduct. We have had some successful prosecutions where broadband companies have been convicted of submitting fraudulent invoices and claims. And as a result, those companies and some of those individuals have had to make restitution to the government and have received prison terms and other probationary terms. One company has in fact been debarred from doing business with the government for five years as a result of our investigative work.

With respect to oversight of the Recovery Broadband Program, as you all know the Recovery Act provided $28 billion to USDA across nine major mission areas. Of this amount, 2.5 billion was allocated for broadband. When we started to assess the—was going to perform multi-agency review of these programs and so we decided to hold in abeyance our own oversight until GAO had finished its work which it appears now an appropriate time. And so at this time we are planning to initiate audit work within UDSA OIG on RUS's broadband program to determine how effectively it is running. We have not finalized our audit program, but the kinds of issues that we are considering include the adequacy of RUS's oversight functions, RUS's use of a contractor, eligibility of borrowers and grantees, assessment of any delinquent or defaulted loans, and basically the use of program funds for authorized purposes. While we develop our program we will be working very closely with Com-

merce, GAO, and FCC to make sure that we don't duplicate efforts and we expect to roll our initiative in the spring of this year. So that concludes my statement and I welcome any questions.

[The prepared statement of Ms. Fong follows:]

USDA's Broadband Grant and Loan Programs —

An Overview of the Office of Inspector General's (OIG) Oversight Activities

Summary of Testimony by Inspector General Phyllis K. Fong

USDA-OIG, as part of our broader efforts to promote efficiency and effectiveness, first looked at the Rural Utilities Service's (RUS) broadband grant and loan programs in 2005. The law establishing these programs stated that these funds would be used in rural communities lacking broadband access. Our 2005 report found several problems in the programs' administration, including the fact that RUS was:

- Funding projects in communities close to major metropolitan areas.
- Funding projects in areas with preexisting broadband service.

Our 2005 report made 14 recommendations intended to help RUS improve the programs and more narrowly focus on rural communities without preexisting broadband service. RUS did not agree with many of our recommendations, and though OIG continues to work with RUS to resolve these issues, the USDA Office of the Chief Financial Officer has not accepted RUS' actions as adequate to close 10 of our 14 recommendations, as of January 2011.

In 2009, we issued a followup report on this topic. We found that RUS was still making loans OIG found questionable. Specifically, from 2005 to 2009, we found that:

- RUS made loans to broadband providers serving 148 communities within 30 miles of cities with 200,000 or more inhabitants, including Chicago and Las Vegas.
- RUS approved only three applications to areas that were completely without preexisting broadband service.

Since USDA's broadband programs have received $2.5 billion in additional money from the Recovery Act, OIG and the Government Accountability Office are coordinating to oversee these funds. We plan to address these issues again in work we have proposed to begin this year.

UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

STATEMENT OF THE HONORABLE PHYLLIS K. FONG

INSPECTOR GENERAL

Before the

Subcommittee on Communications and Technology

Committee on Energy and Commerce

U.S. House of Representatives

February 10, 2011

Good morning, Mr. Chairman and Members of the Subcommittee. I thank you for inviting me to testify before you today to discuss the Office of Inspector General's (OIG) oversight of the Department of Agriculture's (USDA) broadband grant and loan programs.

As you know, OIG's mission is to promote the efficiency and effectiveness of USDA programs by performing audits and investigations to reduce fraud, waste, and abuse. We perform audits designed to ascertain if a program is functioning as intended, if program payments are reaching those they are intended to reach, and if funds are achieving the purpose they were intended to accomplish. When we find problems with the programs we oversee, we make recommendations we believe will help the agency better fulfill its mission. We also conduct investigations of individuals who abuse USDA programs—these investigations can result in fines and imprisonment for those convicted of wrongdoing.

When the Recovery Act was passed, Congress provided $2.5 billion in additional money to fund USDA's broadband programs, as well as $4.7 billion to the Department of Commerce for similar purposes.[1] The Recovery Act also mandated that the Government Accountability Office (GAO) oversee the expenditure of Recovery Act funds, including broadband funds.[2]

As USDA-OIG began planning its oversight activities and determining which Recovery Act programs it would review, we coordinated closely with GAO. When GAO concluded that it would perform a multi-department review of broadband that included USDA, we decided that we

[1] The National Telecommunications and Information Administration's Broadband Technology Opportunities Program.
[2] American Recovery and Reinvestment Act of 2009, Public Law No. 111-5, at Sec. 901, dated Feb. 17, 2009.

would not review the programs again until GAO had finished its work so that we could avoid duplicating each other's efforts.[3]

However, given the seriousness of the concerns raised by our prior audits and investigations (discussed in more detail below), and the amount of money being spent on broadband, USDA-OIG will be taking up these issues again in our future work. Though we have not fully formulated our scope and approach, we plan to initiate work in this area this year. Our project will likely evaluate Rural Utilities Service's (RUS) current program operations and assess the effectiveness of RUS' corrective actions to address the recommendations set out in our 2005 and 2009 reports.

Audits of USDA's Broadband Grant and Loan Programs

Since 2001, RUS has been responsible for administering USDA's broadband grant and loan programs. The 2002 Farm Bill authorized USDA to provide funds for the cost of construction, improvement, or acquisition of facilities and equipment for broadband service in eligible rural communities.[4] In 2005, we completed our first review of RUS' administration of those programs.[5]

Of the $895 million in grants and loans RUS issued from 2001 to 2005, we reviewed $599 million and questioned the expenditure of $340 million for reasons including loans that were approved despite incomplete applications, loans that defaulted, and grant funds used for inappropriate purposes. We further found that RUS had not maintained its focus on rural communities lacking preexisting broadband service. In approving broadband grants and loans,

[3] To date, we understand that GAO has published several reports dealing with various aspects of the Government's efforts to spur broadband development.
[4] Farm Security and Rural Investment Act of 2002, Public Law 107-171, dated May 13, 2002.
[5] "Rural Utilities Service Broadband Grant and Loan Programs," 09601-4-TE, dated September 30, 2005.

RUS used a definition of rural communities that was too broad to distinguish between rural areas and areas that were close to major metropolitan centers. As a result, the agency issued $103.4 million of its $895 million in grants and loans (12 percent) to 64 communities near large cities, including $45.6 million in loans to 19 suburban subdivisions within a few miles of downtown Houston, Texas.

We also questioned RUS' practice of devoting significant portions of its resources to funding competitive service in areas with preexisting broadband access rather than expanding service to communities without existing access. In 2004, we found that 159 of the 240 communities associated with the loans (66 percent) already had preexisting broadband service, despite the fact that the law establishing the broadband program made it clear that these funds were intended to be used first for "eligible rural communities in which broadband service is not available to residential customers."[6] We also questioned RUS' decision to fund certain providers in rural communities, but not others. This decision could create an uneven playing field for providers already operating without Government subsidies. Why should one provider be given a Government loan or grant when another provider offers service without that assistance? Lending in a rural market with preexisting providers could also set up some of RUS' loans to fail if there are too few subscribers to sustain multiple competing providers.

Our 2005 report made 14 recommendations intended to help RUS improve its administration of the broadband grant and loan programs, and more narrowly focus its resources on rural communities without preexisting broadband service. In its response, RUS did not agree with how OIG portrayed the broadband grant and loan programs, and for the next several years OIG

[6] Amendments to the Distance Learning and Telemedicine Program, Public Law 106-387,114 Stat. 1549A-22, dated October 28, 2000; 7 CFR § 1738.11.

worked with RUS to resolve our recommendations. In 2009, we revisited the broadband programs to see what progress RUS had made in responding to these recommendations, and also to respond to requests from Congress for additional information.[7]

We reported that RUS had not taken adequate corrective action for 8 of our 14 recommendations, including those that related most directly to funding projects in areas that were close to major metropolitan areas, and funding projects in areas with preexisting service. From 2005 to 2009, RUS continued providing questionable loans to providers near very large cities or in areas with preexisting service:

- RUS made loans to broadband providers serving 148 communities within 30 miles of cities with 200,000 or more inhabitants, including Chicago and Las Vegas.
- RUS approved 34 of 37 applications for providers in areas where one or more private broadband operators already offered service.
- RUS approved only three applications to areas that were completely without preexisting broadband service.

RUS officials explained that they delayed responding to our recommendations because they believed the 2008 Farm Bill might address some of OIG's issues. The 2008 Farm Bill did provide RUS with a more precise definition of a "rural area,"[8] as well as guidance on funding grants and loans in areas with preexisting service.[9] As of January 2011, the Office of the Chief Financial Officer (OCFO) has not accepted RUS' actions as adequate to close 10 of the

[7] "Rural Utilities Service Broadband Grant and Loan Programs," 09601-8-TE, dated March 31, 2009.
[8] Public Law 110-234, section 6110, dated May 22, 2008, defined a "rural area" as a city, town, or incorporated area with fewer than 20,000 inhabitants, that is not in an urbanized area contiguous and adjacent to a city or town with more than 50,000 inhabitants. In addition, the Secretary may identify areas as not being rural if they are a collection of census blocks that are contiguous to each other.
[9] Public Law 110-234, section 6110, dated May 22, 2008, stated that RUS should provide loans to projects in communities where three or more providers are not already providing service.

14 original recommendations from our 2005 report (including those pertaining to its definition of rural and how it makes loans to areas that already have service). OCFO has also not accepted RUS' action as adequate to close the additional recommendation from our 2009 report (which pertained to defining a loan in default).

Investigations of USDA's Broadband Grant and Loan Programs

OIG investigations have revealed that broadband providers receiving RUS grants and loans have not always dealt fairly with the Government, and have sometimes committed crimes. For example, an investigation conducted jointly with the Federal Bureau of Investigation found that a company in Austin, Texas, submitted fraudulent claims for equipment purchases and services on its rural broadband Internet project. In December 2007, a Federal court in Lubbock, Texas, sentenced two company officers to 60 months of probation and ordered restitution of $429,159 for theft of public money. The agency also debarred the company and its owner from participation in Federal Government programs for 5 years.

Similarly, we found that a company in West Virginia schemed to defraud RUS of funds intended to construct a wireless broadband system in Ohio and West Virginia. The company fraudulently disbursed RUS loan funds based on phony invoices submitted for payment, and also illegally paid funds to an Ohio company where former officials of the West Virginia company later became employed. Corporate officials, a board member, and the Ohio company were charged with a variety of crimes including mail fraud, theft, bribery, money laundering, aiding and abetting, perjury, and obstruction of justice. They eventually pled guilty to money laundering conspiracy for their involvement in misappropriating more than $2.4 million.

Conclusion

These audits and investigations illustrate the ongoing challenges RUS faces in effectively implementing the broadband program. USDA-OIG is committed to providing appropriate oversight for this important program and to working with RUS as it brings broadband to rural markets that would otherwise not have access to this important technology.

This concludes my written statement. I want to again thank the Chair and the Subcommittee for the opportunity to testify today. We welcome any questions you may have.

Mr. WALDEN. Ms. Fong, thank you for your participation in our hearing and for the work that you do. I would now like to recognize the Honorable Todd J. Zinser, Inspector General U.S. Department of Commerce. Mr. Zinser, we appreciate your work and that of the folks who work with you on these efforts, and we look forward to your testimony. Sir, please go ahead.

STATEMENT OF TODD J. ZINSER

Mr. ZINSER. Mr. Chairman, Ranking Member Ms. Eshoo, and members of the subcommittee, thank you for inviting me to testify today about our oversight of the Recovery Act Broadband spending at the Department of Commerce. My testimony this morning can be summarized in three points.

First, the Broadband Technologies Opportunities Program was a high-risk program from the outset. And now that the grants have been awarded and federal funds obligated, the risk is elevated because the grantees are now beginning to spend the money that they have received through their grants. Only about five percent of the broadband funds have been spent so far. The Recovery Act established $4.7 billion Broadband Technology Opportunities Program or BTOP 2 years ago. The National Telecommunications and Information Administration was given responsibility for the program. The agency in its very dedicated work force have made a herculean effort in implementing the program so far. Nonetheless, it remains a high-risk program. The agency successfully awarded and obligated $3.9 billion to 232 grantees by last year's deadline. Approximately $3.4 billion is funding 123 infrastructure projects including seven public safety broadband networks. $200 million is funding 65 public computer centers, and $251 million is funding 44 projects for what is called sustainable broadband adoption.

In addition to these broadband grants NTIA has also awarded nearly $300 million to 56 States, territories, and the District of Columbia to develop digital maps of broadband coverage for their jurisdictions. The large dollar amounts involved, the number of grants, the mix of grant recipients which include government, not for profit, for-profit entities, higher education, and Native American tribes, all with different levels of experience with federal grants, the technical nature of many of the grants, and the relative inexperience of the agency and its staff in administering such a large grant program all contribute to making this the most complex grant program NTIA has ever administered and the highest risk Recovery Act program for the Department of Commerce.

Second, the NTIA staff must now shift its attention and efforts from awarding the grants to managing the grants and conducting oversight making sure the recipients are properly spending the money and delivering on their broadband projects. For example, the program requires the grantees—the program requires and the grantees have agreed to match the federal funds with funds of their own. In addition to the $3.9 billion in federal funds, the grantees themselves have agreed to apply another $1.4 billion to these projects. NTIA has to make sure that the matching funds committed by the grantees are real funds and not funds that exist only on paper or as a result of creative accounting treatments we have seen sometimes in our audits of other grant programs at the

department. I am concerned that without real matching funds, these projects could wind up underfunded and result in incomplete projects or lower quality projects. There are many other aspects of oversight that NTIA must carry out. They have a sound approach and oversight but the agency must embrace their oversight role and must have the resource to do so.

Finally it is important that we all remain vigilant in preventing and detecting fraud. Transparency and accountability was made a key element of the Recovery Act. The reporting requirements and visibility of the spending for these projects is unprecedented. It is ultimately intended to keep the recipients of Recovery Act funds honest so that the taxpayers get what they paid for. Over the past two years members of OIG staff have delivered fraud awareness and grant compliance briefings to almost 3400 NTIA and Commerce employees and BTOP applicants and recipients. These briefings not only provided technical assistance on grant compliance issues, but were also intended to let employees and grantees know how to recognize and report suspected fraud. Our focus will continue to be on compliance and fraud prevention and detection as the projects are carried out over the next few years. We especially appreciate the subcommittee's oversight and the invitation to testify this morning and look forward to working with the subcommittee on this important program. Thank you, sir.

[The prepared statement of Mr. Zinser follows:]

Summary of the Testimony of the Honorable Todd J. Zinser (Inspector General, U.S. Department of Commerce) on ARRA Broadband Spending

The Broadband Technology Opportunities Program (BTOP), with the objective of promoting broadband adoption and use across the country, was established as a result of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Between the date of the legislation and September 30, 2010, the National Telecommunications and Information Administration (NTIA) staffed a program office, engaged other federal agencies to assist in the program administration, undertook two rounds of applications, and made 232 awards. NTIA awarded 123 grants totaling about $3.4 billion to deploy broadband infrastructure, 65grants totaling about $200 million to create and expand public computer centers, and 44 grants totaling about $251 million to promote the sustainable adoption of broadband service. Also, NTIA awarded slightly less than $300 million to develop a searchable nationwide inventory map of existing broadband coverage.

The Office of Inspector General (OIG) has worked with NTIA to conduct pre-award workshops describing the importance of compliance requirements and Recovery Act accountability and transparency goals, post-award workshops on potential audit issues and fraud prevention, and training sessions to BTOP staff and recipients on key issues such as fraud indicators and subrecipient reporting. Thirty-five separate training events were held for almost 3,400 NTIA employees, other Departmental staff, and BTOP applicants and recipients.

NTIA plans to take a comprehensive oversight approach for program monitoring of its 232 awards. Its monitoring plan involves such activities as desk reviews, site visits, program report reviews, and drawdown reviews. For each recipient, NTIA will assess risks and establish monitoring approaches accordingly. NTIA has developed tools to guide performance improvement of its recipients.

The OIG initiated proactive oversight of NTIA's efforts to administer the program immediately after passage of the law. We issued reports on both NTIA's pre-award and post-award processes that resulted in recommendations for NTIA to strengthen the internal controls in place to administer the program. NTIA was responsive to our recommendations and has taken prompt corrective action. We have also issued reports to the Department of Commerce on cross-cutting issues, such as recipient reporting and workforce staffing, that have touched on BTOP. As of December 31, 2010, only 4 percent of obligated funds for BTOP had been disbursed. As spending increases substantially over the next five years, the risk for waste, fraud, and abuse will increase. We plan a strategic audit approach to include programmatic reviews, including topic specific issues, and audits of specific awards.

OIG has identified three risk categories for potential BTOP fraud: false claims, where unrelated or nonexistent expenses may be charged to grant funds; product substitution schemes, similar to those commonly found in other major construction projects; and subcontracting, as subcontractors with little prior performance history are expected to have substantial participation in BTOP projects.

Testimony of

THE HONORABLE TODD J. ZINSER

INSPECTOR GENERAL

U.S. DEPARTMENT OF COMMERCE

before a hearing of the

Subcommittee on Communications and Technology

Committee on Energy and Commerce
United States House of Representatives

Thursday, February 10, 2011

ARRA Broadband Spending

Chairman Walden, Vice Chair Terry, and Members of the Subcommittee:

We appreciate the opportunity to testify today about the current status of the Broadband Technology Opportunities Program (BTOP) and the Office of Inspector General's (OIG's) oversight efforts on this important program.

Status of the Broadband Technology Opportunities Program (BTOP)

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 (Recovery Act) into law,[1] which provided the National Telecommunications and Information Administration (NTIA) approximately $4.7[2] billion to establish BTOP. This competitive grant program provided funds for deploying broadband infrastructure in unserved and underserved areas of the United States, enhancing broadband capacity at public computer centers, improving access to broadband services for public safety agencies, and promoting sustainable broadband adoption projects.

Our testimony this morning, almost two years after the passage of the Recovery Act, will focus on the progress and status of the program, particularly NTIA's efforts to advise and monitor its grants recipients—which necessitate that NTIA take a lead role in monitoring recipients' program compliance and timeliness, as well as detect suspected fraudulent activity—and OIG's role in overseeing NTIA's program administration. This morning's testimony is based on our ongoing BTOP oversight efforts, including compliance and fraud training that we have provided—all of which we detail in the Appendixes.

With this newly established program, NTIA confronted numerous challenges to implementing BTOP. These included:

- Staffing a new program office from scratch, conducting program outreach on the program's objectives, and developing grant rules and processes.

[1] Pub. L. No. 111-5, § 6001, 123 Stat. 115 (2009).
[2] Congress later rescinded $302 million from BTOP funding, per Pub. L. No.111-226, § 302, 124 Stat. 2404 (2010), in part to offset the funding of the $10 billion Education Jobs Fund.

- Conducting two rounds of reviewing more than 2,800 grant applications, performing due diligence on submitted applications, and making awards—in making awards, NTIA focused on areas defined as unserved or underserved with respect to broadband coverage, took into consideration recommendations from states' governor offices, and awarded at least one grant in each state.
- Enlisting assistance from other agencies—which included establishing agreements with the National Technical Information Service to provide information technology support for processing applications; the National Oceanic and Atmospheric Administration and National Institute of Standards and Technology to provide grants management; the Department of Interior to procure program support for project implementation; and the Federal Communications Commission to provide technical assistance to develop a broadband map.
- Contracting with a vendor for program support—by entering into a $99 million contract with Booz Allen Hamilton to provide program administration, application review, communications and outreach, grants administration, post-award technical assistance, and management support; about $21 million remains on the contract to help monitor awards and provide IT support.
- Awarding $4.2 billion in grants—all beginning in February 2009 and culminating in the last grant award in September 2010. NTIA awarded 232 BTOP grants worth approximately $3.9 billion; as required by BTOP, recipients agreed to match federal funds with $1.4 billion, resulting in a total broadband investment of $5.3 billion; also,

NTIA awarded 56 state mapping awards[3] worth approximately $300 million, with recipients providing $76 million in matching funds.

The BTOP awards were made in three major areas: program infrastructure, which included some awards targeting public safety; public computer centers; and sustainable broadband adoption.

- *Program infrastructure awards* represent broadband projects that will provide new or improved broadband services (e.g., laying new fiber optic cables or upgrading wireless towers), utilizing the latest broadband access technology, to consumers in underserved or unserved areas in the country. This infrastructure will connect anchor institutions (e.g., schools, libraries, and medical facilities) with internet connectivity. Among these projects, NTIA awarded 7 grants totaling approximately $382 million for projects to deploy interoperable public safety networks.
- *Public computer center awards* will establish new public computer facilities or upgrade existing ones to provide broadband access to the general public or specific populations, such as low-income individuals, the unemployed, seniors, children, minorities, and people with disabilities.
- *Sustainable broadband adoption awards* fund projects focused on increasing broadband Internet usage and adoption, including among specific populations where broadband technology traditionally has been underutilized. Many projects include digital literacy training and outreach campaigns.

[3] Since the program's inception, NTIA has awarded a total of $293 million to 56 grantees, one each from the 50 states, 5 territories, and the District of Columbia, or their designees. Grantees will use this funding to support the efficient and creative use of broadband technology to better compete in the digital economy (Broadband USA, "State Broadband Data & Development Program," NTIA website; see http://www2.ntia.doc.gov/SBDD).

BTOP represents the largest and most complex grant program NTIA has ever overseen. The grant awards went to a diverse group of recipients, and conditions surrounding the awards themselves vary widely. Recipients included public entities, nonprofit organizations, tribal entities, and for-profit companies. BTOP represents the first grant program where NTIA has awarded funds to for-profit companies, which represent approximately 20 percent of BTOP awards. The experience levels of the award recipients vary widely: some have extensive federal grant experience while others are first-time federal award recipients. (Table 1 provides an overview of the BTOP awards.)

Table1. BTOP Grant Award Composition

AWARD TYPE	#	$	RECIPIENT	
Infrastructure	116	$3.1 bil	Government	89
Public Safety 700 Mhz Infrastructure	7	$382 mil	Nonprofit	58
Public Computer Center	65	$200 mil	For Profit	55
Sustainable Broadband Adoption	44	$251 mil	Higher Education	25
	232	**$3.9 bil**	Tribe	5
				232

DOLLAR AMOUNT		OTHER INFO	
>$100 Million	5	Largest Award[1]	$ 154,640,000
$25 Million-$100 Million	46	Smallest Award[2]	$ 176,400
$10 Million-$25 Million	42		
<$10 Million	139		
	232		

[1] The **largest** BTOP grant is a $154,640,000 award to Los Angeles Regional Interoperable Communications System Authority (LA-RICS) to deploy a 700 MHz public safety mobile broadband network across all of Los Angeles County.

[2] The **smallest** BTOP grant is a $176,400 award to the Santa Fe (New Mexico) Civic Housing Authority offering broadband access and computer training to low-income families, minorities, and disadvantaged youth as well as disabled and elderly Santa Fe residents.

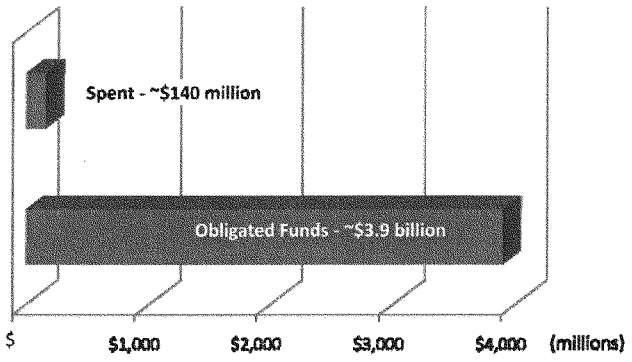
Source: OIG, derived from operating unit data

As a result of the unique and diversified nature of this grants program, NTIA staff will need to

- track the recipients' compliance with grant terms and conditions;
- review quarterly reports on program expenses (financial reports), quarterly Recovery Act reports (including identification of subrecipients and contracts and the number and types of jobs created), and project performance information (such as number of new network miles deployed and number of new public computer centers, found in BTOP program performance reports);
- evaluate how well recipients monitor any award subrecipients; and, most importantly,
- ensure that recipients remain on track to deliver the broadband capabilities to which they have committed.

NTIA also must closely observe how its awardees manage the often complex process of drawing down federal funds. As of December 31, 2010, $3.9 billion had been awarded in BTOP grants between December 2009 and September 30, 2010 (the required end date of awarding BTOP funds). However, only 4 percent of obligated funds had been disbursed. (Figure 1 contrasts spent funds and obligated funds.)

Figure 1. Spent Funds vs Obligated Funds



Source: OIG, derived from operating unit data

The potential for fraud, waste, and abuse will increase substantially over the next 5 years as spending by BTOP grant recipients rises. The uncertainty regarding NTIA oversight funding for FY 2011 and beyond raises significant concerns for the Department about the adequacy of future BTOP oversight.

OIG Oversight to Date

Of the Recovery Act programs managed by the Department's operating units, NTIA's BTOP presents the largest risk. As such, the OIG initiated proactive oversight of BTOP immediately after the passage of the law, including:

- providing guidance to NTIA on the importance of establishing appropriate internal controls;

- participating in pre-award workshops briefing potential applicants about compliance requirements and the Recovery Act's accountability and transparency goals;
- leading post-award workshops briefing recipients on the need for compliance with terms of the award and on fraud prevention; and
- training sessions to BTOP staff and recipients on specific topics such as concerns associated with first-time recipients and subrecipient reporting.

(See Appendix A for a chart enumerating OIG's outreach efforts, for both NTIA-specific training and programs Recovery Act-wide.)

One important way agencies monitor grant recipients is ensuring the recipients comply with the Single Audit Act,[4] which requires certified public accountants to complete an independent audit of recipients' financial statements and review internal controls and compliance with federal award requirements. To improve on this existing process, OIG has helped NTIA develop a compliance supplement and a for-profit audit guide (as for-profit recipient awards are not covered by the Single Audit Act).

We have supplemented our training and outreach with programmatic reviews of BTOP operations. In FYs 2009 and 2010, our work focused on pre- and post-award processes for BTOP. We audited NTIA's implementation of the pre-award review to ensure an effective and fair application and award process. We followed this with an audit of the post-awards operations and processes to assess whether NTIA has appropriate plans in place to monitor BTOP award recipients. As part of our comprehensive Recovery Act oversight efforts we reviewed cross-

[4] The Single Audit Act Amendments of 1996 established uniform audit requirements for state, local, and tribal governments and nonprofit organizations receiving federal financial assistance.

cutting issues that affect all Department operating units receiving Recovery Act funds. (See Appendix B for a detailed overview of our FY 2009–2010 BTOP oversight).

NTIA Monitoring of BTOP Awards

According to NTIA, it plans to take a comprehensive award oversight approach for program monitoring and assessment of its operations. Its monitoring plan involves activities such as desk reviews, site visits, program report reviews, and drawdown reviews. (See Table 3 for more detailed BTOP monitoring plans.)

Table 3. NTIA Plans for Monitoring BTOP

NTIA Monitoring Function	Primary Activities
Program Support Provided by the NTIA program office and BTOP senior leadership to assist both the program and recipients address policy, legal, organizational, financial, and technical hurdles that arise during the program	• Technical assistance—to respond to project-specific questions and develop fact sheets and other guidance for posting on NTIA's website • Investigation—of program issues • Policy and guidance— for best practices (e.g., recipients' manual) • Inquiry management—to address questions from nonrecipients • Other—to encourage interagency support and communications
Individual Grant Monitoring Provided by NTIA program office, their support staff, and the grants office to provide regular oversight of the project and grant recipient	• Desk reviews—to monitor activities and reports, as well as recipient progress, compliance with federal requirements, and recipient-reported outcomes • Site visits—by program and grants office staff, to evaluate the current project status and recipient ability to meet goals • Drawdown of funds—to ensure recipients are drawing down funds consistent with progress • Program report reviews—a shared responsibility of the program office and grants office, to review recipient reports (including Recovery Act reports, financial reports, and performance progress reports)
Portfolio Management Provided by NTIA program office and BTOP senior leadership to provide high-level evaluation of performance metrics, evaluate variances between project performance and baseline plan, and resolve issues affecting multiple projects	• Risk assessment—to review potential recipient risks of not achieving intended project objectives • Waste , fraud, and abuse prevention—effective internal controls to ensure funds are used for authorized purposes only • Issue escalation and resolution—to provide additional information (e.g., audit reports) for monitoring as well as any investigative actions • Analyze performance versus plan—to identify corrective actions

Source: OIG, derived from NTIA data

NTIA has completed initial desk reviews and assignment of risk levels for all BTOP awards; site visits will commence in March 2011. To establish monitoring levels for the recipients, NTIA looks at award drawdown amounts, whether the recipient has been placed on a reimbursement-only basis, and desk review findings/unresolved issues. Accordingly, recipients will receive monitoring levels of *standard*, *intermediate*, or *advanced* that establish the oversight level they are to receive. This risk-based approach is reasonable but NTIA, as it carries out oversight, must continually reassess the risks associated with each grantee. NTIA has identified tools to guide performance improvement, should performance issues arise. NTIA's monitoring plans are based on a projected funding level of approximately $20 million for FY 2011.[5]

Current and Future OIG Oversight

Our oversight will continue to monitor BTOP program goal achievement and promote compliance with statutory and programmatic requirements. However, what has been primarily a proactive approach—based on outreach and program-wide issues—will transition to a more strategic approach, including reviews of program-specific issues and reviews stemming from complaints and identified risks.

Using an inherent risk assessment approach, we created a work plan to ensure the overall goals of the Recovery Act are met. We will adapt our plan to circumstances as they arise. Our ongoing and most recent oversight activities reflect this approach: we are currently performing an audit of NTIA's effectiveness in monitoring BTOP awards. This review will include an evaluation of NTIA monitoring efforts of the 232 BTOP awards worth $3.9 billion, including the effectiveness

[5] The Fourth Continuing Appropriation Act of 2011 (Public Law 111-322) signed by the President on December 22, 2010, provided funding to oversee the projects through March 4, 2011. Oversight was funded at $19.9 million for FY 2011.

of desk reviews and adequacy of site visits. In response to a complaint and request for investigation, we are performing a review of an infrastructure grant award to a San Francisco Bay area recipient.

Future OIG oversight activities will include the following:

- Assess NTIA's oversight of the Booz Allen Hamilton contract that supports BTOP implementation (and audit claims made under the contract);
- Identify high-risk projects to determine whether they are on schedule, stay within costs, and provide appropriate technologies to meet program objectives;
- Submit recipient information to the Recovery Operation Center[6] to screen recipients using risk models to determine where to focus our audit efforts;
- Perform award-specific reviews in response to credible complaints regarding significant issues;
- Review audit reports prepared by independent accountants to determine whether audit findings result in disallowed costs that should prompt return to the Department of Treasury;
- Conduct site visits to observe the performance of BTOP projects (and assess whether the technology implemented is fully operational and meets grant terms); and
- Review programmatic issues, such as recipient match, that will likely impact multiple awards.

Based on our experience with other Department grant programs, our primary concerns include recipient matching funds, especially the existence and availability of the match. BTOP recipients

[6] The Recovery Operations Center was developed by the Recovery Accountability and Transparency Board to assist in the oversight efforts of Recovery Act funds. The center uses open source records such as GSA's Excluded Parties List System to identify risk factors associated with specific grants.

had a minimum requirement of a 20 percent match to the $3.9 billion awarded—and actually committed over $1.4 billion, or 26 percent, to the total project cost of $5.3 billion.

We are also concerned about the valuation of the matching funds. When the matching share takes the form of equipment (or services other than cash), it is important that the matching share contribution has been valued correctly. For example, equipment should be contributed to a federal award at the lower amount between cost and its fair market value. Equipment cannot include the profit margin normally associated with selling new equipment to the government.

BTOP Grants and Potential Fraud Schemes

OIG foresees the potential for BTOP program fraud within three identified risk categories: *false claims*, *product substitution/substandard product*, and *subcontracting*. We base these BTOP risk categories on our own knowledge and experience in dealing with fraud schemes involving other Department grant programs—in addition to discussions we initiated with the Department of Justice and other OIGs to share experiences and lessons learned from cases involving similar programs. The risk categories are:

1. **False claims.** An entity funded by a government grant often has access to a line of credit allowing for an advance drawdown of project funds. The entity then submits, retroactively, a quarterly report that provides only general information regarding the financial status of the grant and its accompanying line of credit, resulting in very little opportunity for the government to monitor specific claimed expenses. Typical grant fraud schemes involve the charging of expenses not related to grant activities or the charging nonexistent expenses, such as:

- labor for unrelated projects,
- disproportionate overhead,
- nonexistent match funds, or
- unauthorized consulting and legal fees.

2. **Product substitution/substandard products.** As BTOP focuses on infrastructure build-out, we might encounter fraud schemes similar to those commonly found in construction projects such as highways and buildings. Examples of such schemes can include:
   - supplied materials or equipment not meeting the specification requirements for a project;
   - materials supplied from foreign countries where "Made in the USA" is required;
   - cost-cutting design schemes such as burying cable at four feet when the project required six; or
   - departure from the specified construction plan, such as laying 300 miles of cable where 350 was proposed.

3. **Subcontracting.** We anticipate that only a small percentage of subcontractors under BTOP projects will have significant experience in federal contracting—and that there will be little in terms of performance history from which the government can draw when providing oversight of many businesses subcontracting under BTOP grants. We believe risk exists within the subcontracting arena for:

- anticompetitive practices such as price-fixing,
- conflicts of interest, and
- hidden related-party transactions (such as bribes, gratuities, or kickbacks).

In conclusion, Mr. Chairman, for FY 2011 and beyond, BTOP presents challenges to both NTIA and OIG. BTOP's mission is as ambitious as its implementation has proven complex. For the Department to continue effective oversight, OIG and NTIA will require Congress as a steadfast, supporting partner. This concludes my prepared statement, and I will be pleased to respond to any questions you or other Subcommittee members may have.

Appendix A:

OIG Compliance and Fraud Awareness Training Sessions for BTOP

Training	Description	Number of Events	Attendees Trained
Transparency and Accountability in Grants Management	Provided to NOAA and NIST grants management offices, this training outlined the major responsibilities for overseeing grants, provided indicators for high-risk recipients and considerations for monitoring them, performance measurement requirements, and single audit requirements.	3	91
Transparency and Accountability in Broadband Grants	Presented with NTIA program management as part of a workshop roll-out effort to potential applicants and grant recipients, this training provided an overview of the federal government audit requirements.	21	2,383
First-Time Recipient Issues and Subrecipient Monitoring	At the request of NTIA, OIG-provided workshops attended by both program staff and recipients covered specific subjects including first-time recipient issues and subrecipient monitoring.	3	214
Fraud Indicators	Presented with the Department of Justice, the training for NOAA and NIST grants management focused on identifying and avoiding procurement and grant fraud using scenarios or other activity indicators, criminal and civil fraud statutes, and Recovery Act hotline information and whistleblower requirements.	6	144
Fraud Prevention	Provided to BTOP grant recipients, this training offered an overview of fraud prevention techniques, examples of fraud scenarios, how to report suspected fraud, detailed guidance on appropriate grant activities, information on how to have open communications with agency representatives, and whistleblower requirements and how to communicate with the OIG.	2	549

Source: OIG

Appendix B:
Reports Issued by OIG in FY 2009–2010 Concerning BTOP

- In *NTIA Must Continue to Improve Its Program Management and Pre-Award Process for its Broadband Grants Program* (ARR-19842-1, April 8, 2010), we aimed to (1) assess how effectively NTIA was implementing BTOP, (2) evaluate the proposal pre-award review measures that NTIA took to ensure an effective and fair application and award process, and (3) evaluate the integrity and reliability of the online application system. We identified concerns with staffing levels to adequately handle applications and the post-award process; the inadequacy of documented procedures and key management decisions; problems encountered with the application intake system; and difficulties encountered with the first-round application process. We communicated our interim process for this review in a January 2010 letter outlining these concerns to the chairwoman and ranking member of the subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, U.S. Senate.

- For *Broadband Program Faces Uncertain Funding, and NTIA Needs to Strengthen Its Post-Award Operations* (OIG-11-015-A, November 4, 2010), our objectives were to (1) assess NTIA's system capabilities for monitoring BTOP award recipients; (2) determine whether NTIA established post-award operations and processes for an effective execution of BTOP; and (3) evaluate whether NTIA is taking appropriate steps to implement a program office to perform the essential post-award oversight and monitoring of BTOP recipients, including post-September 30, 2010. We found uncertainty about future funding for monitoring of BTOP awards, which would hinder NTIA's long-term oversight of grants. The report also

identified program areas for strengthening internal controls, IT program expertise within BTOP program offices, training, and monitoring of awards and agreements.

- In addition, OIG's comprehensive Recovery Act oversight produced several other reports touching on BTOP:
    - Our *NTIA Should Apply Lessons Learned from Public Safety Interoperable Communications Program to Ensure Sound Management and Timely Execution of $4.7 Billion Broadband Technology Opportunities Program* (ARR-19583, April 2009) translated our Public Safety Interoperable Communications (PSIC) program audit work into valuable lessons learned as BTOP emerged.
    - In *Commerce Has Implemented Operations to Promote Accurate Recipient Reporting, but Improvements Are Needed* (ARR–19847, November 2009), we examined whether bureau processes would adequately identify and remediate material omissions and significant data errors—and identified improvements the Department and its operating units should make to data quality policies and procedures.
    - *More Automated Processing by Commerce Bureaus Would Improve Recovery Act Reporting* (ARR–19779, December 2009) looked at the adequacy of key IT and operational controls to determine whether those controls ensure that the Commerce reports posted on Recovery.gov are complete, accurate, and reliable. Generally, the 11 Commerce systems we reviewed had adequate data input/edit controls, but we

found a lack of automation from the three bureau grant systems to CBS that could have potentially led to errors.

- Finally, at the request of the Recovery Accountability and Transparency Board, we conducted a government-wide survey to determine whether offices awarding and administering Recovery Act-funded contracts and grants had the proper staffing, qualifications, and training (*Review of Contracts and Grants Workforce Staffing and Qualifications in Agencies Overseeing Recovery Act Funds*, March 2010)—and reported on the recommendations applicable to the Department of Commerce (*Review of Recovery Act Contracts and Grants Workforce Staffing and Qualifications at the Department of Commerce*; ARR-19900, September 2010).

Mr. WALDEN. Mr. Zinser, thank you, and I want to thank all of your witnesses for your terrific testimony today. It is most helpful in the work in we are doing here. I will start with questions. Ms. Fong, and Mr. Zinser, while I recognize the staff discussion draft of our legislation may not have all the right language yet, do you think it would be helpful if the standards and processes for de-obligating funds were less ambiguous? I will start with that. In the kind of work that you do and what we are trying to do I guess the question is, is do you think it would be helpful to have a clearer standard?

Ms. FONG. I will just take a crack at that. I don't believe in any of our audit work that we have identified difficulties in the past. We did make a number of recommendations in one of our audit reports that RUS go back and get money back from grants that had not been well performed. And we understand that RUS is still working through that process. Now, it has taken some time to do that so perhaps a recognition of the time involved would be helpful.

One of the things that we did notice in terms of the draft legislation is that it talks in terms of awards, grants and awards. And given the nature of the broadband program at USDA, which is usually a funding package of 75 percent grant/25 percent loan, which can vary of course, we weren't sure whether the legislation addresses the issue of what happens to the loan piece of the package. The legislation seems to be clear about what happens with respect to the grant side. But then the accompanying loan that a recipient may have: is that considered part of an award or do we need to be more clear about that? So that as recipients go through the process they understand exactly what is on the table. So we would suggest a look at that language.

Mr. WALDEN. Excellent. Thank you. That is most helpful. Mr. Zinser?

Mr. ZINSER. I do think it would be helpful to eliminate any ambiguity. I know for example there is provisions in the Dodd-Frank Wall Street Reform Bill that talks about unobligated money and the Recovery Act going back to the Treasury. And so—and we are also aware of various amendments to piece of legislation about rescinding or taking back Recovery Act money, so I think it would be a good idea for the subcommittee to kind of make its mark on what they want to happen with Recovery Act money.

That being said, our experience with grant—with the grant programs in the department is that it is a long drawn out process. Once the IG's office identifies a cost on a grant project that we don't think should be paid out or unallowable, it is a long process, a long due process in getting the agencies to actually make a decision, give the grantee an opportunity to make its case, and actually decide that certain costs are unallowable. I think that whatever legislation comes about needs to make sure that that due process isn't—that that due process stays in place.

Mr. WALDEN. So let me ask you a couple other questions then. Under current laws, the decision to de-obligate funds by the RUS and NTIA Administrator is discretionary. Is there a clear standard and could a reward recipient continue to spend money even if you found waste, fraud, and abuse, and even if you recommended remedial action? So the first part of that, is there a clear standard—

well, actually is the decision to de-obligate discretionary? We believe it is.

Ms. FONG. That is my understanding as well.

Mr. ZINSER. Yes, I believe it is discretionary, sir.

Mr. WALDEN. That is one of the issues that we have with this legislation then. Is there a clear standard to de-obligate?

Mr. ZINSER. I know that in the case where we will conduct an audit and recommend that certain costs be unallowed that ultimately the decision is left up to the agency and it is an interpretation of accounting rules in a lot of cases, sir.

Ms. FONG. Exactly.

Mr. WALDEN. Is that the same, Ms. Fong?

Ms. FONG. Exactly.

Mr. WALDEN. And could award—could an award recipient continue to spend money even if you found waste, fraud, and abuse and even if you have recommended remedial action?

Mr. ZINSER. If the agency does not take proper action, I would say yes, the grantee could continue to spend money. We find, for example, that even agencies that have been convicted of fraud if the agency doesn't check the excluded list before they made the grant award, that entity can get that grant and spend that money.

Mr. WALDEN. Ms. Fong.

Ms. FONG. Given the nature of the process, the process is that we as IG's will go in and do an audit and we will make a recommendation to the administrator, say. The administrator then has certain due process procedures that they follow with respect to the recipient. And as Mr. Zinser alluded to, that process can take some time. So while that process is ongoing the recipient still has the responsibility to perform on the grant or loan. And so one would expect that that performance would continue. And so depending on the length of time that the due process takes, you know, things could be unresolved for awhile.

Mr. WALDEN. My time has run out. I appreciate your comments. I would recognize now the Ranking Member, Ms. Eshoo.

Ms. ESHOO. Thank you, Mr. Chairman, and thank you to all of the witnesses. Ms. Fong, when you spoke in your testimony, I think it is important to state for the record where there was a clear misuse or fraud—I don't remember exactly which word you used.

Ms. FONG. Fraud.

Mr. ESHOO. Those were not Recovery Act funds. Correct?

Ms. FONG. Correct. We do not have any investigations of Recovery Act cases.

Ms. ESHOO. I just wanted to make sure that that is clear for the record, because——

Ms. FONG. That is right.

Ms. ESHOO. The hearing is about the Recovery Act, what it established, does it have shortcomings, if there are what are they, and what can we do about it. So I think that that is very important. Oh Mr. Shorman, you are not happy. And essentially I think what I heard you say your beef is that essentially the government is competing with you and that an award was made for an area that is what—heavily populated and that there is overlap. In your view is there anything built into this that would create competition in any of these areas? Or is it in your view that they only be

awarded and that there be a sole operator for the build out of broadband funds—of the build out of broadband?

Mr. SHORMAN. Well, I can report from out on the frontline where I am. When in——

Ms. ESHOO. No, just answer my question. I don't have a lot of time.

Mr. SHORMAN. Well, in the process of doing this if you are looking at the legislation and asking how that would work obviously I think this is a good first step. But it seems to be there is a lot of discretion put into how these agencies actually award this and the ability for Ms. Fong and others to go in and say something is wrong. Call time out and say something is wrong with this process to make it work.

Ms. ESHOO. Well, we will deal with the government agencies and their overview and we—we are going to have to make sure that you have money to do oversight and all of that. Otherwise we are all in trouble. But I want to get to your beef. What brought you here? What is your problem?

Mr. SHORMAN. Our community——

Ms. ESHOO. What is it that you think needs to be fixed?

Mr. SHORMAN. We had an award grant to a competitor of ours that actually overbuilds our community. Our community is a non-rural community of 20,000 plus people. Their award, which I understand over half of the money in this total award is being used to overbuild our community and provide a competitive service to us and others in our community.

Ms. ESHOO. Now did Eagle ever apply for BIP funds?

Mr. SHORMAN. Eagle did apply.

Ms. ESHOO. Areas that were already——

Mr. SHORMAN. Eagle did. We were naïve in that process.

Ms. ESHOO. [continuing]. They had providers?

Mr. SHORMAN. We were naïve in that process. We applied for funds in areas we felt were unserved. We applied for that. We didn't apply to overbuild other people or do that and in the process we were rejected.

Ms. ESHOO. And what happened with that?

Mr. SHORMAN. I think the actual quote was in one area that actually had another loan applied we failed to demonstrate that we met the criteria for being unserved in that area.

Ms. ESHOO. Was that the only reason that you withdrew your——

Mr. SHORMAN. That was the only reason that we received and that was one of the applications that happened to get funded in the same project by Rural Telephone Service.

Ms. ESHOO. So you were rejected?

Mr. SHORMAN. We were rejected.

Ms. ESHOO. You are saying that you were rejected and someone else wasn't? Is that your beef?

Mr. SHORMAN. Well, it doesn't say this in the application. It says that we failed to meet the criteria.

Ms. ESHOO. I just want you to tell me what—I am trying to get to the heart of what brings you here today. So unhappy.

Mr. SHORMAN. The heart of it is that we are wasting government dollars, taxpayer dollars, my dollars to provide a competitive serv-

ice in the markets that serve, markets that have multiple broadband providers.

Ms. ESHOO. And my point is, is that in going into underserved areas I don't know of an application that doesn't have some overlap. You even acknowledged that your own application had overlap. So are you saying that overlap in this should be totally eliminated or is not fair or tell me what it is?

Mr. SHORMAN. Our application votes on unserved areas that did not have broadband providers. This application over—or nearly half of the application overlaps a community that has multiple broadband providers.

Ms. ESHOO. Well, do you think that there is a multiplicity of broadband providers that that isn't good for the consumer?

Mr. SHORMAN. If it is a fair playing field where everybody—I have a chance to get government grants, everybody gets government grants—there has to be a fair playing field for being able to provide service. If one provider has a boatload of government taxpayer money it just makes it very hard for a private, small company like ours to compete.

Ms. ESHOO. Part of what I am struggling with is the following. And that is that you are saying essentially the government is too hard to compete with and I understand that it is much larger than Eagle and a lot of other companies put together, but they are—in going into underserved areas that there is a spillover and you are not acknowledging that.

Mr. SHORMAN. I grew up on the farm. I understand unserved areas. If you are unserved that is what the program is for. It is not for overbuilding major non-rural communities.

Ms. ESHOO. OK. Thank you.

Mr. WALDEN. Gentlelady's time has expired. I would now like to recognize the gentleman from Illinois, Mr. Shimkus.

Mr. SHIMKUS. Thank you, Mr. Chairman, and no one—well, a lot of people have a great respect for Anna Eshoo and I am one of her biggest fans on stuff we do on—but I want to follow up on this line because it really tells the same story that happened in my congressional district. Mr. Shorman, I think what helps answer this question is if you were to build in a community of like size, what would be your cost to capital?

Mr. SHORMAN. One, it would be a tremendous cost because you have to go through and——

Mr. SHIMKUS. Well, what about what are you talking about? What would you have to borrow?

Mr. SHORMAN. My guess is in our case we would do it differently. We are a private company. We fund things differently. We do things differently than what——

Mr. SHIMKUS. Well, what would it cost?

Mr. SHORMAN. We haven't shown in Hays, but say $30, $40 million for a company——

Mr. SHIMKUS. So when the government gives a grant to a competitor, what is your cost to capital?

Mr. SHORMAN. Well, in this particular case their cost is going to the government. It is a whole different process in going to a private institution to do that.

Mr. SHIMKUS. I mean, the grant is a grant. That is free money.

Mr. SHORMAN. The grant is—it is 50 million and the——

Mr. SHIMKUS. Free money. Our taxpayer's money overbuilding a competitor who pays taxes. That is why we messed up royally when we did not go by the broadband map. When we don't develop a map and you don't know the direction in which you are heading then you subsidize competing entities. You give taxpayer money to companies to compete against people who are providing the level of service that we want across the country. I have what we think is now a recent one. Just got it today. The light area zero to 2,000. Darker areas—these are areas that are unserved or underserved and we still don't have good maps. So we gave money to a competitor of yours, a grant. They didn't have to borrow it. They didn't have to pay interest on it and they are competing with you. Is that correct?

Mr. SHORMAN. That is correct.

Mr. SHIMKUS. Isn't that the beef?

Mr. SHORMAN. It is a beef that it makes it really tough for a private employee owned company to compete against the government with taxpayer dollars that I pay a part of. Correct.

Mr. SHIMKUS. And that is why when we had the mark up of the bill why we tried to on our side say let us have this debate of underserved and unserved. And if we are going to spend taxpayer dollars let us have taxpayers go to unserved areas. Would you have had a beef if this company came in and said we want a grant and we are going to an area that is not served?

Mr. SHORMAN. I think that is the perfect part of this program to reach unserved Kansans, unserved Americans with the program.

Mr. SHIMKUS. Would that have met the goals of the Administration on the broadband plan?

Mr. SHORMAN. From my standpoint it would have been exactly what they were looking for.

Mr. SHIMKUS. When we give taxpayers money to overbuilding an area doesn't that delay our ability to read our broadband plan for the country?

Mr. SHORMAN. It certainly refocuses money to people who already have multiple providers and then at the result of people on that map you have shown, there are those areas that don't have broadband. And so those people don't have the resources that they need.

Mr. SHIMKUS. And there are stories like this all over the country and there is one in my District, too. And so I am going to turn to Mr. Zinser and Ms. Fong. In my District I have an incumbent provider who currently exceeds the broadband guidelines being published and considered by the FCC in the development of a National Broadband Plan they are providing speeds of 10 megabytes down and one megabytes up in all communities they serve. They also continue to invest private capital, private capital lots of business capital formation to surpass the FCC broadband deployment speeds. You can imagine that they were shocked to hear that another provider would be moving into their service area who had committed to providing wireless service at 3 megabytes. Now this entry came how? How did this new entry come into the market? The Federal government—a grant overbuilding, competing services that meet the National Broadband Plan. This story gets worse be-

cause this company then immediately sells to a business. So they get the government money; they then sell out to a larger company. Was that your plan, Ms. Fong?

Ms. FONG. Well, just to be clear——

Mr. SHIMKUS. I mean, is that what we wanted to do? Is that what we really—was that our plan?

Ms. FONG. I don't know.

Mr. SHIMKUS. You, OK.

Ms. FONG. I am the inspector general and not responsible for delivering the program.

Mr. SHIMKUS. All right, then let us go to Mr. Zinser. Is that—was that the plan?

Mr. ZINSER. Well, we are responsible for overseeing the program. We are not responsible for running the program, but I—it doesn't really sound like that should be part of the plan, sir.

Mr. SHIMKUS. I agree. Thank you. I yield back my time.

Mr. WALDEN. Gentleman yields back his time. Now according to my list here we go to Mr. Barrow—has departed. And then we will go to Mr. Markey who is not here. So then next on the list is the distinguished chairman emeritus, Mr. Dingell for 5 minutes.

Mr. DINGELL. Thank you, Mr. Chairman. Now, this question to Dr. Welch. Doctor, to what extent does Merit rely on NTIA's staff with respect to technical assistance, guidance and the prevention of waste, fraud, and abuse?

Mr. WELCH. Sir, we rely extensively on our federal program officer and the rest of the NTIA staff. The program that we are under is a complex program and our federal program officer is our single point of contact. He knows our program as well as people in our organization do. He knows us. When we come to him with a problem he helps us solve it. He keeps us out of trouble as we try to understand the rules and regulations that can sometime seem conflicting to make sure that we are not inadvertently breaking any of the rules. He serves as an advocate. He serves as an overseer. He serves so many roles. I do not think we could successfully complete the project if we did not have a dedicated federal program officer.

Mr. DINGELL. Thank you. Now Doctor, as you may well be aware, NTIA stands to lose funding for oversight of BTOP. If NTIA no longer had the resources with which to provide BTOP grant recipients, what effect would that have on Merit's ability to implement its project and to comply with federal requirements pursuant to ARRA?

Mr. WELCH. I think that would have a severe impact.

Mr. DINGELL. Which way? Good or bad?

Mr. WELCH. In that it would hurt us and our ability to comply with the oversight requirements. We would have to dedicate more staff time to talk to more—different people to try and make the decisions on our own. And some of the decisions that we would make would in fact be incorrect because we just don't have the experience and the access that the staff of the NTIA has.

Mr. DINGELL. So you are telling us you need him.

Mr. WELCH. Yes, very much.

Mr. DINGELL. Very well. Now this question to Mr. Zinser, Ms. Fong, and Mr. Goldstein. Will—and this is a yes or no question.

Will a future lack of dedicated oversight funding for NTIA and RUS reduce these agencies' ability to mitigate waste, fraud, and abuse in BTOP and BIP projects? Yes or no?

Mr. GOLDSTEIN. Yes, sir it would.

Mr. DINGELL. Ms. Fong?

Ms. FONG. Yes.

Mr. DINGELL. If you please?

Mr. ZINSER. Yes, sir.

Mr. DINGELL. Very good. Now, again to Mr. Zinser, Ms. Fong, and Mr. Goldstein, again, a yes or no question. Will future lack of dedicated oversight funding for NTIA and RUS diminish these agencies' ability to ensure BTOP and BIP projects successfully meet respective program objectives? Yes or no?

Mr. GOLDSTEIN. Yes, sir, it would.

Ms. FONG. Yes.

Mr. ZINSER. Yes, sir.

Mr. DINGELL. Now, again to Mr. Zinser, Ms. Fong, and Mr. Goldstein and this is a yes or no question again. Do you believe NTIA and RUS require additional appropriations through 2013 dedicated to oversight of BTOP and BIP projects? Yes or no?

Mr. GOLDSTEIN. I don't know, sir.

Mr. DINGELL. Ms. Fong?

Ms. FONG. I am not sure. I don't know.

Mr. DINGELL. OK. Mr. Zinser.

Mr. ZINSER. I would say yes depending on the amount, sir.

Mr. DINGELL. OK. But if they don't have the money to do this oversight there is great opportunity for fraud, waste, abuse, and also misdirection of the efforts of the grant recipients. Am I correct?

Mr. GOLDSTEIN. Yes, sir.

Ms. FONG. Yes.

Mr. ZINSER. Yes.

Mr. DINGELL. I notice you are nodding yes, Mr. Shorman, too.

Mr. SHORMAN. I agree.

Mr. DINGELL. Thank you, sir. Thank you. Ladies and gentlemen, you have answered my questions. I express to you my thanks. Mr. Chairman, you will note I am under time.

Mr. WALDEN. We appreciate that, Mr. Chairman. We would now—next on our list is Ms. Bono Mack who is not here. Mr. Gingrey recognized for 5 minutes.

Dr. GINGREY. Mr. Chairman, thanks and first of all thank all the witnesses for testifying on the four issues of oversight and recovery funds spent by NTIA and RUS—as we have seen with the $7 billion dedicated in—across the country, it proves that we are good stewards of taxpayer dollars and that we are more on task and moving forward. And I certainly it sounds like from Mr. Shorman's testimony as a glaring example of a mistake at a time when already 95 percent of the country has access to broadband how do we ensure that the remaining 5 percent of the country has exception to one of the economic catalysts we have at our disposal? I am also glad that we are using this hearing as a way to open up a discussion on what to do with returned funds from NTIA and RUS.

At a time when we are facing almost a $14 trillion debt, I believe that it is actually necessary that we return any unspent funds to

the Treasury. And I look forward to working with members of the subcommittee in a bipartisan way on the discussion draft legislation that we have before us. To that end, there are several items I would like to ask of our panel. I realize my time is limited, but let me begin with the inspector general. Both Mr. Zinser and Ms. Fong, how will the release of the National Broadband Map next Thursday, February 17 impact your ability to determine where there is either waste, fraud, and abuse in BTOP and BIP or overbuild in areas that are already connected?

Mr. ZINSER. Sir, I think that one thing that the Agency did to try to compensate for not having that map is they did reach out to the State governments when the application for broadband grants were received and asked the governors of each State whether these applications were consistent with the broadband goals of the State. So I think one thing that you would want to look at with the new map is whether the governor's offices were on target with respect to their vetting of those applications.

Dr. GINGREY. Ms. Fong?

Ms. FONG. I think the map will be very helpful to us as we do an assessment to see whether the awards that were made were made in the appropriate way, taking into account already existing service in areas.

Dr. GINGREY. Yes. Well, thank both of you for that response and I think you gather from the testimony at least on this side of the aisle that we think that the map is absolutely essential and to go forward before having a map certainly seems to be putting the proverbial cart before the horse. Ms. Fong, in your testimony you discussed in length the 2005 audit of RUS. And that ought to be in question the practice of devotion significant portions of its resources to funding competitive service in areas where pre-existing providers. Somewhere like Mr. Shorman was describing. You found that 66 percent of the products were in areas that had pre-existing broadband access despite the fact that the law established in the broadband program, made it clear that these funds were intended to be used first for "eligible rural communities in which broadband service is not available to residential customers". Your 2009 audit found that 34 of the 37 applications approved were in areas with at least one broadband provider. Is there a culture of overbuilding? Do you think that anything has changed? What are you concerns with the Broadband—program going wrong?

Ms. FONG. We think this is a very difficult policy issue and that is represented by the fact that over the last few years there have been several different legislative provisions that address the issue of underserved, unserved, and what is the appropriate level of service. And going forward we are committed to working with RUS to make sure that they abide by the terms of the law. I understand that the Recovery Act provisions differ from the Farm Bill provisions which differ from the provisions that existed in 2005. So it is a very complex area for RUS to administer, but we are focused on that and we think it is an issue that needs constant oversight.

Dr. GINGREY. I don't mean to interrupt you, but I realize it is a difficult but you know it is time for the Federal government to quit pouring taxpayer dollars down a proverbial sinkhole and that is what this is all about if I completely understand. I guess I am

about out of time, but quickly, Mr. Shorman, you testified and you have stated that there is already a significant market for broadband in Hays, Kansas yet you have raised concerns regarding why $101 million dollars awarded to one of your competitors. Would you please discuss with subcommittee what impact that will have on competition in that area and how do you think will negatively impact your ability to run your own business and to continue to employ the number of people that you employ?

Mr. SHORMAN. That is a challenge when you have those kinds of dollars in that size of community it is a massive amount of money that is there. When you have 99.9 percent, as reported by the Kansas Corporation Commission, of customers in our county in the county seat already served by multiple broadband providers it then becomes a very competitive process and frankly it just makes it just more difficult to do business. If that company takes a chunk of our business those are private investment dollars in our employees that somewhere along the line we are going to have to figure out how to operate our company differently to compete. There is going to be more dollars spent on marketing. For example, you drive down Main Street they talk about television as their new product that they are offering—not broadband. And so the whole process is just dollars going to compete with a private industry and it is our tax dollars that are going there.

Dr. GINGREY. Thank the witness, thank the chairman for his indulgence and I will yield back.

Mr. WALDEN. And I will just—for the other members, too, if you can kind of get your question in in time for the witness to respond on your time that would be a good thing.

Mr. TERRY. Well, the gentleman talks slow. He is from Georgia.

Mr. WALDEN. Well, we have interpreters.

Dr. GINGREY. I am out of breath.

Mr. WALDEN. Regular order. We are going to go—I believe Mr. Waxman has stepped out. We go to Mr. Doyle for 5 minutes.

Mr. DOYLE. Thank you, Mr. Chairman, and thanks for holding this hearing. I think it is regrettable that we don't have the NTIA and U.S. Administrators here. I know there was reasons we don't but I am saying it would have really helped to give us some perspective.

Mr. WALDEN. And we will have another hearing where they are here. They are out of the country at a conference and unable to attend. So we wanted to get this panel in before.

Mr. DOYLE. Yes, I understand. It is not a criticism of you, Mr. Chairman, I am just saying I think we would have better perspective to hear Ms. Fong talk about things that are pre-stimulus funds, pre-Farm bill and if she's going to make allegations of this management of RUS it would be nice to have the administrator to at least respond to that. I would be interested in what he had to say. And Mr. Shorman, I certainly have sympathy for what you are saying, but it also would have been interesting to have the administrator here to hear their side of the story. We are being told that during the public comment period that you made comment and they actually sent field staff, boots on the ground to review the coverage area and the proposed application—found it to be valid. We are being told that the area in dispute is 7.6 square miles of an

application that covers 4,600 square miles. Ninety-nine percent of the proposed territory is vast rural area. This received letters of support from Congressman Jerry Moran and Congresswoman Lynn Jenkins in addition to 118 other area letters of support and the estimated expenditure in Hays where you are claiming to have competition we are being told by the administrator is $18 million. Not half, $18 million of the $101 million awarded. Now I don't know if your figure is correct or their figure is correct and unfortunately we don't have both of them here. I would love to have you both here and maybe at a future hearing we will do that.

But since this overbuilding seems to be such an issue, Mr. Goldstein, I want to get some perspective from you on this overbuilding issue. In your testimony, you noted the GAO reviewed 32 award recipient applications from round one of the funding process and found that the agencies consistently reviewed the application and substantiated information submitted by the applicants. As you know there are a number of providers that have alleged that Recovery Act dollars are going into projects that compete unfairly with incumbent networks. So I want to ask you a couple questions about that. In the cases that you observed, did you find that the agencies engaged in overbuild analysis? Did they do analysis on whether there was overbuilding?

Mr. GOLDSTEIN. Yes, sir, in all cases where that occurred they did do an analysis.

Mr. DOYLE. OK. And so in the cases you observed that the agencies or their contractors researched the companies' claims of overbuilding, people who claimed there was overbuilding going on did they actually go out and research this?

Mr. GOLDSTEIN. The files we looked at showed some substantiation. I don't know if in every single case they went out. I could certainly get back to you on that.

Mr. DOYLE. How did they go about this research? What did NTIA do? What did RUS do to do this research?

Mr. GOLDSTEIN. They reviewed materials that were submitted. They interviewed people. They looked at various available maps that were from the States. They looked at any public comments that had been made. As you know there was a 30 day public comment period with respect to these issues. And they did the due diligence, that the criteria that were established required them to do.

Mr. DOYLE. In the cases that you reviewed were any of the claims of overbuilding substantiated?

Mr. GOLDSTEIN. In the cases we looked at there was some overbuilding. But as you know ARRA and the NOFA both allow for it and so they made a decision to go forward nonetheless in those cases.

Mr. DOYLE. And did you interview the industry regarding the process created by NTIA and RUS?

Mr. GOLDSTEIN. We did do some interviews with industry and industry associations at that time. We reviewed all the criteria that were in place. We felt for the most part that the criteria that had been developed were sufficient, but as you look back at the reports we did we were concerned with whether or not there would be sufficient resources to implement it. Now, you will recall from my tes-

timony we only reviewed the first round. We did not look at the second round. There wasn't enough time.

Mr. DOYLE. Right.

Mr. GOLDSTEIN. And so obviously during the second round there was more money that was spent. There were fewer criteria and it was at a faster pace. So you know it remains to be seen whether or not that same level of due diligence occurred. We don't know the answer to that.

Mr. DOYLE. Did the industry representatives or trade associations confirm that their constituents who had applied for and received broadband funding had undergone their due diligence reviews?

Mr. GOLDSTEIN. We talked to many people and they had—they told us that they were being interviewed, that a lot of information was passing back and forth, and that the agencies were absolutely in contact with them as needed.

Mr. DOYLE. Did you interview any company that received funding?

Mr. GOLDSTEIN. That received funding? We talked to a number of companies regarding the process at that point in time. Funding had really not occurred.

Mr. DOYLE. Is it your opinion that the agency's review processes were thorough and rigorous?

Mr. GOLDSTEIN. Based on what we looked at in the first round, yes, sir, they were.

Mr. DOYLE. Thank you. I think that is my time. Thank you, Mr. Chairman.

Mr. WALDEN. I thank the gentleman for his questions and the panel for their answers and now I go to the gentleman from Kentucky, Mr. Guthrie.

Mr. GUTHRIE. Thank you, Mr. Chairman. Thank the witnesses for being here today. And Mr. Shorman, is RTS—is that a private company? I don't know the answer is. Is that private or is that like a cooperative type?

Mr. SHORMAN. It is a cooperative telephone company that started in Lenora, Kansas, I believe.

Mr. GUTHRIE. OK. And so Hays is only 7 miles and then there is 400 square miles are 400? Was the remainder of their territory underserved?

Mr. SHORMAN. The way they set it out is that the Hays area is actually about 8 square miles. If we are service with this broadband plan square miles, that is one thing. But if we are serving customers that are actually getting broadband——

Mr. GUTHRIE. Well, that is what I am——

Mr. SHORMAN. [continuing]. Nearly half of the customers——

Mr. GUTHRIE. Why are there more incumbents in Hays then there are in the rest of the district.

Mr. SHORMAN. That is correct.

Mr. GUTHRIE. That is where the money is.

Mr. SHORMAN. However, there are incumbents in other parts of the area for our wireless. There are other providers in other parts of that area also.

Mr. GUTHRIE. But outside of Hays is it an underserved—you would say it is an underserved area they are serving?

Mr. SHORMAN. In some areas yes, some areas no. And I am not arguing about the unserved areas.

Mr. GUTHRIE. Right.

Mr. SHORMAN. Where I am talking about is where over almost half of the people are in that one 8 mile area.

Mr. GUTHRIE. At least you that I see would overbuild just from my West Point economics background is forgetting subsidized, go to the underserved, but you are also getting to the served. Then you really don't want to go into the underserved unless you can get into the served because that is where you are going to make money. Your subsidy you are going to make money because you are getting subsidized to go into the underserved, but you are going to make your profits—the money is in Hays it appears. And that is why—would you want to build out in the other areas even though you are subsidized? And that is the question I mean you go to get into that so when people look at overbuilds it is really an incentive to get in and compete with what you are trying to do. And it puts you at a disadvantage. I mean, there is no other way to—I know that is what your beef for coming here as we talked earlier is that you can't compete with that.

Mr. SHORMAN. Well, if the overbuilds and take money away from private industry so they can——

Mr. GUTHRIE. Well, that is what is happening.

Mr. SHORMAN. [continuing]. So they can move out there it seems like the wrong way to go.

Mr. GUTHRIE. Yes, I thought that.

Mr. SHORMAN. Use the funds to reach the unserved areas and reach those people that really need it, not to compete.

Mr. GUTHRIE. Well, my—it is coming up with one player.

Mr. SHORMAN. Yes, eventually.

Mr. GUTHRIE. It is going to end up with one player in that area.

Mr. SHORMAN. And that has happened in that region in some other areas.

Mr. GUTHRIE. OK. My understanding in your testimony, I think your written indicated there was a map that you were—you looked at of the application for the person who has received their award that didn't have Hays in the map?

Mr. SHORMAN. The initial map that came out had—and I will call them donut holes around Hays and some of the other areas and when we looked at that map we really had trouble. We tried to ask the RUS about this and even though we had a donut hole that looked like Hays was not included, we contacted them, told them what we were doing. We also told them that there were other competitors, AT&T and RTS's own affiliate Nex-Tech that were also providing services in that little area. So we tried to do that and frankly when the word came out we were really surprised that it even covered that because of that donut hole. We went back and after a lot of work and a lot of time, the next map that we finally got out of the RUS showed Hays was all included.

Mr. GUTHRIE. But the map that was submitted with the application did not have——

Mr. SHORMAN. The first map that came out on the Web site showing where the application, where it was attended to to be had a donut hole——

Mr. GUTHRIE. Had Hays——

Mr. SHORMAN. [continuing]. Over the Hays area.

Mr. GUTHRIE. OK. And then Ms. Fong, you said earlier, well in your testimony and actually Mr. Gingrey asked the question that said in the 2005 audit. I know that was not Recovery Act. You had 60 percent of the projects were in pre-existing access even though the law requires funds not to do that? And you said that you have different language between Recovery Act and the agriculture. Is the Recovery Act more restrictive or more or less restrictive on overbuild—the language in the Recovery Act?

Ms. FONG. It is less restrictive. It allows Recovery Act projects to be funded where there are providers already. It just—and I think the way RUS has implemented this is in its application process to give credit for certain kinds of factors. But yes, the Recovery Act is a little more flexible than the law that was in effect.

Mr. WALDEN. We would now go to the gentlelady from California, Ms. Matsui.

Ms. MATSUI. Thank you, Mr. Chairman, and thank the witnesses for being here today. While no program of this magnitude can be perfect, the broadband recovery program, particularly the BTOP program will expand broadband access to more and more Americans. Like many of my colleagues on both sides of the aisle a few projects in my home District of Sacramento were awarded to improve broadband adoption capabilities. Anchor institutions like community colleges such as the Las Rios Community College District is my district were awarded grants to provide trading and digital literacy skills for local residents in my district. Last September, I, along with Ranking Member Eshoo and Congressman Markey, sent a letter to NTIA urging them to prioritize anchor institutions during the second round of funding and I applaud the administration for doing just that. I have heard from the Sacramento Public Library and the number one issue they face is a lack of capacity in suitable bandwidth or speeds to serve their customers in this time of economic stress. I have a question for Dr. Welch. Will Merit networks be providing direct fiber connections to schools, libraries, health care providers, or will it be providing "middle mile" capacity or both?

Mr. WELCH. Yes, ma'am, both.

Ms. MATSUI. Both, OK.

Mr. WELCH. And we are also linked in with the public computing center award for Michigan State. We will be directly connecting many of those sites that were funded by the BTOP program.

Ms. MATSUI. OK. If it wasn't for the ARRA grants would the localities have the resources to connect anchor institutions?

Mr. WELCH. No, ma'am. Well, so definition of connecting being dark fiber, and no ma'am they would not.

Ms. MATSUI. OK. Mr. Zinser, do you believe that the BTOP program has adequately served the anchor institution community?

Mr. ZINSER. I—Congresswoman, I know that the second round did put emphasis on connecting to anchor institutions and I would agree that I think that the second round did accomplish that.

Ms. MATSUI. OK. Dr. Welch again. One of the requirements of the goals at BTOP was to encourage collaborative projects in a wide range—array of participants that might benefit from the ef-

fort. So cooperation with State and local officials as well as local institutions was highly encouraged. I know that the State of California was very active on this because we heard from them a lot during the grant process. What kind of collaboration did you engage in for your project?

Mr. WELCH. Ma'am, we collaborated both at the state level with state agencies. We collaborated with other people who were applying so that we would interlink our projects and make sure that they were synergistic. We collaborated with commercial providers who are sub recipients and then of course we collaborated with all the local governments, the community anchor institutions, the state 911 agency to try and make sure that we could meet everybody's needs. And as you know it is an optimization problem so you try and move a little bit here and there but get the best result for the region.

Ms. MATSUI. Did you actually do outreach to do that?

Mr. WELCH. Yes, ma'am.

Ms. MATSUI. OK. So do you think that your project is stronger because of this?

Mr. WELCH. Yes, ma'am.

Ms. MATSUI. OK. And you are willing to go on record saying that this is something should have happened all over the country in essence in order to extend the reach particularly for anchor institutions?

Mr. WELCH. Yes, ma'am. I am extremely proud of what we are doing in Michigan and I think it is going to be a great thing for Michigan.

Ms. MATSUI. OK. Thank you. Mr. Chairman, I yield back.

Mr. WALDEN. Thank you gentlelady and now we will go to the Vice Chair of the Committee, Mr. Terry.

Mr. TERRY. Who will be on time next time. I want to follow up a little bit on what Mr. Doyle was talking about and Mr. Shorman, as you may know we have worked on USF a little bit, a few draft bills. The last couple draft bills has focused on more of a micro look at rural companies and excluding from USF places like Hays that has competition from being able to receive USF funds. So while one area of government is trying to make sure that areas, those pockets of 20,000 and Nebraska's in the same way, most rural will have pockets of 15–20,000 that are well served. What we are trying to find is though are those towns of 200, 300 that are not. Maybe no access or they called broadband 250 kilobytes and don't have the infrastructure to get to 10 or even in today's world 30 maybe, what is needed. So the point that I want to bring up, my kid on this is I understand from you opponents in this they said well you only have 3 percent of the project area, therefore, it is all rural. You would disagree I assume with that assessment that you should just if the project area is large enough that a town of 20,000 is only three percent of the geographical area we shouldn't worry about it.

Mr. SHORMAN. Well, I am only a farm boy, but it seems silly to me that we are not serving square miles. We are serving customers in these areas outside of here and to take and grow a map big enough—I assume at some point you get a bit enough map you could make LA a rural town. That doesn't make sense.

Mr. TERRY. So I want to go then to Mr. Goldstein, Ms. Fong, in—well first of all is GAO or inspector general then offer reports back to RUS and NTIA that says you should have a deeper level, a more of a granule definition of unserved where larger communities that have two or three providers should be excluded? Do you make those type of recommendations?

Mr. GOLDSTEIN. No, sir, we don't. We make recommendations related specifically to audit findings based on criteria that an agency has established or that were in law.

Mr. TERRY. All right. Ms. Fong, how about with the inspector general's report?

Ms. FONG. We would go in and look at the language of the Recovery Act that authorizes this program and attempt to assess how RUS implemented that and whether the criteria they applied made sense and comply with the statute. And I think what I am hearing today is a very interesting discussion about how you define rural area. Is it square feet? Is it number of users? It is a very interesting issue that I have not focused on, but I appreciate you raising that.

Mr. TERRY. And we are doing it in the drafting of the USF bill, so I know it can be done. But anyway, just—Ms. Fong and Mr. Goldstein on rescissions of contracts or loans, pools of money out there, have any been rescinded do you know of from our US under the Stimulus act?

Ms. FONG. I don't know. The awards were all made by September 30 of 2010, so it is unlikely that anything has been rescinded. It is now February. But I don't know that for sure.

Ms. ESHOO. Would the gentleman yield?

Mr. TERRY. Sure.

Ms. ESHOO. I think there is one under BTOP.

Mr. TERRY. OK.

Ms. FONG. OK.

Mr. TERRY. Would that be your understanding, too, Mr. Zinser?

Mr. ZINSER. Yes, sir, about $300 million I think was rescinded at one point.

Mr. TERRY. All right and I think during the first line of questioning or opening with Mr. Walden, you meant—Ms. Fong, you said that when it is rescinded that 300 million goes back to the agency and then it is used in at their discretion. Is that a fair statement?

Ms. FONG. I am going to defer to my colleague.

Mr. ZINSER. In the case of the BTOP program the Congress directed that it be used for a different program. They took it away from BTOP and used it for a different program. That was an act of Congress.

Mr. TERRY. OK.

Mr. ZINSER. I think the way the Recovery Act is set up for BTOP if for whatever reason grant money does get returned to the agency, the Recovery Act I think at this point does provide the administrator with the discretion of reissuing that money to another grantee.

Mr. TERRY. So it doesn't go back to the Treasury. So we——

Mr. ZINSER. Well, it is complicated. As I mentioned the Dodd-Frank legislation about de-obligated money and what happens to

that. And there are provisions for the administrator to actually transfer the grants to another grantee before they would become de-obligated, so you really have to drill down into those issues.

Mr. WALDEN. Thank you.

Mr. TERRY. Thank you.

Mr. WALDEN. Now we go to Mr. Towns of New York.

Mr. TOWNS. Thank you very much, Mr. Chairman, and of course Ranking Member for having this hearing and of course let me indicate to you I am happy to be back as well. Mr. Zinser, perhaps you can help us figure out what an appropriate level of funding might be for such oversight going forward. I don't expect you to provide us with a dollar amount, but give us some general views and feelings in terms of what a model should be in terms of oversight. And I am going to ask you too, Ms. Fong.

Mr. ZINSER. Well, the budget request for NTIA for fiscal year 2011 was about $24 million at the end. I think they had originally asked for more than that and eventually the request from the President for fiscal year 2011 was about $25 million. And that would have funded a number of staff at NTIA to actually be charged with overseeing specific grants. For our work, the Recovery Act appropriated about $10 million for my staff. If you look at my overall budget compared to the department it is a little less than that proportion, but my view is that I am going to deliver the best oversight I can with whatever resources I get.

Mr. TOWNS. In other words you are sort of saying that might not be enough?

Mr. ZINSER. It might not be enough, sir. If we start getting a lot of complaints and a lot of allegations of fraud for example it could get very expensive to go out and actually investigate each one of those with 230 plus grants out there.

Mr. TOWNS. Ms. Fong?

Ms. FONG. The RUS has an oversight program in place because, as you may know, the broadband program has pre-existed the Recovery Act for about 10 years. And we understand that they have a system whereby they have contracted out with an external contractor to help them for the next two years. They also have in place employees who are onsite across the nation to look at auditing the receipts that come in against the grants and also to do compliance reviews of recipients. It is our understanding that RUS believes that this framework will work well for them. I do not have a sense of whether they believe that they need more resources or not. Their request for fiscal year 2011 is about $300 million to run the whole program and that would include both grant and loan authority as well as oversight. At this point I would suggest that perhaps someone ask the RUS administrator their view on that in terms of oversight funding.

Mr. TOWNS. My concern is that you know we talk about waste, fraud, and abuse, and even stupidity. You know we even add that, but the point is that many times though we are not prepared to fund you know and be able to go and to look and to see and that is really my concern. And that is really why I raise this question. Because I think that we make a mistake when we don't have the resources to go out and do it because that is waste and I don't think that—we cannot afford the luxury of waste in any kind of

way today. So on that note, Mr. Chairman, and again, I am delighted to be back and I yield back.

Mr. WALDEN. We are delighted to have you back and we will take back the time and give it to Mr. Latta. Mr. Latta, you are recognized for 5 minutes.

Mr. LATTA. Thank you, Mr. Chairman, and I want to thank all the folks who are here today. It has been very, very enlightening today on your testimony. Boy, I have a lot of questions I would like in such a short period of time, but if I could, Mr. Shorman, let me just go back to what Mr. Shimkus was saying a little bit earlier. I just want to make sure that we are clear for the record that your application was to serve those in unserved areas and that the award that was given was given to RTS and that was going to serve about—at least 50 percent of an area that has already been served. Is that correct?

Mr. SHORMAN. That is close to correct, yes.

Mr. LATTA. OK. And something else in your testimony I thought that it was also interesting that—unfortunately we don't have time to have you give the entire testimony but you have 277 employees?

Mr. SHORMAN. Yes.

Mr. LATTA. And you have 212 which are employee owners through your employee stock ownership plan, but I also found it interesting in your testimony on page two. And this really goes to a crux of a lot of things that happen with a lot of companies in our areas. And what happens sometimes when government puts people out of business sometimes, it says here in your paragraph that your Eagle Cares program that you have a partnership with the Salvation Army that you help needy individuals with their telephone, Internet, and cable payments. You have helped deliver meals on wheels to retirees when there is bad weather that has kept their drivers off the road. You donated an emergency heart defibrillator units to the community schools. You raised hundreds of thousands of dollars for children by sponsoring an annual telethon. What happens when government puts you to a point that you can't compete and what happens to your employees and what happens to all of your community work?

Mr. SHORMAN. I am so proud of our employees. We are employee owned. Our 277 employees of which 212 are employee owners, they participate in the upside and the downside of the company. When we have a competitive overbuild like what has happened and happened in other communities it affects each one of their-our employees and their ability to go out and do these types of things. And I am proud of what they do.

Mr. LATTA. Let me just follow up real quick on that. Do you foresee that you might with the competition you know that is coming through this grant that you might end up having to lose employees?

Mr. SHORMAN. We have to survive as a company and when customers go away or are taken away by a government overbuild then we have to make adjustments there and that would cost us employees and would cost our company and the shareholders which are once again the employee owner.

Mr. LATTA. OK. Thank you very much. If Ms. Fong, if I could ask you. I also found your written testimony very interesting. You re-

port, you say on page three of your testimony that in 2005 you made the report that there are 14 recommendations and in the response RUS did not agree with how the OIG portrayed the broadband grant and loan params and for the next several years the OIG worked with RUS to resolve those recommendations. And then in 2009, you revisited broadband programs and you saw that eight of the 14 recommendations had not been taken—had not had corrective adequate, or should say adequate corrective action at that time. You go on to state in your testimony that from '05 through '09, RUS continued providing questionable loans to providers near very large cities or in areas of pre-existing service. And that you go on to state that they had—RUS delayed in responding because of the '08 Farm bill. But you also state that as January of 2011 the office of the Chief Financial Officer has not accepted RUS as actions as adequate to close 10 of those four recommendations from '05. I guess it really comes down to my question is this. You know when all these things are going on and all these years are passing what is your—what action can you be taking especially based on your experience of what percentage of the grants, of these grant awards can be expected to have problems with waste, fraud, and abuse and how much—how many of those might go—be unused and be reclaimed?

Ms. FONG. Well, that would be the focus of our planned audit work for later this spring. What we plan to do is to go back and take a look at how RUS is implementing the Recovery Act in the context of the recommendations that we had made in the previous audits. And we recognize that some of those recommendations have been overtaken by events, but we are also very concerned about a number of them that go to the management of the program. In a nutshell, we are concerned that it appears RUS does not yet have final regulations to implement its broadband program. It lacks written staff guidance to help the staff make decisions on how to award service and deal with loans and de-obligate and cancel loans. And so we are very interested in going in and looking at the management controls of that program to see if that program could really run a lot more effectively. While we do that we will be looking at individual grants and loans to see if there are instances where some of those funds could be gotten back. And we will let RUS know about that.

Mr. LATTA. Thank you. Mr. Chairman, I yield back.

Mr. WALDEN. Thank the gentleman. We now recognize the gentleman from Massachusetts, Mr. Markey. Yes, I believe I will go to the gentlelady from California for a unanimous consent request.

Ms. MATSUI. Thank you. I do have a unanimous consent request, Mr. Chairman, to place some things in the record. There are two letters in support of the Rural Telephone and Nex-Techs broadband expansion proposals from Lynn Jenkins and from Jerry Morand, Congressman Morand. These were referenced earlier. And then these are letters of support for the RTS project from the First National Bank of Hays, Kansas, the Ellis County Commission of Hays, Kansas, the Ellis County Coalition for Economic Development, the Hays Medical Center, the Hays Public Library, the North Central Kansas Technical College of Hays, Kansas, and the Fort

Hays State University of Hays, Kansas. So I appreciate this and I would like to place these in the record.

Mr. WALDEN. Without objection.

[The information appears at the conclusion of the hearing.]

Mr. WALDEN. And now I would like to recognize the gentleman from Massachusetts, Mr. Markey. You are the last one so it is hard to pass at this point.

Mr. MARKEY. Thank you very much. Thank you. If there is a proxy for economic development in a country it is the deployment of broadband. And 2 days ago we celebrated the 15th anniversary of the signing of the Telecommunications Act of 1996. February 8, 1996. Fifteen years ago today, not one home in America had broadband. Fifteen years ago today, not one home in America had broadband. Fifteen years later, Google, eBay, Amazon, Hulu, YouTube, on and on and on. Two million jobs, branded, made in America. We won. We are not doing that in clean energy yet. China is trying to do that. We don't have a plan, but that is a great economic opportunity for us. That is another committee right now that is even not here. In the Stimulus bill I was able to add language which required that each of these grants got open access as a part of the condition. Mr. Shorman, is that important to have open access as a part of insuring—as a part of the deployment of broadband in our country?

Mr. SHORMAN. If open access is available and is easily usable that can be important.

Mr. MARKEY. So what challenges would your business face if we had to—if open access was a part of receiving funds into the Recovery Act?

Mr. SHORMAN. You have to be able to work—have a workable plan with the company that you would be getting access from and what we have found in some other experiences is that has been difficult to make happen.

Mr. MARKEY. And why is it difficult?

Mr. SHORMAN. It appears there is a boatload of rules that you have to go through to make things happen which is a great barrier.

Mr. MARKEY. A boatload of rules that the other companies have?

Mr. SHORMAN. That is correct.

Mr. MARKEY. The companies, sir, a lot of companies that don't really believe in open access.

Mr. SHORMAN. That is exactly right.

Mr. MARKEY. You create those rules as the obstacles.

Mr. SHORMAN. And so in the pure sense having open access is very important.

Mr. MARKEY. Oh, it is so——

Mr. SHORMAN. In reality it becomes a lot more difficult to make happen.

Mr. MARKEY. It is so important. You know because as you know Verizon and AT&T turned down the contract to build the Internet and then they—at each juncture they have turned the opportunity to go into the Internet until we did the '96 Act, you know and then they sued. They called it a Bill of Attainder in the Supreme Court and they tried to stop it, you know, after we passed the '96 Act—Verizon and PacBell. So there are problems without question. Could you—can you provide, Mr. Goldstein, a specific example

where the Recovery Act does not provide the authority for the return to the Treasury of unused or reclaimed broadband funding with this draft bill would?

Mr. GOLDSTEIN. We haven't looked at that specifically, sir. I will take a look and get back to your office. I would be happy to.

Mr. MARKEY. Yes, please, thank you. And on the issue of total percent of Americans which now do not have broadband. I know that those numbers came up earlier. Could you tell me what those numbers are? Ms. Fong, do you know the answer to that?

Ms. FONG. I do not know.

Mr. MARKEY. Does anyone out there know the answer to that question?

Mr. GOLDSTEIN. We can get back to you, sir. We will take a look.

Mr. MARKEY. OK. I think that is important. We need a—this is all part of a plan for the future for our country so that we are capturing all of the opportunities which broadband presents for economic development in rural America and inner city America so that everyone is participating. The E rate, which I was able to include in the 1996 Act and it ensured that all schools, the poorest schools all have access to it so that the kids get the skill set. It really doesn't divide along regional lines. It is for every kid in America so that they have it in their schools. But this broadband plan actually helps them to get it in their homes as well and I just can't think of a more important thing that we could be doing to ensure that our economic growth continues unabated without this kind of a program in place. It ensures that it is uniform and that it captures the future. It captures what our country has to be all about in the 21st century. And on a bipartisan basis I think we should all work towards that goal of empowering every human being, children especially to be able to maximize their God-given abilities by having access to broadband. Because it is the indispensible skill set that will make them competitive with a portable skill set that they can use anywhere in our country or the world in their lives here in the 21st century on this planet. And that is really what that provision was all about in the Stimulus bill and I thank you, Mr. Chairman, for holding this important hearing.

Mr. WALDEN. Thank you, Mr. Markey. We appreciate it. We now go to Mr. Scalise for 5 minutes.

Mr. SCALISE. Thank you, Mr. Chairman. Mr. Shorman, does your company use your private investment to make the investments that you have made to build out the network in rural communities?

Mr. SHORMAN. Yes, in a sense we have a traditional banking relationship where we go and put our plan together and they in turn fund our projects.

Mr. SCALISE. So you are risking your private capital to go build up a network and then of course as you risk that it is—the business model is that you are investing that capital so that you can ultimately create this infrastructure that ultimately people would be able to use and then you can get that money back instead of having taxpayer money go to build it out.

Mr. SHORMAN. It is kind of the American way to be able to take money, build something, build a product, sell it, and then get the money back and pay off your loan. Correct.

Mr. SCALISE. Seems like a—for too long that model has worked so well and you know in the last few years it seems like government wants to come along and take the place of what the private sector did and of course from all the results the government's not doing a real good job of it and we are drowning in a sea of red ink in the process. When you look at what happened with, you know, with these RUS grants does taxpayer money being used to in essence fund your competitor serve as an incentive or disincentive to you—for you to make future investments?

Mr. SHORMAN. Well, it certainly disincentive in our areas where that—where there is an over builder that is using—again, it is my tax dollars also that are being used to compete against me along with our other employee owners. So exactly to that point it does cause us to have to look at where we spend our money and what we can do with that money.

Mr. SCALISE. What kind of jobs are related to the investments you have made so far? How many jobs have you created along the way with this private investment, the risk that you have taken as a company? What kind of jobs has that equated to?

Mr. SHORMAN. Well, our company has not quite doubled in size with some of the acquisitions that we have had. We also do our own fiber install. We do our own technology training. We do things throughout our company that continues to grow. And because of our employee owners live in those same communities it is not like we are a big cooperation. We are a small company based in Hays, Kansas that covers that area in North central and Northwest Kansas.

Mr. SCALISE. How many people work for your company?

Mr. SHORMAN. Two hundred seventy-seven give or take you know a few along the line and we have 212 of those are employee owners that own stock in the company and the employees own 63 percent of our company.

Mr. SCALISE. And what is the average pay for these jobs?

Mr. SHORMAN. It can vary. It can vary from 20-30,000 a year to higher than that in certain areas.

Mr. SCALISE. Again, sounds like the American dream creating a lot of jobs and a lot of opportunities for people. When the Stimulus bill was going through one of the claims that was going to be made was that this would increase broadband deployment especially in rural areas and create jobs. From your experience is the program reaching the unserved or is it just jeopardizing some of the things that have already been done by the private sectors.

Mr. SHORMAN. I think in some of the letters that were presented earlier this process was proposed to reach unserved rural Northwest Kansas people. That is a great project. If it reaches unserved customers that is a terrific way for this money to be spent. However, in reality the biggest part of that or a major part of that is overbuilding existing operations and existing broadband providers.

Mr. SCALISE. And that kind of duplication just wasn't what was promised to the American people.

Mr. SHORMAN. That is not what we understood it to be.

Mr. SCALISE. Appreciate that. Mr. Goldstein, you state that the RUS plans to use its existing oversight framework that it uses for grant and loan program. Given the problems the Inspector General

Fong has reported on about RUS is this an effective oversight plan to prevent the defaults and the obligations RUS has experienced in the past?

Mr. GOLDSTEIN. I think we would have to wait and see, sir. We don't know yet.

Mr. SCALISE. All right, Mr. Fong, do you want to—I am sorry, Ms. Fong, do you want to comment on that?

Ms. FONG. That will be one of the things that we will be looking at most likely in our audit. I will say that in the past RUS, in its oversight capacity, when it has identified instances of wrongdoing in the program they have come to us and made referrals to us and those have resulted in successful prosecutions. So we do know that at least on some level their oversight program has been effective.

Mr. SCALISE. All right, thank you. And Mr. Zinser, I understand that auditing grants at this time is very difficult because even though the money has been awarded the grantees have not done much yet. What are planning to do to ensure that the taxpayer money is not misspent?

Mr. ZINSER. We have got a number of steps we have to take. Number one, we are going to see how well NTIA is overseeing their portfolio of grants. We have got to make sure that the program office is doing its job. We are going to go through a process of identifying the grants into a risk assessment and identify the riskiest grants. NTIA is doing a similar process.

Mr. SCALISE. Do you know how long it will take to really get a formula in place to know how well this taxpayer money is being spent?

Mr. ZINSER. We are going to initiating grants. Very soon, I don't know that a complete formula will be developed, but one of the things we are going to do for example is the Recovery Board, the Recovery and Accountability Transparency Board has set up a capacity of checking grantees across a number of public source databases for risk indicators. We are going to use that capacity to identify potential audit targets.

Mr. SCALISE. Thank you, Mr. Chairman. I yield back.

Mr. WALDEN. Thank you and I want to thank our panelists for your participation in the hearing today. I think it has helped us think about this program and look at the legislation that has been drafted. If you have comments and suggestions about how you—how we can improve the draft legislation we would welcome those not only from our panelists but others who are observing these proceedings and certainly from my colleagues on both sides of the aisle. I would like to thank our witnesses and members that participated in today's hearing. I would remind members that they have 10 business days to submit questions for the record and I would ask that the witnesses all agree to respond promptly to those questions. I will note for the record your head nods in favor of that. And with that the subcommittee is adjourned.

[Whereupon, at 11:56 a.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

Statement of Chairman Fred Upton
Subcommittee on Communications and Technology Hearing on ARRA Broadband Spending

We all share the same goal of ensuring that as much of our country has access to broadband as possible. The question, of course, is what's the best way of going about it. In these difficult economic times, it is important that we both encourage private sector investment and spend any taxpayer dollars wisely.

The good news is that most of the work is already done. According to the FCC's National Broadband Plan, 95 percent of the country has access to broadband and two-thirds subscribe. We have gone from 8 million broadband subscribers to 200 million in approximately 10 years. So we are starting from a very good place.

Today's hearing examines the stimulus package provisions allocating $7 billion to the National Telecommunications and Information Administration and the Rural Utility Service for broadband grants and loans. The hearing is intended to begin oversight of the program and also to consider staff draft legislation designed to improve oversight and return unused or reclaimed money back to the U.S. Treasury.

When we marked up the broadband provisions of the stimulus bill last Congress, many of us proposed focusing on the 5 percent of the country that is

unserved. It simply made sense to us to make sure everyone had "firsts" before we started working on "seconds." We also suggested focusing on areas that are otherwise uneconomic for the private sector to serve. When spending our constituents' money, it just seemed sensible not to allocate dollars to places the private sector was already serving, or was likely to serve in the future.

Focusing on unserved areas that are otherwise uneconomic to reach also helps minimize overbuilding existing providers. Deploying broadband is an expensive business, whether you're using your own money or taxpayer money. It is also a difficult business. And it becomes that much harder if your subscriber base has been cut in half. Competition is, of course, a good thing. But we're talking about rural areas that are even more difficult to serve because there are fewer residents spread over very large areas, and because there are mountains or other challenging terrain. Forcing a company to compete with a government-subsidized competitor can actually hinder deployment and cost jobs. And the government-subsidized entity will also have a harder time competing, preventing the taxpayers' money from going as far. For all these reasons, overbuilding is something to be minimized.

All of these concerns led us to suggest that we wait for the nationwide broadband map before we start spending money. It becomes much harder to avoid

these pitfalls if you don't know precisely where broadband already is. That map is not due to be unveiled until next week, but the money has been awarded already.

My hope is that the money will have been well spent, but oversight will be important to make sure we see what the money produces and we learn from any mistakes. It is also important because we are about to begin a very similar conversation regarding reform of the Universal Service Fund. The President has also recently announced a goal of reaching 98 percent of the country with wireless broadband. It is always tempting to throw taxpayer money at these sorts of issues. And once we do, it only makes sense that we try to ensure some of that money gets used in our districts. It is, after all, originally our constituents' money. But we need to think long and hard before passing laws to make sure we are allocating our resources wisely.

PREPARED STATEMENT OF HON. EDOLPHUS TOWNS

Thank you, Chairman Walden and Ranking Member Eshoo. I am very pleased that the Sub Committee is holding this hearing. Our constituents need to know that we are keeping an eye on how well the Recovery Act funding for broadband programs is being used in communities all over this country.

As a long time member of this Committee I have seen how broadband has transformed our economy. Recovery Act funding will accelerate this trend and I truly believe that the benefits will be keeping America strong and competitive well into the 21st Century.

As Chairman of the Committee on Oversight and Government Reform last congress when the Recovery Act was enacted, I and my colleagues worked tirelessly to incorporate the processes that made this spending the most transparent and accountable in history. I pledge to work with the other side in the new congress to continue making sure taxpayer money is efficiently spent. However, I have looked at the proposed legislation that is being discussed at this hearing and I believe that it is unnecessary and duplicative of oversight efforts already mandated in the last congress.

I am pleased that the GAO and the Inspector Generals in charge of preventing waste fraud and abuse in these broadband programs are here today to share their perspective. I look forward to hearing their findings and recommendations. I strongly believe we should make a bipartisan commitment to give them the resources they need to conduct vigorous oversight of the funds going forward.

In New York City, these projects are already underway and having a major impact. As an example, The NYC Connected Learning program is designed to effectively link the home and school learning environments. It will provide more than 18,000 sixth grade students in 72 low-income schools with home computers, discounted broadband service, educational software, digital literacy training and an array of resources. School populations are approximately 40 percent Latino, 31 percent African-American, 15 percent Asian-American, and one percent Native American. The program is underway citywide. Nearly 5,000 families in about half of the schools (nine from Brooklyn) have participated to date and the program is on track to ultimately serve the targeted number of 18,000 students.

We embarked on an effort to prepare America for a 21st Century economy when we appropriated money towards broadband technology. We must take advantage of the opportunity these funds provide because, while recovery does not happen in the blink of an eye, innovation can. Readiness requires quality internet access for all Americans. It requires tough oversight and continuing our investment in broadband.

Thank you and I yield back the balance of my time.

2204 Rayburn House Office Building
Washington, DC 20515-0530
(202) 225-3976
www.house.gov/waxman

District Office:
8436 West Third Street
Suite 600
Los Angeles, CA 90048-4183
(323) 651-1040
(818) 878-7400
(310) 652-3095

Congress of the United States
House of Representatives
Washington, DC 20515–0530

HENRY A. WAXMAN
30th District, California

CHAIRMAN
COMMITTEE ON
ENERGY AND COMMERCE

AUG 17 2010

August 4, 2010

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
U.S. Department of Commerce, Herbert Hoover Building
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

ACTION OFFICE Many
COPIES TO Cong. Affairs

SUSPENSE DATE 8/30/2010
REMARKS
CONTROL# 4147

Dear Secretary Strickling,

I am writing in support of two grant applications submitted by the California Emerging Technology Fund (CEFT) to the National Telecommunications and Information Agency (NTIA). These applications are for Round Two funding for the Broadband Technology Opportunities Program (BTOP). The two proposals are for Digital Literacy for All (DLA) and Access to Careers and Technology (ACT).

CETF has worked in partnership with other non-profits in California on these applications. In the 30th congressional district, which I represent, funds from these applications would go to Chrysalis and the Salvation Army. They would provide computers and training in technology to young people and to the unemployed to improve their ability to find employment. Funds from these applications would also support statewide programs of the ACME Center, the California Foundation for Independent Living Centers, California Resources and Training and Empowernet CA, which would help to close the digital divide in the 30th congressional district as well.

It is estimated that the two proposals would result in 2,864 jobs statewide enlisting 28 anchor institutions as training sites and broadband access points. The Digital Literacy for All proposal will help 28,500 low-income youth and adults gain digital literacy skills while the Access to Careers and Technology proposal would provide digital literacy skills for some 36,900 low-income youth and adults.

I hope you will give these grant applications every consideration consistent with applicable laws and regulations.

Sincerely,

Henry A Waxman

HENRY A. WAXMAN
Member of Congress

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

OVERSIGHT AND
GOVERNMENT REFORM
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515-3210

WASHINGTON OFFICE:
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5936

BROOKLYN OFFICES:
186 JORALEMON STREET,
SUITE 1102
BROOKLYN, NY 11202
(718) 855-8018

10408 FLATLANDS AVENUE,
BROOKLYN, NY 11236
(718) 272-1175

NOV 18 2009

October 21, 2009

The Honorable Gary Locke
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

ACTION OFFICE Mann
COPIES TO Cong. Affairs

SUSPENSE DATE 12/2/2009
REMARKS
CONTROL# 2090

Dear Secretary Locke,

By now you have received the application for funding from Towerstream. I am writing to express my support of their application for grant funding for the Broadband Technology Opportunity Program (BTOP) with the U.S. Department of Commerce, and hope that you will give them full and fair consideration under the applicable law. Towerstream has benefited underserved communities and my Congressional District in Brooklyn, and I feel they are a worthwhile candidate for this funding.

I have been told by my constituents in Brooklyn that broadband service is lacking, or entirely unavailable, in many parts of this community. It is vital that we seize this opportunity provided by the Recovery Act not only to reach rural underserved, but also to address the needs of one of our nation's urban underserved populations. Adequate Internet access is needed by consumers, businesses, public safety agencies, and disadvantaged small businesses in underserved urban areas for the very same reasons it is needed in rural areas.

I understand that Towerstream's proposal provides for a sustainable model of urban broadband deployment, a key requirement in the BTOP application process. Its application for Brooklyn provides for discounted service for anchor institutions, public safety agencies and small disadvantaged businesses in underserved areas.

I hope the U.S. Department of Commerce will give full consideration to this proposal. If you have any questions of my support for Towerstream and its application, please do not hesitate to contact Megan Cornish in my Washington, D.C. office at (202) 225-5936.

Sincerely,

Edolphus "Ed" Towns
Member of Congress

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

OVERSIGHT AND
GOVERNMENT REFORM
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515-3210

APR 2 2010

WASHINGTON OFFICE:
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5936

BROOKLYN OFFICES:
186 JORALEMON STREET,
SUITE 1102
BROOKLYN, NY 11202
(718) 855-8018

10408 FLATLANDS AVENUE,
BROOKLYN, NY 11238
(718) 272-1175

March 26, 2010

Lawrence E. Strickling
Assistant Secretary for Communications and Information
Herbert C. Hoover Building
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

ACTION OFFICE Mary
COPIES TO Corp. Affairs

SUSPENSE DATE 4/16/2010
REMARKS
CONTROL# 3163

Dear Assistant Secretary Strickling:

By now you have received an application for funding from Xchange Telecom Corp. I am writing to express my support for the Broadband Technology Opportunities Program application being submitted by Xchange Telecom Corp. and hope you will give the application full and fair consideration under the applicable law. The application is being submitted in partnership with key community anchor institutions and a "last mile" minority- and woman owned business enterprise ("MWBE").

The Broadband Technology Program will help stimulate the economy, create job opportunities and economic growth in Brooklyn, and bring high-speed broadband internet access to homes and businesses in the unserved and underserved areas of Brooklyn. A high percentage of those unserved and underserved areas are in the 10th Congressional District, and include Bedford-Stuyvesant, Brownsville and East New York, communities that have been neglected by commercial ventures and educational services, and the residents of which are predominantly African-American or immigrants of European and African descent.

The proposed high-speed access network that Xchange Telecom Corp. is planning to construct in Brooklyn, New York, and specifically within the 10th Congressional district, may begin to address the connectivity and end-user-service quality issues of the current telecom infrastructure in Brooklyn. It is unacceptable that our community continues to suffer from poor telecom infrastructure. I look forward to the development of a community-wide, high-capacity broadband network connecting, with fiber optic technology, schools, libraries, medical and health care facilities, community health centers, public safety entities, community colleges and other institutions of higher education, community-based service organizations and small businesses.

I hope the Department of Commerce will give full consideration to this proposal. If you have any questions about my support of Xchange Telecom Corp., please do not hesitate to contact Megan Cornish at 202.225.5936.

Very truly yours,

Edolphus "Ed" Towns
Member of Congress

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

OVERSIGHT AND
GOVERNMENT REFORM
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515–3210

WASHINGTON OFFICE:
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5936

BROOKLYN OFFICES:
186 JORALEMON STREET,
SUITE 1102
BROOKLYN, NY 11201
(718) 855-8018

10408 FLATLANDS AVENUE,
BROOKLYN, NY 11238
(718) 272-1176

DEC 17 2009

December 7, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
Administrator, National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

Dear Secretary Strickling,

By now you have received the application for funding from MegaPath, Inc. I am writing to express my support of MegaPath's funding proposal for the Broadband Technology Opportunities Program (BTOP) and hope that you will give them full and fair consideration under the applicable law. MegaPath has demonstrated itself to be an asset to New York City and my Congressional District in Brooklyn, and I feel they are a worthwhile candidate for this funding.

MegaPath proposes an innovative solution to provide affordable last-mile broadband service, including an Internet access device, to residents of 337 underserved communities in 12 northeast states, including New York. I believe MegaPath's broadband proposal is a particularly good solution for residents in need of affordable broadband solutions in New York. The proposed MegaPath service will allow the most vulnerable populations (low income, unemployed, and aged) to have and utilize broadband access.

I hope the Department of Commerce will give full consideration to this proposal. If you have any questions of my support for MegaPath and its application, please do not hesitate to contact Megan Cornish in my Washington, D.C. office at (202) 225-5936.

Sincerely,

Edolphus "Ed" Towns
Member of Congress

ACTION OFFICE Mary
COPIES TO Cong. Affairs

SUSPENSE DATE 1/4/2010
REMARKS
CONTROL # 2305

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

OVERSIGHT AND
GOVERNMENT REFORM
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515-3210

WASHINGTON OFFICE:
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5936

BROOKLYN OFFICES:
186 JORALEMON STREET,
SUITE 1102
BROOKLYN, NY 11202
(718) 855-8018

10408 FLATLANDS AVENUE,
BROOKLYN, NY 11236
(718) 272-1175

NOV 18 2009

October 21, 2009

The Honorable Gary Locke
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

ACTION OFFICE Mann
COPIES TO Cong. Affairs

SUSPENSE DATE 12/2/2009
REMARKS Towerstream 1, Incorporated
CONTROL# 2090

Dear Secretary Locke,

By now you have received the application for funding from Towerstream. I am writing to express my support of their application for grant funding for the Broadband Technology Opportunity Program (BTOP) with the U.S. Department of Commerce, and hope that you will give them full and fair consideration under the applicable law. Towerstream has benefited underserved communities and my Congressional District in Brooklyn, and I feel they are a worthwhile candidate for this funding.

I have been told by my constituents in Brooklyn that broadband service is lacking, or entirely unavailable, in many parts of this community. It is vital that we seize this opportunity provided by the Recovery Act not only to reach rural underserved, but also to address the needs of one of our nation's urban underserved populations. Adequate Internet access is needed by consumers, businesses, public safety agencies, and disadvantaged small businesses in underserved urban areas for the very same reasons it is needed in rural areas.

I understand that Towerstream's proposal provides for a sustainable model of urban broadband deployment, a key requirement in the BTOP application process. Its application for Brooklyn provides for discounted service for anchor institutions, public safety agencies and small disadvantaged businesses in underserved areas.

I hope the U.S. Department of Commerce will give full consideration to this proposal. If you have any questions of my support for Towerstream and its application, please do not hesitate to contact Megan Cornish in my Washington, D.C. office at (202) 225-5936.

Sincerely,

Edolphus "Ed" Towns
Member of Congress

Congress of the United States
Washington, DC 20515

JAN 15 2010

January 14, 2010

ACTION OFFICE Manu
COPIES TO Congr Affairs

SUSPENSE DATE 2/4/2010
REMARKS
CONTROL# 2435

Mr. Lawrence E. Strickling
Assistant Secretary for Communications and Information
and Administrator
National Telecommunications and Information Administration (NTIA)
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Ref: Support for the Township of Irvington's BTOP Application

Dear Mr. Strickling:

As members of the New Jersey House Congressional Delegation, we take great pride in writing to you to express our support for the Township of Irvington, NJ (Irvington) Broadband Technology Opportunity Program (BTOP) application.

As Congressmen from New Jersey, we have actively supported BTOP under the Recovery Act and New Jersey Senator Frank Lautenberg is one of the primary sponsors of legislation creating the Broadband Technology Opportunity Program. It was urban cities like the Irvington that inspired us to act concerning the lack of broadband technologies that for too long have left residents of our urban centers out of the economic mainstream of society.

As you are well aware, America is currently engaged in efforts to reclaim our technological advantage from Asia and other parts of the global community. This cannot be done without our urban municipalities participating in the broadband technology transformation that is being championed by the Obama Administration. That is why we are supporting Irvington's application for BTOP funding.

We encourage your administration approve Irvington's funding request that will not only deploy a much needed broadband program citywide but also create hundreds of jobs for Irvington's residents and many residents in other New Jersey communities. **(Irvington has put together a strong public-private partnership with small businesses located in Verona, Wayne and Whippany, NJ, with disadvantaged small businesses located in Irvington and Belleville, NJ, and a host of other small businesses throughout the state.)**

The National Conference of Black Mayors (NCBM), in regards to a national broadband plan, suggested the following:

"Mayors, city and county commissioners, and all other officers of local government, have the most direct access to the American people, particularly those living in underserved communities. Therefore, these local elected officials are in the best position to access the needs of the people and implement proactive solutions that immediately speak to those needs. In the case of broadband access and adoption, municipal governments are perhaps in the best position to engage in broadband mapping activities that help ascertain the connected and unconnected in their communities.

Likewise, municipal governments can easily define areas in need of the most improvement in their communities and can, therefore, define broadband opportunities in a way that state and federal governments cannot."

We agree with NCBM and other distinguished organizations advocating the granting of BTOP funding on behalf of municipalities.

Please keep us posted on the progress of Irvington's application. We are delighted that Irvington has developed a multi-phased approach to delivering broadband to all of Irvington which will include bringing the fiber network directly to the door step of every school, municipal building, community center and low income resident of the town. We look forward to hearing from you.

Sincerely,

Donald M. Payne
Member of Congress

Bill Pascrell Jr.
Member of Congress

Steven R. Rothman
Member of Congress

Frank Pallone Jr.
Member of Congress

ENERGY AND COMMERCE COMMITTEE:
HEALTH SUBCOMMITTEE
CHAIRMAN
ENERGY AND ENVIRONMENT SUBCOMMITTEE
COMMERCE, TRADE, AND CONSUMER PROTECTION SUBCOMMITTEE
NATURAL RESOURCES COMMITTEE:
INSULAR AFFAIRS, OCEANS AND WILDLIFE SUBCOMMITTEE
DEMOCRATIC POLICY COMMITTEE:
COMMUNICATIONS CHAIR
http://www.house.gov/pallone

FRANK PALLONE, JR.
6TH DISTRICT, NEW JERSEY

Congress of the United States
House of Representatives
Washington, DC 20515–3006

REPLY TO:
WASHINGTON OFFICE:
☐ 237 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3006
TELEPHONE: (202) 225-4671
DISTRICT OFFICES:
TOLL-FREE NUMBER:
(888) 423-1140
☐ 504 BROADWAY
LONG BRANCH, NJ 07740
(732) 571-1140
☐ 67/69 CHURCH STREET
KILMER SQUARE
NEW BRUNSWICK, NJ 08901
(732) 249-8892

June 15, 2010

JUN 22 2010

Mr. Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Support for BTOP Application by the City of Asbury Park, New Jersey

Dear Mr. Strickling:

On behalf of the city of Asbury Park, I would like to express my strong support for their Broadband Technology Opportunity Program (BTOP) application, which seeks funding for their project titled, 'Asbury Park Wireless Network for Free Broadband, CCTV, and Parking Management Systems.'

Asbury Park is an ideal candidate for BTOP funding. Classified as a "Distressed City," over 30% of Asbury Park's resident population is below the poverty level. The Citywide Wireless broadband would offer internet access to these lower-income residents, who otherwise cannot afford such access. Moreover, wireless capabilities for emergency services, such as police, fire, and medical, would greatly increase their efficacy at a minimal cost of manpower. The city also plans for shared wireless broadband access with other public agencies, such as the Board of Education, the Housing Authority, and the Asbury Park Library.

Finally, wireless broadband access would attract businesses and jobs to Asbury Park. Aggressive marketing of free public Wi-Fi would allow businesses to offer internet service to patrons at minimal operating cost to themselves. As a beachfront community, the presence of broadband access would attract many more beach patrons and thus increase the city's economic activity by providing it with a competitive advantage in attracting local businesses and creating local employment opportunities.

I greatly support the city of Asbury Park's objectives in its application. As broadband access is a critical component of life in the 21st century, it is a key tool in breaking the cycle of poverty in providing access to educational resources and subsequently improving the socioeconomic status of its residents.

Thank you for your consideration.

Sincerely,

Frank Pallone Jr.

FRANK PALLONE, JR.
Member of Congress

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 7/5/2010
REMARKS
CONTROL# 3943

PRINTED ON RECYCLED PAPER

01/27/2010 17:15 FAX 2022258865 001/001

ENERGY AND COMMERCE COMMITTEE:
HEALTH SUBCOMMITTEE CHAIRMAN
ENERGY AND ENVIRONMENT SUBCOMMITTEE
COMMERCE, TRADE, AND CONSUMER PROTECTION SUBCOMMITTEE
NATURAL RESOURCES COMMITTEE:
INSULAR AFFAIRS, OCEANS AND WILDLIFE SUBCOMMITTEE
DEMOCRATIC POLICY COMMITTEE:
COMMUNICATIONS CHAIR
http://www.house.gov/pallone

FRANK PALLONE, JR.
6TH DISTRICT, NEW JERSEY

REPLY TO:
WASHINGTON OFFICE:
☐ 237 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3006
TELEPHONE: (202) 225-4671
DISTRICT OFFICES:
TOLL-FREE NUMBER:
(888) 423-1140
☐ 504 BROADWAY
LONG BRANCH, NJ 07740
(732) 571-1140
☐ 87/59 CHURCH STREET
KILMER SQUARE
NEW BRUNSWICK, NJ 08901
(732) 249-8802

Congress of the United States
House of Representatives
Washington, DC 20515–3006

January 27, 2010

JAN 28 2010

Mr. Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

ACTION OFFICE Manu
COPIES TO Com. Affairs
SUSPENSE DATE 2/11/2010
REMARKS
CONTROL# 2507

Ref: Support for Middlesex County's BTOP Application; Grant # [illegible]

Dear Mr. Strickling:

On behalf Middlesex County which I represent, I would like to take this opportunity to express my support for Middlesex County's Broadband Technology Opportunity Program (BTOP) application.

As you are well aware, the President is a strong advocate of further connecting American citizens and small businesses to the rest of the world through providing underserved regions with access to high-quality broadband technology. As a supporter of the legislation that created the BTOP, I couldn't agree more. By providing and promoting quality broadband services, we move this country toward economic success.

I encourage NTIA to approve Middlesex County's funding request for their proposed improvements in its middle mile infrastructure. The construction and implementation of additional broadband towers within the county will provide a foundation to improve broadband access to its county residents, small businesses, hospitals, schools and local government institutions. In addition, these broadband service improvements will markedly improve emergency responders' ability to communicate in times of crisis, while at the same time reducing operating costs of the county and local governments. This funding will also help provide an additional platform for shared municipal services, including electronic data and records.

I look forward to the success of the BTOP program. Thank you for your consideration.

Sincerely,

Frank Pallone, Jr.

FRANK PALLONE, JR.
Member of Congress

PRINTED ON RECYCLED PAPER

2/11/2009 FRI 16:56 FAX 202 225 3335 002/004

Congress of the United States
Washington, DC 20515

December 11, 2009

DEC 11 2009

Lawrence E. Strickling
Administrator
Broadband Technology Opportunities Program
National Telecommunications and Information Administration
United States Department of Commerce
HCHB, Room 1874
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Administrator Strickling,

As Members of Congress from the state of California, we write to encourage you to give full and fair consideration to Califa Group's *21st Century Learning Centers* application for Broadband Technology Opportunities Program (BTOP) federal stimulus funding. In February 2009, Congress passed and the President signed the American Recovery and Reinvestment Act (ARRA), which included $4.7 billion for competitive BTOP grants.

The Califa Group is a not-for-profit library membership consortium in California that has worked with the California libraries and the California community colleges to provide broadband infrastructure in unserved and underserved areas. According to the application, this project would create 66 high-definition videoconferencing and public-computer centers at 58 California library and community-colleges throughout the state.

As you know, libraries and community colleges are anchor institutions at the frontline of helping people with job search and new skills development. With increased broadband access, these essential institutions can better serve all California communities by offering advanced educational and information services, such as online adult and family literacy programs, job training, placement, and education.

Additionally, the Califa Group has stated that this project will help create or save jobs at libraries, community colleges, and other participating sites. The applicant also proposes that indirectly, many more jobs will be created and much economic development will be stimulated by increased access to technology.

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 12/28/2009
REMARKS
CONTROL# 2264

PRINTED ON RECYCLED PAPER

Investing in high-speed broadband at our community colleges and our libraries will provide much needed broadband access to our unserved and underserved population, while also creating or saving jobs. We, therefore, urge you to give full and fair consideration to the Califa Group's 21st Century Learning Centers application for BTOP stimulus funds.

Sincerely,

ZOE LOFGREN
Member of Congress

DENNIS CARDOZA
Member of Congress

SUSAN DAVIS
Member of Congress

BOB FILNER
Member of Congress

JOHN GARAMENDI
Member of Congress

JANE HARMAN
Member of Congress

MIKE HONDA
Member of Congress

JERRY McNERNEY
Member of Congress

DORIS MATSUI
Member of Congress

LAURA RICHARDSON
Member of Congress

LORETTA SANCHEZ
Member of Congress

JACKIE SPEIER
Member of Congress

PETE STARK
Member of Congress

MIKE THOMPSON
Member of Congress

LYNN WOOLSEY
Member of Congress

Feb-05-10 03:42pm From-REP ED MARKEY 617-396-3220 T-593 P.002/002 F-427

COMMITTEES

ENERGY AND COMMERCE
SUBCOMMITTEE ON ENERGY AND ENVIRONMENT
CHAIRMAN

SELECT COMMITTEE ON ENERGY INDEPENDENCE AND GLOBAL WARMING
CHAIRMAN

NATURAL RESOURCES

EDWARD J. MARKEY
7TH DISTRICT, MASSACHUSETTS

WASHINGTON, DC 20515–2107
(202) 225–2836

DISTRICT OFFICES:
5 HIGH STREET, SUITE 101
MEDFORD, MA 02155
(781) 396–2900

188 CONCORD STREET, SUITE 102
FRAMINGHAM, MA 01702
(508) 875–2890

http://markey.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515–2107

February 5, 2010

FEB 19 2010 Round 1 #2613

The Honorable Lawrence C. Strickling
Assistant Secretary
National Telecommunications and Information Administration
US Department of Commerce
Herbert Hoover Building, Room 4898
1401 Constitution Avenue
Washington, DC 20230

ACTION OFFICE Many
COPIES TO Cong. Affairs

SUSPENSE DATE 3/5/2010
REMARKS
CONTROL# 2639

RE: RovAir

Dear Assistant Secretary Strickling,

I am pleased to offer my support to RovAir Wireless of Massachusetts. RovAir has submitted an application for funding from the Broadband Opportunities Program under the American Recovery and Reinvestment Act.

RovAir offers a unique delivery model for mobile broadband connectivity in an area that has cellular coverage. RovAir rents wireless 3G broadband cards and leases them to its consumers. Their model allows the user to have connectivity without the need for a long term expensive plan. RovAir's service works on the existing cellular infrastructure. This allows RovAir to fill the need of connectivity to rural areas and underserved communities. RovAir is an innovative company that has found a way to create a viable and affordable option for internet connectivity.

I wholeheartedly support RovAir's proposal to this program and I respectfully request that you give their application a full and thorough review. Should you have any questions or require additional information, please do not hesitate to contact **Rocco DiRico** of my Medford District Office at **781-396-2900.**

Sincerely,

Edward J. Markey

Edward J. Markey

EJM/rd

PRINTED ON RECYCLED PAPER

Congress of the United States
Washington, DC 20515

NOV 17 2009

November 12, 2009

Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
Herbert C. Hoover Building
U.S. Department of Commerce/NTIA
1401 Constitution Avenue, NW
Washington, D.C. 20230

ACTION OFFICE Mgmt.
COPIES TO Cong. Affairs
SUSPENSE DATE 12/1/2009
REMARKS
CONTROL# 1978

Dear Assistant Secretary Strickling:

We offer our full support of the three Broadband Technology Opportunities Program application priorities identified by Massachusetts Governor Deval Patrick in his letter to you of October 14, 2009.

The three priorities identified are: 1) the western Massachusetts applications, under the coordination and leadership of the Massachusetts Broadband Institute (MBI); 2) the OpenCape application for Cape Cod; and 3) the consolidated City of Boston applications. These applications best reflect the diverse needs of the Commonwealth of Massachusetts, and on their merits score highest against the federal evaluation criteria. We believe these are among the most ambitious and credible Broadband Technology Opportunities Program (BTOP) applications submitted from anywhere in the nation.

Collectively, these projects are shovel-ready. They will create at least 1,638 direct jobs and at least 1,874 indirect jobs. They are also integral to broader economic development in the west and southeast portions of the Commonwealth, as well as in our disadvantaged communities within Boston. Beyond connecting unserved and underserved citizens, these projects will play a critical role in connecting anchor institutions such as libraries, schools, municipalities, and hospitals to high speed broadband. Public safety will be enhanced in the hurricane vulnerable southeast and Cape Cod region through dedicated and redundant public safety communications systems.

Each project has mechanisms to aid and support increased broadband opportunity and greater adoption. Those living in the most rural or the most densely urban areas will gain Internet access to fully participate economically and civically. In particular these projects will afford our most isolated and our most vulnerable citizens the opportunity to fully access local and state government services.

The three priorities reflect rural, urban, and suburban models. All three have been in development for a number of years and have a level of maturity that offers potential insights for National Broadband Policy development and replication across the country. OpenCape was

PRINTED ON RECYCLED PAPER

recently cited as a model for replication by the National Association of Telecommunications Officers and Advisers (NATOA). They also offer important synergies by pursuing telecommunications infrastructure expansion in conjunction with regional utilities' desires to deploy communications infrastructure to support smart grid applications.

We encourage you to support the Massachusetts priorities identified by Governor Deval Patrick in your consideration of Broadband Technology Opportunity Program grant applications.

Sincerely,

John Kerry
Member of Congress

Paul Kirk
Member of Congress

Mike Capuano
Member of Congress

Bill Delahunt
Member of Congress

Barney Frank
Member of Congress

Ed Markey
Member of Congress

JAN 19 2010

Congress of the United States
Washington, DC 20515

ACTION OFFICE Mann
COPIES TO Cong. Affairs

SUSPENSE DATE 2/1/2010
REMARKS
CONTROL# 2441

January 15, 2010

The Honorable Larry Strickling
Assistant Secretary and Administrator
U.S. Department of Commerce
National Telecommunications and Information Administration
HCHB, Room 4821
1401 Constitution Avenue, NW
Washington, DC 20230

Re: City of Boston BTOP Grant Applications— ID # 641 Infrastructure and ID # 1804 Sustainable Broadband Adoption

Dear Mr. Strickling:

We were pleased that on December 17, 2009, NTIA announced it had awarded Boston $1.9 million for its Public Computing Centers grant in its first round of awards. We are writing to make the case for NTIA to fund the remaining Massachusetts applications to achieve full digital inclusion of the state's citizenry and Boston's most disenfranchised families.

The Massachusetts Broadband Institute (MBI) has proposed a plan that would provide broadband access to over 20,000 households, 5,000 businesses, and tens of anchor institutions and public safety entities in western Massachusetts, where broadband deployment is most lacking. There are 43 communities in western Massachusetts targeted in this proposal that are either unserved or underserved. The project proposed is for a 581 mile fiber-optic middle mile loop through rural communities and would supplement a multi-million dollar commitment by the state to improve access to broadband in this region. MBI partners will also supplement these efforts. One will create ten computer centers in the region strategically placed to reach the greatest number of people, the lowest income residents, and the highest minority populations. Another, called Get Online!, will facilitate partnerships among organizations to support education, healthcare, and economic development.

On the other side of the state, the OpenCape Corporation has proposed a core fiber backbone to serve Cape Cod and surrounding communities and institutions. Due to the low population density of this region, current broadband services are simply insufficient to support the economic diversification, entrepreneurial efforts, and market access needed to foster a sustainable economy. It is also expected that the effort to construct the fiber line will create an estimated 233 local jobs connecting areas like Fall River and New Bedford where unemployment is over 15%.

PRINTED ON RECYCLED PAPER

opportunity for city kids competing against their peers in the suburbs of Boston and around the world.

NTIA guidelines specify that grant applicants that have multiple submissions that are complementary will receive "additional consideration" under the evaluation of project purpose. Boston deserves this additional consideration since it has demonstrated how its three grants work as an integrated whole to accomplish, in a highly cost-effective way, digital inclusion in the City's lowest income neighborhoods, coupled with an innovative public safety application.

We very much appreciate your service and hard work and hope NTIA will strongly consider funding for the remaining Massachusetts grant applications.

Sincerely,

Edward J. Markey
U.S. Representative

John F. Kerry
U.S. Senator

Barney Frank
U.S. Representative

Paul G. Kirk, Jr.
U.S. Senator

William Delahunt
U.S. Representative

James P. McGovern
U.S. Representative

John F. Tierney
U.S. Representative

Michael E. Capuano
U.S. Representative

Stephen F. Lynch
U.S. Representative

Congress of the United States
Washington, DC 20515

NOV 17 2009

November 12, 2009

Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
Herbert C. Hoover Building
U.S. Department of Commerce/NTIA
1401 Constitution Avenue, NW
Washington, D.C. 20230

ACTION OFFICE Manu.
COPIES TO Cong. Affairs
SUSPENSE DATE 12/1/2009
REMARKS
CONTROL# 1978

Dear Assistant Secretary Strickling:

We offer our full support of the three Broadband Technology Opportunities Program application priorities identified by Massachusetts Governor Deval Patrick in his letter to you of October 14, 2009.

The three priorities identified are: 1) the western Massachusetts applications, under the coordination and leadership of the Massachusetts Broadband Institute (MBI); 2) the OpenCape application for Cape Cod; and 3) the consolidated City of Boston applications. These applications best reflect the diverse needs of the Commonwealth of Massachusetts, and on their merits score highest against the federal evaluation criteria. We believe these are among the most ambitious and credible Broadband Technology Opportunities Program (BTOP) applications submitted from anywhere in the nation.

Collectively, these projects are shovel-ready. They will create at least 1,638 direct jobs and at least 1,874 indirect jobs. They are also integral to broader economic development in the west and southeast portions of the Commonwealth, as well as in our disadvantaged communities within Boston. Beyond connecting unserved and underserved citizens, these projects will play a critical role in connecting anchor institutions such as libraries, schools, municipalities, and hospitals to high speed broadband. Public safety will be enhanced in the hurricane vulnerable southeast and Cape Cod region through dedicated and redundant public safety communications systems.

Each project has mechanisms to aid and support increased broadband opportunity and greater adoption. Those living in the most rural or the most densely urban areas will gain Internet access to fully participate economically and civically. In particular these projects will afford our most isolated and our most vulnerable citizens the opportunity to fully access local and state government services.

The three priorities reflect rural, urban, and suburban models. All three have been in development for a number of years and have a level of maturity that offers potential insights for National Broadband Policy development and replication across the country. OpenCape was

PRINTED ON RECYCLED PAPER

recently cited as a model for replication by the National Association of Telecommunications Officers and Advisers (NATOA). They also offer important synergies by pursuing telecommunications infrastructure expansion in conjunction with regional utilities' desires to deploy communications infrastructure to support smart grid applications.

We encourage you to support the Massachusetts priorities identified by Governor Deval Patrick in your consideration of Broadband Technology Opportunity Program grant applications.

Sincerely,

John Kerry
Member of Congress

Paul Kirk
Member of Congress

Mike Capuano
Member of Congress

Bill Delahunt
Member of Congress

Barney Frank
Member of Congress

Ed Markey
Member of Congress

Congress of the United States
Washington, DC 20515

May 14, 2010

Larry Strickling
Administrator
National Telecommunications &
Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dallas Tonsager
Under Secretary
Rural Development
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Mr. Strickling & Mr. Tonsager:

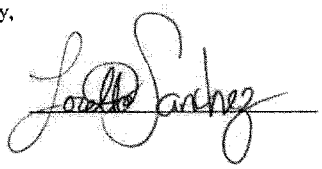
We are writing today regarding California's American Recovery and Reinvestment Act (ARRA) Broadband Applications for Round Two. We appreciate that during Round One California was awarded 8 grants from the Broadband Technology Opportunities Program (BTOP), and received broadband mapping funds. However, California did not receive any funding from the Broadband Initiatives Program (BIP), overseen by the Department of Agriculture's Rural Utilities Service (RUS). We write today to request that you give due consideration to California's grant requests in Round Two.

As you know, ARRA included $4.7 billion for competitive BTOP grants and $2.5 billion for broadband grant, loan, and loan/grant combination programs administered by RUS. The funds are to be used for projects that help bridge the technological divide, boost economic growth, create jobs, and improve education and healthcare.

While California's broadband coverage rate is 96 percent, the remaining 4 percent includes more than 1.4 million people living in rural areas covering a total of 44,000 square miles, roughly the size of Kentucky. According to the Federal Communication Commission, 14 million people nationwide are without broadband access, which means that roughly 10% of Americans who are unserved are in California.

The list of California's "highly recommended" and "recommended" BTOP Round Two projects set forth by the Governor of California, as well as the pending BIP applications, highlight the needs of California's unserved and underserved areas as well as the strength of ideas and collaborative nature of those applying for Round Two funds. We, therefore, urge you to give full and fair consideration to California's Round Two grant applications, which will go a long way towards improving economic and educational opportunities in the state.

Sincerely,



PRINTED ON RECYCLED PAPER

Doris O. Matsui

cc: Jonathan S. Adelstein
Administrator, Rural Utilities Service

BTOP/BIP Letter Sign on

1. Joe Baca
2. Howard Berman
3. Lois Capps
4. Jim Costa
5. Anna Eshoo
6. Bob Filner
7. John Garamendi
8. Jane Harman
9. Mike Honda
10. Barbara Lee
11. Zoe Lofgren
12. Jerry McNerney
13. Doris Matsui
14. George Miller
15. Laura Richardson
16. Lucille Roybal-Allard
17. Loretta Sanchez
18. Henry Waxman

12/11/2009 FRI 16:56 FAX 202 225 3336 002/004

Congress of the United States
Washington, DC 20515

December 11, 2009

DEC 11 2009

Lawrence E. Strickling
Administrator
Broadband Technology Opportunities Program
National Telecommunications and Information Administration
United States Department of Commerce
HCHB, Room 1874
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Administrator Strickling,

As Members of Congress from the state of California, we write to encourage you to give full and fair consideration to Califa Group's *21st Century Learning Centers* application for Broadband Technology Opportunities Program (BTOP) federal stimulus funding. In February 2009, Congress passed and the President signed the American Recovery and Reinvestment Act (ARRA), which included $4.7 billion for competitive BTOP grants.

The Califa Group is a not-for-profit library membership consortium in California that has worked with the California libraries and the California community colleges to provide broadband infrastructure in unserved and underserved areas. According to the application, this project would create 66 high-definition videoconferencing and public-computer centers at 58 California library and community-colleges throughout the state.

As you know, libraries and community colleges are anchor institutions at the frontline of helping people with job search and new skills development. With increased broadband access, these essential institutions can better serve all California communities by offering advanced educational and information services, such as online adult and family literacy programs, job training, placement, and education.

Additionally, the Califa Group has stated that this project will help create or save jobs at libraries, community colleges, and other participating sites. The applicant also proposes that indirectly, many more jobs will be created and much economic development will be stimulated by increased access to technology.

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 12/28/2009
REMARKS
CONTROL# 2264

PRINTED ON RECYCLED PAPER

Investing in high-speed broadband at our community colleges and our libraries will provide much needed broadband access to our unserved and underserved population, while also creating or saving jobs. We, therefore, urge you to give full and fair consideration to the Califa Group's 21st Century Learning Centers application for BTOP stimulus funds.

Sincerely,

ZOE LOFGREN
Member of Congress

DENNIS CARDOZA
Member of Congress

SUSAN DAVIS
Member of Congress

BOB FILNER
Member of Congress

JOHN GARAMENDI
Member of Congress

JANE HARMAN
Member of Congress

MIKE HONDA
Member of Congress

JERRY McNERNEY
Member of Congress

DORIS MATSUI
Member of Congress

LAURA RICHARDSON
Member of Congress

LORETTA SANCHEZ
Member of Congress

JACKIE SPEIER
Member of Congress

PETE STARK
Member of Congress

MIKE THOMPSON
Member of Congress

LYNN WOOLSEY
Member of Congress

Congress of the United States
Washington, DC 20515

AUG 2 2010

July 30, 2010

The Honorable Lawrence Strickling, Assistant Secretary and Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
HCHB, Room 4887
Washington, D.C. 20230

Dear Assistant Secretary Strickling,

As members of the California Congressional Delegation, we are writing to express our concern about the lack of grants awarded to California under the Broadband Technology Opportunities Program (BTOP) created as part of the *American Recovery and Reinvestment Act* (ARRA).

In the first round of BTOP awards, entities in California received only a few modest broadband infrastructure grants. California applicants have submitted 114 Broadband ARRA applications for the second round of BTOP awards. All of these applications will support California's economy, particularly in urban underserved and rural and tribal areas. Thirty-eight of the 114 applications are broadband infrastructure projects that connect key community anchor institutions, such as schools, libraries, public safety first responders, health care facilities and local governmental offices.

Given the importance of broadband investment to economic development in California, we were disappointed to see NTIA's July 2nd announcement that in the first phase of grants awarded in Round 2 of BTOP funding, not one grant was awarded to a California-only project.

California is a large state with many geographic and terrain challenges – desert, mountains, and coastal terrain -- for our broadband providers. We believe methodology being used to make these grants to the states and territories is fair and equitable. While California is more advanced in broadband initiatives than most states, we urge you to carefully consider each California BTOP application moving forward.

Sincerely,

Doris Matsui
Member of Congress

Anna G. Eshoo
Member of Congress

ACTION OFFICE Cyril
COPIES TO Cong. Affairs

PRINTED ON RECYCLED PAPER

SUSPENSE DATE 8/13/2010
REMARKS
CONTROL# 4103

Congress of the United States
House of Representatives
Washington, D.C. 20515

Anna G. Eshoo
Fourteenth District
California

SEP 23 2009

September 2, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
Herbert C. Hoover Building (HCHB)
U.S. Department of Commerce / NTIA
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

ACTION OFFICE Mary
COPIES TO BTOP Team

SUSPENSE DATE 10/7/2009
REMARKS
CONTROL# 1404

Dear Assistant Secretary Strickling,

This past month NTIA accepted the first round of applications for the Broadband Technology Opportunities Program (BTOP). I supported funding for this program under the *American Recovery and Reinvestment Act* and I'm pleased that BTOP will spur economic growth in telecommunications, while providing an infusion of much-needed investments in unserved and underserved regions of the nation. I commend NTIA for moving ahead expeditiously in the grant process and I look forward to seeing the growth of a range of business enterprises and synergies in this sector of the economy.

We have numerous BTOP applicants from my District, including the Social Communication Company ("Sococo"). It gives me great pleasure to extend my recommendation for your high consideration of Sococo's application to the NTIA for funding under BTOP. Sococo is headquartered in Mountain View in the 14th Congressional District, and is a real-time, broadband, communications service provider offering a patented, fast, secure, scalable internet platform that puts people in one virtual generated space. The Company is poised to launch its first generation broadband enterprise solution in the U.S. market and seeks BTOP funding to speed up its programmatic rollout and hasten the nation's demand for, and utilization of, broadband technologies.

Thank you for considering Sococo's application during the BTOP review process. I appreciate your oversight of this important program.

Most gratefully,

Anna G. Eshoo

Member of Congress

DIANA DEGETTE
1ST DISTRICT, COLORADO

2335 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4431
FAX (202) 225-5657

DISTRICT OFFICE:
600 GRANT STREET, SUITE 202
DENVER, CO 80203
(303) 844-4988
FAX (303)844-4996

http://degette.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515-4329

CHIEF DEPUTY WHIP
COMMITTEE ON ENERGY AND COMMERCE
VICE CHAIRMAN
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON COMMUNICATIONS, TECHNOLOGY AND THE INTERNET
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
SUBCOMMITTEE ON COMMERCE, TRADE AND CONSUMER PROTECTION
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

April 23, 2010

APR 30 2010

Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
U. S. Department of Commerce/NTIA Herbert C. Hoover Building
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickling:

I am writing to support the application for a Recovery Act – Broadband Technology Opportunity Program (BTOP), Round Two Grant by the partner of CoLoursTV of Englewood, Colorado, the National Urban Technology Center in New York, New York. CoLoursTV, a non-profit television broadcast network is collaborating with more than forty public and private partner organizations in New York State in an effort to upgrade seventy public computer centers in low-income communities; and, to bring to scale the SeedTech Connect, a broadband platform for the deliverance of operational efficiencies, resource sharing, academic content support, computer training, and work force development.

The National Urban Technology Center's (Urban Tech) proposal will make available computer training to more than 140,000 underserved residents in New York state by providing computer centers with state-of-the-art hardware and software, curriculum, teacher training, and access to broadband applications that aid in on-line job searches which will lead to meaningful employment. Urban Tech and its partners believe this project to be a highly-replicable, "turn-key" model that allows for the provision of pre-tested hardware and software, effective training programs with curriculum that builds technology skills that are in demand, addresses language and literacy barriers, and provides for effective administration systems for the effective operation of the proposed computer centers.

CoLours TV will conduct the statewide media awareness campaign for the program. It will conduct this outreach to the targeted community through schools, churches, shopping malls and neighborhood block parties in an effort to promote the use of the comprehensive computer training centers by new users.

Please give the National Urban Technology Center's application for a Recovery Act – Broadband Technology Opportunities Program grant your appropriate consideration. Thank you for your time and attention to this matter.

Sincerely,

Diana DeGette

Diana DeGette
Member of Congress

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 5/14/2010
REMARKS
CONTROL# 3538

PRINTED ON RECYCLED PAPER

DIANA DEGETTE
1st District, Colorado

2335 Rayburn House Office Building
Washington, DC 20515
(202) 225-4431
FAX (202) 225-5657

DISTRICT OFFICE:
600 Grant Street, Suite 202
Denver, CO 80203
(303) 844-4988
FAX (303)844-4996

http://degette.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515-4329

CHIEF DEPUTY WHIP
COMMITTEE ON ENERGY AND COMMERCE
VICE CHAIRMAN
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON COMMUNICATIONS, TECHNOLOGY AND THE INTERNET
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
SUBCOMMITTEE ON COMMERCE, TRADE AND CONSUMER PROTECTION
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

August 31, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
U. S. Department of Commerce/NTIA Herbert C. Hoover Building
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickling:

I am writing to support the application for a Recovery Act – Broadband Technology Opportunity Program (BTOP) Grant by the partner of the National Civic League of Colorado, ZeroDivide. The National Civic League is "America's original advocate for community democracy." Headquartered in Denver, Colorado, for more than twenty years, the National Civic League is a non-profit, non-partisan membership organization whose mission is "to strengthen democracy by increasing the capacity of our nation's people to fully participate in and build health and prosperous communities across America."

With the award of a BTOP Grant, ZeroDivide and the National Civic League seek to provide for the increase in demand for broadband services within vulnerable communities throughout the country. Without the provision of such services, large numbers of residents will remain on the wrong side of the digital divide, ultimately contributing to lower economic opportunities and disenfranchisement from the political process.

With the support of this grant, ZeroDivide and the National Civic League will be able to provide critical technology training, digital media production, and civic engagement models and incentives for the most disadvantaged citizens. They hope to create a new generation of innovators, build an educated and skilled workforce, and spur increased access and adoption of broadband technology to underserved rural, inner city, low-income families and youth and people with disabilities.

Please give ZeroDivide and the National Civic League of Colorado's application for a Recovery Act – Broadband Technology Opportunities Program Grant you appropriate consideration. Thank you for your time and attention to this matter.

Diana DeGette

Diana DeGette
Member of Congress

ACTION OFFICE Mary
COPIES TO JW SA
CSW
SUSPENSE DATE 10/21/09
REMARKS
CONTROL# 1520

PRINTED ON RECYCLED PAPER

10-014135

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

COMMITTEE ON ENERGY
& COMMERCE
COMMERCE, TRADE AND CONSUMER PROTECTION
ENERGY AND ENVIRONMENT
HEALTH

213 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-2823
866-890-6236
202-225-3377 (FAX)
www.house.gov/barrow

JOHN BARROW
12TH DISTRICT OF GEORGIA

#7016 - PCC

April 9, 2010

2010 APR 16 PM 2:50
OS EXECUTIVE SECRETARIAT

Secretary Gary Locke
United States Department of Commerce
National Telecommunications and Information Administration
Broadband Technologies Opportunity Program
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Locke,

It is my privilege to support the Elauwit Community Enhancement Foundation-GA, LLC and its application for a Public Computing Centers Grant through the Broadband Technologies Opportunity Program offered by the United States Department of Commerce. The Elauwit Community Enhancement Foundation seeks funding to support its public computing centers programs. The funds granted for the program will be used to serve underserved communities which have limited access to broadband service.

The Public Computing Centers Grant will provide the Elauwit Community Enhancement Foundation funding necessary to expand services to vulnerable communities. The foundation seeks to increase the number of proficient internet users in underserved communities, and it hopes to actively reach out to residents in a variety of ways. It will expand existing public computer programs and create new computer centers in existing community centers.

The efforts of the Elauwit Community Enhancement Foundation will have a profound impact on the economic development of underserved communities. The investment in technology access in these communities will make areas more attractive to businesses, and the increase of knowledge of the internet will assist existing businesses with growth. It is for these reasons I supported the American Recovery and Reinvestment Act, and I offer my support of the Elauwit Community Enhancement Foundation's application for a Public Computing Centers Grant. Please give this application all fair and due consideration. If you have any questions, please contact Mrs. Lynthia Owens in my Augusta District Office, at (706) 722-4494.

Sincerely,

John Barrow

450 MALL BOULEVARD
SUITE A
SAVANNAH, GA 31406
912-354-7282

925 LANEY WALKER BOULEVARD
SUITE 300
AUGUSTA, GA 30901
706-722-4494

MILLEDGEVILLE CITY HALL
127 E. HANCOCK STREET
MILLEDGEVILLE, GA 31061
478-452-4611

SANDERSVILLE CITY HALL
141 W. HAYNES STREET
SANDERSVILLE, GA 31082
478-553-1923

107 OLD AIRPORT ROAD
SUITE A
VIDALIA, GA 30474
912-537-9301

10-013469

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

COMMITTEE ON ENERGY
& COMMERCE
COMMERCE, TRADE AND CONSUMER PROTECTION
ENERGY AND ENVIRONMENT
HEALTH

213 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-2823
866-890-6236
202-225-3377 (FAX)
www.house.gov/barrow

JOHN BARROW
12TH DISTRICT OF GEORGIA

March 15, 2010

#5194

US EXECUTIVE SECRETARIAT
2010 MAR 22 AM 10: 35

Secretary Gary Locke
United States Department of Commerce
National Telecommunications and Information Administration
Broadband Technologies Opportunity Program
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Locke,

It is my privilege to offer my support of the Central Savannah River Area Fibernet Cooperative's application for a Comprehensive Communities Infrastructure Grant under the Broadband Technologies Opportunity Program from the United States Department of Commerce. The CSRA Fibernet Cooperative will utilize the funds to increase internet access to underprivileged communities.

The CSRA Fibernet Cooperative's application for a Comprehensive Communities Infrastructure Grant is a key component to increasing internet access to individuals within rural communities with technological and other disparities. This grant will put the infrastructure in place to expand access to information.

The funding will also provide an economic stimulus to localities hard hit by the current economic downturn. Jobs will be created as the CSRA Fibernet Cooperative implements its project plans, and the increased access to the internet will allow communities to have additional resources to conduct job searches.

The Comprehensive Communities Infrastructure Grant will offer a competitive advantage to businesses as well. With the increased access, businesses will be able to market their products or services throughout the digital community. It is for these reasons that I supported the American Recovery and Reinvestment Act and that I support the CSRA Fibernet Cooperative's application for a Comprehensive Communities Infrastructure Grant. Please give this application all fair and due consideration. If you need additional information, please contact Lynthia Owens in my Augusta District Office at (706) 722-4494.

Sincerely,

John Barrow

450 MALL BOULEVARD
SUITE A
SAVANNAH, GA 31406
912-354-7282

925 LANEY WALKER BOULEVARD
SUITE 300
AUGUSTA, GA 30901
706-722-4494

MILLEDGEVILLE CITY HALL
127 E. HANCOCK STREET
MILLEDGEVILLE, GA 31061
478-452-4611

SANDERSVILLE CITY HALL
141 W. HAYNES STREET
SANDERSVILLE, GA 31082
478-553-1923

107 OLD AIRPORT ROAD
SUITE A
VIDALIA, GA 30474
912-537-9301

Oct-07-2009 04:45pm From- T-496 P.002/002 F-801

Congress of the United States
Washington, DC 20515

October 7, 2009

JAN 19 2010

The Honorable Gary Locke, Secretary
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, D.C. 20230-0002

ACTION OFFICE Mary
COPIES TO Congr. Affairs

SUSPENSE DATE 1/25/2010
REMARKS
CONTROL # 2412

Dear Secretary Locke:

We are writing in support of the broadband BTOP and BIP applications submitted by Communications Infrastructure Group, LLC (CIG).

CIG's Georgia Rural Connection will provide service to 35 of Georgia's most economically challenged counties. The project's 85 cell towers will create significant improvement in the delivery of healthcare, public safety, local government, and educational services. It will provide high-speed wireless broadband access to schools, hospitals, local fire and police departments, local governments, and thousands of rural Georgians, and it can serve as a model of the success for the BTOP and BIP programs.

Additionally, CIG estimates that each tower it builds will create or sustain more than 50 jobs, and the expanded broadband access in the area will help create and attract professional service jobs in real estate, arts and entertainment, and environmental services.

CIG is a developer of multi-provider communications infrastructure focused on telecommunications tower design, construction, acquisition, and management throughout the Southeast. It is partnering with WFI, an experienced network infrastructure design, deployment, maintenance, and program management service provider. Their combined abilities will help ensure the project's success.

Again, we support these applications and urge you to look favorably upon them because they will significantly benefit rural Georgians. Thank you in advance for your favorable consideration.

Very truly yours,

Rep. Jim Marhsall

Rep. John Barrow

PRINTED ON RECYCLED PAPER

Congress of the United States
Washington, DC 20515

JUL 14 2010

June 30, 2010

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
US Department of Commerce
1401 Constitution Avenue, NW
HCHB, Room 1412
Washington DC 20230

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 7/27/2010
REMARKS
CONTROL# 4062

Dear Mr. Strickling:

We write to offer our strong support for the $172 million grant application submitted by the Los Angeles Regional Interoperable Communications System (LA-RICS). As one of the largest urban areas in the nation, the use of 4th Generation broadband interoperable communications in the Los Angeles region would benefit 88 municipalities and more than 10 million residents living within a 4,084 square mile jurisdiction, cover 22 airports –including Los Angeles International Airport (LAX) and Burbank-Glendale-Pasadena Airport – and the Port of Los Angeles, Port of Long Beach, refineries, and chemical plants.

Under the American Recovery and Reinvestment Act, Congress provided $4.7 billion to the National Telecommunications and Information Administration (NTIA) for broadband adoption. The statute states that a purpose of the program is to "improve access to, and use of, broadband service by public safety agencies." We are pleased that NTIA recently decided to allow FCC qualified 700MHz public safety waiver recipients to petition the Department for NTIA-administered Broadband Technology Opportunities Program grants. These grants will enhance our efforts to achieve nationwide public safety interoperability.

The attacks of September 11, 2001 resulted in the deaths of 2,819 people, including 343 firefighters and paramedics, 23 police officers and other first responders in New York City as well as 189 people at the Pentagon. In both cities, first responders were forced to function with woefully inadequate communications devices and networks. The 9/11 Commission identified the need to provide interoperable communications for first responders as a national priority.

Since that time, we have made measurable progress in developing the kind of next generation technology that would have saved countless lives on that dark day and in more recent hurricane disasters -- but funding is needed to bring such networks online.

We believe LA-RICS will advance interoperable communications in Los Angeles County, and we urge you to give it your most serious consideration.

Sincerely,

PRINTED ON RECYCLED PAPER

Jane Harman, MC

Henry Waxman, MC

Howard "Buck" McKeon, MC

Howard Berman, MC

Adam Schiff, MC

Laura Richardson, MC

Grace Napolitano, MC

Brad Sherman, MC

Diane Watson, MC

Dana Rohrabacher, MC

Lucille Roybal-Allard, MC

Linda Sánchez, MC

Judy Chu, MC

PRINTED ON RECYCLED PAPER

MEMBER
MIGRATORY BIRD
CONSERVATION COMMISSION

August 7, 2009

(734) 243-1649
301 WEST MICHIGAN AVENUE
SUITE 301
YPSILANTI, MI 48197
(734) 481-1100

ACTION OFFICE MAW
COPIES TO BTOP Team
S Stewart
SUSPENSE DATE 8/21/2009
REMARKS
CONTROL# 0877

Mr. Lawrence Strickling
Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Strickling:

I write in support of an application for funds under the Broadband Technology Opportunities Program (BTOP) submitted by Michigan State University (MSU). MSU seeks funds that were made available by provisions in the American Recovery and Reinvestment Act of 2009 (ARRA). MSU's proposed projects would provide much-needed funds to develop infrastructure, create jobs, and promote education in the State of Michigan.

MSU's proposal requests funding under two categories of BTOP. First, MSU has applied for funding under the Sustainable Broadband Adoption category. The university would use the new infrastructure to stimulate continued broadband demand by training high school students in the use of emerging technologies, connecting students and with businesses in the area to generate local Internet content, and preparing medical professionals to comply with upcoming requirements for electronic health records. In addition, MSU intends to coordinate telehealth collaborations and facilitate online continuing medical education.

MSU has also submitted an application for funds under the Public Computer Centers category. The university hopes to develop public computing facilities to expand access to the Internet in the State of Michigan. As you may know, Michigan has been hard-hit by the ongoing recession, and many people in the state are not able to afford broadband Internet access. Increasing the number of public computers available will not only expand information access, but also may help unemployed individuals find jobs in the state. MSU has worked closely with the Michigan Department of Information Technology (MDIT) to develop its proposals and plans to continue this partnership to implement the proposals.

I would appreciate your thorough consideration of MSU's application. The university is an incredible asset to the state, and I am confident that additional funding will strengthen its work in Michigan. Should MSU's application be approved, the

PRINTED ON RECYCLED PAPER AND MAILED AT TAXPAYER EXPENSE

Sincerely yours,

John D. Dingell
Member of Congress

MIGRATORY BIRD
CONSERVATION COMMISSION

August 7, 2009

301 WEST MICHIGAN AVENUE
SUITE 305
YPSILANTI, MI 48197
(734) 481-1100

Mr. Lawrence Strickling
Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

ACTION OFFICE Mary
COPIES TO 1 BTOP Team
SUSPENSE DATE 8/28/2009
REMARKS
CONTROL# 0976

Dear Mr. Strickling:

I write in support of an application for funds under the Broadband Technology Opportunities Program (BTOP) submitted by Michigan State University (MSU). MSU seeks funds that were made available by provisions in the American Recovery and Reinvestment Act of 2009 (ARRA). MSU's proposed projects would provide much-needed funds to develop infrastructure, create jobs, and promote education in the State of Michigan.

MSU's proposal requests funding under two categories of BTOP. First, MSU has applied for funding under the Sustainable Broadband Adoption category. The university would use the new infrastructure to stimulate continued broadband demand by training high school students in the use of emerging technologies, connecting students and with businesses in the area to generate local Internet content, and preparing medical professionals to comply with upcoming requirements for electronic health records. In addition, MSU intends to coordinate telehealth collaborations and facilitate online continuing medical education.

MSU has also submitted an application for funds under the Public Computer Centers category. The university hopes to develop public computing facilities to expand access to the Internet in the State of Michigan. As you may know, Michigan has been hard-hit by the ongoing recession, and many people in the state are not able to afford broadband Internet access. Increasing the number of public computers available will not only expand information access, but also may help unemployed individuals find jobs in the state. MSU has worked closely with the Michigan Department of Information Technology (MDIT) to develop its proposals and plans to continue this partnership to implement the proposals.

I would appreciate your thorough consideration of MSU's application. The university is an incredible asset to the state, and I am confident that additional funding will strengthen its work in Michigan. Should MSU's application be approved, the

TAXPAYER EXPENSE

Sincerely yours,

John D. Dingell
Member of Congress

DEMOCRATIC POLICY COMMITTEE:
COMMUNICATIONS CHAIR
http://www.house.gov/pallone

Washington, DC 20515–3006

(732) 571-1140
67/69 CHURCH STREET
KILMER SQUARE
NEW BRUNSWICK, NJ 08901
(732) 249-8892

June 15, 2010

JUN 22 2010

Mr. Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Support for BTOP Application by the City of Asbury Park, New Jersey

Dear Mr. Strickling:

On behalf of the city of Asbury Park, I would like to express my strong support for their Broadband Technology Opportunity Program (BTOP) application, which seeks funding for their project titled, 'Asbury Park Wireless Network for Free Broadband, CCTV, and Parking Management Systems.'

Asbury Park is an ideal candidate for BTOP funding. Classified as a "Distressed City," over 30% of Asbury Park's resident population is below the poverty level. The Citywide Wireless broadband would offer internet access to these lower-income residents, who otherwise cannot afford such access. Moreover, wireless capabilities for emergency services, such as police, fire, and medical, would greatly increase their efficacy at a minimal cost of manpower. The city also plans for shared wireless broadband access with other public agencies, such as the Board of Education, the Housing Authority, and the Asbury Park Library.

Finally, wireless broadband access would attract businesses and jobs to Asbury Park. Aggressive marketing of free public Wi-Fi would allow businesses to offer internet service to patrons at minimal operating cost to themselves. As a beachfront community, the presence of broadband access would attract many more beach patrons and thus increase the city's economic activity by providing it with a competitive advantage in attracting local businesses and creating local employment opportunities.

I greatly support the city of Asbury Park's objectives in its application. As broadband access is a critical component of life in the 21st century, it is a key tool in breaking the cycle of poverty in providing access to educational resources and subsequently improving the socioeconomic status of its residents.

Thank you for your consideration.

Sincerely,

Frank Pallone Jr.

FRANK PALLONE, JR.
Member of Congress

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 7/5/2010

August 11, 2009

SEP 1 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
U.S. Department of Commerce Room 4898
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Assistant Secretary Strickling:

We are writing in support of MCNC's application for American Recovery and Reinvestment Act (ARRA) broadband stimulus funds to support fiber acquisition for the North Carolina Research and Education Network (NCREN) in rural North Carolina.

The Microelectronics Center of North Carolina (MCNC) is a nonprofit entity established in 1980 by the State of North Carolina to serve as a catalyst for technology-based economic development. In the last 30 years, MCNC has provided innovative networking capabilities to North Carolina's major research institutions, facilitating the development of cutting-edge technology and medical research. Today, its primary mission is the deployment and operation of NCREN, an advanced communications network linking the K-20 education community.

Since its inception in 1985, NCREN has grown to include all 17 campuses of the University of North Carolina System, Duke University, Wake Forest University, over 40 additional independent colleges and universities, all 115 Public K-12 school districts, the twenty largest community colleges, and various major research institutions located across the state. Reliance on the network continues to increase, particularly with the spike in enrollments in online classes. In order to meet the demands of its users – including more than three million students in public primary, secondary, and higher education in North Carolina - NCREN needs additional capacity.

MCNC is now seeking ARRA funding, to be used in conjunction with private and endowed matching funds, to extend the network to rural North Carolina. This extension will provide the scalability for NCREN to serve the research and education needs of public education in North Carolina through 2025. In addition, acquiring and building out an open interconnect middle-mile fiber network will serve as a wholesale priced conduit for private broadband service providers to reach and serve consumers and small business in unserved and underserved areas of rural North Carolina.

ACTION OFFICE Mary
COPIES TO BTOP Team

SUSPENSE DATE 9/15/2009
REMARKS

PRINTED ON RECYCLED PAPER

public education to all North Carolinians. We believe that MCNC's proposal merits federal support, and we urge you to give it careful consideration.

Sincerely,

Senator Richard Burr

Senator Kay Hagan

Representative G. K. Butterfield

Representative Howard Coble

Representative Bob Etheridge

Representative Virginia Foxx

Representative Walter Jones

Representative Larry Kissell

Representative Patrick McHenry

Representative Mike McIntyre

Representative Brad Miller

Representative Sue Myrick

Representative David Price

Representative Heath Shuler

Representative Mel Watt

March 23, 2010

The Honorable Gary Locke
Secretary
The United States Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

RE: MCNC's Round 2 BTOP Application

Dear Secretary Locke:

We are writing to express our support for MCNC's round 2 Broadband Technology Opportunities Program (BTOP) application, and we urge you to make this grant to expand broadband coverage to some of the most economically challenged areas of our state and the remaining areas that lack middle mile broadband infrastructure.

MCNC's grant application proposes to deploy broadband to 21 counties in northeastern North Carolina, six counties in northwestern North Carolina, 10 counties in north central North Carolina, and 9 counties in south central and southeastern North Carolina. These counties once had thriving, robust economies centered on furniture, textiles, and farming, but economic development in these towns and communities has been stifled, as our manufacturing base has moved offshore. We must give these citizens the tools they need to drive economic development.

We can assure you that this proposal is the best way to accomplish full coverage of the broadband gaps in North Carolina and MCNC, an independent, non-profit organization, is well equipped to bring broadband to rural parts of North Carolina. The organization has gone out of its way to partner with the other major players in the broadband community as well.

We strongly believe that we must commit to ubiquitous broadband throughout our country to enable the technology-based economic development that will create the sorts of jobs and business opportunities necessary for the state of North Carolina and the country to be competitive in the global economy. Broadband accessibility is as important of a component in a community's infrastructure as water or sewer capacity.

As President Obama has said, "To build a economy that can lead this future, we will begin to rebuild America…It means expanding broadband lines across America, so that a small business in a rural town can connect and compete with their counterparts anywhere in the world…"

Sen. Kay Hagan

Rep. Howard Coble

Rep. David E. Price

Rep. Melvin E. Watt

Rep. Sue Wilkins Myrick

Rep. Walter B. Jones

Rep. Bob Etheridge

Rep. Mike McIntyre

Rep. G.K. Butterfield

Rep. Brad Miller

Rep. Larry Kissell

OFFICIAL CONDUCT

U.S. HELSINKI COMMISSION

August 14, 2009

AUG 18 2009

ACTION OFFICE Smith
COPIES TO A. Neville

SUSPENSE DATE 9/1/2009
REMARKS
CONTROL# 1034

The Honorable Lawrence E. Strickling
Assistant Secretary, Communications and Information
Administrator, National Telecommunications and Information Administration
United States Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickling:

I write regarding an application that the City of Wilson, North Carolina plans to file on August 14 for a Broadband Technology Opportunities Program ("BTOP") infrastructure grant. I urge the National Telecommunications and Information Administration ("NTIA") to grant a waiver for this application from the NTIA's definition of "underserved" and treat Wilson as "underserved" based on "extraordinary circumstances" and because such a waiver would be in the "best interest of the Federal Government." I request that NTIA take this action based on § X.N. of the Notice of Funding Availability ("NOFA"), which expressly grants NTIA to waive requirements of the NOFA for particular applicants. I represent Wilson, North Carolina in the United States House of Representatives.

Wilson has a population of approximately 47,000 and is located in eastern North Carolina, with a largely minority and poor population. With a median per-capita income less than $21,000 and a poverty rate of nearly 25 percent, it is difficult for these struggling families to afford broadband connectivity. To increase subscribership, the City of Wilson established a state-of-the-art fiber-to-the-premises broadband system called Greenlight and began in 2008 to compete with Time Warner Cable, the second largest cable provider in North Carolina and the primary broadband provider in the area.

Prior to Greenlight's deployment in Wilson, the City had very low broadband subscription rates and met the definition of "underserved" as defined by NTIA in the NOFA. Now that Greenlight offers an affordable alternative to Time Warner Cable, broadband subscribership has increased in the city. Unfortunately, Time Warner Cable sees Greenlight as a direct threat and has offered customers who express interest in switching to Greenlight drastic savings – as much as 50 percent – over previous broadband packages to remain with Time Warner Cable. Many believe this tactic is meant to push Greenlight out of the market so that Time Warner Cable can increase their rates and fees, leaving City residents no choice but to subscribe to Time Warner Cable or go without broadband service.

[illegible] pharmaceutical and aerospace companies that chose to remain in Wilson due its close proximity in Research Triangle Park, low cost of living, and broadband technology resources.

The "extraordinary circumstances" present in Wilson warrant the granting of a waiver from the NOFA's definition of "underserved." These extraordinary circumstances also warrant the treatment of Wilson as "underserved" for the Broadband Technology Opportunities Program. The City of Wilson was "underserved" before the City took the initiative to become a broadband provider with only 15 percent of residents subscribing to Time Warner Cable. I believe that Wilson will likely be deemed "underserved" in the future if the City's broadband system is not established as a sustainable and permanent alternative to Time Warner Cable.

Granting a waiver to the City of Wilson is in the best interest of the Federal government. Doing so would provide an opportunity to test the ability of advanced broadband technology to help transform low-income minority communities dealing with economic and social problems. Wilson is the only low-income community that is a majority minority community in the nation that has an established fiber-to-the-premises system. Wilson finds itself grappling with the major economic and social challenges associated with a high poverty rate, a majority-minority population, major economic dislocations, high crime rate, and serious health problems. It also has a full-service utility and the opportunity to combine smart grid technology with broadband technology and provide low-income residents with the ability to control energy consumption. Wilson provides a unique set of circumstances that will allow the Federal government to test the power of broadband technology to bring about significant changes in a community with major economic and social needs. I am confident that approval of this waiver request is consistent with NTIA's policies.

I urge NTIA to grant a waiver to the City of Wilson so that it may be considered "underserved" and be allowed to compete for federal funds under BTOP. I know that this project is fully consistent with the goals of the Recovery Act and would help to reinvigorate a community that faces many challenges.

Please contact me or Saul Hernandez of my staff with any questions at (202) 225-3101 or by email at Saul.Hernandez@mail.house.gov.

Thank you very much.

Very truly yours,

G. K. Butterfield
Member of Congress

OFFICIAL CONDUCT

NOV 9 2009 U.S. HELSINKI COMMISSION

October 22, 2009

ACTION OFFICE Mary
COPIES TO Cong. Affairs
SUSPENSE DATE 11/23/2009
REMARKS
CONTROL# 19477

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information and
Administrator, National Telecommunications and Information Administration
United States Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Assistant Secretary Strickling:

I write to express my strong support for the City of Wilson, North Carolina's Broadband Technology Opportunities Program (BTOP) application, filed on August 20, 2009. It is one of only a small handful of BTOP applications for last-mile fiber-to-the-premises (FTTP) projects in the nation and the only one of its kind in North Carolina. The goals of this proposed project include providing affordable access to next-generation broadband service for underserved and unserved residents and businesses, improving access of broadband service for vulnerable populations and anchor institutions, and enhancing education, healthcare, and public safety services in the Wilson service area.

Wilson, with a 56 percent minority population and a 24 percent poverty rate, faces many social and economic challenges. At the same time, Wilson has important assets, including the only municipally-owned FTTP broadband infrastructure in North Carolina. Since 2008, Wilson has operated its own FTTP system. Only with BTOP assistance, however, can the City expand and extend this existing world-class infrastructure to serve the entire community and provide next-generation service to its health care, public safety, and educational institutions through new robust sub networks.

Wilson's project satisfies four BTOP purposes by providing: (1) improved broadband access for residents of underserved areas; (2) broadband access for anchor institutions and for agencies serving vulnerable populations; (3) broadband services for public safety; and (4) increased broadband demand, economic growth, and job creation. It also meets NTIA's criteria because it is technically feasible, shovel ready, and cost effective. The project would be sustainable as it would be operated by an established municipal government that already operates electrical, gas, water and other utilities. It also operates the existing broadband system and has the necessary infrastructure already in place. Further, the system is fully scalable due to its use of future-proofed FTTP technology. Nevertheless, it is a project which cannot be fully implemented

DISTRICT OFFICES
215 West Nash Street
Suite B
Wilson, NC 27893
309 West Third Street

[illegible] program and should be a top priority for NTIA funding during this round of the BTOP. It is a sustainable project which can demonstrate the ability of a high-capacity, fiber optic broadband infrastructure to transform this low-income, economically distressed community. As such, it will bring meaningful benefits and services to many residents of the First Congressional District of North Carolina and serve as a model that can be replicated across North Carolina and the rest of the nation.

If you have any questions, please do not hesitate to contact me or Saul Hernandez on my staff at (202) 225-3101.

Thank you very much.

Very truly yours,

G. K. Butterfield
Member of Congress

COMMITTEE ON ENERGY AND COMMERCE

HOUSE PERMANENT SELECT
COMMITTEE ON INTELLIGENCE

CHIEF DEPUTY WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-1309

5533 N. BROADWAY, SUITE 2
CHICAGO, IL 60640
Telephone: 773-506-7100
Fax: 773-506-6202

820 DAVIS STREET, SUITE 105
EVANSTON, IL 60201
Telephone: 847-328-3400
Fax: 847-328-3429

July 2, 2010

JUL 2 2010

ACTION OFFICE MANV
COPIES TO Cong. Affairs

SUSPENSE DATE 7/16/2010
REMARKS
CONTROL# 4009

Mr. Lawrence Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
US Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Dear Secretary Strickling:

I am writing regarding RailBand, LLC's grant application (application #4286) for Round 2 of Broadband Technologies Opportunities Grant Program. Please give this application full and fair consideration, in keeping with applicable rules and regulations.

There are still vast geographic regions of Illinois where broadband services are either prohibitively expensive or simply unavailable. The unprecedented actions that we are taking to expand broadband access in communities throughout the U.S. will help to level the playing field and ensure that schools, emergency first responders, libraries, colleges, businesses and individuals everywhere have access to high speed internet. These projects will help rural economies to flourish and businesses to compete globally.

It is my understanding that RailBand, LLC has modeled an internet telecommunications network based on realistic demographics, equipment and operations costs, service revenues, customer demand and usage. In Railband's proposal, its network will be located along the three main rail lines through the State,terminating at Quincy, St. Louis and Carbondale. Railband will contribute nearly $25 million in private funding toward the project.

I support the Railband initiative to engage utilities, corporations, labor, veterans, educators and community colleges in a collaborative, state-wide initiative to enable the strongest workforce in the world to meet the global challenges in broadband communications. Please give their application every consideration, in keeping with applicable rules and regulations. Please direct questions to my District Director Leslie Combs, she can be reached at 773-506-7100 or leslie.combs@mail.house.gov.

Sincerely,

WASHINGTON, DC 20515
(202) 225-1688

☐ 258 N. SAM HOUSTON PKWY., EAST
SUITE 29
HOUSTON, TEXAS 77060
(281) 999-5879

☐ 11811 I-10 EAST
SUITE 430
HOUSTON, TEXAS 77029
(713) 330-0781

☐ 909 DECKER
SUITE 124
BAYTOWN, TEXAS 77520
(281) 420-0002

WWW.HOUSE.GOV/GREEN

Congress of the United States
House of Representatives
Washington, DC 20515-4329

• SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON FOREIGN AFFAIRS
• SUBCOMMITTEE ON THE WESTERN HEMISPHERE
• SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA
DEMOCRATIC AT-LARGE WHIP

September 18, 2009

SEP 25 2009

Ms. Laura Breeden
Broadband Technology Opportunities Program
Office of Telecommunications Applications
1401 Constitution Avenue, NW
Room 4812
Washington, District of Columbia 20230

Dear Ms. Breeden:

On behalf of the 29th Congressional District of Texas, we would like to offer our support for the grant application filed by the Harris County Public Library for the U.S. Department of Commerce's Broadband Technology Opportunities Program (BTOP). The Harris County Public Library's Public Computing Centers project will be very beneficial to our district since it is an under-served area.

The installation of broadband internet at the Jacinto City Branch Library and Galena Park Branch Library, which are located in the 29th District, will allow the County Library to improve and increase public computing services. The project will provide new computers and allow faster searching on the internet, in addition to computer training classes to make technology more available to our constituents.

We appreciate your consideration of the Harris County Public Library's application for the Broadband Technology Opportunities Program. Please do not hesitate to contact our office if we can be of further assistance.

Sincerely,

Gene Green
Member of Congress

ACTION OFFICE Mary
COPIES TO JN, SM, GM

GG:vc SUSPENSE DATE 10/9/2009

The Honorable Gary Locke
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Locke:

Expanding America's broadband infrastructure is a building block for job creation and economic growth. It holds the potential to transform entire industries, our education system, and the ways Americans communicate and share information. Broadband can introduce businesses to new markets and new consumers to new opportunities.

As you are aware, in 2009, Congress directed the Federal Communications Commission to develop a *National Broadband Plan* to outline the complementary roles the federal government can play in ensuring Americans' access to "broadband capability." Among the recommendations included in the Plan for Congress and the Administration are "designing policies to ensure robust competition" and "supporting efforts to boost adoption and utilization" of broadband.

We support public-private partnerships that expand our nation's broadband infrastructure. Understanding that the U.S. Department of Commerce will play a leading role in allocating federal resources for broadband deployment both in conjunction with the *National Broadband Plan* and beyond it, we urge you to consider competitive applications that would deploy resources in rural Washington State communities that currently do not have access to broadband or are in the process of developing new broadband infrastructure projects.

As our former Governor, you understand that Washington State's population of roughly 7 million people spans over 70,000 square miles – making significant portions of our state's population in rural areas less able to access broadband service. Increased broadband investment in Washington State can help modernize the state's education, health information technology, and public safety systems and facilitate our state's continued economic viability. Broadband investment can spark educational innovation so that students have opportunities to learn both in and outside the classroom; connect rural clinics and hospitals that require increased access to information technology in order to better serve patients; and enable our state's first responders to send and receive video and data almost instantaneously, improving their ability to serve and protect Washington communities and families. Expanding and increasing broadband access across Washington State could not only create economic opportunities, but it could also make our state a safer, better educated, and more productive place to live.

Thank you for keeping the needs of Washington State in mind as your Department considers allocating resources for broadband deployment.

Sincerely,

DOC HASTINGS
4th District, Washington

CATHY MCMORRIS RODGERS
5th District, Washington

DAVE REICHERT
8th District, Washington

PRINTED ON RECYCLED PAPER

Website: tammy...

COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON
ENERGY AND ENVIRONMENT

COMMITTEE ON
THE JUDICIARY
SUBCOMMITTEE ON
CONSTITUTION, CIVIL RIGHTS AND
CIVIL LIBERTIES

House of Representatives
Washington, DC 20515

BELOIT, WI ...
TEL.: (608) 362-2800
FAX: (608) 362-2838

2010 JUN 28 PM 3:30
EXECUTIVE SECRETARIAT

June 18, 2010

The Honorable Gary F. Locke, Secretary
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Locke,

I am pleased to write in strong support of the Goodman Community Center (GCC) application for funding for the "Madison Area Public Computing Center Initiative" (MAPCCI) under round two of the Recovery Act Broadband Technology Opportunities Program (BTOP). The CFDA Number is 11.557 and the Funding Opportunity Number is 0660-ZA28.

The current economic downturn is straining the ability of Madison organizations to provide the services needed by families in crisis. The GCC and their non-profit partners serve as anchors offering established programs for area low-income residents. Funding will enable the MAPCCI to establish ten computer labs in the areas most in need. The project was developed in conjunction with two other BTOP proposals, Metropolitan Unified Fiber Network (MUFN) and Metropolitan Unified Fiber Network II (MUFN II), to upgrade broadband access and computer technology at community centers and significantly increase the number of low-income residents using this expanded capability. Funding will help to improve access by low-income young and adult residents to computer-based services to maximize the number of jobs created and saved in the Madison area.

I appreciate your full consideration of this MAPCCI proposal which will strengthen local public computer centers to improve the quality of lives in our area. I ask that you please keep Helen Forbeck in my Beloit office informed on the progress of the application process. She may be reached by facsimile at (608) 362-2838 or by email at Helen.Forbeck@mail.house.gov.

Sincerely,

Tammy Baldwin

Tammy Baldwin
Member of Congress

Congress of the United States
Washington, DC 20515

May 20, 2009

The Honorable Michael Copps
Acting Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dr. Bernadette McGuire-Rivera
Associate Administrator, NTIA
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Mr. James R. Newby
Acting Administrator
Rural Development
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

ACTION OFFICE MAY 27 2009 JW
COPIES TO S. Morris, A. Wilhe
M. Seifert, L. Atlas
B. Brown, M. Cave
SUSPENSE DATE 6/10/2009
REMARKS
CONTROL# 0501

Dear Chairman Copps, Dr. McGuire-Rivera, and Mr. Newby:

The American Recovery and Reinvestment Act of 2009 (ARRA) rightfully recognized the benefit of broadband by appropriating $7.2 billion towards the deployment and advancement of broadband networks. We ask that you consider the unique hardships faced by those with no existing broadband service and consider an expedited round of grants to reputable applicants with shovel-ready projects.

As you know, the ARRA gives your respective agencies rule making, implementation, and oversight of the broadband stimulus programs. We recognize that by statute you must consider the advancement of broadband not only to "unserved" areas, but also to "underserved" areas as well. However, we ask that you take into account and sincerely consider the reality that many of our constituents have no broadband availability today due to their remote locations and sparsely populated areas, leaving them more than just unserved. These citizens are, without question, severely in need and unable to take advantage of the important societal benefits access to broadband services afford. Broadband service provides access to on-line education resources and research, access to healthcare information and on-line medical records, and enables economic development and job productivity opportunities.

In addition to ensuring that unserved parts of our country are strongly considered to receive broadband stimulus funding with warranted priority, we also encourage you to move swiftly to award grants to qualified and financially strong applicants. The overall goal of the ARRA is to stimulate our economy by creating jobs and delivering immediate broadband services benefits. Every month that passes without the infusion of ARRA money into our economy is another month of job loss, which, as a by-product, perpetuates our struggling economy. For these reasons, we strongly encourage and advise your respective agencies to move quickly on creating rules that will allow [illegible] demonstrated ability to deploy and sustain broadband facilities to [illegible] broadband plans that are "shovel ready."

The opportunity to bring broadband to every American living in rural and urban America is within our reach, but we must make strong tactical decisions as part of the ARRA process to ensure nearly ubiquitous broadband is made available to some of our most deserving citizens and constituents now.

Sincerely,

Jon Boozman Bren P. Hill

Peter Welch

Leonard L. Boswell Betty McCollum

Steve Kagen Bruce L. Braley

Tommy Baldwin Baron Stupak

2ND DISTRICT, WISCONSIN

WEBSITE: TAMMYBALDWIN.HOUSE.GOV

COMMITTEES ON
ENERGY AND COMMERCE
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS
SUBCOMMITTEE ON COMMERCE,
TRADE AND CONSUMER PROTECTION
SUBCOMMITTEE ON ENVIRONMENT
AND HAZARDOUS MATERIALS

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON, DC 20515
TEL.: (202) 225-2906
FAX: (202) 225-6942

10 EAST DOTY STREET, SUITE 405
MADISON, WI 53703
TEL.: (608) 258-8800
FAX: (608) 258-8808

400 EAST GRAND AVENUE, SUITE 402
BELOIT, WI 53511
TEL.: (608) 362-2800
FAX: (608) 362-2838

August 20, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Assistant Secretary Strickling:

It is my pleasure to support ZeroDivide's request to the National Telecommunications and Information Agency (NTIA) for American Recovery and Reinvestment Act funding under the Broadband Technology Opportunities Program (BTOP).

ZeroDivide is an organization that invests in community enterprises that leverage technology to benefit people in low-income and other disadvantaged communities. Through these investments, ZeroDivide has sought to transform both individuals and communities through the power of information and communications technologies. Believing that the digital divide is part of the set of social, economic, political and cultural divides that separate the "haves" from the "have-nots," they apply the concept of a "ZeroDivide" to describe the goal of leaving no one behind in the digital economy.

As the global economy becomes ever more competitive, it is crucial that the United States invest in the next generation of entrepreneurs and investors and work to increase access to information and communications technology. With funding support from NTIA, ZeroDivide and its partners throughout the country will be helping to do just that. ZeroDivide will help build an educated, skilled workforce, and a more engaged and aware citizenry, while spurring increased access and adoption of broadband technology by providing critical technology training, relevant digital content and civic engagement opportunities for our most disadvantaged citizens.

We cannot afford to leave any Americans on the wrong side of the digital divide. ZeroDivide's nonprofit partners support broadband adoption and sustainability in underserved communities across the country. Specifically, many of their partners work with and serve lesbian, gay, bisexual, and transgender (LGBT) populations—in particular, LGBT youth of color, who often live at the outermost margins of society.

ZeroDivide has a proven track record of deploying innovative programs that leverage information and communication technology to benefit these vulnerable, underserved communities.

Thank you for taking the time to give ZeroDivide's BTOP application a thorough and fair review.

Sincerely,

Tammy Baldwin

Tammy Baldwin
Member of Congress

Scott Schrimpsher, Chief of Staff
Todd Hathorn, District Director

House of Representatives
Washington, DC 20515-2201

Assistant Whip

August 12, 2009

AUG 19 2009

Nat'l Telecommunication Information Association
U.S. Department of Commerce
Broadband Technology Opportunities Program
JCJB, Room 4812
1401 Constitution Avenue, NW
Washington, DC 20230

ACTION OFFICE Mary
COPIES TO BTOP Team
SUSPENSE DATE 9/4/2009
REMARKS
CONTROL# 1078

To Whom It May Concern:

Northern Michigan Broadband Cooperative (NMBC) has put together a unique proposal to bring broadband network to 21 counties in Northern Lower Michigan. This is being done by bringing together many stack holders under NMBC.

The purpose of the NMBC is to facilitate the installation of a reliable broadband and telecommunications services throughout Northern Michigan. A communication system that will be used by education, government, economic development, health care and emergency services. A reliable system is critical to economic growth in this rural part of the State of Michigan. The American Recovery and Reinvestment Act designated fund for the establishment of broadband especially in rural areas.

I support this grant request and strongly believe this is the type of program that should be funded. This collaboration between groups and governments in this rural part of Michigan is the type of project the Act envisioned.

Sincerely,

BART STUPAK
Member of Congress

Bts/tlb

Please Reply To

☐ 616 Seventh Street, Harbor Beach, MI 48441 (989) 482-1371
☐ 2 South 6th Street, Suite 1, Crystal Falls, MI 49920 (906) 875-3751
☐ 1229 West Washington, Marquette, MI 49855 (906) 228-1988
☐ 902 Lincoln Street, Escanaba, MI 49829 (906) 786-1504
☐ 200 Division Street, Petoskey, MI 49770 (231) 348-0693
☐ 111 East Chisholm, Alpena, MI 49707 (989) 356-6090
☐ 235 Court Street, West Branch, MI 48661 (989) 345-2255

District Toll Free: 800-968-8894 (2323)

MIGRATORY BIRD
CONSERVATION COMMISSION

March 10, 2010

23 EAST FRONT STREET
SUITE 103
MONROE, MI 48161
(734) 243-7849

301 WEST MICHIGAN AVENUE
SUITE 305
YPSILANTI, MI 48197
(734) 481-1100

MAR 17 2010

The Honorable Lawrence Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Admiuistration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Assistant Secretary Strickling:

It is my understanding that the National Telecommunications and Information Administration (NTIA) may receive one or more proposals for a Comprehensive Communities Infrastructure (CCI) project in connection with the second round of funding under the Broadband Technology Opportunities Program (BTOP). The CCI project I have mentioned is national in scope and would put in place the infrastructure necessary to connect community anchor institutions across the country. Consequently, I urge NTIA to give such proposals full and fair consideration on their merits.

This in mind, I am concerned that the recent Notice of Funding Availability (NOFA) for the second tranche of BTOP grants, as well as the associated application for funding, focus solely on local and regional projects. Moreover, the application asks questions and requests data that are difficult, and perhaps in some cases impossible, to answer and provide, respectively. Thus, while the American Recovery and Reinvestment Act (PL 111-5) accords eligibility to national projects for BTOP funding, the structure of the program in its second round of funding may inadvertently discriminate against them.

As I have stated, I urge that NTIA give full and fair consideration to any CCI projects it may receive in connection with the second round of BTOP funding. Further, I ask that NTIA grant waivers where deemed appropriate in order to ensure that NTIA senior personnel have the chance to review thoroughly CCI projects. These projects have the potential to connect community anchor institutions nationally, serve as a test-bed for new technologies and applications, and create greater impetus for private investment in broadband build-out to community anchor institutions. With their clear potential for national benefit and because they serve in furtherance of the goals of BTOP, it is imperative that NTIA have equal opportunity to read and evaluate CCI project proposals on their merits.

With every good wish,

Sincerely,

John D. Dingell
Member of Congress

ACTION OFFICE Cyril
COPIES TO Cong. Affairs

SUSPENSE DATE 3/31/2010
REMARKS
CONTROL #

MEMBER
MIGRATORY BIRD
CONSERVATION COMMISSION

Washington, DC 20515–2215

23 EAST FRONT STREET
SUITE 103
MONROE, MI 48161
(734) 243-1849

201 WEST MICHIGAN AVENUE
SUITE 209
YPSILANTI, MI 48197
(734) 481-1100

March 10, 2010

The Honorable Lawrence Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Assistant Secretary Strickling:

I write in enthusiastic support of an application for funds to the Broadband Technology Opportunities Program (BTOP) submitted by Michigan State University (MSU). More specifically, MSU is applying for grants in support of sustainable broadband adoption and public computer centers initiatives.

MSU's initiatives will serve the two-fold goal of promoting workforce development in technological skills and expanding sustainable broadband adoption in both rural and urban areas of Michigan. Based on the council of Economic Advisers' method, MSU's initiatives will generate 102 jobs. Moreover, the initiatives will assist Michigan greatly in reaching the economic development and broadband access goals outlined under BTOP.

MSU's initiatives represent a partnership with the state government, libraries, community colleges, schools, economic development organizations, and other anchor institutions in all of Michigan's 83 counties. These initiatives specifically target Cities of Promise, a group of urban centers characterized by Governor Granholm as possessed both of great need and potential. Lastly, MSU initiatives will also extend federal stimulus support to federally recognized tribal regions and expand computing access in rural regions throughout the state.

I would appreciate your thorough consideration of MSU's application. The university is an incredible asset to the state, and I am confident that additional funding will strengthen its work in Michigan. Should MSU's application be approved, the university will be able to provide 21st century Internet access and training programs, two components critical to improving Michigan's dire economic condition.

With every good wish,

Sincerely,

John D. Dingell
Member of Congress

ACTION OFFICE Mary
COPIES TO Cong. Affairs

SUSPENSE DATE 3/25/2010
REMARKS
CONTROL# 2768

THIS MAILING WAS PREPARED, PUBLISHED, AND MAILED AT TAXPAYER EXPENSE

http://degette.house.gov

April 23, 2010

APR 30 2010

COMMITTEE ON
RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS,
FORESTS AND PUBLIC LANDS
SUBCOMMITTEE ON INSULAR AFFAIRS,
OCEANS AND WILDLIFE

Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
U. S. Department of Commerce/NTIA Herbert C. Hoover Building
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickling:

I am writing to support the application for a Recovery Act – Broadband Technology Opportunity Program (BTOP), Round Two Grant by the partner of CoLoursTV of Englewood, Colorado, the National Urban Technology Center in New York, New York. CoLoursTV, a non-profit television broadcast network is collaborating with more than forty public and private partner organizations in New York State in an effort to upgrade seventy public computer centers in low-income communities; and, to bring to scale the SeedTech Connect, a broadband platform for the deliverance of operational efficiencies, resource sharing, academic content support, computer training, and work force development.

The National Urban Technology Center's (Urban Tech) proposal will make available computer training to more than 140,000 underserved residents in New York state by providing computer centers with state-of-the-art hardware and software, curriculum, teacher training, and access to broadband applications that aid in on-line job searches which will lead to meaningful employment. Urban Tech and its partners believe this project to be a highly-replicable, "turn-key" model that allows for the provision of pre-tested hardware and software, effective training programs with curriculum that builds technology skills that are in demand, addresses language and literacy barriers, and provides for effective administration systems for the effective operation of the proposed computer centers.

CoLours TV will conduct the statewide media awareness campaign for the program. It will conduct this outreach to the targeted community through schools, churches, shopping malls and neighborhood block parties in an effort to promote the use of the comprehensive computer training centers by new users.

Please give the National Urban Technology Center's application for a Recovery Act – Broadband Technology Opportunities Program grant your appropriate consideration. Thank you for your time and attention to this matter.

Sincerely,

Diana DeGette

Diana DeGette
Member of Congress

ACTION OFFICE Manu
COPIES TO Cong. Affairs

SUSPENSE DATE 5/14/2010
REMARKS
CONTROL# 3538

FAX (303)844-4996
http://degette.house.gov

February 25, 2010

MAR 5 2010

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

Honorable Larry Strickland
Assistant Secretary of Commerce
Administrator, National Telecommunications and Information Administration
U. S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

ACTION OFFICE Mary
COPIES TO Cong. Affairs
SUSPENSE DATE 3/19/2010
REMARKS Colorado Board of Education
CONTROL# 2694 ✓
EGID 5159

Dear Assistant Secretary Strickling:

I am writing to support the application of the Colorado State Library for a second round American Recovery and Reinvestment Act of 2009 (ARRA) Broadband Technology Opportunity Program Public Computing Center grant. If funded, the State of Colorado will create or enhance seventy-eight public computer centers in Colorado, including seven in the First Congressional District, in low-income, diverse and underserved areas, including the state's Native American tribes. With this funding, nearly $4 million will be used to expand computing capacity in libraries, schools and community centers through a series of fixed and mobile computer labs.

The project will use community outreach, library staff training, and development of state-wide, local and other partnerships to meet community needs. Current partners include, but are not limited to: The Bill and Melinda Gates Foundation, the Denver Public Library and more than seventy other libraries throughout the state, the Mountain Ute and Southern Ute Tribal Museum and tribes, College in Colorado, and, the Colorado Community College system.

The grant proposal focuses on four areas of need of interest to the citizens of Colorado: 1) increasing minority and rural access to education; 2) increasing education levels; 3) increasing income levels; and, 4) providing computing center access to disabled persons. This project, in addition to providing access to core programs, will provide sessions for high school students on college admissions, online college courses and financial aid resources. As a pilot State for computer-based testing for the General Education Degree (GED), it will increase public access that will enhance the goals of the project to improve educational services and computer skills training to those who do not have college degrees. Each of the upgraded libraries will have jobs database access, in partnership with state and local agencies that provide workforce development programs levering computers. ADA-compliant

workstations will be provided and library staff will be trained to engage and serve disabled and elderly citizens.

Please give the Colorado State Library's collaborative application for a Broadband Technology Opportunity Program Public Computing Center Grant application you appropriate consideration. Thank you for your time and attention to this matter.

Sincerely,

Diana DeGette

Diana DeGette
Member of Congress

(303) [illegible]
FAX (303)844-4996
http://degette.house.gov

August 31, 2009

SEP 24 [illegible]

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
U. S. Department of Commerce/NTIA Herbert C. Hoover Building
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickling:

I am writing to support the application for a Recovery Act – Broadband Technology Opportunity Program (BTOP) Grant by the partner of the National Civic League of Colorado, ZeroDivide. The National Civic League is "America's original advocate for community democracy." Headquartered in Denver, Colorado, for more than twenty years, the National Civic League is a non-profit, non-partisan membership organization whose mission is "to strengthen democracy by increasing the capacity of our nation's people to fully participate in and build health and prosperous communities across America."

With the award of a BTOP Grant, ZeroDivide and the National Civic League seek to provide for the increase in demand for broadband services within vulnerable communities throughout the country. Without the provision of such services, large numbers of residents will remain on the wrong side of the digital divide, ultimately contributing to lower economic opportunities and disenfranchisement from the political process.

With the support of this grant, ZeroDivide and the National Civic League will be able to provide critical technology training, digital media production, and civic engagement models and incentives for the most disadvantaged citizens. They hope to create a new generation of innovators, build an educated and skilled workforce, and spur increased access and adoption of broadband technology to underserved rural, inner city, low-income families and youth and people with disabilities.

Please give ZeroDivide and the National Civic League of Colorado's application for a Recovery Act – Broadband Technology Opportunities Program Grant you appropriate consideration. Thank you for your time and attention to this matter.

Diana DeGette

Diana DeGette
Member of Congress

SUSPENSE DATE [illegible]

March 23, 2010

ACTION OFFICE Mano
COPIES TO Cong. Affairs
SUSPENSE DATE 4/12/2010
REMARKS
CONTROL# 3147

The Honorable Larry Strickling
Assistant Secretary of Commerce
Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, D.C. 20230

Re: National Telecommunications Information Administration (NTIA)
Broadband Technology Opportunities Program
OMB Control Number 0660-0031
Comprehensive Community Infrastructure Grant Application – March 26, 2010
Colorado Community Anchors Broadband Consortium

Dear Assistant Secretary Strickling:

We urge you to favorably consider the Colorado Community Anchors Broadband Consortium (CCABC) application submitted by CBOCES/EAGLE-Net for broadband infrastructure funding from Round Two of the Broadband Technology Opportunity Program (BTOP) with the National Telecommunications and Information Administration (NTIA). The EAGLE-Net is a consortium of public and private members, including community colleges, healthcare providers, higher education institutions, K-12 schools, libraries, municipalities, public safety providers, and other Community Anchor Institutions (CAI). These entities have been brought together via a public/private collaboration of the Centennial Board of Cooperative Educational Services (CBOCES) under the EAGLE-Net Gateway, a non-profit Colorado educational services corporation, located in Longmont, Colorado, under its Educational Access Gateway Learning Environment Network (EAGLE-Net). With these funds, EAGLE–Net plans to improve high-speed broadband services to 216 Colorado communities through the Middle Mile network.

As representatives of Colorado's congressional delegation, we are well aware of the inconsistent and in some cases, completely non-existent high speed broadband services for some of our most vulnerable communities. EAGLE-Net's proposal will address this need among the communities where market forces have failed to attract affordable broadband infrastructure and investment. EAGLE-Net will serve as the non-profit network to Community Anchor Institutions throughout the state, including 178 K-12 school districts serving over 2,000 schools & 800,000 students, 16 community colleges, 26 libraries, 12 BOCES, two institutions of higher education, public safety and health care providers, as well as city and county governments. EAGLE-Net will also provide the opportunity to expand service to as many as 3,000 to 4,000 additional Community Anchor locations. Wholesale services offered through EAGLE-Net are expected to stimulate the offering of affordable broadband access for more than 1.2 million households and more than

By focusing on a non-profit model and by bringing in the experience of the private sector, this proposal has the potential of truly bridging the middle mile of the digital divide which impacts many of our most vulnerable communities. We ask that you give EAGLE Net's application every appropriate consideration consistent with all applicable laws and regulations. Thank you for your consideration.

Sincerely,

Mark Udall
U.S. Senate

Michael Bennet
U.S. Senate

Diana DeGette
Member of Congress

John Salazar
Member of Congress

Ed Perlmutter
Member of Congress

Mike Coffman
Member of Congress

Jared Polis
Member of Congress

Betsy Markey
Member of Congress

Congress of the

March 8, 2010

MAR 16 2010

Subcommittee on Environment and Hazardous Materials

The Honorable Lawrence Strickland
Assistant Secretary for Communications and Information
National Telecommunications & Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickland,

As your agency examines the applications for funding under the Broadband Technology Opportunities Program, I would like to call your attention to the submission made by a public-private partnership, the Appalachian Valley Fiber Network (AVFN).

If successful, this partnership would install approximately 150 miles of fiber network cable to expand an existing network to many places without reliable, high-quality broadband services, specifically areas that have been designated as under-served.

With input from the Northwest Georgia Regional Commission, fiber resources will be brought to key community anchor institutions and areas of industrial growth, such as schools, libraries, job training centers, hospitals, government facilities and population centers. If successful, this project has the capacity to ensure business development, job retention and economic expansion.

I respectfully request the application for funding submitted by the Appalachian Valley Fiber Network be given every possible consideration and I am hopeful for a positive response. Should you have any questions, please feel free to contact India Moorhouse in my Washington, D.C., office at (202) 225-5211.

ACTION OFFICE May
COPIES TO Congr Affairs
SUSPENSE DATE 3/26/2010
REMARKS
CONTROL# 2823
EGID 7242

Sincerely,

Nathan Deal

Nathan Deal
Member of Congress

Suite 520, Wachovia Center
340 Jesse Jewell Parkway
P.O. Box 1015

Suite 108
415 East Walnut Avenue
Dalton, Georgia 30721
phone (706) 226-5320

Suite 102
108 West LaFayette Square
LaFayette, Georgia 30728
phone (706) 638-7092
fax (706) 638-7095

FRED UPTON
6TH DISTRICT, MICHIGAN

COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
RANKING REPUBLICAN MEMBER
COMMUNICATIONS, TECHNOLOGY, AND THE INTERNET

Congress of the United States
House of Representatives

May 21, 2009

DC OFFICE:
2183 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2206
(202) 225-3761
FAX: (202) 225-4986

MICHIGAN HOME OFFICES:
157 SOUTH KALAMAZOO MALL
SUITE 180
KALAMAZOO, MI 49007
(269) 385-0039
FAX: (269) 385-2888

800 CENTRE, SUITE 108
800 SHIP STREET
ST. JOSEPH, MI 49085
(269) 982-1886
FAX: (269) 982-0237

www.house.gov/upton
E-MAIL: tellupton@mail.house.gov

James R. Newby
Acting Administrator, Rural Utilities Service
1400 Independence Ave SW
Stop 1510
Washington, DC 20250-0747

Dear James:

As we approach the application period for rural broadband funds made available by the American Recovery and Reinvestment Act, I would like to point out what I believe to be a model program. Bloomingdale Communications has presented me with a broadband plan for Van Buren County, MI that would address lack of broadband Internet access in rural areas and lack of connectivity between school districts. Their model directly touches on the two central criteria of both the NTIA and RUS grant programs, to increase broadband access in unserved and underserved areas, and enhance service for both healthcare and educational facilities in the region.

A fiber optic ring would serve and connect the entire Van Buren County school system, including Bloomingdale, Bangor, Gobles, Paw Paw, Lawton, Decatur, Lawrence, Hartford, Covert, South Haven, Mattawan and Van Buren ISD. Just a few of the educational benefits of the ring would be distance learning, software sharing, staff resource sharing, and connection to other school districts. This project would also benefit area libraries, hospitals, clinics, community service centers, and public safety organizations.

The fiber ring would also facilitate the connection of unserved and underserved areas by providing broadband Internet to rural subscribers who are currently unserved by a high-speed connection. The fiber optic ring in Van Buren County would provide connection speeds of up to 70,000kps. These broadband speeds would be available to residents, telecommuters, home-based businesses, and brick and mortar businesses. Under the Bloomingdale plan, a potential 2,834 dial-up customers could be using high-speed Internet by 2011.

Additionally, this broadband connection will create at least 60 new jobs during the first year of construction, 40 jobs the second year and no less than 9 permanent jobs. It will also positively affect as many as 425 telecommuters and home-based businesses.

The model Bloomingdale Communications has presented represents an efficient, effective use of funds and would indeed be an excellent model for the State of Michigan as a whole. I ask you to consider Bloomingdale Communications' proposal for the fiber-optic ring in Van Buren County. It would bring broadband Internet to many residents and businesses without current access, as well as offering tremendous benefits to our schools, hospitals, and community.

Sincerely,

Fred Upton, Member of Congress

FRED UPTON
6TH DISTRICT, MICHIGAN

COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
RANKING REPUBLICAN MEMBER
COMMUNICATIONS, TECHNOLOGY, AND THE INTERNET

Congress of the United States
House of Representatives

DC OFFICE:
2183 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2206
(202) 225-3761
FAX: (202) 225-4986

MICHIGAN HOME OFFICES:
157 SOUTH KALAMAZOO MALL
SUITE 180
KALAMAZOO, MI 49007
(269) 385-0039
FAX: (269) 385-2888

800 CENTRE, SUITE 106
800 SHIP STREET
ST. JOSEPH, MI 49085
(269) 982-1986
FAX: (269) 982-0237

www.house.gov/upton
E-MAIL: tellupton@mail.house.gov

December 23, 2009

6166302

ADMINISTRATOR'S OFFICE
RECEIVED ON
DEC 31 2009
UTILITIES PROGRAMS

Mr. Jonathan Adelstein, Administrator
U.S. Department of Agriculture
Rural Utility Service
Mail Stop 1510, Room 5135-S
1400 Independence Avenue, S.W.
Washington, DC 20250-0001

Dear Mr. Adelstein:

As a member of the U.S. House of Representatives and Senior Member of the House Subcommittee on Communications, Technology and the Internet serving the 6th District of Michigan, please accept this letter of support for Midwest Energy Cooperative's ("MWE") application for funding under the American Reinvestment and Recovery Act's NTIA/BTOP program. It is my hope that you will give MWE's request your full consideration.

MWE's application proposes to bring next-generation, wireless broadband services to unserved and underserved homes and businesses in Southeast and Southwest Michigan. Using WiMAX (Worldwide Interoperability for Microwave Access) technology, MWE expects to deliver affordable, reliable broadband service within 12 months of funding. MWE proposes to deploy a last mile broadband access solution, based on WiMAX infrastructure, in licensed spectrum. WiMAX, as a fourth generation technology, delivers a true "always on" broadband experience to users on a fixed, portable or fully mobile basis. MWE specifically selected WiMAX technology as it can be quickly deployed to reliably deliver broadband service (2+ Mbps) at a fraction of the cost of alternative access solutions such as DSL, fiber or cable. In short, this WiMAX solution will provide broadband service to the greatest number of households, over the largest possible area, at the lowest possible cost.

MWE's proposed funded Southwest Service Area includes portions of Allegan, Berrien, Cass, St. Joseph, Kalamazoo and Van Buren Counties in my Michigan Congressional District, as well as St. Joseph, Elkhart and LaGrange counties in adjacent northern Indiana. The Southeast Service Area includes portions of Hillsdale, Lenawee, Monroe and Washtenaw counties in Michigan, as well as Lucas, Williams and Fulton Counties in northern Ohio. The total number of households in both areas is estimated to be approximately 120,406 based on detailed mapping performed at the census block-level. The USDA on-line mapping tool, which is less precise,

indicates a total population of 403,211 with 168,485 households. Regardless, MWE will serve all households in the proposed funded service areas. As you know, Michigan and northern Indiana hav been experiencing an economic crisis of greater length and severity than any other part of the United States. All-encompassing and affordable broadband connectivity will go a long way toward returning our region to the long-term growth and productivity for which it is known.

Again, it is my hope that you will give Midwest Energy Cooperative's application all due consideration. Should you have any questions or require additional information, please do not hesitate to call Mr. Ed Sackley in my Kalamazoo District Office, (269) 385-0039. Until then, I remain

Very truly yours,

Fred Upton
Member of Congress

FSU:es

cc: David J. Villano, Assistant Administrator

800 CENTRE, SUITE 100
600 SHIP STREET
ST. JOSEPH, MI 49085
(269) 982-1986
FAX: (269) 982-0237

www.house.gov/upton
E-MAIL: tellupton@mail.house.gov

May 21, 2009

Mark G. Seifert
Senior Advisor to the Assistant Secretary
National Telecommunications and Information Administration
1401 Constitution Avenue NW
Washington, DC 20230

MAY 27 2009

Dear Mark:

As we approach the application period for rural broadband funds made available by the American Recovery and Reinvestment Act, I would like to point out what I believe to be a model program. Bloomingdale Communications has presented me with a broadband plan for Van Buren County, MI that would address lack of broadband Internet access in rural areas and lack of connectivity between school districts. Their model directly touches on the two central criteria of both the NTIA and RUS grant programs, to increase broadband access in unserved and underserved areas, and enhance service for both healthcare and educational facilities in the region.

A fiber optic ring would serve and connect the entire Van Buren County school system, including Bloomingdale, Bangor, Gobles, Paw Paw, Lawton, Decatur, Lawrence, Hartford, Covert, South Haven, Mattawan and Van Buren ISD. Just a few of the educational benefits of the ring would be distance learning, software sharing, staff resource sharing, and connection to other school districts. This project would also benefit area libraries, hospitals, clinics, community service centers, and public safety organizations.

The fiber ring would also facilitate the connection of unserved and underserved areas by providing broadband Internet to rural subscribers who are currently unserved by a high-speed connection. The fiber optic ring in Van Buren County would provide connection speeds of up to 70,000kps. These broadband speeds would be available to residents, telecommuters, home-based businesses, and brick and mortar businesses. Under the Bloomingdale plan, a potential 2,834 dial-up customers could be using high-speed Internet by 2011.

Additionally, this broadband connection will create at least 60 new jobs during the first year of construction, 40 jobs the second year and no less than 9 permanent jobs. It will also positively affect as many as 425 telecommuters and home-based businesses.

The model Bloomingdale Communications has presented represents an efficient, effective use of funds and would indeed be an excellent model for the State of Michigan as a whole. I ask you to consider Bloomingdale Communications' proposal for the fiber-optic ring in Van Buren County. It would bring broadband Internet to many residents and businesses without current access, as well as offering tremendous benefits to our schools, hospitals, and community.

ACTION OFFICE SW
COPIES TO [illegible]

Sincerely,

Fred Upton, Member of Congress

MIKE ROSS
FOURTH DISTRICT OF ARKANSAS

WASHINGTON
2436 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
1-800-223-2220
(202) 225-3772
(202) 225-1314 FAX

http://ross.house.gov
mike.ross@mail.house.gov

Congress of the United States
House of Representatives

HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEES:
HEALTH
ENERGY AND ENVIRONMENT
OVERSIGHT AND INVESTIGATIONS

HOUSE COMMITTEE ON FOREIGN AFFAIRS

NORTH ATLANTIC TREATY ORGANIZATION (NATO) PARLIAMENTARY ASSEMBLY

May 12, 2010

Rural Utilities Service
MAY 18 2010
Received
Administrator's Office

The Honorable Jonathan Adelstein, Administrator
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, S.W. Room 5135-S
Washington, DC 20250-0747

Dear Administrator Adelstein:

As you may know, Windstream Communications, headquartered in Arkansas, has applied for Recovery Act funding that would result in significant broadband improvements in my Congressional District. As such, the success of Windstream's Broadband Initiatives Program (BIP) application is of particular interest to me.

In Arkansas, Windstream has proposed $9.7 million in broadband investments, including projects in Grant, Clark, Union, and Ashley counties in the Fourth Congressional District. This would provide an important economic boost for rural Arkansas, not merely from the creation of 122 jobs, but also from the productivity and educational gains associated with better Internet connections. (See "Broadband Internet's value for rural America," published last August by the Agriculture Department.) Windstream's investment would accomplish two goals: connect those who are unserved by broadband today, and double speeds for homes, businesses, and critical institutions that already have broadband. The projects potentially would benefit 4,900 homes, 340 businesses, and 33 critical facilities in Arkansas.

I am also concerned that all grant recipients may be required to sign an identical, standardized Grant & Security Agreement. Windstream has examined a 31-page document provided by RUS and believes it would preclude a publicly traded company such as itself from accepting a grant. I urge RUS to be practical and flexible in this area. I assure you that Congress, in passing the Recovery Act, did not intend to lock out certain types of companies from delivering better broadband in rural America.

Thank you for your consideration of Windstream's application. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Mike Ross

HOT SPRINGS
300 EXCHANGE STREET
SUITE A
HOT SPRINGS NATIONAL PARK, AR 71901
(501) 520-5892
(501) 520-5873 FAX

PINE BLUFF
GEORGE HOWARD JR. FEDERAL BUILDING
100 EAST 8TH AVENUE
ROOM 2521
PINE BLUFF, AR 71601
(870) 536-3376
(870) 536-4058 FAX

EL DORADO
UNION COUNTY COURTHOUSE
SUITE 405
101 NORTH WASHINGTON
EL DORADO, AR 71730
(870) 881-0681
(870) 881-0683 FAX

PRESCOTT
221 WEST MAIN STREET
PRESCOTT, AR 71857
(870) 887-6787
(870) 887-6793 FAX

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

MIKE ROSS
FOURTH DISTRICT OF ARKANSAS

WASHINGTON
2436 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
1-800-223-2220
(202) 225-3772
(202) 225-1314 FAX

http://ross.house.gov
mike.ross@mail.house.gov

Congress of the United States
House of Representatives

HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEES:
HEALTH
ENERGY AND ENVIRONMENT
OVERSIGHT AND INVESTIGATIONS

HOUSE COMMITTEE ON FOREIGN AFFAIRS

NORTH ATLANTIC TREATY ORGANIZATION (NATO) PARLIAMENTARY ASSEMBLY

Administrator's Office
Received
AUG 03 2010
Rural Utilities Service

July 19, 2010

The Honorable Jonathan Adelstein
Administrator
Rural Utilities Service
United States Department of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250

Dear Mr. Adelstein,

I am writing in support of the National Rural Telecommunications and its attempt to secure funding through the Rural Utilities Service under the Broadband Initiative Program.

In a time when technology is the communication basis of the business, school and family sector, broadband is essential for undeserved, rural communities. The investment to bring high speed internet access to small areas will help stimulate economic development by saving and creating jobs such as installers and customer service representatives, while giving entrepreneurs a new global opportunity. In addition, it has the potential to attract investment and new business to the area while maintaining viability. Bringing broadband service to rural Arkansas can only become a reality with assistance through the Rural Utilities Service.

While I know funding is limited, I fully support this request for funding.

I am hopeful that you will give the National Rural Telecommunications your full consideration when reviewing its application. Please do not hesitate to contact Jeff Weaver, my District Director, at (501) 520-5892 with any questions you have regarding this matter.

Sincerely,

Mike Ross

cc: Mark Cayce,
Ouachita Electric Coop Corp.

HOT SPRINGS
300 EXCHANGE STREET
SUITE A
HOT SPRINGS NATIONAL PARK, AR 71901
(501) 520-5892
(501) 520-5873 FAX

PINE BLUFF
GEORGE HOWARD JR. FEDERAL BUILDING
100 EAST 8TH AVENUE
ROOM 2521
PINE BLUFF, AR 71601
(870) 535-3376
(870) 535-4058 FAX

EL DORADO
UNION COUNTY COURTHOUSE
SUITE 406
101 NORTH WASHINGTON
EL DORADO, AR 71730
(870) 881-0881
(870) 881-0683 FAX

PRESCOTT
221 WEST MAIN STREET
PRESCOTT, AR 71857
(870) 887-6787
(870) 887-6799 FAX

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

ED WHITFIELD
1ST DISTRICT, KENTUCKY

WASHINGTON OFFICE:
2411 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–1701
(202) 225–3115
FAX: (202) 225–3547

www.house.gov/whitfield

Congress of the United States
House of Representatives
Washington, DC 20515–1701

COMMITTEE ON
ENERGY AND COMMERCE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMERCE, TRADE, AND
CONSUMER PROTECTION

April 6, 2010

The Honorable Tom Vilsack
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

Dear Secretary Vilsack:

Please accept this letter as my support for the Public Computer Centers and Sustainable Broadband Adoption grant applications submitted by Elauwit Community Enhancement Foundation-KY, LLC (ECFC-KY). ECFC-KY's goal is to provide low-to-moderate income families and underserved populations with access to low-cost, ultra-high speed broadband and data services. Ultimately, they hope to achieve success in closing the broadband gap while creating sustainable jobs in the technology sector.

If granted this funding, the ECFC's proposal would result in the equivalent of $1,805,052 of direct investment into the citizens of the First Congressional District of Kentucky, specifically through the Providence Public Housing Authority. This funding would allow for the establishment of computer work stations spanning various communities and housing units, thereby benefitting such underserved residents. In addition, the proposed program is pre-engineered to commence within one week if the funds are provided.

The establishment of computer labs would create on-going job/computer skills/educational training programs and homework centers and provide wireless network usage capability for local law enforcement and health service providers. This project would be streamlined with a less burdensome federal agency auditing process and would ensure grassroots success with high-level efficiency. One of the best foreseeable outcomes is that it will create 20 jobs in the First Congressional District of Kentucky through the hiring of local contractors for construction, residents for servicing the established computer labs, and local specialists for designing the system requirements.

I am hopeful that you will be able to give the ECFC-KY's application your full consideration for funding. If I may be of assistance to you in this process, please do not hesitate to contact my District Director, Michael Pape, at 270-885-8079 or at 1403 South Main Street, Hopkinsville, KY 42240. Thank you for your time in reading this letter of support.

Sincerely,

Ed Whitfield
Member of Congress

EW:ch

DISTRICT OFFICES:

FIRST FLOOR
1403 SOUTH MAIN STREET
HOPKINSVILLE, KY 42240
(270) 885–8079
(800) 328–5629
FAX: (270) 885–8598

SUITE F
200 NORTH MAIN
TOMPKINSVILLE, KY 42167–1548
(270) 487–9509
FAX: (270) 487–0019

SUITE 224
222 FIRST STREET
HENDERSON, KY 42420
(270) 826–4180
FAX: (270) 826–6783

ROOM 104
100 FOUNTAIN AVENUE
PADUCAH, KY 42001
(270) 442–6901
FAX: (270) 442–6605

PRINTED ON RECYCLED PAPER

ED WHITFIELD
1ST DISTRICT, KENTUCKY

WASHINGTON OFFICE:
2411 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1701
(202) 225-3115
FAX: (202) 225-3547

www.house.gov/whitfield

Congress of the United States
House of Representatives
Washington, DC 20515–1701

COMMITTEE ON
ENERGY AND COMMERCE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMERCE, TRADE, AND
CONSUMER PROTECTION

September 14, 2009

Mr. David J. Villano
Assistant Administrator, Telecommunications Program
Broadband Initiatives Program
U.S. Department of Agriculture, Rural Utilities Service
1400 Independence Avenue, SW, Stop 1599
Washington, D.C. 20250

Dear Mr. Villano:

I am writing to extend my full support to the Paducah Power Systems in Paducah, KY and their application for funding number BIP CFDA 10.787 under the American Recovery and Reinvestment Act (ARRA) of 2009. The Paducah Power Systems' application includes a proposal for the installation of an open access fiber feed broadband wireless network. Such a network would connect local hospitals, school systems, health care providers, emergency services, libraries, and local government agencies in underserved areas to served areas for the enhancement of collaboration and the provision of enhanced broadband access in multiple counties.

If granted the funding, the Paducah Power Systems would use 2.88 million dollars in ARRA funding and $750 thousand from the Paducah Power Systems. Funding this project would allow the Paducah Power Systems to provide open access at no charge for the utilization of dark fiber to government-owned or public entities. It would also allow broadband access to children participating in the free or reduced lunch programs at a 30 percent discount.

I am hopeful that the Paducah Power Systems' application will be given full consideration for funding. If I may assist you in any way, please do not hesitate to contact my District Director, Michael Pape, at 270-885-8079 or at 1403 South Main Street, Hopkinsville, KY 42240. Thank you for taking time to read this letter of support.

Sincerely,

Ed Whitfield
Member of Congress

EW:ch

DISTRICT OFFICES:

FIRST FLOOR
1403 SOUTH MAIN STREET
HOPKINSVILLE, KY 42240
(270) 885-8079
(800) 328-5629
FAX: (270) 885-8598

SUITE F
200 NORTH MAIN
TOMPKINSVILLE, KY 42167-1548
(270) 487-3509
FAX: (270) 487-0619

SUITE 224
222 FIRST STREET
HENDERSON, KY 42420
(270) 826-4180
FAX: (270) 826-6783

ROOM 104
100 FOUNTAIN AVENUE
PADUCAH, KY 42001
(270) 442-8901
FAX: (270) 442-6805

PRINTED ON RECYCLED PAPER

ED WHITFIELD
1ST DISTRICT, KENTUCKY

WASHINGTON OFFICE:
2411 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–1701
(202) 225–3115
FAX: (202) 225–3547
www.house.gov/whitfield

Congress of the United States
House of Representatives
Washington, DC 20515–1701

COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMERCE, TRADE, AND
CONSUMER PROTECTION

September 24, 2009

The Honorable Tom Vilsack
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

Dear Secretary Vilsack:

Please accept this letter as my support for the grant application submitted by Elauwit Community Enhancement Foundation LLC (ECFC) under the United States Department of Agriculture's Broadband Technology Opportunities Program. ECFC is a non-profit foundation partnered with local public housing authorities serving seven states in the Southeast. Their goal is to provide low-to-moderate income families and individuals in their member cities with access to low-cost, ultra-high speed broadband and data services. Ultimately, they hope to achieve success in closing the broadband gap while creating sustainable jobs in the technology sector.

If granted this funding, the ECFC's proposal would include the implementation of infrastructure, computer centers, and on-going educational components. Offering this type of integrated approach to broadband access would greatly assist in closing the broadband gap in underserved populations in seven states, and it would allow for the creation of jobs that correspond to such work. ECFC's project in Kentucky would provide $390,885 for the Housing Authority of Providence to invest in construction activities, computer centers and stations, training, and access to laptop technology. In addition, the project would allow for the creation of at least five to seven new jobs in year one and two jobs in the years thereafter.

I am hopeful that you will be able to give the Elauwit Community Enhancement Foundation's application your full consideration for funding. If I may be of assistance to you in this process, please do not hesitate to contact my District Director, Michael Pape, at 270-885-8079 or at 1403 South Main Street, Hopkinsville, KY 42240. Thank you for your time in reading this letter of support.

Sincerely,

Ed Whitfield
Member of Congress

EW:ch

DISTRICT OFFICES:

FIRST FLOOR
1403 SOUTH MAIN STREET
HOPKINSVILLE, KY 42240
(270) 885–8079
(800) 328–5629
FAX: (270) 885–8598

SUITE F
200 NORTH MAIN
TOMPKINSVILLE, KY 42167–1548
(270) 487–9509
FAX: (270) 487–0019

SUITE 224
222 FIRST STREET
HENDERSON, KY 42420
(270) 826–4180
FAX: (270) 826–6783

ROOM 104
100 FOUNTAIN AVENUE
PADUCAH, KY 42001
(270) 442–6901
FAX: (270) 442–6805

PRINTED ON RECYCLED PAPER

ED WHITFIELD
1ST DISTRICT, KENTUCKY

WASHINGTON OFFICE:
2411 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1701
(202) 225-3115
FAX: (202) 225-3547
www.house.gov/whitfield

3274667

COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMERCE, TRADE, AND
CONSUMER PROTECTION

Congress of the United States
House of Representatives
Washington, DC 20515–1701

March 23, 2010

Administrator's Office
Received
MAR 29 2010
Rural Utilities Service

Mr. Jonathan Adelstein, Administrator
Rural Utilities Service, U.S. Department of Agriculture
1400 Independence Avenue, SW
Stop 1510, Room 5135
Washington, D.C. 20250

Dear Mr. Adelstein:

I am writing to give my full support to Norlight, Inc. and their application for ARRA Funds from the BIP Program. Norlight proposes to bring high speed telecommunications infrastructure to many unserved and underserved communities and residents in my Congressional District.

High speed telecommunications infrastructure in rural counties offers a future for economic growth and recovery, and without this infrastructure, these communities will only decline in population and economic prosperity. I am pleased that this company is seeking the BIP Program funds for expanded and enhanced telecommunications services and ask for your full consideration. Your agency has a long and proud history of serving rural residents across this country and my constituents have been the recipients of many successful RUS loans. It is my hope that this project will be another success story for RUS in Kentucky.

Norlight is a proven provider with more than 3,000 current subscribers and has created an application that not only invests the company's own resource funds but has the confidence of local elected officials evidenced with an additional $1.3 million dollar investment. Truly, this is a public/private partnership with great prospects for future growth and expansion. An outstanding quality of this project is Norlight's commitment to give back to the local communities a percentage of the income earned for the development of a Broadband Adoption Project to encourage and train for increased usage of this valuable economic tool.

I am hopeful that you will give this application your full consideration for funding. Thank you for your time and assistance in this matter. If I may be of further assistance, please do not hesitate to contact Sandy Simpson in my Tompkinsville Office at 270-487-9509.

Sincerely,

Ed Whitfield
Member of Congress

EW:ch

DISTRICT OFFICES

FIRST FLOOR
1403 SOUTH MAIN STREET
HOPKINSVILLE, KY 42240
(270) 885-8079
(800) 378-5629
FAX: (270) 885-8598

SUITE F
200 NORTH MAIN
TOMPKINSVILLE, KY 42167-1548
(270) 487-9509
FAX: (270) 487-0019

SUITE 224
222 FIRST STREET
HENDERSON, KY 42420
(270) 826-4180
FAX: (270) 826-6783

ROOM 104
100 FOUNTAIN AVENUE
PADUCAH, KY 42001
(270) 442-6901
FAX: (270) 442-6805

PRINTED ON RECYCLED PAPER

BILL CASSIDY, M.D.
6TH DISTRICT, LOUISIANA

COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY, AND RESEARCH
SUBCOMMITTEE ON RURAL DEVELOPMENT, BIOTECHNOLOGY, SPECIALTY CROPS, AND FOREIGN AGRICULTURE

COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON EARLY CHILDHOOD, ELEMENTARY AND SECONDARY EDUCATION
SUBCOMMITTEE ON HIGHER EDUCATION, LIFELONG LEARNING, AND COMPETITIVENESS

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE:
506 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: (202) 225-3901
FAX: (202) 225-7313

DISTRICT OFFICE:
5555 HILTON AVENUE, SUITE 100
BATON ROUGE, LA 70806
PHONE: (225) 929-7711
FAX: (225) 929-7888

http://cassidy.house.gov

March 26, 2010

U. S. Department of Agriculture
Rural Utilities Services
Broadband Initiatives Program
1400 Independence Avenue SW - Stop 1599
Washington, DC 20250

Re: **Broadband IP (Internet Provider)**
Funding Source: U. S. Department of Agriculture Rural Utilities Services
Funding Request: Approximately $16M
Grant ID Number: 4883

Dear USDA/Rural Utilities Services:

I am writing on behalf of the **Broadband IP** proposal entitled, *Louisiana Delta Wireless Broadband Initiative (LDWBI)*; submitted in Round II of the USDA's Broadband Initiatives Program (BIP).

The Delta Region – of which the Sixth Congressional District is represented by East Feliciana, West Feliciana, and Pointe Coupee Parishes – serves to benefit significantly from internet broadband services. The residents in these respective communities are particularly underserved and such services are non-existent at this time. There is very little industrial growth and development, presumably inhibited in part by the lack of this critical component to access. Not only are existing businesses negatively impacted, but the region's educators and medical establishments lack viable internet accommodations, as well.

I fully support the efforts of **Broadband IP** as they seek external funding to support a program designed to provide internet services to thousands of residents and businesses in the delta parishes in Louisiana. Any programs that can facilitate such services to those who would otherwise be without would be an overwhelming benefit to the communities of the region.

I would appreciate the *USDA/Rural Utilities Services* giving every appropriate consideration, to the *LDWBI* proposal for Broadband Initiatives Program (BIP) grant

BILL CASSIDY, M.D.
6TH DISTRICT, LOUISIANA

COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY, AND RESEARCH
SUBCOMMITTEE ON RURAL DEVELOPMENT, BIOTECHNOLOGY, SPECIALTY CROPS, AND FOREIGN AGRICULTURE

COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON EARLY CHILDHOOD, ELEMENTARY AND SECONDARY EDUCATION
SUBCOMMITTEE ON HIGHER EDUCATION, LIFELONG LEARNING, AND COMPETITIVENESS

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE:
506 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: (202) 225-3901
FAX: (202) 225-7313

DISTRICT OFFICE:
5555 HILTON AVENUE, SUITE 100
BATON ROUGE, LA 70808
PHONE: (225) 929-7711
FAX: (225) 979-7688

http://cassidy.house.gov

April 7, 2010

Mr. David Villano
Assistant Administrator
U. S. Department of Agriculture
Rural Utilities Service
1400 Independence Ave, SW
Room 5151-S
Washington, DC 20230

RE: Rural Community Broadcasting Service – 501(C) 3
Funding Source: Department of Agriculture – Rural Utility Services Program **(BIP)** ID-4450
Funding Amount: $14,954,000

Dear Mr. Villano:

Please consider this letter of support for funding of the **Rural Community Broadcasting Service (RCBS)**; representing a Tri-parish Collaboration of East Feliciana, West Feliciana, and Pointe Coupee Parishes. It is their intent to obtain broadband funding through the *Department of Agriculture (BIP)* for loan and grant access to facilitate broadband deployment in remote, unserved rural areas. It is estimated that a minimum of 162 permanent jobs would be secured in these parishes, if this BIP grant is awarded.

The **RCBS**'s mission is to provide and support broadband technology advancement in the rural tri-parish areas: East and West Felicianas, and Pointe Coupee in Central Louisiana. For the BIP project, **RCBS** has formed a local Louisiana team under the direction of Rural Broadcasting Service and the oversight of RCBS Staff will complete and sustain the completed project. Under **RCBS** as prime management contractor, their partners – Cableworks, and Southern University, along with the executed Tri-Parish Cooperative Agreement – provide all the support required for success of the BIP project. The Board of Directors of **RCBS** has contracted with BDepew Enterprises LLC, dba Rural Broadcasting Service (RBS), a Louisiana broadband production provider for the tri-parish areas, as its prime management contractor for daily operations. Under contract, BDepew Enterprises LLC reports directly to the **RCBS** Chairman of the Board. The **RCBS** seeks is to provide local public service digital television programming through RBS leased cable channels in the tri-parish area.

JIM MATHESON
2ND DISTRICT, UTAH

www.house.gov/matheson

Congress of the United States
House of Representatives
Washington, DC 20515–4402

ENERGY AND COMMERCE COMMITTEE
SUBCOMMITTEES:
HEALTH
ENERGY AND AIR QUALITY
COMMERCE, TRADE, AND CONSUMER PROTECTION

SCIENCE AND TECHNOLOGY COMMITTEE

May 27, 2010

Mr. Jonathan Adelstein
Administrator
Rural Utilities Service
United States Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250-0747

Dear Administrator Adelstein:

As the Rural Utilities Service (RUS) reviews applications for the second round of the Broadband Initiative Program (BIP), I am contacting you in support of the application submitted by Qwest for the purpose of securing funds to deploy and upgrade high-speed broadband service throughout Utah.

This grant would benefit the people living in rural communities across the country, including many in Utah, who are in areas considered "unserved." These areas either do not have high-speed access to the Internet or it is available only at speeds that are insufficient for the bandwidth-intensive applications essential for delivering programs such as telemedicine, distance learning, public safety and economic development that will create and maintain jobs and improve the lives of my constituents.

The RUS grants encourage broadband development by off-setting the high cost of deploying broadband to communities that remain unserved because they are located in expansive, geographically diverse and sparsely populated regions that are difficult to reach.

As you make your decisions, I would ask that you give due consideration to the Qwest application.

Sincerely,

J. Matheson

JIM MATHESON
Member of Congress

WASHINGTON OFFICE:
1323 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4402
PHONE: (202) 225-3011
FAX: (202) 225-5638

SALT LAKE OFFICE:
240 EAST MORRIS AVENUE (2430 SOUTH) #235
SOUTH SALT LAKE, UT 84115
PHONE: (801) 486-1236
FAX: (801) 485-1417

SOUTHERN UTAH OFFICE:
321 NORTH MALL DRIVE #E101B
SAINT GEORGE, UT 84790
PHONE: (435) 627-0880
FAX: (435) 627-1473

EASTERN UTAH OFFICE:
120 EAST MAIN STREET
PRICE, UT 84501
PHONE: (435) 636-3722
FAX: (435) 613-1834

PRINTED ON RECYCLED PAPER

Congress of the United States
Washington, DC 20515

October 7, 2009

The Honorable Thomas J. Vilsack
United States Department of Agriculture
Office of the Secretary
1400 Independence Ave SW
Washington, D.C. 20250-0002

Dear Secretary Vilsack:

We are writing in support of the broadband BTOP and BIP applications submitted by Communications Infrastructure Group, LLC (CIG).

CIG's Georgia Rural Connection will provide service to 35 of Georgia's most economically challenged counties. The project's 85 cell towers will create significant improvement in the delivery of healthcare, public safety, local government, and educational services. It will provide high-speed wireless broadband access to schools, hospitals, local fire and police departments, local governments, and thousands of rural Georgians, and it can serve as a model of the success for the BTOP and BIP programs.

Additionally, CIG estimates that each tower it builds will create or sustain more than 50 jobs, and the expanded broadband access in the area will help create and attract professional service jobs in real estate, arts and entertainment, and environmental services.

CIG is a developer of multi-provider communications infrastructure focused on telecommunications tower design, construction, acquisition, and management throughout the Southeast. It is partnering with WFI, an experienced network infrastructure design, deployment, maintenance, and program management service provider. Their combined abilities will help ensure the project's success.

Again, we support these applications and urge you to look favorably upon them because they will significantly benefit rural Georgians. Thank you in advance for your favorable consideration.

Very truly yours,

Rep. Jim Marhsall

Rep. John Barrow

PRINTED ON RECYCLED PAPER

JOHN M. SHIMKUS
19TH DISTRICT, ILLINOIS

2452 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5271

ENERGY AND COMMERCE
COMMITTEE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMUNICATIONS,
TELECOMMUNICATIONS, AND
THE INTERNET

628489

Congress of the United States
House of Representatives
Washington, DC 20515–1319

(217) 492-5090

240 REGENCY CENTRE
COLLINSVILLE, IL 62234
(618) 344-3065

221 EAST BROADWAY, SUITE 102
CENTRALIA, IL 62801
(618) 532-9676

CITY HALL, ROOM 12
110 EAST LOCUST
HARRISBURG, IL 62946
(618) 252-8271

120 SOUTH FAIR STREET
OLNEY, IL 62450
(618) 392-7737

www.house.gov/shimkus

March 30, 2010

Mr. Jonathan S. Adelstein, Administrator
U.S. Department of Agriculture
Broadband Initiatives Program
1400 Independence Avenue, SW, Stop 1599
Washington, DC 20250-1599

Dear Mr. Adelstein:

I am writing in support of Shawnee Telephone Company, who is seeking a Broadband Initiatives Program (BIP) grant. Shawnee Telephone Company would use the grant to extend broadband service to parts of southern Illinois that are greatly unserved and underserved.

Shawnee Telephone Company serves an area of Illinois that is highly poor, with unemployment rates typically greater than the federal unemployment rate, and has some of the lowest income levels in Illinois. A BIP grant to extend broadband service would help this poor, underserved area become highly productive.

Please give this application for funding full and fair consideration. It will certainly be money put to good use. If you have any questions or need further information, please contact my Projects Director Rodney Davis at 217-492-5090 or via email at rodney.davis@mail.house.gov. Thank you in advance for your consideration.

Sincerely,

JOHN SHIMKUS
Member of Congress

JMS: cintl

Administrator's Office
Received
APR 07 2010
Rural Utilities Service

PRINTED ON RECYCLED PAPER

2452 Rayburn House Office Building
Washington, DC 20515
(202) 225-5271

ENERGY AND COMMERCE COMMITTEE
SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMUNICATIONS, TELECOMMUNICATIONS, AND THE INTERNET

Congress of the United States
House of Representatives
Washington, DC 20515–1319

5997708

(217) 492-5090
240 Regency Centre
Collinsville, IL 62234
(618) 344-3065

221 East Broadway, Suite 102
Centralia, IL 62801
(618) 532-9676

City Hall, Room 12
110 East Locust
Harrisburg, IL 62946
(618) 252-8271

120 South Fair Street
Olney, IL 62450
(618) 392-7737

www.house.gov/shimkus

August 18, 2009

Mr. David Villano
USDA-Rural Utilities Service
1400 Independence Ave SW Stop 1599
Washington, DC 20250-1599

Dear Mr. Villano:

I would like to take this opportunity to offer my support of International Broadband Electric Communications, Inc. (IBEC) application to provide advanced broadband service to my constituents in Southeastern Illinois.

High speed internet access will give the people of Southeastern Illinois that may open a region wide door to economic activity and job creation. New investments in digital infrastructure will bring more people online, which will lead to innovative new applications and technologies that could create an untold number of jobs in a part of Illinois that sorely needs them.

It is my hope that this application for funding is given full and fair consideration. If you need additional information or have further questions, please contact Rodney Davis in my Springfield office at 217-492-5090 or at rodney.davis@mail.house.gov. Thank you in advance for your consideration.

Sincerely,

JOHN SHIMKUS
Member of Congress

JMS:rd

ADMINISTRATOR'S OFFICE
RECEIVED ON
AUG 25 2009
UTILITIES PROGRAMS

PRINTED ON RECYCLED PAPER

JOHN M. SHIMKUS
19TH DISTRICT, ILLINOIS

452 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5271

ENERGY AND COMMERCE
COMMITTEE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT

HEALTH

COMMUNICATIONS,
TELECOMMUNICATIONS, AND
THE INTERNET

Congress of the United States
House of Representatives
Washington, DC 20515–1319

3130 CHATHAM ROAD, SUITE C
SPRINGFIELD, IL 62704
(217) 492-5090

240 REGENCY CENTRE
COLLINSVILLE, IL 62234
(618) 344-3055

221 EAST BROADWAY, SUITE 102
CENTRALIA, IL 62801
(618) 532-9676

CITY HALL, ROOM 12
110 EAST LOCUST
HARRISBURG, IL 62946
(618) 252-8271

120 SOUTH FAIR STREET
OLNEY, IL 62450
(618) 392-7737

www.house.gov/shimkus

August 19, 2009

Mr. David Villano
USDA-Rural Utilities Service
1400 Independence Ave SW Stop 1599
Washington, DC 20250-1599

Dear Mr. Villano:

I would like to take this opportunity to offer my support of International Broadband Electric Communications, Inc. (IBEC) application to provide advanced broadband service to my constituents in Southeastern Illinois.

High speed internet access will give the people of Southeastern Illinois that may open a region wide door to economic activity and job creation. New investments in digital infrastructure will bring more people online, which will lead to innovative new applications and technologies that could create an untold number of jobs in a part of Illinois that sorely needs them.

It is my hope that this application for funding is given full and fair consideration. If you need additional information or have further questions, please contact Rodney Davis in my Springfield office at 217-492-5090 or at rodney.davis@mail.house.gov. Thank you in advance for your consideration.

Sincerely,

JOHN SHIMKUS
Member of Congress

JMS:rd

UTILITIES PROGRAMS
AUG 28 2009
RECEIVED ON
ADMINISTRATOR'S OFFICE

PRINTED ON RECYCLED PAPER

5994358

JOHN M. SHIMKUS
19TH DISTRICT, ILLINOIS

2452 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5271

ENERGY AND COMMERCE COMMITTEE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT

HEALTH

COMMUNICATIONS, TELECOMMUNICATIONS, AND THE INTERNET

Congress of the United States
House of Representatives
Washington, DC 20515–1319

3130 CHATHAM ROAD, SUITE C
SPRINGFIELD, IL 62704
(217) 492-5090

240 REGENCY CENTRE
COLLINSVILLE, IL 62234
(618) 344-3065

221 EAST BROADWAY, SUITE 102
CENTRALIA, IL 62801
(618) 532-9676

CITY HALL, ROOM 12
110 EAST LOCUST
HARRISBURG, IL 62946
(618) 252-8271

120 SOUTH FAIR STREET
OLNEY, IL 62450
(618) 392-7737

www.house.gov/shimkus

August 11, 2009

Mr. David Villano
USDA-Rural Utilities Service
1400 Independence Ave SW Stop 1599
Washington, DC 20250

Dear Mr. Villano:

I would like to take this opportunity to offer my support of NewWave Communication's application to provide advanced broadband service to my constituents in Newton, Illinois.

High speed internet access will give the people of Newton opportunities that may open a region wide door to economic activity and job creation. New investments in digital infrastructure will bring more people online, which will lead to innovative new applications and technologies that could create an untold number of jobs in a part of Illinois that sorely needs them.

It is my hope that this application for funding is given full and fair consideration. If you need additional information or have further questions, please contact Rodney Davis in my Springfield office at 217-492-5090 or at rodney.davis@mail.house.gov. Thank you in advance for your consideration.

Sincerely,

JOHN SHIMKUS
Member of Congress

JMS:rd

ADMINISTRATOR'S OFFICE
RECEIVED
ON
AUG 18 2009
UTILITIES PROGRAMS

PRINTED ON RECYCLED PAPER

/ALDEN
STRICT, OREGON
PUTY WHIP

Y AND COMMERCE
SUBCOMMITTEES:
OVERSIGHT AND INVESTIGATIONS
RANKING MEMBER
ENERGY AND ENVIRONMENT
COMMUNICATIONS, TECHNOLOGY, AND THE INTERNET

E-MAIL VIA WEBSITE:
http://walden.house.gov

Congress of the United States
House of Representatives

2352 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3702
TELEPHONE: (202) 225-5730

DISTRICT OFFICES:
843 EAST MAIN STREET, SUITE 400
MEDFORD, OR 97504
TELEPHONE: (541) 776-4646
TOLL FREE: (800) 533-3303

1051 NW BOND STREET, SUITE 400
BEND, OR 97701
TELEPHONE: (541) 389-4408

1211 WASHINGTON AVENUE
LA GRANDE, OR 97850
TELEPHONE: (541) 624-2400

April 2, 2010

02583253

Mr. Jonathan Adelstein
Administrator
Rural Utilities Service
United States Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250-0747

Dear Mr. Adelstein:

I am writing in support of application submitted by Qwest to the Rural Utilities Service for the second round of the Broadband Initiative Program (BIP) for its Oregon broadband deployment project, part of Qwest's larger network proposal to bring or upgrade broadband services to rural communities throughout the West and Midwest.

It is my understanding that Qwest plans to invest nearly $7 million in Oregon's 2nd Congressional District of the $59.1 million it has budgeted to implement the Oregon portion of the network. According to Qwest, this investment would provide for new or upgraded broadband service in at least twenty communities across southern, central, and eastern Oregon. Currently, these areas either do not have high-speed access to the Internet or it is available only at speeds that are insufficient for the bandwidth-intensive applications essential for delivering programs such as telemedicine, distance learning, public safety and economic development that will create and maintain jobs and improve the lives of my constituents.

Qwest has a proven history of providing communications services to the people of Oregon that dates back more than 100 years. As I understand it, Qwest has the "shovel-ready" resources and labor force necessary deploying the network quickly, bringing broadband to the residents of my district and allowing them to bridge the digital divide and seek new opportunities for the 21st century.

I appreciate your consideration and support of Qwest's BIP application. If you have any questions, please do not hesitate to contact me at my Medford district office.

Sincerely,

Greg Walden

GREG WALDEN
Member of Congress

GW/tf

(517) 702-5642 FAX
(877) 333-MIKE TOLL-FREE
www.mikerogers.house.gov

NOV 19 2009

November 16, 2009

The Honorable Lawrence E. Strickland
Assistant Secretary for Communications
and Information
National Telecommunications and
Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

The Honorable Jonathan Adelstein
Administrator
U.S. Department of Agriculture
Rural Utilities Service
Rural Development
1400 Independence Avenue, S.W.
Washington, DC 20250

ACTION OFFICE Mary
DOPES TO Cong. Affairs

SUSPENSE DATE 12/3/2009
REMARKS
CONTROL # 7101

Dear Assistant Secretary Strickland and Administrator Adelstein:

I am writing to you regarding a project which I understand has been submitted to both the National Telecommunications Information Administration (NTIA) and the Rural Utilities Service (RUS) under the Broadband Technology Opportunities Program (BTOP) and the Broadband Initiatives Program (BIP), respectively. If awarded funding from one of these programs, this application, submitted by Air Advantage, LLC, would offer great public benefit to my district.

I am advised this project would bring broadband to last-mile consumers in Huron, Sanilac, and Tuscola counties, to rural census tracks in St. Clair and Lapeer counties, as well as selected rural townships in Oakland and Macomb counties. Specifically, nearly 80,000 unserved and underserved households would gain access to broadband services as a result of this project. This would provide a critical opportunity to increase broadband penetration in rural areas of Michigan and increase their economic competitiveness at a crucial time in the state's economic transformation.

Furthermore, this project is part of a larger plan within Michigan to not only upgrade and extend high speed broadband access across the state and transform the state's economy, but also to ensure a better, more efficient government for the 21st century; and strengthen our ability to monitor borders and critical infrastructure.

Accordingly, as it appears this application would improve broadband access in a distressed region and benefit Michigan's overall technological development, I urge you to provide full and fair consideration to this application.

PRINTED ON RECYCLED PAPER

Sincerely,

Mike Rogers
Member of Congress

House of Representatives
Washington, DC 20515–4207

[illegible]
Suite 1
[illegible]
Telephone: [illegible]

City Hall
[illegible]
Suite 317
Franklin, TN 37064
Telephone: [illegible]

1950 Madison Drive
Clarksville, TN 37043
Telephone: [illegible]

October 15, 2009

OCT 27 2009

Mr. Ian Martinez
Senior Adviser and Director of Outreach
National Telecommunications and Information Administration
United States Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Mr. Martinez,

It is my pleasure to offer this letter of support on behalf of Public Health Television (PHTv) and its Broadband Technologies Opportunity Program (BTOP) Grant Application to the National Telecommunications and Information Administration (NTIA).

PHTv is a broadband-based TV network designed to provide critical health education to rural and medically underserved populations. Preserving and improving access to quality health care is a critical issue facing my constituents today. My district includes some of the poorest counties in the state, particularly in rural Middle and West Tennessee. With this grant, PHTv can establish its network and enable over 300 rural health clinics and public health centers to serve more of the medically needy throughout Tennessee and target over 9,000 sites nationwide that serve as primary healthcare facilities to over 25 million men, women and children.

I respectfully request your full consideration of PHTv's grant application. Thank you for your attention to this matter.

Sincerely,

Marsha Blackburn

Marsha Blackburn
Member of Congress

ACTION OFFICE Mary
COPIES TO Cong. Affairs
SUSPENSE DATE 11/10/09
REMARKS
CONTROL# 17860

DEC 3 2009

CITY HALL
109 3RD AVENUE SOUTH
SUITE 117
FRANKLIN, TN 37064
TELEPHONE: (615) 591-6161

1850 MEMORIAL DRIVE
CLARKSVILLE, TN 37043
TELEPHONE: (931) 503-0391

ACTION OFFICE Mgw
COPIES TO Cong. Affairs

SUSPENSE DATE 12/17/2009
REMARKS
CONTROL# 2192

November 12, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Assistant Secretary Strickling:

As your agency continues the process of reviewing, and ultimately awarding the first round of funding for projects for the Broadband Technology Opportunities Program ("BTOP"), I am writing to express my strong support for the application submitted by *ART Leasing, Inc. dba FiberTower Broadband Corp.* ("FiberTower").

As you know, the BTOP program is designed to fund shovel ready projects with entities committed to bringing broadband service to unserved and underserved communities throughout the country. With a significant commitment of funds by the applicants, BTOP dollars will help drive broadband coverage to poorly served sections of our states and in doing so spur the economic development of the region. The stimulus funds available under the BTOP program hold the potential to dramatically address our state's most significant broadband coverage obstacles.

The FiberTower application focuses on the "Middle Mile" infrastructure which is a crucial part of the proposed BTOP grant program and represents one of the most glaring gaps in enabling last mile networks or direct transport to reach unserved and underserved areas. This application proposes to provide backhaul transport to all categories of "last mile" broadband users identified in the BTOP Notice of Funds Availability ("NOFA") in the application's proposed geographic area (schools, libraries, medical, municipal, federal agencies, and first responder services, as well as incumbent and competitive wireless and wireline carriers). FiberTower proposes to accomplish this by aggregating traffic from all of these sources using their "Muniframe™" multiple-use backhaul platform, an application which they state makes more efficient use of taxpayer funds and which they have demonstrated in many other situations around the country. Using their existing spectrum assets, which cover virtually the entire country, coupled with their access to over 100,000 towers nationally, FiberTower appears poised to deploy these middle mile solutions quickly, enabling a range of new broadband services to be delivered to customers in poorly served areas on an open network platform.

Sincerely,

Marsha Blackburn

Congressman Marsha Blackburn

(202) 225-2944 FAX

219 ROSWELL STREET
MARIETTA, GA 30060
(770) 429-1776

600 EAST 1ST STREET
ROME, GA 30161
(706) 290-1776

115 WEST CHEROKEE STREET
CARTERSVILLE, GA 30120
(678) 721-2509

Congress of the United States
House of Representatives
Washington, DC 20515

PROTECTION

CO-CHAIR, MEDICAL AND DENTAL DOCTORS IN CONGRESS CAUCUS
CO-CHAIR GOP DOCTORS CAUCUS

NOV 24 2009

ACTION OFFICE Manu
COPIES TO Congr. Affairs

SUSPENSE DATE 12/9/2009
REMARKS
CONTROL# 2154

November 17, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications & Information
National Telecommunications & Information Administration
1401 Constitution Ave., NW
Washington, DC 20230

Dear Assistant Secretary Strickling:

As your agency continues the process of reviewing the applications for funding under the "Broadband Technology Opportunities Program (BTOP)," I would like to call your attention to the proposal submitted by American Fiber Systems, ~~Inc.~~ (AFS) to serve Cobb County, Georgia.

American Fiber Systems is a leading edge telecommunications company which currently operates fiber optic networks in nine metropolitan areas consisting of approximately 76,000 fiber miles. In Cobb County alone, American Fiber Systems operates over 220 fiber miles and should their BTOP application be granted, they would expand this network by approximately 329 fiber miles which would provide broadband connectivity to many un-served or underserved areas in and around Cobb County. The proposed AFS expansion would ultimately provide service to 50 public safety locations, 143 educational facilities, 12 public libraries and 45 county, municipal and community buildings.

As part of their proposal, American Fiber Systems has committed to make available up to 24 strands of fiber from its existing and expanded network to fiber-to-home providers at a leased rate of $1 per year for up to 40 years. This initiative could potentially provide broadband service to approximately 185,000 individuals who are not currently being served by broadband service.

I respectfully request American Fiber Systems' application for funding under the Broadband Technology Opportunities Program be given every possible consideration and I am hopeful for a positive response.

Sincerely,

Phil Gingrey

Phil Gingrey, MD
Member of Congress

Congress of the

March 8, 2010

MAR 16 2010

Subcommittee on
Environment and
Hazardous Materials

The Honorable Lawrence Strickland
Assistant Secretary for Communications and Information
National Telecommunications & Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Strickland,

As your agency examines the applications for funding under the Broadband Technology Opportunities Program, I would like to call your attention to the submission made by a public-private partnership, the Appalachian Valley Fiber Network (AVFN).

If successful, this partnership would install approximately 150 miles of fiber network cable to expand an existing network to many places without reliable, high-quality broadband services, specifically areas that have been designated as under-served.

With input from the Northwest Georgia Regional Commission, fiber resources will be brought to key community anchor institutions and areas of industrial growth, such as schools, libraries, job training centers, hospitals, government facilities and population centers. If successful, this project has the capacity to ensure business development, job retention and economic expansion.

I respectfully request the application for funding submitted by the Appalachian Valley Fiber Network be given every possible consideration and I am hopeful for a positive response. Should you have any questions, please feel free to contact India Moorhouse in my Washington, D.C., office at (202) 225-5211.

ACTION OFFICE May
COPIES TO Congr Affairs
SUSPENSE DATE 3/25/2010
REMARKS
CONTROL# 2823
EGID 7242

Sincerely,

Nathan Deal

Nathan Deal
Member of Congress

Suite 620, Wachovia Center
540 Jesse Jewell Parkway
[illegible] P.O. Box 1015

Suite 108
415 East Walnut Avenue
Dalton, Georgia 30721
phone (706) 226-5320

Suite 102
108 West LaFayette Square
LaFayette, Georgia 30728
phone (706) 638-7042
fax (706) 638-7049

MARSHA BLACKBURN
7TH DISTRICT, TENNESSEE
DEPUTY WHIP

COMMITTEE ON
ENERGY AND COMMERCE

Congress of the United States
House of Representatives
Washington, DC 20515–4207

6119610

WASHINGTON OFFICE:
217 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
TELEPHONE: (202) 225-2811

DISTRICT OFFICES:
7975 STAGE HILLS BOULEVARD
SUITE 1
MEMPHIS, TN 38133
TELEPHONE: (901) 382-5811

CITY HALL
109 3RD AVENUE SOUTH
SUITE 117
FRANKLIN, TN 37064
TELEPHONE: (615) 591-5161

1850 MEMORIAL DRIVE
CLARKSVILLE, TN 37043
TELEPHONE: (931) 503-0391

November 2, 2009

Mr. Jonathan Adelstein, Administrator
United States Department of Agriculture
Rural Development – Rural Utilities Service
1400 Independence Ave., S.W.
Washington, D.C. 20250-0747

Dear Mr. Adelstein,

I am writing this letter of support on behalf of NTCH – Clear Talk Wireless' grant application to the Rural Utilities Service Broadband Initiatives Program (BIP).

NTCH – ClearTalk Wireless has applied for funding to implement "shovel ready" plans for a wireless broadband network to serve portions of West, Southwest, and Middle Tennessee which includes most of Tennessee's Seventh Congressional District. Since their delivery model involves wireless implementation vs. cable installation, we anticipate broadband access to be rapid. Their plan also incorporates the network to serve as a back-up communication system to support local communication systems and first responders in case of emergency.

I respectfully request your full consideration of NTCH – Clear Talk Wireless' grant application. Thank you for your attention of this matter.

Sincerely,

Marsha Blackburn

Marsha Blackburn
Member of Congress

ADMINISTRATOR'S OFFICE
RECEIVED
DEC 01 2009
UTILITIES PROGRAMS

LIFELONG LEARNING, AND COMPETITIVENESS
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

House of Representatives
Washington, DC 20515

DEC 7 2009

November 25, 2009

Assistant Secretary Larry Strickling
U.S. Department of Commerce/NTIA
1401 Constitution Avenue, N.W.
Room 4898 B
Washington, D.C. 20230

Re: Southern University System's Linking LA Distributive Computer Center Initiative
Funding: U.S. Department of Commerce/
National Telecommunications and
Information Administration (NTIA)/ Broadband Technology Opportunities
Program (**BTOP**)

Dear Assistant Secretary Strickling:

Please consider Southern University System's application for *Broadband Technology Opportunities Program (BTOP)* funding; specifically for Public Computer Centers (PCCs) and Sustainable Broadband Adoption. The project, entitled **Southern University System's Linking Louisiana Distributive Computer Center Initiative**, is for a grant total amount of $12,488,755.

The **Southern University System** (SUS), the largest Historically Black Land Grant University System in the United States, will bridge the digital divide for Louisiana's rural and minority communities by serving as an anchor institution to expand existing PCCs based on a hub-and-spoke model that will provide computer and internet access to those communities. The five SUS campuses within Baton Rouge, New Orleans and Shreveport will serve as hubs for 25 satellite PCCs throughout Louisiana. Those hubs are namely the Southern University College of Agriculture in Baton Rouge; Southern University Law Center in Baton Rouge; Southern University & A&M College in Baton Rouge; Southern University in Shreveport; and Southern University - New Orleans.

The PCCs based out of campus hubs will not only provide access to technology, but more importantly access to educational and programmatic resources within each campus. The project will serve as a template that other organizations and communities can use to increase broadband usage among their citizens; create approximately 36 jobs, as a direct result of this funding; and the PCCs will, in turn, provide computer and internet access to over 200,000 residents of the State.

ACTION OFFICE Mary
COPIES TO Cong. Affairs

SUSPENSE DATE 12/21/2009
REMARKS
CONTROL# 22260

this purpose.

Again, my best regards to the Department in its work to fund worthy projects such as this one.

Sincerely,

Bill Cassidy

Bill Cassidy
Member of Congress

BC/dm

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON INSULAR AFFAIRS, OCEANS AND WILDLIFE

House of Representatives
Washington, DC 20515

April 7, 2010

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
U.S. Department of Commerce
National Telecommunications and Information Administration
HCHB – Room 4812
1401 Constitution Avenue, NW
Washington, DC 20230

US EXECUTIVE SECRETARIAT
2010 APR 19 PM 2:55

RE: Rural Community Broadcasting Service – 501(C) 3
Funding Source: Department of Commerce – Broadband Technology Opportunities Program (BTOP) ID-6495
Funding Amount: $3,301,774

Dear Assistant Secretary Strickling:

Please consider this letter of support for funding of the **Rural Community Broadcasting Service (RCBS)**; representing a Tri-parish Collaboration of East Feliciana, West Feliciana, and Pointe Coupee Parishes. It is their intent to obtain broadband funding through the *Department of Commerce (BTOP)* for broadband mobile units; and through the *Department of Agriculture (BIP)* for loan and grant access to facilitate broadband deployment in remote, unserved rural areas.

The proposed project consists of providing three fully equipped broadband mobile units that can be dispatched to all key community anchor institutions such as Southern University, the two technical community colleges, 17 high schools and elementary schools, four (4) senior centers, three (3) libraries, community centers throughout the underserved areas of East Feliciana, West Feliciana and Pointe Coupee. Our service area suffers significant economic depression; disabling its ability to upgrade, build or improve existing broadband technology. RCBS has an opportunity to address this by deploying the mobile units, which will prompt the development of a minimum 58 permanent jobs under this BTOP grant alone.

The mobile units are equipped to provide fingertip access to the information highway by taking technology directly to the users. Each unit will host five computer workstations. In addition, each mobile unit has the ability to conduct broadcast training and the skill courses that will enhance broadband awareness.

purpose.

Sincerely,

Bill Cassidy

Bill Cassidy
Member of Congress

Cc: The Honorable Gary Locke
Secretary
U.S. Department of Commerce
1401 Constitution Ave, NW, Room 5421
Washington, DC 20230

March 23, 2010

The Honorable Gary Locke
Secretary
The United States Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

RE: MCNC's Round 2 BTOP Application

Dear Secretary Locke:

We are writing to express our support for MCNC's round 2 Broadband Technology Opportunities Program (BTOP) application, and we urge you to make this grant to expand broadband coverage to some of the most economically challenged areas of our state and the remaining areas that lack middle mile broadband infrastructure.

MCNC's grant application proposes to deploy broadband to 21 counties in northeastern North Carolina, six counties in northwestern North Carolina, 10 counties in north central North Carolina, and 9 counties in south central and southeastern North Carolina. These counties once had thriving, robust economies centered on furniture, textiles, and farming, but economic development in these towns and communities has been stifled, as our manufacturing base has moved offshore. We must give these citizens the tools they need to drive economic development.

We can assure you that this proposal is the best way to accomplish full coverage of the broadband gaps in North Carolina and MCNC, an independent, non-profit organization, is well equipped to bring broadband to rural parts of North Carolina. The organization has gone out of its way to partner with the other major players in the broadband community as well.

We strongly believe that we must commit to ubiquitous broadband throughout our country to enable the technology-based economic development that will create the sorts of jobs and business opportunities necessary for the state of North Carolina and the country to be competitive in the global economy. Broadband accessibility is as important of a component in a community's infrastructure as water or sewer capacity.

As President Obama has said, "To build a economy that can lead this future, we will begin to rebuild America…It means expanding broadband lines across America, so that a small business in a rural town can connect and compete with their counterparts anywhere in the world…"

Respectfully Submitted,

Sen. Kay Hagan

Rep. Howard Coble

Rep. David E. Price

Rep. Melvin E. Watt

Rep. Sue Wilkins Myrick

Rep. Walter B. Jones

Rep. Bob Etheridge

Rep. Mike McIntyre

Rep. G.K. Butterfield

Rep. Brad Miller

Rep. Larry Kissell

August 12, 2009

DEC 17 2009

U.S. Department of Commerce
National Telecommunication and Information Administration (NTIA)
Broadband Technology Opportunity Program
1401 Constitution Avenue
Washington, DC 20230

Bend Cable Communications, LLC

Dear NTIA Broadband Technology Opportunity Program Application Reviewers,

I am writing in support of the application submitted by BendBroadband based in central Oregon, to the NTIA Broadband Technology Opportunity Program (BTOP) for the Wireless Broadband for Rural Oregon initiative. As I understand their efforts, BendBroadband proposes to serve 10 communities in my district that are underserved and rural communities in Harney, Hood River, Jefferson, Klamath, Sherman and Wasco County. Broadband access in these areas is currently limited and updated access to high-speed internet will improve educational, healthcare and employment opportunities in these rural communities.

According to BendBroadband, it has purchased additional wireless spectrum with the plan to expand into contiguous central Oregon areas with a wireless broadband service. Following conversation with the company staff, I understand they have identified underserved rural areas for which it could not justify the capital expense to serve without grant assistance, due to sparse populations and long distances between communities.

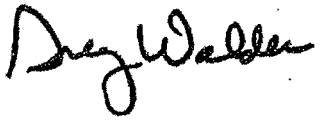
It would seem that in these remote rural areas, wireless technology is a very efficient way to provide affordable high speed broadband service. BendBroadband has told me that they plan to deploy the technology within eighteen months of the award of grant monies with the hope of wireless speeds of up to 21 mbps at launch.

Expanded access to broadband enables business and individuals to gain access opportunities to improve their financial, medical or educational situation. As I have been told by BendBroadband, if funded this project will provide affordable, high speed broadband services to approximately 30,000 rural and underserved Oregonians in my district.

ACTION OFFICE Many
COPIES TO Cong. Affairs

SUSPENSE DATE 1/4/2010
REMARKS 73079

Sincerely,



Greg Walden
Member of Congress

GW/tf

SEP 1 2009

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
U.S. Department of Commerce Room 4898
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Assistant Secretary Strickling:

We are writing in support of MCNC's application for American Recovery and Reinvestment Act (ARRA) broadband stimulus funds to support fiber acquisition for the North Carolina Research and Education Network (NCREN) in rural North Carolina.

The Microelectronics Center of North Carolina (MCNC) is a nonprofit entity established in 1980 by the State of North Carolina to serve as a catalyst for technology-based economic development. In the last 30 years, MCNC has provided innovative networking capabilities to North Carolina's major research institutions, facilitating the development of cutting-edge technology and medical research. Today, its primary mission is the deployment and operation of NCREN, an advanced communications network linking the K-20 education community.

Since its inception in 1985, NCREN has grown to include all 17 campuses of the University of North Carolina System, Duke University, Wake Forest University, over 40 additional independent colleges and universities, all 115 Public K-12 school districts, the twenty largest community colleges, and various major research institutions located across the state. Reliance on the network continues to increase, particularly with the spike in enrollments in online classes. In order to meet the demands of its users – including more than three million students in public primary, secondary, and higher education in North Carolina - NCREN needs additional capacity.

MCNC is now seeking ARRA funding, to be used in conjunction with private and endowed matching funds, to extend the network to rural North Carolina. This extension will provide the scalability for NCREN to serve the research and education needs of public education in North Carolina through 2025. In addition, acquiring and building out an open interconnect middle-mile fiber network will serve as a wholesale priced conduit for private broadband service providers to reach and serve consumers and small business in unserved and underserved areas of rural North Carolina.

ACTION OFFICE Mary
COPIES TO BTOP Team

SUSPENSE DATE 9/15/2009
REMARKS
CONTROL# 1378

PRINTED ON RECYCLED PAPER

230

Sincerely,

Senator Richard Burr

Senator Kay Hagan

Representative G. K. Butterfield

Representative Howard Coble

Representative Bob Etheridge

Representative Virginia Foxx

Representative Walter Jones

Representative Larry Kissell

Representative Patrick McHenry

Representative Mike McIntyre

Representative Brad Miller

Representative Sue Myrick

COMMITTEE ON
HOMELAND SECURITY
SUBCOMMITTEE ON
INTELLIGENCE, INFORMATION SHARING
& TERRORISM RISK ASSESSMENT
CHAIR
SUBCOMMITTEE ON
BORDER, MARITIME AND
GLOBAL COUNTERTERRORISM
BLUE DOG COALITION
CONGRESSIONAL
SPACE POWER CAUCUS
CO-CHAIR

CONGRESSWOMAN JANE HARMAN
36TH DISTRICT, CALIFORNIA

COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON
ENERGY AND ENVIRONMENT
NEW DEMOCRAT COALITION

September 8, 2009

Broadband Technology Opportunities Program
National Telecommunications and Information Administration
U.S. Department of Commerce
HCHB, Room 4812
1401 Constitution Avenue, NW
Washington, DC 20230

Broadband Initiatives Program
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, SW, Stop 1599
Washington, DC 20250

Dear Grant Committee:

I am writing to express my support for the National Medical Wireless Broadband Alliance's (NMWBA) application for a grant through the Broadband Technology Opportunities Program (BTOP) set forth in the American Recovery and Reinvestment Act (ARRA) of 2009.

The funding sought by NMWBA will advance public safety by insuring "everywhere, anytime" fire and police radio ability, make emergency response team's radios fully functional within hospitals and assist facilities in meeting federal wireless broadband technology requirements. Over 60 hospitals in California, including one in my district, will be able to implement a wireless infrastructure to extend information and communication systems and telehealth/telemedicine capabilities. In addition, the acceleration of innovative, proven health information technologies will promote job creation in both the healthcare and IT industries.

In order to promote public safety, better heath care and economic growth, I strongly urge you to consider the National Medical Wireless Broadband Alliance's grant application.

Regards,

Jane Harman

JANE HARMAN
Member of Congress

RESPOND TO:

EL SEGUNDO:
☐ 2321 ROSECRANS AVENUE
SUITE 3270
EL SEGUNDO, CA 90245
PHONE: (310) 643-3636
FAX: (310) 643-6445

WASHINGTON, DC:
☐ 2400 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: (202) 225-8220
FAX: (202) 226-7290

WILMINGTON:
☐ 544 NORTH AVALON BOULEVARD
SUITE 307
WILMINGTON, CA 90744
PHONE: (310) 549-8282
FAX: (310) 549-8250

Website: www.house.gov/harman

PRINTED ON RECYCLED PAPER

JOHN D. DINGELL
15TH DISTRICT, MICHIGAN
CHAIRMAN EMERITUS
COMMITTEE ON
ENERGY AND COMMERCE
CO-CHAIR
HOUSE GREAT LAKES
TASK FORCE
MEMBER
MIGRATORY BIRD
CONSERVATION COMMISSION

6055219

Congress of the United States
House of Representatives
Washington, DC 20515–2215

WASHINGTON OFFICE:
ROOM 2328
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–2215
(202) 225–4071

DISTRICT OFFICES:
19855 WEST OUTER DRIVE
SUITE 103-E
DEARBORN, MI 48124
(313) 278–2936

23 EAST FRONT STREET
SUITE 103
MONROE, MI 48161
(734) 243–1849

301 WEST MICHIGAN AVENUE
SUITE 305
YPSILANTI, MI 48197
(734) 481–1100

September 30, 2009

Mr. David J. Villano
Assistant Administrator
US Department of Agriculture
Office of Rural Development, Telecommunications Program
USDA STOP 1590
1400 Independence Ave., SW, Room 5151
Washington, DC 20250-1590

Dear Assistant Administrator Villano:

I write to ask that you give your full consideration to the grant application offered by Wireless Washtenaw. This grant application (#1396), entitled *"Broadband Initiatives Program and Broadband Technology Opportunities Program"* was submitted on August 20th, 2009 and would provide $4.2 million for the project.

The Wireless Washtenaw project is an innovative program designed to facilitate the deployment of high speed internet access for Washtenaw County in both suburban and rural settings. Wireless Washtenaw already provides theses vital services to nearly 550 residents within the county. The funding from this grant would allow Wireless Washtenaw to address the digital divide by deploying broadband to unserved and underserved areas within the Washtenaw County community. Additionally, this technology will soon serve approximately 6,800 new residential broadband subscribers and 421 businesses. This will directly create or save 30 jobs and could indirectly grow as many as 200 more. In addition to these economic benefits, the project will service 96 community anchor institutions, including the educational institutions, fire and police stations, local governments and health facilities.

The project offered by Wireless Washtenaw is a very unique and innovative opportunity to provide the vital resource of connectivity. I ask that you fully consider their grant application because of the many benefits that could be derived from the successful completion of this project. If you have any questions or need any further information, please do not hesitate to contact me or my staff member, Andrew LaBarre, at (313) 278-2936.

With every good wish,

Sincerely,

John D. Dingell
Member of Congress

THIS MAILING WAS PREPARED, PUBLISHED, AND MAILED AT TAXPAYER EXPENSE
THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

American Recovery and Reinvestment Act of 2009
USDA FUNDING COMMITTED
OREGON - 2nd District

Program	Award Recipient	ARRA Funding Committed	# Awards
Awards Serving District			
ARS - Construction and Deferred Maintenance Total		$264,931	1
Forest Service - Capital Improvement and Maintenance Total		$28,631,164	10
Forest Service - Wildland Fire Management Total		$41,927,800	16
FSA - Agriculture Disaster Assistance Total		$1,990,602	184
FSA - Farm Operating Direct Loans Total		$2,679,260	45
Rural Development - Broadband Total		$7,806,313	2
Rural Development - Business and Industry Guaranteed Loans Total		$14,212,683	5
Rural Development - Rural Business Enterprise Grants Total		$352,618	4
Rural Development - Single Family Housing Direct Loans Total		$15,410,215	103
Rural Development - Single Family Housing Guaranteed Loans Total		$90,289,385	654
Rural Development - Water and Waste Disposal Total		$24,580,300	2
Grand Total		$228,145,271	1026
Awards Serving Multiple Districts			
Forest Service - Capital Improvement and Maintenance	Mt Hood and Willamette Road Maintenance and Decommissioning	$3,927,000	1
Forest Service - Capital Improvement and Maintenance	Mt. Hood National Forest Trail Restoration for Public Access and Safety	$1,725,000	1
Forest Service - Capital Improvement and Maintenance	Umatilla National Forest Trails Maintenance	$2,910,000	1
Forest Service - Capital Improvement and Maintenance	Hells Canyon National Recreation Area, Eagle Cap Wilderness, and Elkhorn Mountains Wilderness and Backcountry Trail Maintenance	$1,365,000	1
Forest Service - Capital Improvement and Maintenance	Region-wide Road Deferred Maintenance	$8,990,765	1
Forest Service - Capital Improvement and Maintenance	Pacific Crest Trail Maintenance - Oregon and Washington	$1,821,744	1
Forest Service - Capital Improvement and Maintenance	Pacific Northwest Research Station Road Maintenance	$200,000	1
Forest Service - Capital Improvement and Maintenance	Oregon Youth Employment Initiative	$3,250,000	1
Forest Service - Capital Improvement and Maintenance	Oregon Youth Employment Initiative - Phase II	$3,000,000	1
Forest Service - Wildland Fire Management	Reducing threat of wildfires in central and southwest Oregon	$9,985,000	1
Forest Service - Wildland Fire Management	Terrestrial Habitat Enhancement - Botany and Wildlife (Meadows) – Forest-wide	$1,178,200	1

234

BRIAN P. BILBRAY
50TH DISTRICT, CALIFORNIA

2348 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-0508
FAX (202) 225-2558

DISTRICT OFFICE:
482 STEVENS AVE., #107
SOLANA BEACH, CA 92075
(858) 350-1150
FAX (858) 350-0750

Congress of the United States
House of Representatives
Washington, DC 20515–0550

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

COMMITTEE ON SCIENCE AND TECHNOLOGY

COMMITTEE ON VETERANS' AFFAIRS

HOUSE REPUBLICAN POLICY COMMITTEE

IMMIGRATION REFORM CAUCUS, CHAIRMAN

JUL 2 2010

June 23, 2010

The Honorable Lawrence E. Strickling
Assistant Secretary for Communications and Information
National Telecommunications and Information Agency
U.S. Department of Commerce
Herbert C. Hoover Building (HCHB)
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

ACTION OFFICE Manu
COPIES TO Cong Affairs

SUSPENSE DATE 7/16/2010
REMARKS
CONTROL# 4010

Dear Assistant Secretary Strickling:

It is with pleasure that I write to express my support for the two proposals submitted by the California Emerging Technology Fund (CETF) to the National Telecommunications and Information Agency (NTIA) for the Broadband Technology Opportunities Program (BTOP). The proposals are:

- Digital Literacy for All
- Access to Careers and Technology

CETF provides leadership in California to close the Digital Divide by accelerating the deployment and adoption of broadband to unserved and underserved communities in ways that make the state more competitive. As a "Round 1" recipient of BTOP funding, CETF has proven to be a valued and trusted partner with NTIA and will be a key ally to meet the goals of the National Broadband Plan and close the Digital Divide in America. Funding CETF in "Round 2" and the 25 partners included in their two proposals is an important milestone toward this goal. In total, the two projects will provide digital literacy training for 65,526 low-income individuals, enable 17,614 low-income households to subscribe to broadband and result in 2,918 jobs filled, created, and retained.

CETF's 25 partners represent a cross section of community-based organizations, Native Americans, job training centers, youth leadership and media. They in turn will engage 28 anchor institutions as training sites and broadband access points including the San Diego Futures Foundation in my district. They will be working not as individuals but as a team – organized as a learning community to support each other and meet the overall goals of jobs, training and broadband adoption. CETF has the track record to ensure this will occur in a responsible and cost-effective manner and will serve as a model to the nation.

PRINTED ON RECYCLED PAPER

I respectfully request that the two proposals submitted by CETF receive full and fair consideration. If you have any questions, please contact Brian Jones in my district office at (858) 350-1150 or via email at brian.jones@mail.house.gov.

Sincerely,

Brian P. Bilbray
Member of Congress

BPB:bej

SUBCOMMITTEES:
ENERGY AND AIR QUALITY
RANKING REPUBLICAN MEMBER
TELECOMMUNICATIONS
AND THE INTERNET

Congress of the United States
House of Representatives

MICHIGAN HOME OFFICES:
157 SOUTH KALAMAZOO MALL
SUITE 180
KALAMAZOO, MI 49007
(269) 385-0039
FAX: (269) 385-2888

800 CENTRE, SUITE 106
800 SHIP STREET
ST. JOSEPH, MI 49085
(269) 982-1986
FAX: (269) 982-0237

www.house.gov/upton
E-MAIL: tellupton@mail.house.gov

August 8, 2009

Mr. Anthony Wilhelm, Deputy Associate Administrator
U.S. Department of Commerce - NTIA
Infrastructure Division, Office of Telecommunications & Information Applications
1401 Constitution Avenue, NW
Washington, DC 20230

AUG 19 2009

Dear Mr. Wilhelm,

As a member of the U.S. House of Representatives serving the 6th District of Michigan, please accept this letter of support for **Information Systems Intelligence, LLC**'s ("ISI") broadband adoption proposal under the American Recovery and Reinvestment Act of 2009 (RIN 0660-ZA28) and my request that you provide all due consideration. Specifically, ISI is seeking funding under the Sustainable Broadband Adoption funds provided by the NTIA to provide Internet access to an estimated 8500 disadvantaged households in the state of Michigan, many of which would be in the 6th District. ISI's program would provide the infrastructure equipment, laptop computers, training services, technical support, monitoring and management necessary to ensure reliable access to local government, educational, healthcare, and public services by economically-disadvantaged individuals and families. ISI would make links available via a customized portal that will be provided to each community. It is my understanding that ISI's proposal has sparked interest from a variety of local housing commissions and other entities whose residents and clients would benefit from this program.

Again, it is my hope that you will give Information Systems Intelligence, LLC's broadband adoption proposal all due consideration. Should you have any questions or require additional information, please do not hesitate to contact Mr. Ed Sackley in my Kalamazoo District Office, (269) 385-0039. Until then, I remain

Very truly yours,

Fred

Fred Upton
Member of Congress

ACTION OFFICE Mary
COPIES TO BIDP Team
SUSPENSE DATE 9/2/2009
REMARKS
CONTROL# 1081

FSU:cs

10-013218

JOHN M. SHIMKUS
19TH DISTRICT, ILLINOIS

2452 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5271

ENERGY AND COMMERCE COMMITTEE
SUBCOMMITTEES:
ENERGY AND ENVIRONMENT
HEALTH
COMMUNICATIONS, TELECOMMUNICATIONS, AND THE INTERNET

Congress of the United States
House of Representatives
Washington, DC 20515–1319

3130 CHATHAM ROAD, SUITE C
SPRINGFIELD, IL 62704
(217) 492-5090

240 REGENCY CENTRE
COLLINSVILLE, IL 62234
(618) 344-3065

221 EAST BROADWAY, SUITE 102
CENTRALIA, IL 62801
(618) 532-9676

CITY HALL, ROOM 12
110 EAST LOCUST
HARRISBURG, IL 62946
(618) 252-8271

120 SOUTH FAIR STREET
OLNEY, IL 62450
(618) 392-7737

www.house.gov/shimkus

March 5, 2010

Secretary Gary F. Locke
Department of Commerce
Fourteenth Street and Constitution Ave., NW
Washington, DC 20230-0001

4298

Hayner Public Library District

Dear Secretary Locke:

I am writing in support of public service providers in Alton, Godfrey, Fosterburg, and Jerseyville, Illinois, that are collectively seeking a grant from the Broadband Technology and Opportunities Program. These providers are Hayner Public Library District, Lewis and Clark Community College, St. Anthony's Hospital, IMPACT, Senior Services Plus, the Alton School District, the Jerseyville Public Library, and Madison County Employment and Training.

The area in which these providers serve has a 12% unemployment rate. With this grant, these providers could expand educational opportunities; assist hospital patients, patients' families, and nurses; improve services for the disabled; empower the elderly to use technology; offer job training and re-training; help displaced workers in the area; and establish additional libraries.

Please give this application for funding full and fair consideration. It will certainly be money put to good use. If you have any questions or need further information, please contact my Projects Director Rodney Davis at 217-492-5090 or via email at rodney.davis@mail.house.gov. Thank you in advance for your consideration.

Sincerely,

JOHN SHIMKUS
Member of Congress

JMS: cintl

US EXECUTIVE SECRETARIAT
2010 MAR 10 AM 10: 17

PRINTED ON RECYCLED PAPER

JOHN M. SHIMKUS
19TH DISTRICT, ILLINOIS

2452 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5271

ENERGY AND COMMERCE
COMMITTEE

SUBCOMMITTEES:
ENERGY AND ENVIRONMENT

HEALTH

COMMUNICATIONS,
TELECOMMUNICATIONS, AND
THE INTERNET

Congress of the United States
House of Representatives
Washington, DC 20515–1319

3130 CHATHAM ROAD, SUITE C
SPRINGFIELD, IL 62704
(217) 492-5090

240 REGENCY CENTRE
COLLINSVILLE, IL 62234
(618) 344-3065

221 EAST BROADWAY, SUITE 102
CENTRALIA, IL 62801
(618) 532-9676

CITY HALL, ROOM 12
110 EAST LOCUST
HARRISBURG, IL 62946
(618) 252-8271

120 SOUTH FAIR STREET
OLNEY, IL 62450
(618) 392-7737

www.house.gov/shimkus

AUG 24 2009

August 19, 2009

Mr. Anthony Wilhelm
Dep. Assoc. Admin.
US Dept. of Commerce-NTIA
Herbert Hoover Bldg-Room 4898
Washington, DC 20230-0001

Dear Mr. Wilhelm:

I would like to take this opportunity to offer my support of the City of Highland's application to provide advanced broadband service and integrated fiber connectivity to my constituents in and around the Highland area through your Broadband Initiatives Program (BIP); Broadband Technology Opportunities Program (BTOP).

Complete broadband access will give the people of Highland opportunities that may open a region wide door to economic activity and job creation. If funded, this state of the art investment in digital infrastructure that is coupled with Highland's municipal electric system could bring us the true integrated technological advances we ask that our communities to strive for, but are unable to achieve since they are at the mercy of companies only looking for very densely populated areas. .

It is my hope that this application for funding is given full and fair consideration. If you need additional information or have further questions, please contact Rodney Davis in my Springfield office at 217-492-5090 or at rodney.davis@mail.house.gov. Thank you in advance for your consideration. EMAIL.BEGINHIDE.MERGE

Sincerely,

JOHN SHIMKUS
Member of Congress

JMS:rd

ACTION OFFICE Mary
COPIES TO BTOP Team

SUSPENSE DATE 9/7/2009
REMARKS
CONTROL# 1160

PRINTED ON RECYCLED PAPER

MIKE ROGERS
3RD DISTRICT, ALABAMA

324 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0103
PHONE: (202) 225-3261
FAX: (202) 226-8485

www.house.gov/mike-rogers

Congress of the United States
House of Representatives
Washington, DC 20515–0103

HOMELAND SECURITY COMMITTEE
EMERGENCY COMMUNICATIONS, PREPAREDNESS, AND RESPONSE
RANKING MEMBER
BORDER, MARITIME AND GLOBAL COUNTERTERRORISM

ARMED SERVICES COMMITTEE
READINESS
OVERSIGHT AND INVESTIGATIONS
STRATEGIC FORCES

AGRICULTURE COMMITTEE
CONSERVATION, CREDIT, ENERGY, AND RESEARCH
LIVESTOCK, DAIRY, AND POULTRY

October 2, 2009

Broadband Technology Opportunities Program
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, Nw
Washington, D.C. 20230

OCT 7 2009

RE: LETTER OF SUPPORT

To Whom It May Concern

I enthusiastically endorse the grant application for the Broadband Technology Opportunities Program submitted by the City of Montgomery Public Library. If awarded, this funding will enable the Library to expand public access computing resources, which will change the Rosa L. Parks Avenue Branch Library into a neighborhood resource center.

I respectfully request that you give this grant application your most thoughtful and serious consideration.

Thank you for your time and attention to this matter.

Sincerely,

Mike Rogers
Member of Congress

MR: ld

cc: Mayor Todd Strange
City of Montgomery
PO Box 1111
Montgomery, AL 36101-1111

ACTION OFFICE Mann
COPIES TO DW, SM, GM

SUSPENSE DATE 10/26/2009
REMARKS
CONTROL# 1708

1129 NOBLE STREET
104 FEDERAL BUILDING
ANNISTON, ALABAMA 36201
PHONE: (256) 236-5655
FAX: (256) 237-8203

1818 PEPPERELL PARKWAY
SUITE 203
OPELIKA, ALABAMA 36801
PHONE: (334) 745-8221
FAX: (334) 742-0109

7550 HALCYON SUMMIT DRIVE
MONTGOMERY, ALABAMA 36117
PHONE: (334) 277-4210
FAX: (334) 277-4257

LEE TERRY
NEBRASKA, 2ND DISTRICT

WASHINGTON OFFICE:
2331 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4155

DISTRICT OFFICE:
11717 BURT STREET, SUITE 106
OMAHA, NE 68154
(402) 397-9944

Talk2Lee@mail.house.gov
www.house.gov/terry

60 165994

HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEES:
COMMERCE, TRADE AND CONSUMER PROTECTION
ENVIRONMENT AND HAZARDOUS MATERIALS
COMMUNICATIONS, TECHNOLOGY AND THE INTERNET
REPUBLICAN DEPUTY WHIP
REPUBLICAN POLICY COMMITTEE
REPUBLICAN STEERING COMMITTEE

Congress of the United States
House of Representatives

August 31, 2009

ADMINISTRATOR'S OFFICE
RECEIVED ON
SEP 3 2009
UTILITIES PROGRAMS

Jonathan Adelstein, Director
Rural Utilities Service
U.S. Department of Agriculture

Dear Director Adelstein:

I would like to express my support for Great Plains Communications, Inc.'s application for a broadband stimulus funding grant, under the American Reinvestment and Recovery Act. Providing access to broadband is a critical component of economic development, and this is especially true in rural Nebraska. For many years we have been capably served by Great Plains Communications, due to their commitment to small-town Nebraska and their adherence to rural values as a family-owned telecommunications provider. Farmers and ranchers outside of Great Plains' communities have had some access to broadband to a greater extent than other Nebraska communities thanks to their dedication, but there is still a tremendous need to bring broadband and advanced broadband capabilities to every consumer in the area.

This high level of broadband delivery can be accomplished by Great Plains Communications with this grant. For consumers many miles from the city limits, this application represents an opportunity to finally realize broadband options they've only dreamt of. It is also rewarding to see a local telecommunications company commit the financial and human resources to make this successful because they have demonstrated their commitment to our communities over the last 100 years.

Citizens, both within the community boundaries and those living miles outside those borders, are entitled to the latest technology in an effort to access all the advantages that broadband can bring. I firmly endorse Great Plains Communications' commitment to making that possible, and I urge you to give full consideration to their application.

I understand that Great Plains is standing ready to begin hiring employees to deploy the needed infrastructure and to make the investment that will lead to immediate and to future job creation, which the local community and region are counting on.

Thank you for your consideration of their application and as always please contact me if you wish to further discuss their company or any other matter.

Sincerely,

Lee Terry

Lee Terry
Member of Congress

LEE TERRY
NEBRASKA, 2ND DISTRICT

WASHINGTON OFFICE:
2301 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4155

DISTRICT OFFICE:
11717 BURT STREET, SUITE 106
OMAHA, NE 68154
(402) 397-9944

Talk2Lee@mail.house.gov
www.house.gov/terry

6090332

HOUSE COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEES:
COMMERCE, TRADE AND
CONSUMER PROTECTION
ENVIRONMENT AND HAZARDOUS
MATERIALS
COMMUNICATIONS, TECHNOLOGY
AND THE INTERNET
REPUBLICAN DEPUTY WHIP
REPUBLICAN POLICY COMMITTEE
REPUBLICAN STEERING COMMITTEE

Congress of the United States
House of Representatives

October 20, 2009

ADMINISTRATOR'S OFFICE
RECEIVED ON
OCT 28 2009
UTILITIES PROGRAMS

Mr. Jonathan Adelstein, Administrator
Rural Utility Service
U.S. Department of Agriculture

Dear Administrator Adelstein:

As you are aware, the American Recovery and Reinvestment Act included funding to encourage the extension of broadband services to unserved and underserved populations throughout the country. Recognizing that such areas are prevalent in rural Nebraska, Pinpoint Communications has applied for funds under both the Broadband Initiatives Program (CFDA 10.787) and the Broadband Technology Opportunities Program (CFDA 11.557). I support these applications and would like to thank you in advance for considering them.

Pinpoint's "Last Mile" proposal (application ID 1927) will deliver WiMax connectivity to many rural Nebraska communities including Arapahoe, Bartley and Beaver City just to name a few. The system that they have proposed will be capable of delivering up to 2 mbps to underserved and unserved areas currently unable to enjoy the economic development, education and employment opportunities made available by access to broadband service.

Their "Middle Mile proposal (application ID 1217) will extend high capacity, low cost, wholesale services to other rural Nebraska communities including Harrisburg, Angora, Alliance and Chadron just to name a few. When constructed, the Northern Nebraska Loop project will provide next-generation broadband services to local telephone companies, wireless telecommunications companies, cable television and Internet service providers at rates considerably lower than those currently available in those areas. 75% of the communities to be served by the Northern Nebraska Loop project qualify as rural, underserved or unserved areas as outlined in the Notice of Funds Available.

Again, I'd like to thank you in advance for your consideration of these projects and please feel free to contact me if I can be of any assistance.

Sincerely,

Lee Terry

Lee Terry
Member of Congress

BRETT GUTHRIE
SECOND DISTRICT, KENTUCKY

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEES:
RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS
AVIATION
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS
AND EMERGENCY MANAGEMENT

6274643

Congress of the United States
House of Representatives

ASSISTANT WHIP

COMMITTEE ON
EDUCATION AND LABOR
SUBCOMMITTEES:
RANKING MEMBER, HIGHER EDUCATION, LIFELONG
LEARNING AND COMPETITIVENESS
HEALTH, EMPLOYMENT, LABOR AND PENSIONS
HEALTHY FAMILIES AND COMMUNITIES

March 22, 2010

Mayor's Office
Received
MAR 29 2010
Rural Utilities Service

The Honorable Jonathan Adelstein
Administrator
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, Sw
Stop 1510, Room 5135
Washington, DC 20250-0002

Dear Administrator Adelstein:

I am writing to you in support of the application submitted by Norlight, Inc., a wireless telecommunications provider, for funding assistance through the ARRA Funds from the BIP Program. Because the Norlight project will extend into my district and benefit my constituents, I am extremely interested in their efforts.

According to the information I have received, high speed telecommunications infrastructure in rural counties offers a future for economic growth and recovery, and without this infrastructure, these communities will only decline in population and economic prosperity. Your agency has a long and proud history of serving rural residents across this country and my constituents have been the recipients of many successful RUS loans. It is my hope that this project will be another success story for RUS in Kentucky.

I am asking for your full and fair consideration, within applicable laws and regulations, of this request. If I can provide you with any additional information, please contact Brian Smith, my Director of Economic Development at 270-438-6599 or brian.smith2@mail.house.gov. You may forward your reply to my Hardin County office located at 411 W. Lincoln Trail Boulevard, Radcliff, Kentucky, 40106. Thank you in advance for your kind assistance.

Sincerely,

Brett Guthrie

BRETT GUTHRIE
Member of Congress

BG/bds

1001 CENTER STREET, SUITE 300
BOWLING GREEN, KENTUCKY 42101
270-842-3896

www.guthrie.house.gov

510 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-3501

BRETT GUTHRIE
SECOND DISTRICT, KENTUCKY

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEES:
RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS
AVIATION
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS
AND EMERGENCY MANAGEMENT

Congress of the United States
House of Representatives

ASSISTANT WHIP

COMMITTEE ON
EDUCATION AND LABOR
SUBCOMMITTEES:
RANKING MEMBER, HIGHER EDUCATION, LIFELONG
LEARNING AND COMPETITIVENESS
HEALTH, EMPLOYMENT, LABOR AND PENSIONS
HEALTHY FAMILIES AND COMMUNITIES

March 25, 2010 6282979

The Honorable Jonathan Adelstein
Administrator
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, Sw
Stop 1510, Room 5135
Washington, DC 20250-0002

Dear Administrator Adelstein:

I am writing to you in support of the application submitted by US Digital Online for funding assistance through the Rural Utilities Service Broadband Initiatives Program. Because US Digital Online is in my district and serves my constituents, I am extremely interested in their efforts.

According to the information I have received, high speed telecommunications infrastructure in rural counties offers a future for economic growth and recovery, and without this infrastructure, these communities will only decline in population and economic prosperity. The proposed project will service public agencies, the school system, and other community businesses as well as create new jobs in the community. Your agency has a long and proud history of serving rural residents across this country and my constituents have been the recipients of many successful RUS loans. It is my hope that this project will be another success story for RUS in Kentucky.

I am asking for your full and fair consideration, within applicable laws and regulations, of this request. If I can provide you with any additional information, please contact Brian Smith, my Director of Economic Development at 270-438-6599 or brian.smith2@mail.house.gov. You may forward your reply to my Hardin County office located at 411 W. Lincoln Trail Boulevard, Radcliff, Kentucky, 40106. Thank you in advance for your kind assistance.

Sincerely,

Brett Guthrie

BRETT GUTHRIE
Member of Congress

Administrator's Office
Received
APR 05 2010
Rural Utilities Service

BG/kc

1001 CENTER STREET, SUITE 200
BOWLING GREEN, KENTUCKY 42101
270-842-9896

www.guthrie.house.gov

510 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-3501

First National Bank

April 10, 2009

Larry E Sevier, CEO
Rural Telephone
P.O. Box 158
Lenora, KS 67645

Dear Mr Sevier,

This letter is in support of Rural Telephone and Nex-Tech's broadband expansion proposals in northwest Kansas.

I operate First National Bank in Hays, Kansas as well as Sarrada Farms in Logan, Kansas. To do this in today's world and be competitive, high speed broadband communications is a necessity.

During a typical day I may hedge commodities using an online account that is heavily dependent on data to create graphs and make other computations. I may download a 100 MB file to update my GPS guidance software on a tractor or combine I usually set up a VPN to log on to the bank and get management reports or duplicate my office when I am on the farm. I look at GIS data and maps for the farm I search for farm equipment on sale using tractorhouse.com or similar sites. I look for parts on the very graphic intensive John Deere or CaseIH parts manuals The farmhouse is monitored using IR and visible light cameras when am away from the farmhouse. All of this data is very bandwidth intensive Many days I transfer more than 1,000 MB of information.

If a farmer or businessman is unable to do all of these things he is at a competitive disadvantage to other farmers or businessmen that compete with him and who can do these things.

The area of northwest Kansas served by Rural and Tex-Tech is suffering demographically from population loss This is caused by technology that allows one person to manage more land. However, is also because northwest Kansas is disadvantaged due to transportation costs Information is a good that can be transported. Low cost high speed transmission of information will allow the residents of northwest Kansas to at least compete in high value jobs that use knowledge rather than the physical shipment of products.

HAYS - 1100 Fort Street, Hays, Kansas 67601 - Phone 785/628-2400 - Fax 785/628-2476
THE MALL, 2918 Vine Street, Hays, Kansas 67601 - Phone 785/628-1800 - Fax 785/628-0573
PLAINVILLE - 113 W. Mill Street, Plainville, Kansas 67665 - Phone 785/434-2809 - Fax 785/434-2815

Software programmers, accountants, attorneys and other professionals have been looking at the lifestyle of northwest Kansas and many want to come home. High speed broadband may allow then to do that.

Sincerely,

Alan E. States, President
First National Bank
1100 Fort Street
Hays, Kansas

Sarrada Farms
2501 Ash Street
Hays, Kansas

Sarrada Farms
921 Main Street
Logan, Kansas

ELLIS COUNTY COMMISSION

1204 FORT STREET
P.O. BOX 720
HAYS, KANSAS 67601

PHONE 785-628-9410 ***FAX 785-628-9413***

COMMISSIONER 1ST DISTRICT
PERRY S. HENMAN, ELLIS
PHONE 785-726-5768

COMMISSIONER 2ND DISTRICT
GLENN D. DIEHL, HAYS
PHONE 785-625-7106

COMMISSIONER 3RD DISTRICT
VERNON L. BERENS, VICTORIA
PHONE 785-735-9364

April 13, 2009

Larry E Sevier, CEO
Rural Telephone
P O Box 158
Lenora, KS 67645

Dear Mr. Sevier:

This letter is in support of Rural Telephone and Nex-Tech's broadband expansion proposals in northwest Kansas. Rural Telephone and Nex-Tech have invested millions of dollars in Fiber-To-The-Premise infrastructure in previously un-served and underserved communities in the region. This investment has helped create jobs and economic opportunity for small businesses and entrepreneurs. Many rural areas do not have viable alternatives for receiving broadband service, in an age where this void places them, their families and their businesses at a distinct economic, educational and cultural disadvantage.

The tremendous benefits received from the Fiber-To-The-Premise include Interactive Distance Learning, Telemedicine, Telecommuting, Videoconferencing, Online Banking, E-Business, Ability to Expand Marketplace, Web Page Management, Current Weather Information, Home and Business Security, Ability to Attend Live Auctions via Internet, Ability to Send Pictures and Video Clips to Customers Quickly, Commodity Investment Trading, Staff Training via Webinars, Online Supply Ordering, etc.

There is a tremendous need for broadband in the rural areas and other less fortunate communities in western Kansas, many of whom will rely on broadband in the future to meet their basic needs, including medical attention, etc.

Sincerely,

Board of Ellis County Commissioners

Vernon L. Berens

Ellis County Coalition for Economic Development

March 22, 2009

Rural Utilities Services
United State Department of Agriculture
1400 Independence Ave. S.W
Washington, DC 20250-0747

RE: LETTER OF SUPPORT

Please accept this letter as support for Rural Telephone/Nex-Tech in their effort to secure funds to enhance rural broadband implementation and expansion in Northwest Kansas through the Rural Utilities Services Loan and Grant Program.

Broadband access is critical in Rural Kansas. While we have experienced a number of successful implementation projects in recent years that created hundreds of jobs directly and as many indirectly, without wider broadband access, the number of success stories will be limited. Our most successful broadband project was created when Sykes Incorporated developed a business model in the mid-90s to establish call center operations in rural markets of America. In Hays, Kansas alone, Sykes employed as many as 700 people. When Sykes business model changed, they left Hays but because broadband access was in place we replaced them with another inbound call center – NEW.

Other successes include educational opportunities for high school and university students to take classes online, the Hays Medical Center can have doctors consult with outlying area hospitals any time of day, and thousands of rural residents have access to the world with broadband services. None of this is possible without broadband access and USDA support.

Rural Telephone/Nex-Tech has always been a leader in making the latest technology available to their customers, most of which are in very rural areas of the state. By providing Rural Telephone/Nex-Tech funding for broadband expansion, additional opportunities will be possible, construction jobs will be created during the expansion of the broadband network, and new, permanent jobs will exist in the areas in which they build. In other words, rural Kansas can grow.

Thank you in advance for your time and consideration. If you have any questions, please feel free to contact me at any time.

Mike Michaelis
Executive Director
Ellis County Coalition for Economic Development
2700 Vine
Hays, KS 67601
mike@haysamerica.net
785.628.3102

HaysMedicalCenter OFFICE OF PRESIDENT & CEO

April 3, 2009

Larry E. Sevier, CEO
Rural Telephone
PO Box 158
Lenora, KS 67645

Dear Larry:

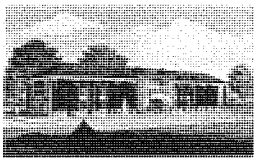
As the Chief Executive Officer of Hays Medical Center, I support Rural Telephone and Nex-Tech's broadband expansion proposals in Northwest Kansas. Broadband infrastructure to rural Kansas is important to healthcare initiatives. Most studies show consumers using the internet for the majority of their healthcare questions. That is not necessarily true here, because of the lack of internet accessibility and comfort level with computers and the internet. We think patients are missing out on an accurate and convenient way to get rapid answers to their questions placing our region at a disadvantage compared to other area of the country as it relates to healthcare information.

Hays Medical Center is a leader in its Electronic Medical Record and access to healthcare information. It will help our initiatives to have more people on the internet who can view records on-line and work with their providers to coordinate care in a more efficient fashion. Communication via provider using e-mail is also rapidly becoming a preferred method to get prescriptions refilled , have laboratory tests conveyed, and other questions answered. Rural Telephone and Nex-Tech are dedicated to enhancing broadband access in our service area. Please consider their proposal and provide financial support as they move forward with needed infrastructure in the region.

Sincerely,

John Jeter, MD, MHA, FACEP
President & CEO

P.O. Box 8100 • Hays, KS 67601-8100 • 785-623-5000
Visit us on the world wide web at http://www.haysmed.com



HAYS PUBLIC LIBRARY
1205 Main Street • HAYS, KANSAS 67601-3693
(785) 625-9014 • (785) 625-8683 FAX
www hayspublib org
Melanie Miller, Library Director

April 13, 2009

Larry E. Sevier, CEO
Rural Telephone
P.O. Box 158
Lenora, KS 67645

Dear Mr. Sevier,

This letter is in support of Rural Telephone and Nex-Tech's broadband expansion proposals in northwest Kansas. Rural Telephone and Nex-Tech have performed excellent telecommunications service to the Hays Public Library for many years, including creating potential for operating videoconferences simultaneously with public Internet use.

293 out of 326 Kansas public libraries serve populations of under 10,000 people. Broadband Internet service and the speedy retrieval of information that libraries could provide free-of-charge to people in these communities is critical.

Rural electrification didn't occur until the 1930's. This is a new phase of rural electrification. We can't be behind the eight ball on this one and compete in the modern world.

Sincerely,

Melanie Miller

Melanie Miller

NORTH CENTRAL KANSAS TECHNICAL COLLEGE

April 14, 2009

Clark Coco, President

Mr. Larry E Sevier
CEO, Rural Telephone
P.O. Box 158
Lenora, KS 67645

Dear Mr. Sevier,

As President of North Central Kansas I am very pleased to have the opportunity to write this letter of support for Rural Telephone and Nex-Tech regarding the continued development of dependable broadband connect ability for rural Kansas. Today's research indicates 80% of the career skills needed for future employment will be technical in nature and the need to deliver technical education to rural communities continues to grow each day.

During the 2008-2009 academic year North Central Kansas Technical College has delivered over 2000 credit hours of technical training to students within the State of Kansas and we constantly see the need for a more responsive delivery system. Even though Rural Telephone and Nex-Tech have made great strides in attempting to improve our connect ability the job is not done. In order for NCKTC to move ahead with the delivery of new technologies to our student base we will need to see the expansion of our broadband capabilities.

NCKTC is presently involved with the development of an on-line/face to desk top delivery system which will allow our instructors to deliver technical education to anyone with access to a computer. With the expansion and up grading of our connect ability system NCKTC would look to develop stronger partnerships with both business and industry and education agencies.

Once again I want to emphasize our strong support for the efforts of Rural Telephone and Nex-Tech in meeting the delivery needs of our region of the United States. If at anytime you would like to speak to me about our goals related to this effort I would welcome your phone call.

Sincerely,

Clark Coco, President
North Central Kansas Technical College

P.O. Box 507, Beloit, KS 67420
Beloit Campus Phone (800) 658-4655

2205 Wheatland Ave., Hays, KS 67601
Hays Campus Phone (888) 567-4297

FORT HAYS STATE
UNIVERSITY

April 8, 2009

To Whom It May Concern:

As president of Fort Hays State University, the primary provider of higher education for rural western Kansas, I am pleased to support Rural Telephone and Nex-Tech's applications for the expansion of broadband service through the American Recovery and Reinvestment Act of 2009 Broadband Initiative. FHSU is the major source of distance education in the state, providing online courses through our Virtual College to western Kansans who are place bound. Expanding broadband service is critical to our success.

Rural Telephone and Nex-Tech have a long history of providing telecommunication services in rural and underserved communities in northwest and north central Kansas. Their investment in rural areas has helped make possible connectivity to important services for small businesses and residents. It also has led to the creation of jobs and thus, improved economic stability for the region.

There remains an incredible need for broadband services in western Kansas. It is anticipated that reliance on broadband will grow in order for rural communities to have access to health care and other vital services. Rural Telephone and Nex-Tech have demonstrated a commitment to helping meet these future needs. They continue to be strong advocates for improving the quality of life for rural Kansans. I urge you to give serious consideration to their applications for expansion of broadband service.

Sincerely yours,

Edward H. Hammond
President

OFFICE OF THE PRESIDENT • 600 PARK STREET • HAYS, KS 67601-4099 • (785) 628-4231 • FAX (785) 628-4013

Central Region Office
605 East Crawford
Salina, KS 67401
(785) 825-9185 phone
(785) 825-9195 fax

North Central Region Office
219 West Seventh
Concordia, KS 66901
(785) 243-4417 phone
(785) 243-4457 fax

Hays Region Office
1401 B Main Street
Hays, KS 67601
(785) 621-4414 phone
(785) 621-4415 fax

4-9-2009

It has come to my attention that Rural Telephone and Nex-Tech are making application for the America Recovery and Reinvestment Act of 2009 Broadband Initiative. I support this application and the efforts Rural Telephone and Nex-Tech have made in the past to provide the infrastructure for broadband connectivity to rural Kansas. Each of these businesses is highly respected by our schools for the services they provide in rural communities.

Due to declining populations in rural areas, increased bandwidth (20-50 Mb) will be necessary to deliver high quality educational, business and medical services. The technology exists today, but only in areas of large populations, thus starving rural areas the opportunities of their urban counterparts.

As an educational service provider for approximately 65 public school districts in 25 rural counties in Kansas, bandwidth is essential to providing quality services while overcoming the geographical challenges schools face. We currently use IDL (interactive distance learning) connections at approximately 3 Mb to provide classes where certified/licensed instructors are difficult to find. However, we could do so much more, but are limited to the lack of high-quality bandwidth available in our rural areas.

The savings for schools and businesses would be huge when considering transportation and time. Instead of 'windshield time', time could be spent learning, sharing and generating new ideas, creating collaborative projects with peers throughout the world. The vision is there, but remains only a vision without the commitment to improving the broadband infrastructure.

Many of our rural communities and residents can only dream of such connectivity because they don't believe it will come to them in their lifetime. The next infrastructure is broadband connectivity to conduct daily business, access health care and further learning and training opportunities.

Other countries have made this commitment even though their economies and quality of workforce pales compared to the United States. It is time for this to occur in rural Kansas. These are the reasons it is easy for me to support Rural Telephone and Nex-Tec's application. Please give this your highest consideration. Our rural residents are depending on this.

Sincerely,

Larry Patrick
Associate Director, SHESC

HOXIE FEEDYARD INC.

P.O. Box 65
Hoxie, KS 67740
(785) 675-3119
www.feedcattle.com

April, 13, 2009

Mr. Larry Reeder
Rural Telephone Service Co.
140 North Main
Post Office Box 188
Lenora, KS 67645

Re: Federal funding assistance for High-Speed internet upgrades in NW Kansas

Mr. Reeder and others concerned,

I was pleased to learn that the recently passed economic stimulus bill has a significant amount of dollars slated at improving internet access, reliability, and speed in rural parts of Kansas.

My family and I own and operate a cattle feeding operation near Hoxie, KS. At first thought, it would seem that internet access would be merely a convenience for someone involved in the livestock industry, and however, couldn't be farther from the truth. Our business currently employs just under fifty people and we are always looking for new opportunities to expand our business. There are a few ways that we could benefit from faster internet speeds and more reliable service:

- We can pursue headlines via advanced internet video conferences. High speed and quality service is crucial for us to make well informed decisions about the livestock that we are purchasing.
- We would more fully utilize our internet banking services, and currently use remote deposit along with several other services.
- We currently utilize the internet for timely market information through several services offered online. Improved access to these and other services is important to us.
- We hope to begin utilizing an employee training service online that could dramatically improve efficiency of training new employees by reducing costs and lost time on the job.
- In the future, we may market our livestock to other feedyards via high speed internet auctions. The only way that we could accomplish this is with low-cost internet access.

These are only a few of the reasons that better internet service is critical to our business. I can only imagine the possibilities that others in our area will realize up if higher speeds were available.

I am always amazed at the high quality of service and reliability that we already receive from Rural Telephone / New Tech. Upgrades to our internet infrastructure will only make this exceptional service even better!

Thank you for your time and hard work in this effort.

Scott Foote
(785) 675-3119

Health and Quality, Powered by Performance

Wegener Quarter Horses
Bruce & Cindy Wegener
13887 Road E
Norton, KS 67654

March 31, 2009

Mr. Larry Sevier
Rural Telephone Service Company, Inc.
PO Box 158
Lenora, KS 67645

Dear Mr. Sevier:

As a farmer and Quarter Horse rancher living nine miles north of Norton, Kansas, I would like to outline the difficulties I face with the technology that is currently available to me at my home/business. At present, my only Internet option is dial-up, which leaves a lot to be desired in terms of efficiency. I cannot overstate the importance of having access to current technology to be competitive in today's business atmosphere.

Recent laws affecting horse slaughter, as well as the economy, have greatly impacted the horse market. Where we used to average $1,200 per weanling, we are now lucky to average $400. Couple this with the rising cost of hauling livestock to auction, and it is evident that utilizing the Internet for marketing makes sense. We have had success placing advertisements on the Internet, including Nex-Tech Classifieds. However, using dial-up, it takes literally hours to upload the information. The process is time consuming and frustrating.

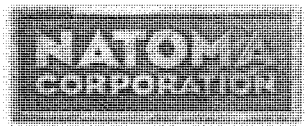
I also use the Internet to participate in live auctions, but find it difficult to participate with the Internet speeds available to me. As Internet auctions are gaining popularity, I believe it will become increasingly important to have this technology in place. This same technology will also allow me to get current grain markets, place orders by Internet or simply search the Web.

It is my understanding that Rural Telephone and Nex-Tech are applying for Broadband Stimulus grant/loan funds. Your businesses have been instrumental in bringing cutting edge technology to northwest Kansas, helping the economy and providing jobs that bring youth back to the area. Most importantly, you understand that rural America extends past city limits. It is my hope that this letter of support will result in expanded services, especially high speed Internet, to farms in rural Norton County. If I can be of further assistance, please let me know.

Sincerely,

Bruce Wegener

Bruce Wegener


NATOMA
CORPORATION

PO Box 88 • Norton KS • 67654
Ph: (785) 877-3529 • Fax: (785) 877-2637

April 8, 2009

Larry E. Sevier, CEO
Rural Telephone
PO Box 158
Lenora, KS 67645

Dear Mr. Sevier,

We strongly support Rural Telephone and Nex-Tech's applications for the American Recovery and Reinvestment Act of 2009 Broadband Initiative. I am proud to say that we are already a company that your organization has helped a great deal with a variety of technological upgrades. Those upgrades enabled our company to reach out to the precision manufacturing world and market ourselves as a quality minded option for their business. The additional business due to those upgrades had the ripple effect of the addition of personnel and the expansion of our operating facility.

For those reasons and more, we are excited about the possibility that your organization may be eligible for federal funding that would bring enhanced broadband service to this area. As a company in a somewhat remote, rural area, one of our challenges is that we deal with customers and potential customers that operate in a metropolitan market. In that market, they already take for granted the technology that we do not have here yet. As we do not have it, it makes it tough to compete with other precision manufacturing shops that can communicate in real time through such features as videoconferencing when we submit quotes for potential work orders. If we had access to that level of technology, it would do what our initial technological upgrades did, but on a larger scale.

The ability to communicate with customers and potential customers in real time with just that one option not currently available would increase the amount of orders we get. Of course, that would result in more personnel hired for production roles and support staff for the additional production staff. It may also put us in a position to expand our facility again, which would provide work for area contractors.

This is just one small example of how this enhanced broadband technology would assist our company. We could go on and examine how much more effective we would be with a faster, leaner internet service and how it would benefit us as a company and how that benefit would translate into additional money injected into the local economy in various forms. But it would be more direct to state that the immediate and long term impact of technology that would put us on a level playing field with our competition is immeasurable and would be an incredible asset to our company and our community.

Respectfully,

Darin Campbell
General Manager
Natoma Corporation

April 30, 2009

To: Mr. Larry Sevier
CEO, Rural Telephone Service

Subject: Support of application for federal funding to improve internet service to rural areas

This letter is in support of Rural Telephone Service Company and its proposal to expand internet service in rural northwestern Kansas. This is a local company which strives to serve its customers with the most up to date technology available. It employs many local people and provides modern technology for other local businesses.

Our land line is currently in the AT&T service area. AT&T has done no upgrades to their lines or equipment, and I know of no plans to upgrade in the future. Dial-up internet service is not a possibility due to poor line quality. Internet pages took so long to load that information being transmitted just stopped. Downloads were impossible. There was so much static on the line that the computer couldn't tell the difference between background noise and transmitted information. It would be a great asset if Rural Telephone Service were able to upgrade broadband service in our area.

You don't think of farming being a highly technological business, but it is quickly becoming that way. GPS steering and crop mapping for planting and harvest are but some examples of agricultural technology that require software upgrades available through downloads. Much of our farm's research and education is done through the internet. It is the only way to keep up to date on timely market changes. We rely on the internet for weather forecasts to better plan our work days. It is also the best way to keep informed of current weather conditions during severe weather.

It would be a great benefit to us, our neighbors, and our whole rural region, if our broadband service were of the same quality as people in larger cities enjoy.

Sincerely,

Harold Mizell
Kris Mizell

Harold Mizell
Kris Mizell
16733 Road W13
Norton, Kansas 67654

Rural Telephone
P.O.Box 158
Lenora, Ks. 67645

April 12, 2009

Attention: Larry E. Sevier, CEO

Dear Sir:

On February 24, 2009, while reading the Department of Agriculture Federal Register notices, I became aware of the broadband grant program as part of the economic stimulus package. I thought that it might help in getting broadband "Fiber To The Premises" (FTTP) service to my hometown of Norcatur, KS.

Norcatur is a small (population about 200) rural town in northwest Kansas which currently has only dial up or wireless access to the internet. While the wireless service provided by Hughes net, Wild Blue, or the mobile cell connection by Nex-Tech has certainly helped in Norcatur and the surrounding farms, it is limited in it's ability to support businesses or telecommuter workers.

An example which I was personally involved with as Chairman of the Board for Norcatur Grain Inc. illustrates some of the problems. In 2006 Norcatur Grain's accounting software had become obsolete and had to be replaced. After due research a software accounting package by Summit Software located in Fort Wayne, Indiana was selected. The most cost effective way to set up the system would have been to use a server at the vender's facility in Fort Wayne. The internet speed available over the wireless network would not support this installation so the server had to be located in Norcatur at addition expense. The next problem was getting support from the vender's staff in Fort Wayne. The normal mode is for the training staff to access our server and then help correct the errors our employees were making. The internet speed available would just not support this mode of training so Norcatur Grain had to pay for training personnel to come to Norcatur at considerable expense. By not having high speed internet, the time required to get the new software system working was extended by several months. The resulting disruption in business cost the company several hundred thousand dollars.

Norcatur Grain Inc. has since sold the Grain Elevator to Decatur Coop, but will continue to look for business opportunities in Norcatur. The availability of high speed internet will certainly be a serious consideration in our investing in new business in Norcatur.

The time when people can live in one place and work for a company anyplace in the world has arrived where high speed internet is available. In Norcatur several people are doing telecommute work, but are handicapped by the lack of high speed internet. For others the lack of broadband internet make it impossible.

My son Dan works for a computer company in Boulder, Colorado and farms in Kansas on the weekends. He could spend more time, or relocate, in Norcatur if high speed

internet were available. He has tried using the Wild Blue satellite link, but the size of the files overload the system. It addition to the slow speed the limit on the amount of data that can be used in a time period is a problem. I have asked Dan to write you a letter describing the bandwidth he needs to be able to work from Norcatur.

In my own case I am a registered Professional Engineer in Colorado and would do more consulting work for Colorado clients if the supporting internet system were available.

I currently use wireless internet for online banking, stock and commodity trading. The bandwidth and reliability needed for real time commodity trading limits what is available in trading tools.

The above are only a few examples of the impact that a broadband internet system can have on a community like Norcatur. If a system were available many more uses would be found. Conversely if broadband is not available, businesses and people will continue to move to locations where it is.

I am pleased that Rural Telephone is applying for economic stimulus assistance. It would be nice to see some of the stimulus used to help the rural areas. Rural Telephone and Nex-Tech have be very successful in developing cellular and broadband in Northwest Kansas. They have also already invested millions of dollars in Fiber-To-The –Premise infrastructure and are in a good position to extend this service to more locations like Norcatur. I hope the Federal Government will help you continue the good work.

If more detail on the number of residences and businesses in Norcatur is desired, I am sure that Von Johnson, the new mayor, or Chris Demplewolf, the city clerk, would be glad to help.

Thanks

Glen Strevey

Glen Strevey

DessinFournirCompanies

April 15, 2009

Mr. Larry E. Sevier
Rural Telephone
P.O. Box 158
Lenora, KS 67645

Dear Mr. Sevier:

DessinFournir

I am writing this letter in support of Rural Telephone and Nex-Tech's applications for the American Recovery and Reinvestment Act of 2009 Broadband Initiative.

FlaxfieldGolf

Grinnel

Johnrillargave

Through showroom partnerships and innovative technology, the Dessin Fournir Companies have grown from 30 inaugural furniture and lighting designs in 1993 to over 2,200 luxury goods. Aside from creating luxurious products featured in some of the nation's most beantiful homes, the Dessin Fournir Companies are a testament to preserving our rural heritage, all while demonstrating the potential of rural America.

Kerrydwee

BossCunning

Location on the open prairie in Plainville, Kansas (population 2,100), our companies compete globally while residing 200 miles from the nearest major airport and five hours, in any direction, from the nearest metropolitan city.

In 1993 when I launched the Dessin Fournir Companies namesake firm, Dessin Fournir, the only issue I had was that I did not want to move my family away from Plainville. In order for me to "have it all," I decided to set up manufacturing operations in Los Angeles because of the tremendous talent pool that exists there for high-end furniture manufacturing and to maintain a small office and staff in Kansas. The strategy was that we would develop all our management infrastructure and back office operations on the West Coast near our manufacturing facility.

The upside was that our companies were rapidly growing, all of which was good. The downside was I was traveling 38 weeks out of the year and I was finding it impossible to really create the management infrastructure and customer care center in L.A. that our burgeoning companies needed. Most of our communication with our showrooms and clients was via phone and fax, which were all that were technologically available at the time in Plainville.

308 West Mill Plainville KS 67663 T 785.434.2777 F 785.434.4688 www.dessinfournir.com

DessinFournirCompanies

In 2003, our outsourcing from Plainville took an exponential leap forward when broadband services were introduced to our area through our service provider, Nex-Tech. With this technological advancement, the floodgates of opportunity opened for what we could do from our hometown. We quickly relocated all functions, except for the actual production of furniture, to Plainville.

The Dessin Fournir Companies are now composed of six companies, two of which we acquired—one in 2001 and the other in 2005. Together, all six companies design and produce furniture, lighting, textiles, and wall coverings, which we distribute through 17 showrooms in major cities across the United States, Canada and Russia. We have four offices: L.A., Chicago, New York and, of course, our corporate headquarters in Plainville, Kansas. We have 152 staff members, 91 of which are located in our Plainville offices where all accounting, legal, marketing, public relations, furniture and textile design, industrial design, graphic design, customer care, textile warehousing, and architectural lighting manufacturing now occur.

We import our woven textiles to Plainville from nine European countries, the United Kingdom, and the three states of India, Thailand and Vietnam. Currently, we are formulating plans to expand selling our products internationally to include London, Hong Kong and Dubai. As we grow these international markets and refine our production and communication processes, our technology demands will grow, requiring more sophisticated and reliable services which we can control from Plainville.

What is most important about all of this is not what we do, to whom we sell our products, or for that matter, the recognition we have received from our clients and peers. What is most important is that we do all of this from our home in Plainville, Kansas. Of course, one key component to allow us to do this in rural Kansas is broadband technology.

Rural Telephone and Nex-Tech have demonstrated their commitment for improving the quality of life in rural Kansas. I ask that you please consider their applications for expansion of broadband service.

Sincerely,

Chuck Comeau
Co-founder and CEO

NORTHWEST KANSAS LIBRARY SYSTEM

2 Washington Square • P.O. Box 446
Norton, Kansas 67654 - 0446
Toll Free 1-800-432-2858
Telephone (913) 877-5148

April 13, 2009

Larry E. Sevier, CEO
Rural Telephone
PO Box 158
Lenora, KS 67645

Dear Mr. Sevier:

As a regional library system serving ten counties in the rural area of northwest Kansas, we depend heavily on good broadband Internet service. With the population of our largest community falling under 5,000, the libraries in northwest Kansas represent very rural areas. Quality Internet access is a major solution in allowing the rural residents' access to information more readily available to citizens in urban locations. Rural Telephone/Nex-Tech has been instrumental n providing the connections needed, but there would be more potential with increased broadband access. There continue to be locations where the only option for internet service is dial-up, which will not provide ready access to the high-speed demands of most web pages and files.

As the headquarters for the Northwest Kansas Library System, we provide back-up information and continuing education for the twenty-one public libraries, nineteen school districts, two academic and various private schools and special libraries in the area. We have high definition video conferencing equipment to participate in continuing education opportunities for our member libraries and the public. It also provides the opportunity to connect to meetings held across the state or country. The demand for this access requires a separate connection in addition to our DSL for daily business. Added access to the entire area would enhance the interactive distance learning capabilities of our citizens.

The rural areas of Kansas provide necessary resources; including food sources, manufacturing, education and energy, for the benefit of the entire country. It is vital for the continued economy of the area to provide the services necessary to allow people to have the quality of life and access to information to allow them to remain in rural areas.

We support Rural Telephone and Nex-Tech in their application for federal funds for the expansion of high-speed Internet service to communities and rural areas in Kansa.

Sincerely,

Leslie R. Bell

Leslie R. Bell, Director
Northwest Kansas Library Sshytem

April 13, 2009

Mr. Larry F. Sevier, CEO
Rural Telephone
PO Box 158
Lenora, KS 67645

Ms. Karen Buss
3270 N Road
Bogue, KS 67625

Dear Mr. Sevier;

I am writing this letter in support of Rural Telephone and Nex-Tech's broadband expansion proposals in northwest Kansas. I also support your applications for the American Recovery and Reinvestment Act of 2009 Broadband Initiative. In writing this, I wish to convey my personal story and why my family and I need better services online.

I am a single female farmer and rancher with two college-age daughters. I lost my husband to an automobile accident a few years ago. In trying to provide for my daughters resources to further their educations, and in working to keep our farm viable, I find the lack of high-speed Internet in my home very problematic, and at times, downright crippling. We currently pay for costly dial-up that is so slow that I frequently opt not to even bother with using our computers (despite my many farming business needs that could greatly benefit from online access), and my daughters, who help me with the farm, find they cannot even adequately do their homework for their classes when they are at our house. They find this terribly frustrating.

This lack of high-speed access has been a frustration to all of us for years, including all the years my daughters have been in high school. I think now is the time to do something about it. For us, right now, a Web page can take many, many minutes to load, if it will load at all, and this presents us with many dilemmas as we go about our busy lives. We have livestock and farming matters that, as I'm sure you can imagine, are always pressing. We do not have time to waste on technological inadequacies, nor is it convenient for us to go elsewhere to get online.

If we were able to get high-speed Internet at our home, several critical problems would be solved for us. My daughters could efficiently handle their college course work, keep their grades up and prepare for their futures, and at the same time be more available to help me with our farming and ranching business. I would be able to do research and purchase things I need for our business, handle financial matters, and communicate with my fellow farmers and ranchers here and elsewhere with much more efficiency. These are not easy times for anyone, and in my business, carving out time to do all the things that are necessary is literally a daily challenge.

Please do everything you can to make high-speed Internet available to my daughters and me. I am hoping and praying your efforts will be successful. Our lives and futures depend on it.

Sincerely,

Karen Buss

Karen Buss

Melissa S. Lindenman
1114 Z Road
Morland, KS 67650

April 6, 2009

Rural Utilities Services
United States Department of Agriculture
1400 Independence Ave S.W.
Washington, DC 20250-0747

To Whom It May Concern

This letter is to support the broadband expansion proposals for Northwest Kansas by Rural Telephone and Nex-Tech. The millions of dollars already invested in the area has created jobs and helped to bring young people back to the area. Even with this there are still many areas underserved.

Rural Telephone recently completed the Fiber to the Home technology in the rural area that I live in. Prior to this technology we had very slow dial-up service. Having this broadband technology has provided me a means to return to college and complete my degree in Education. Without broadband service it would not be possible for me to do so as I would have to drive more than 90 miles one way to attend classes. With small children I would not be able to do so at this time.

My husband returned to this rural community to farm with his father and carry on the family farm into the future. Being young farmers is difficult in these times. Having broadband technology available on the farm is great for research of new products, checking on markets, as well as shopping. Now many products that we would have to drive many miles to even look at can be researched on the internet to determine if a trip is truly necessary. The access to weather radars, weather alerts and tracking at the click of a button is a huge plus to them.

Living on the farm means we are 23 miles from the school that my son attends as well as the closest library. With the broadband technology we are able to access libraries and other resources to do school projects. The technology also allows us the access to the interactive technology the school is using for grades, attendance, and other notifications. The access to other great resources available to help educate your children or get extra help if a child is struggling is something that is very valuable to me. Without broadband service this would not be available to many of the rural children in the area. Currently there are many students that attend school with my son who live only a few miles from us who are unserved or underserved. It would be great for more families to have the opportunity for the advanced technology that we have been blessed with.

I am confident in Rural Telephone and Nex-Tech to continue to find ways to get this technology to everyone they can serve. Please take a portion of the $2.5 billion allocated through the American Recovery and Reinvestment Act of 2009 to help Rural Telephone, Nex-Tech and other companies expand this great technology to all those rural families and students. Help make those education dreams come true.

Sincerely,

Melissa Lindenman

Melissa Lindenman

The Honorable Greg Walden

1. **Mr. Shorman, do you think the NTIA and RUS programs would have reflected a better use of taxpayer dollars if they had been designed exclusively for unserved areas? Do you think the entire $7 billion could have been used to provide service to unserved areas?**

Taxpayer dollars would have been much better spent on reaching the 7 million homes today that do not have access to broadband. Broadband is a crucial driver of jobs and economic recovery, particularly in rural America. Quality broadband service should be available to all regions of the country, including the least densely populated areas. I also supported some of the $7 billion going to increase broadband adoption.

2. **Mr. Shorman, given how awards have been provided to areas that are already served, how does that alter your future investment plans to expand service? Do you have any doubts whether the government will provide additional loans or grants in the future to competitors in areas you currently provide service?**

By injecting this level of BIP funding into our existing service area, on top of the tens of millions that RTS receives every year in USF support, the government is effectively penalizing our small company, which to date has invested $20 million in the area to provide world-class broadband service. It is clear to us that we are going to be spending fewer dollars on infrastructure investment in Hays and surrounding areas, and instead will be focusing on customer retention against overwhelming odds. RTS has approached every Hays resident and asked for permission to install – for free – network boxes on each residence in preparation for its buildout. They are offering customers the chance to win free TVs, laptops, and iPads. In addition, RTS is now advertising two months of free service and Hi-Def/DVR free for one year (see attached eight page, color mailing to Hays residents). RTS has stated publicly that it anticipates tremendous response to these efforts.

And we do have doubts about whether the other areas in which we compete will be the subject of additional loans or grants, particularly since the RUS has just announced that it is restarting its Farm Bill broadband loan program, another program rife with a history of subsidized overbuilding.

3. **Mr. Shorman, the claim was that the broadband stimulus program would increase broadband deployment and create jobs. From your experience, is the program reaching the unserved? Is it promoting or jeopardizing jobs?**

My experience with the RUS Broadband Initiatives Program is one of great concern to me. Instead of creating permanent jobs, it threatens the jobs of our 277 employees, many of whom live in the very community the award was intended to benefit, offsetting any new jobs created by the funded project, and undermining one broadband provider in the area to benefit another. While it may be supporting some new broadband deployment, it is not bringing new broadband deployment in Hays and it threatens the private deployment of broadband and the $20 million investment by my company and employees. And that does not seem right. Taxpayer dollars

should first and foremost be aimed at reaching the unserved, those who need broadband in the first instance to participate in the global economy and to succeed in rural America.

Questions for the Record from Members of the
Committee on Energy and Commerce, House of Representatives
Mark Goldstein, Government Accountability Office Responses

Questions from the Honorable Greg Walden:

1. **Mr. Goldstein, how many duplicative federal communications subsidy programs exist? In addition to the $7 billion in these NTIA and RUS programs, isn't there also the Rural Broadband Access Loan and Loan Guarantee Program, the Community Connect Grant Program, the Distance Learning and Telemedicine grant program, and the Public Television Digital Transition grant program? And then there's the $9 billion per year universal service fund that some are saying should be shifted to broadband? How much is being spent in total by all of these programs? Do any of these programs coordinate with each other?**

The Department of Agriculture's (USDA) Rural Utilities Service (RUS) and the Federal Communications Commission (FCC) manage programs that provide funding for various rural communications initiatives. The amount of funding made available by these programs ranges considerably with the smallest grant program (RUS's Public Television Digital Transition) providing approximately $5 million in fiscal year 2009, and FCC's Universal Service Fund (USF) providing roughly $7.3 billion for several program areas in that same year. We identify the total amount of funding for each program for the most recent fiscal year in which data are available below. We have not assessed the extent to which the RUS and FCC communications programs you mentioned are duplicative in nature or coordinate with each other. However, if the committee is interested in this topic, we can pursue future work in this area.

RUS rural communication programs:

- Rural Broadband Access Loan and Loan Guarantee Program provides funding for the construction, improvement, and acquisition of facilities and equipment for broadband

service in eligible rural communities. In March 2009, the USDA Inspector General reported that since 2001, RUS had lent approximately $1.35 billion to loan recipients for rural broadband projects. RUS made no awards through this program in fiscal year 2010; however officials reported that the agency obligated $74.3 million to existing loan borrowers to replace existing loan funds that were to set to expire.

- Community Connect Grant Program funds broadband on a "community-oriented connectivity" basis to currently unserved rural areas for the purpose of fostering economic growth and delivering enhanced health care, education, and public safety services. From fiscal year 2005 through 2009, RUS awarded approximately $57 million for such projects, including those providing free access to and/or instruction in the use of broadband service through local community centers. RUS did not make Community Connect grant awards in fiscal year 2010 because a larger amount of funding for the Broadband Initiatives Program (BIP) was made available through the American Recovery and Reinvestment Act of 2009 (ARRA)[1] to achieve a similar purpose, according to RUS officials.
- Distance Learning and Telemedicine Program makes grants for telemedicine and distance learning services in rural areas, including projects that provide telecommunications-enabled information, audio and video equipment, and related technologies that extend educational and medical applications into rural locations. RUS has awarded more than $340 million in grant funds for such projects since 1993, including more than $34 million in fiscal year 2010.
- Public Television Digital Transition Grant Program makes grants to public television stations serving rural areas to help acquire, lease, and/or install facilities and software necessary for the digital transition. From 2006 through 2010, USDA awarded almost $25 million in grants to public television stations, including about $4.6 million in fiscal year 2010.

FCC rural communication programs supported by USF:

[1]Pub. L. No. 111-5, 123 Stat. 115 (2009).

- In 2009, the FCC managed Universal Service Fund (USF) disbursed roughly $7.3 billion to subsidize telephone and other communications services through four programs. In particular, the High Cost program subsidizes companies serving rural and high-cost areas. The Low-Income, E-rate, and Rural Health Care programs subsidize telephone bills and communications services for low-income consumers, schools and libraries, and rural health care providers, respectively.[2] The National Broadband Plan, released in March 2010, by an FCC task force, calls for modifying USF to support greater deployment of more expensive broadband technologies.[3] Similarly, the USF-supported Rural Health Care Program now includes a pilot program which provides roughly $418 million over three years to selected projects for designing and installing regional and state broadband networks that serve rural health care providers, as well as the costs of advanced telecommunications and information services that ride over those networks.[4]

2. **Mr. Goldstein, how important are performance measures? Are you confident we will have a quantifiable metric whether these programs have increased broadband access or adoption, and, if so, how much we spent for each additional consumer accessed or served?**

Performance measures are a critical tool mandated by Congress to demonstrate progress made in meeting agency goals and to inform management decision making. The Government Performance and Results Act of 1993 (GPRA) directs federal agencies to establish objective, quantifiable, and measurable goals within annual performance plans.[5] GPRA stresses the importance of having clearly stated goals, objectives, performance targets, and measures in order to improve a program's effectiveness, accountability, and service delivery. Specifically, performance measures allow an agency to track its progress in achieving intended results.

---

[2]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue,* GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

[3]Federal Communications Commission, *Connecting America: The National Broadband Plan* (rel. Mar. 16, 2010).

[4]GAO, *Telecommunications: FCC's Performance Management Weaknesses Could Jeopardize Proposed Reforms of the Rural Health Care Program*, GAO-11-27 (Washington, D.C.: Nov. 17, 2010).

[5]31 U.S.C. § 1115.

Performance measures also can help inform management decisions about such issues as the need to redirect resources or shift priorities.

We previously recommended that the National Telecommunications and Information Administration (NTIA) and RUS should use information provided by applicants in the first funding round of the ARRA broadband programs to establish quantifiable, outcome-based performance goals by which to measure program effectiveness. Although we did not identify the specific measures that agencies should use to evaluate program effectiveness, such as metrics for broadband access, adoption, or costs per customer served, our recommendations to both agencies remain open. NTIA has taken some action on this recommendation, such as creating goals related to new network miles and workstations deployed. We will continue to monitor both agencies progress in developing appropriate performance measures.

3. Does the fact that 25 percent of the applications granted went to entities that have never been a recipient of Federal grant monies increase the risks of fraud, waste and abuse? How significant are those risks?

The Department of Commerce (DOC) Inspector General reported that about 20 percent of NTIA's awards were to for-profit companies, some of which were first-time federal award recipients. NTIA must ensure that all of its awardees meet the terms and conditions of their grants including submitting quarterly reports on program expenses, project performance information, and properly managing the complex process of drawing down federal grant funds for eligible expenses. We have recently reported that successful oversight of grantees depends on the management and accountability tools and controls an agency has in place to monitor, prevent, and detect abuses by grantees. Such tools include identifying the nature and extent of risks and managing those risks to ensure that program objectives are fulfilled.[6] Prior experience with government grants or loans is one of several criteria that agencies have used to assess risks to determine whether heightened monitoring or technical assistance is needed. Given the large

[6]GAO, *Grant Monitoring: Department of Education Could Improve Its Processes with Greater Focus on Assessing Risks, Acquiring Financial Skills, and Sharing Information*, GAO-10-57 (Washington, D.C.: Nov. 19, 2009).

number of Broadband Technology Opportunities Program (BTOP) and BIP grant and loan recipients, including many first-time recipients of federal funding, it is important that NTIA and RUS identify, prioritize, and manage potential at-risk recipients. Furthermore, since the vast majority of BTOP and BIP funding has yet to be expended by awardees, NTIA and RUS will need to monitor all awardees and provide focused oversight over higher-risk projects as significant award amounts will be drawn down over the next several years.

4. **You identified some of the risks with programs like the BTOP and BIP: bankruptcies, false claims, product substitution, substandard products and subcontracting. Based on your experience, what percentage of these grant awards can be expected to have problems with waste, fraud, and abuse? What percent of the awarded funds would you expect will go unused or be reclaimed?**

The DOC Inspector General identified several risk categories for NTIA's BTOP awardees, including awardees submitting false claims for ineligible or fraudulent expenses, substituting substandard products in the construction of projects, and subcontracting fraud, including bribes, gratuities, and kick-backs. Due to the variation in federal grant and subsidy programs and the various terms and conditions that apply to funding recipients, it is difficult to estimate with any accuracy what portion of awarded funds would be expected to experience fraud, waste, or abuse in BTOP and BIP. Estimates for unused or reclaimed fund balances are also difficult to estimate for similar reasons. However, if the committee has an interest in future work evaluating the extent to which awardees have fulfilled the conditions of their contracts and deployed projects as required, we could conduct this work as soon as awardees have had sufficient time to begin implementing projects.

5. **Mr. Goldstein, you have reported that RUS eliminated the designation of last mile "remote" projects in the second round. Did this lead to RUS making awards that were not remote projects in favor of projects where service already existed?**

In its second funding round, RUS eliminated the remote and underserved requirement, and determined that eligible areas were those in which at least 50 percent of the premises in the area did not have access to broadband service at the rate of 5 megabits per second. Such projects were required to cover an area that was at least 75 percent rural. In our second report on the ARRA broadband programs,[7] we evaluated the extent to which NTIA's and RUS's application reviews substantiated application information, such as technological viability, and found that the agencies consistently substantiated information provided by applicants. We have not evaluated the agencies' review processes for the second funding round; such a review would be necessary to determine the extent to which RUS's second round awards were made to projects in areas with existing broadband service, rather than in more remote and unserved areas. We can pursue further work on this topic, should it be of interest to the committee.

6. **Mr. Goldstein, you state that the RUS plans to use its existing oversight framework that it uses for its existing grant and loan program. Given the problems Inspector General Fong has reported on regarding the RUS, is this an effective oversight plan to prevent the similar defaults and deobligations that RUS has experienced in the past with its programs?**

In its 2005 review of RUS broadband grant and loan programs, the USDA Inspector General questioned the expenditure of $340 million of loan and grant funding for various reasons, including loan defaults, and cited instances where RUS awarded funds to projects in communities near large cities, rather than in rural communities lacking preexisting broadband service. We have reported that RUS intends to replicate the oversight framework for its existing programs for BIP, and this plan presents staffing and resource challenges to the agency. For example, the agency's staff will need to conduct site visits in remote locations to monitor project development, but a lack of resources will pose challenges to this type of oversight. RUS intends to rely on existing staff and believes it has sufficient resources; however, RUS field staff members have other duties in addition to oversight of BIP projects. We previously recommended

[7]GAO, *Recovery Act: Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs*, GAO-10-823 (Washington, D.C.: Aug. 4, 2010).

that NTIA and RUS should develop contingency plans to ensure sufficient resources for oversight of funded projects beyond fiscal year 2010. To address our recommendation, RUS extended its contract with ICF International to provide BIP program support through 2013 and it extended of the term of employment through fiscal year 2011 for 25 temporary employees assigned to assist with the oversight of BIP projects.

Questions from the Honorable Henry A. Waxman:

1. **Mr. Goldstein, Ms. Fong testified that because of close coordination with GAO, the Agriculture IG decided that it would not review Recovery Act programs until GAO finished its work in this area. Can you tell us about the level of collaboration between GAO and the representatives from the Agriculture Inspector General's office prior to, and during your review of the broadband programs?**

We met with representatives from the USDA Inspector General's (IG) office on July 8, 2009. During this meeting, we discussed oversight of RUS's Broadband Initiatives Program. In addition to this meeting, representatives from the IG's office attended three substantive meetings we conducted with program officials from RUS as part of our two reports on the broadband programs.

2. **Can you tell us about the level of collaboration between GAO and the Agriculture IG after your reports were issued?**

We have not met with representatives from the USDA IG's office subsequent to issuance of our most recent report on BIP, GAO-10-823, which we released on August 4, 2010.

3. **Can you tell us about the level of collaboration between GAO and the Agriculture IG since the programs concluded on September 30, 2010?**

We have not met with representatives from the USDA IG's office subsequent to the conclusion of BIP on September 30, 2010.

Question from the Honorable Diana DeGette:

1. **Based on what you have seen, do satellite-based Internet service providers present a better way to prevent overbuilding in unserved areas? Do satellite-based Internet service providers offer any inherent benefits with it comes to monitoring and overseeing grant programs on this scale and maintaining program integrity?**

As a function of satellite broadband technology, a single satellite broadband provider may provide nationwide service, including to areas considered to be unserved by other technologies. Currently, several firms provide nationwide broadband satellite service, and RUS awarded a total of $100 million to four broadband satellite providers to connect premises in rural areas left unserved by other technologies. From an oversight perspective, it would be less burdensome for the agencies to monitor fewer grants rather than more grants to maintain program integrity.

Questions from the Honorable Edward J. Markey:

1. **Does ARRA contain provisions that would prohibit NTIA and RUS from deobligating funds from awardees?**

ARRA[8] allows NTIA to deobligate awards if the recipient of a grant demonstrates an insufficient level of performance or wasteful or fraudulent spending. Additionally, both NTIA and RUS have reserved the right to deobligate awards made under their respective broadband programs under these conditions.

[8]Pub. L. No. 111-5, 123 Stat. 115 (2009).

Specifically, Section 6001(i)(4) of ARRA provides that NTIA:

"(4) may, in addition to other authority under applicable law, deobligate awards to grantees that demonstrate an insufficient level of performance, or wasteful or fraudulent spending, as defined in advance by the Assistant Secretary, and award these funds competitively to new or existing applicants consistent with this section . . ."

Under section 6001(d)(2) of ARRA, NTIA must ensure that all awards are made by September 30, 2010.[9]

In implementing their broadband programs, both NTIA and RUS, reserved the right to deobligate funds under certain conditions. For example, the notice of funding availability and solicitation of applications for the first funding round provided:

"The RUS and NTIA reserve the right to deobligate awards to recipients under this NOFA that demonstrate an insufficient level of performance, or wasteful or fraudulent spending, and award these funds competitively to new or existing applicants." 74 Fed. Reg. 33104, 33126 (2009).

2. What percentage of households does not have broadband service?

GAO has not gathered data to independently assess the deployment and adoption of broadband service since 2006. In May 2006, we reported that 28 percent—or about 30 million—American households subscribed to broadband service;[10] we based this finding on data derived from a

[9]RUS also had a time constraint on the award of funds. Specifically, section 1603 of division A of ARRA provides that "All funds appropriated in this Act shall remain available for obligation until September 30, 2010, unless expressly provided otherwise in this Act." Reference to "this Act" refers only the provisions in division A. See section 4 of ARRA.

[10]GAO, *Telecommunications: Broadband Deployment Is Extensive throughout the United States, but It Is Difficult to Assess the Extent of Deployment Gaps in Rural Areas*, GAO-06-426 (Washington, D.C.: May 5, 2006).

survey of approximately 1,500 randomly-sampled households conducted from February through April 2005. We also reported that the Federal Communications Commission's (FCC) data may not provide a highly accurate depiction of the deployment of broadband service to households in some areas. Subsequent to our report, FCC, NTIA, and the Pew Research Center (Pew) issued reports with more recent data on the deployment and adoption of broadband service.

FCC, NTIA, and Pew gathered data that indicate that approximately 95 percent of households have access to broadband service and approximately two-thirds subscribe to broadband service. While each organization relies on different data and methodologies, the results are generally consistent. Below we provide a brief description of the methodology and results from the FCC, NTIA, and Pew reports.

- In its *Sixth Broadband Deployment Report*, released on July 20, 2010, FCC reported that 7 million housing units lacked access to broadband service and 35 percent of adults did not use broadband service at home.[11] To arrive at its conclusions, FCC relied on a methodology comprised of three elements; these elements were (1) a model of broadband availability for both wired and wireless technologies developed for the National Broadband Plan, (2) an analysis of FCC's Form 477 data gathered every six months from broadband providers, and (3) a survey of end-users of the Internet. According to the Census Bureau, in July 2009, the United States had approximately 130 million housing units; thus, FCC's finding that 7 million housing units lacked access to broadband service implies that about 5 percent of housing units do not have access to broadband service. Therefore, FCC's results indicate that approximately 95 percent of housing units have access to broadband service and 65 percent of adults use broadband service at home.

[11] *Inquiry Concerning the Deployment of Advanced Telecommunications Capabilities to All Americans in a Reasonable and Timely Fashion, and Possible Steps to accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, Amended by the Broadband Data Improvement Act, Report, 25 FCC Rcd. 9556 (2010) (Sixth Broadband Deployment Report).*

- On February 17, 2011, NTIA released results from its National Broadband Map and Internet Usage Survey;[12] the agency reported that between 5 to 10 percent of Americans lacked access to broadband service and 68 percent of households used broadband Internet in the home. NTIA gathered data on the deployment of broadband service through the State Broadband Data and Development Grant Program; NTIA reported that each state, territory and the District of Columbia (or their designees) collected data from broadband providers or other sources as part of this program. NTIA's data on the use of broadband come from the Census Bureau's October 2010, Current Population Survey.

- On August 11, 2010, Pew released its *Home Broadband 2010* report and found that 66 percent of adults used a high-speed Internet connection at home. Pew based its findings on telephone interviews conducted between April and May 2010, among a sample of 2,252 adults.

In addition to these reports, in a September 2010 report,[13] we discussed findings from data gathered by the Organisation for Economic Cooperation and Development (OECD). The OECD data indicated that, as of January 1, 2010, broadband had been deployed to more than 95 percent of households. In addition, the United States had 26.4 subscriber lines per 100 inhabitants.

[12]NTIA, *Commerce's NTIA Unveils National Broadband Map and New Broadband Adoption Survey Results* (Washington, D.C., February 17, 2011). [http://www.ntia.doc.gov/press/2011/NationalBroadbandMap_02172011.html]

[13]GAO, *Telecommunications: National Broadband Plan Reflects the Experience of Leading Countries, but Implementation Will Be Challenging*, GAO-10-825 (Washington, D.C.: September 14, 2010).

The Honorable Henry A. Waxman

1. **How big is the area of service that Eagle disputes? Specifically, what percentage of the proposed coverage area does Hays, Kansas represent for the project awarded to Rural Telephone Service Co?**

Eagle is concerned only with the use of the RUS' $101 million broadband award in Hays, Kansas, one of the best-served and most competitive communities in the United States. While Hays may span 8 miles of the total 4,600 square mile project area, it contains almost half of the households included in the entire project area. The Kansas Corporation Commission report in January 2011 showed that broadband service is available to 99.99% of the 11,193 total households in Ellis County, where Hays is the county seat. These services in Ellis County – including Hays -- included access throughout to broadband speeds of 3-6 mbps downstream and at least 512 kbps upstream.

Hays residents and businesses already have access to broadband service of up to 100 mbps via fiber, cable modem and wireless technologies today from Eagle, as a result of its investment of $20 million in private capital. AT&T also offers high-speed broadband service throughout the community, as does RTS' own affiliate Nex-Tech. To be specific, the Rural Telephone/Nex-Tech service existing in Hays ALREADY meets the standard set forth under the BIP. So not only is Hays served, but it is already served by the recipient of the BIP funding.

The awardee has announced that it plans to overbuild each and every one of those households with government subsidized money – offering each of our customers a free network box installed on their home in anticipation of their build and the ability to enter any one of a number of drawings for free iPads, TVs, and laptops months in advance of their installation. In addition, RTS is now advertising two months free service and free Hi-Def/DVR for one year (see attached 8-page color mailing to residents of Hays).

2. **Do you believe it would be economically feasible for RTS to offer service to only unserved territories?**

Yes. RTS and its subsidiaries today are serving communities throughout western Kansas. It is not a new entrant. RTS is the beneficiary of $101 million in BIP loans and grants, more than $100 million in USF support for its wireline network and $50 million in USF support for its wireless affiliate, as well as millions in funding for at least 32 other RUS projects (including at least one previously awarded project in Hays, KS). I would have no objection if RUS had given RTS a loan or grant focused solely on unserved areas if it found that the vast amount in subsidies RTS is already receiving through federal and state USF programs was still insufficient to fund deployment of broadband. But it should not have to rely on driving out the competition in Hays with subsidies to sustain its project.

3. **Do most rural projects include a small portion of served areas to ensure that such projects are feasible and sustainable over the long-run?**

It is true that RUS-subsidized broadband loan projects have often involved overbuilding private investment. That this has become a standard practice for RUS does not make it right. While it may be less objectionable in cases where the areas overbuilt have constituted only a "small portion" of served areas, that is not what happened in my case. As noted above, Hays may be small in terms of square mileage, but large in terms of the total population of the project and total number of households covered. The RUS has engaged in this type of government-subsidized overbuilding for years, as evidenced by USDA Inspector General Fong's testimony at the hearing. The RUS, moreover, has often funded complete overbuilds of served areas through its loan program (examples include Mitchell, South Dakota).

RUS has also successfully supported projects that do not include any served areas through its Community Connects program, for which RUS just announced another round of funding. I believe targeted spending programs like Community Connect aimed at unserved areas make tremendous sense.

4. **The Recovery Act requires RUS to give priority to awards for broadband systems that will provide end users a choice of more than one service provider. Do you believe this prioritization makes sense?**

In Hays, end users already have a choice of more than one service provider, and I support that goal. According to the National Broadband Map, Hays residents have access to broadband by Eagle, Rural Telephone/Nex-Tech, Verizon, and AT&T. Having said that, I also believe that it is critical that RUS deliver on another crucial priority in the Recovery Act: to give priority to projects "that provide service to the highest proportion of rural residents that do not have access to broadband service." RTS' project in western Kansas may cover a wide swath of land, but it certainly does not focus taxpayer dollars on the highest proportion of residents that do not have access to broadband. Broadband is a crucial driver of economic recovery and global competitiveness, and I believe scarce taxpayer dollars should be focused on bringing service to the 7 million households that lack access to high speed broadband today.

5. **The RUS funding rules require that only those projects RUS determines to be financially feasible and sustainable will be eligible for an award. Do you believe this requirement makes sense?**

I do; taxpayer money should be spent wisely. But if the only way to make a loan feasible is to overbuild areas that already are well served, the better course is not to provide the loan. RUS is not a commercial lender -- it represents the interests of American taxpayers and it should not be putting itself in situations where it has a vested interest in the success of one competitor and the failure of others, as it did in Hays. The better course in those situations would be for RUS to provide loans or grants that are targeted to reaching unserved areas.

6. **I understand that Eagle applied for funding under the Broadband Initiatives Program during the winter 2010 funding round to connect its current systems in the Abilene, Kansas area to its systems in the Marion, Kansas area.**
    a. **Please specify how much grant funding Eagle requested for this project?**

Eagle requested a loan amount of $1,644,354 and a grant amount of $3,836,826, for a total of $5,481,180, consistent with other second round applications.

b. Did the application propose to extend broadband services to rural areas?

Yes, the entire area we proposed to invest in is considered rural. The shortest number of miles to a non-rural area was 40. To compare, Hays, which comprises nearly half of the households in the RTS application, is a non-rural area.

c. Are there any other broadband providers in the Marion, KS area? If so, please identify the other broadband providers in Marion, KS.

At the time we applied, we did not believe there was adequate broadband service in Marion KS as described in the RUS Broadband Initiatives Program. There were four providers: Eagle (DOCIS 1.0-2.0), AT&T (DSL), Tri County Telephone (wireless internet), and DTN (wireless Internet). Among other things, we believed that although there were four providers in Marion, the providers were not meeting the minimum broadband speed goal set out in the NOFA (broadband service at the rate of 5 Mbps combined) and we considered it to be "underserved" as opposed to Hays which we believe has service that meets and exceeds the minimum broadband goals.

d. It is my understanding that Eagle withdrew its application for this project. Please explain why Eagle withdrew.

That is correct. We received private financing for most of our project and therefore withdrew the application.

7. **Please specify the speed(s) and price(s) offered by Eagle Communications for broadband Internet service prior to July 2009. Please specify the same information after July 2009.**

    a. Abilene Cluster- Pre July 2009 256K/256K @ $22.95 and 768K/512K @ $25.95 2MB/512K $39.95

    b. Abilene Cluster Post July 2009 256K/256K @ $22.95 and 768K/512K @ $25.95 3MB/512K $39.95.

    c. Abilene Cluster Current: 1MB/512K @ 25.95, 6MB/512K @ 42.95, 10MB/512K @ 49.95

    d. Hays Cluster Pre July 2009: 256k/256k @ 19.95, 768/512k @ 22.95, 3MB/512K @ 39.95, 6MB/512K @ $49.95

e. Hays Cluster Current: 1MB/512K @ 22.95, 6MB/512K @ 42.95, 10MB/512K @ 49.95, 20MB/512K @ 79.95, 50MB/512K @ 99.95, 100M+ fiber connections quoted on request

For all packages above: Additional upload speeds available. 100M+ fiber connections quoted on request. Packages a,b, and d are listed with bundled pricing, ala carte $10 more per month.

8. During the hearing, over 20 letters from community members in support of Rural Telephone Service Company's application were submitted into the official record. Do you have views as to why the RTS application received such broad support in Hays, Kansas?

I do not know why these community members submitted letters to RUS, nor do I know what steps RTS took to encourage those letters to be submitted.

FRED UPTON, MICHIGAN
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MEMBER

ONE HUNDRED TWELFTH CONGRESS

Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115

Majority (202) 225-2927
Minority (202) 225-3641

March 3, 2011

The Honorable Phyllis K. Fong
Inspector General
U.S. Department of Agriculture
Room 117- W Jamie Whitten Bldg.
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Ms. Fong:

Thank you for appearing before the Subcommittee on Communications and Technology on February 10, 2011, to testify at the hearing entitled "ARRA Broadband Spending."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions to witnesses, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and then (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions by mail by the close of business on Friday, March 11, 2011. Please also e-mail your responses to the Legislative Clerk in Word format at Allison.Busbee@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Greg Walden
Chairman
Subcommittee on Communications and Technology

cc: The Honorable Anna G. Eshoo, Ranking Member,

Attachments

The Honorable Greg Walden

(1) **Mr. Walden**: Do you think it would be helpful if the standards and process for de-obligating funds were less ambiguous and consistent for both agencies and the respective OIG? Under current law, is the decision to de-obligate funds by the RUS and NTIA Administrators discretionary? Is there a clear standard? Could an award recipient continue to spend money even if you have found waste, fraud, or abuse, and even if you have recommended remedial action? If the standards are subjective, won't that potentially cause unfair outcomes for grant recipients in the different programs based on which standard is applied to them?

Response: Our 2005 audit report addressed this issue in part. In our report, we stated that RUS established a general policy that broadband service providers have up to 3 years to draw down all obligated funds. This period is not statutory or regulatory in nature and, according to RUS, depends on the grantee's or the borrower's project needs. According to RUS, appropriations bills generally authorize the agency to de-obligate and re-obligate funds during the life of the bill; and there were no limitations on this authority for the Broadband Initiatives Program (BIP) program in the Recovery Act. The Recovery Act allowed for obligations from February 17, 2009 through September 30, 2010 and all BIP obligations occurred during this timeframe. For information regarding NTIA's authority to de-obligate funds, we recommend contacting the Department of Commerce.

Under current law, the decision to de-obligate funds by RUS Administrators is discretionary. It is our understanding that when RUS suspects that a grantee or borrower has committed fraud, it ceases additional funding of the project until the issue is resolved. RUS will cease funding to broadband recipients if it has cause, such as those identified via RUS' own internal reviews or OIG reviews that disclose fraud, waste, or abuse. If a completed review demonstrates that funds have been improperly used or fraud has occurred, then RUS may take actions to de-obligate any unused or non-expended funds. The recipient, however, may continue its operations and fulfillment of the RUS loan or grant purposes to the extent that RUS determines it to be in the Government's best interest.

We have not performed audit work to assess whether unfair outcomes between RUS and NTIA for ARRA broadband funding could occur.

(2) **Mr. Walden**: When you make a recommendation on how a program might minimize waste, fraud, or abuse, are they always implemented in a timely fashion, or at all? Do you think a congressional reporting requirement like in the staff discussion draft would be helpful? Should we also set a deadline for the program administrators to make a decision on your recommendations?

Response: Typically, our recommendations are implemented after a period of time or when alternative corrective actions agreed to by OIG are implemented by the agency.

They are not, however, always implemented timely. For example, in our 2005 audit RUS wanted to postpone implementing our recommendations until the completion of the 2008 Farm Bill. RUS wanted the delay in order to facilitate the coordination of our recommendations with the broadband provisions in the legislation. We agreed to the requested postponement; 10 of the 14 recommendations remain open.

Congress has already put in statute a 6-month deadline for heads of Federal agencies to come to management decisions on all findings and recommendations set forth in an audit report.[1] Additionally, OIG currently reports to Congress on the status of unresolved recommendations (those without agreed-to corrective actions within 6 months of report issuance) in its Semiannual Reports to Congress, as of March 31st and September 30th of each fiscal year. Full implementation of the agreed-to corrective actions is called final action. If agreed-to corrective actions cannot be reached with 135 to 150 days after report issuance, our office may elevate the issue to the respective Under Secretary or Deputy Secretary. According to Departmental Regulation 1720-1, final action should be completed within 1 year of the date of management decision to preclude being listed in the Department's annual Performance and Accountability Report. Based on these statutory and regulatory requirements, we do not think additional Congressional action is necessary regarding implementation of our audit recommendations.

(3) **Mr. Walden**: Does the fact that 25 percent of the applications granted went to entities that have never been a recipient of Federal grant monies increase the risks of fraud, waste and abuse? How significant are those risks?

Response: There is the possibility of an elevated risk of fraud, waste, and abuse with applicants that do not have a history of performance on Federal assistance awards. Due diligence, outreach, training, monitoring, and oversight on the part of RUS during the life of the grant would be necessary to mitigate such risks.

(4) **Mr. Walden**: The program rules allow for modifications of projects. Do your respective agencies have a process in place to notify the public of significant modifications of project plans? For example, is there a challenge period before modifications are adopted? Do you have an oversight role for project modifications? What happens to the obligated money if a modification is not approved?

Response: Our September 2005 audit report did not focus on a review of the project modification process. However, we found that one grantee made a material change to the system design and scope of work without notifying the agency. The grantee had been required to notify the agency about the material change according to agency policies and the grant agreement. We recommended that RUS recover the $1.9 million that was advanced to this grantee and de-obligate the remaining $762,000 in grant funds. This topic will be considered as we plan our upcoming broadband work.

(5) **Mr. Walden**: Are you looking at the size of awards and their consistency with the

[1] See Pub. L. No. 104-106, §810, February 10, 1996.

overall program goals? For example, does it make sense that the RUS awarded $100 million split between a grant and a loan for one project in a Kansas town of 23,000 households already served by two broadband providers, compared with $50 million in total awards for the entire state of Oregon?

Response: The relative dollar amount or size of broadband loans or grants was not part of our 2005 and 2009 audit scope. In our upcoming work on broadband, we will explore the feasibility of assessing the amounts of obligations relative to the numbers of households served.

(6) **Mr. Walden**: If you find that an award recipient is using the funds to build in an area not approved for the project, what steps do you take or require the agency to take? Do you have authority to prohibit funding in that area? Does the agency have to abide by any recommendations or findings you make? What action would it trigger from your office?

Response: If we found that an award recipient was using funds to build broadband capacity in an area not approved for the project or in an ineligible rural area, we would report the finding to RUS as an unauthorized use of funds. If RUS agrees with our finding, it is required by Rural Development regulations to classify the funding as unauthorized and initiate immediate recovery efforts. If RUS does not agree with our finding or recommendation, we could elevate the issue for decision to the Undersecretary for Rural Development and then to the Deputy Secretary of Agriculture. A decision by the Deputy Secretary would constitute the Department's final decision.

(7) **Mr. Walden**: Ms. Fong, your 2005 audit of the existing RUS broadband program found that 66 percent of the projects were in areas with preexisting access even though the law requires funds to be used first for eligible rural communities in which broadband service is not available to residential customers. Your 2009 audit found that 34 of the 37 approved applications were in areas with at least one broadband provider. Is there a pattern of overbuilding? Do you think anything has changed? What are your concerns with the broadband loan program going forward?

Response: Our 2005 and 2009 audit reports did not specifically conclude that there was a pattern of overbuilding. However, we do have concerns related to final action not being achieved on recommendations in our 2005 report, as summarized in our 2009 report, that address the conditions in your question.

It should be noted that 2 of the 10 unresolved recommendations directly address this issue but have yet to be implemented by RUS. Those recommendations are:

- Cease providing loans to competing broadband providers until RUS has reviewed past loans made in competitive environments. That review should determine if these loans have given funded providers an unfair financial advantage over those without RUS funds, or have otherwise adversely and materially affected the success of these loans; and

- RUS should determine if its practice of issuing loans to competing broadband providers should continue and take appropriate action.

As we conduct our upcoming audit of RUS' broadband initiatives, we will determine what alternative corrective actions RUS implemented to mitigate the risks of overbuilding or creating unfair competitive environments for broadband projects.

(8) **Mr. Walden**: Ms. Fong, your 2009 audit reported that 10 percent of RUS broadband funding between 2001 and 2008 was de-obligated. You also determined 11 loans totaling $48 million were in default. Would you expect a similar de-obligation rate for this program? What was the most common reason loans went into default or were de-obligated? Do you believe RUS lending practices – which you highlight, were predominantly not going to the remote locations – were a contributing factor in their high rate of de-obligations and default?

Response: We stated in our 2009 report that the reasons why some broadband borrowers had their funding de-obligated included:

- Companies decided to change the planned technology (requires a new application);
- Companies were unable to meet the credit support requirement; and
- The effect of increased competition, business plan changes, and an inability to meet market penetration goals.

During the implementation of RUS' Recovery Act Broadband Program, we did not see any evidence that would lead us to believe that the default rate for RUS broadband loans would be any lower than it had been prior to the Recovery Act. To mitigate the risk of defaults, we are aware that RUS has contracted with a consulting firm to assist its loan specialists to better review and assess applications for RUS' Recovery Act broadband funding for eligibility and credit worthiness.

(9) **Mr. Walden**: Ms. Fong, the statute authorizes the RUS to use BIP funds for a project as long as at least 75 percent of the project area is rural. Of the BIP funds allocated to date, how many projects include project areas that are not rural? Of those projects areas that are not rural, how many would be considered urban?

Response: We have not yet performed audit work related to broadband projects funded by the Recovery Act. RUS informed us that about $600 million of the $3.3 billion obligated for Recovery Act broadband projects involved projects that provided service to both rural and non-rural areas. We plan to verify this information during our upcoming audit of broadband activities.

The Honorable Henry A. Waxman

(1) **Mr. Waxman**: During your testimony you stated that because GAO was conducting a multi-department review of broadband that included USDA, your office decided it would not review relevant Recovery Act programs until GAO had finished its work.

a. Please describe the level of collaboration between GAO and your staff prior to, and during, your review of the broadband programs.

b. Please also describe the level of collaboration between your staff and GAO after the GAO reports were issued.

c. Please describe the level of collaboration between you and GAO since the Recovery Act programs concluded on September 30, 2010.

d. Please describe the level of collaboration between you and GAO since the hearing.

Response: When the Recovery Act was passed, USDA OIG initiated audit work for all programs receiving Recovery Act funds. That included planned work in the RUS' broadband program. When GAO took the lead on broadband work, we coordinated with GAO on numerous occasions and shared our continued assessment of RUS' broadband program.

During that initial period, we coordinated with GAO to determine their plans for Recovery Act broadband review(s) and to discuss our prior audit coverage and results. We found that many of the objectives of our planned review of RUS' Recovery Act broadband funding, including follow-up to our 2005 and 2009 audit report findings and recommendations, would be included in GAO's scope of work on this program. Since we had recently performed our second audit of RUS' broadband program in 5 years and because GAO was planning similar work, we deferred to GAO for the initial audit work on RUS' Recovery Act broadband program.

After RUS finished awarding all of its Recovery Act broadband funds, we reviewed the results of GAO's audit reports on the Recovery Act broadband programs. Based on this review, we have refined our objectives for planned future audit work on RUS' Recovery Act broadband program to build on the existing work performed by GAO and to further explore conditions identified by GAO.

In addition, our collaboration continued with GAO as we prepared for this hearing and we will continue our collaboration with GAO, the Federal Communications Commission, and Commerce OIG as we conduct future broadband work.

UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

March 18, 2011

The Honorable Greg Walden
Chairman
Subcommittee on Communications and Technology
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On February 10, 2011, we testified before the subcommittee on the topic of *ARRA Broadband Spending*. This letter transmits our responses to the subcommittee's questions for the record. After consulting with committee staff, we have answered the questions that we could from our oversight perspective, and suggest that the remaining questions would be best referred to the program office at NTIA.

If I can be of further assistance, please contact me at (202) 482-4661.

Sincerely,

Todd J. Zinser

Enclosure

cc: Ranking Member Anna G. Eshoo

Enclosure:

Department of Commerce Inspector General's Testimony Before the House Committee on Energy and Commerce, February 10, 2011
Office of Inspector General (OIG) Responses to Questions for the Record

The Honorable Adam Kinzinger

1. **The first stated purpose of the ARRA is to preserve and create jobs and promote economic recovery in the U.S. Nevertheless, some of that stimulus money has been awarded to foreign companies—denying U.S. companies contracts which could create jobs. Can you tell us how much money has been awarded to foreign companies? What was the rationale for doing so? In those cases, were U.S. owned companies competing for these contracts? Please analyze both grantees and their subcontractors in answering this question.**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

2. **Stimulus funds were intended to get "shovel ready" projects underway in short term (2 years) and not over a longer (4-5 year) period. How many contracts have been awarded to stimulate jobs in the short term? How many contracts have been awarded which cannot be expected to stimulate the economy and job market because it will take a longer term to get systems up and running and deployed?**

The Broadband Technology Opportunities Program (BTOP) is a competitive grant program that was authorized by the American Recovery and Reinvestment Act of 2009. The National Telecommunications and Information Administration (NTIA) established BTOP from scratch, including developing grant program rules and regulations, coordinating activities with other departments and agencies such as the Department of Agriculture and Federal Communications Commission (FCC), and awarding grants. BTOP's grant application process led to NTIA not making its first awards until December 2009. To help administer the program, NTIA awarded a contract to Booz Allen Hamilton, which at times provided approximately 200 staff to support the project. In total, NTIA awarded around 230 grants worth about $3.9 billion to build broadband infrastructure networks, establish or expand public computer centers, and encourage sustainable broadband adoption.

Only about 5 percent of broadband funds have been spent so far. However, spending will increase in the coming months, as most of the BTOP awards—about 70 percent of the $3.9 billion—were made between July and September 2010 and grantees have a limited time to complete projects. It is to be expected that most funds have not yet been spent, given that most of the funds are associated with infrastructure projects. Many of these projects require environmental assessments, which can take as long as 6 months to complete, and grantees have limited access to the grant funds until the assessments are finished. The BTOP-funded projects are to be substantially complete (i.e., having met 67 percent of their milestones and received 67 percent of their funding) within 2 years and complete within 3 years following the date of the issuance of the grant award. In the coming months, grantees will begin awarding contracts for the equipment and construction needed to complete projects.

3. **What technologies are there which can actually deliver an up and running system within the short term (2 years), thus carrying out the intent of the stimulus programs. What technologies are only in the pioneer or early development stage and cannot deliver an up and running system in the short term?**

Before the BTOP projects were selected for award, the technologies proposed by grantees went through a due diligence process to verify feasibility and readiness for deployment. In addition, program rules require projects be substantially complete within 2 years and complete within 3 years following the issuance of the grant award.

The infrastructure technologies that are currently ready and being deployed include the following:

- ***Wireless broadband technologies***. Most of the grantees are focusing on fourth-generation (4G) technologies, such as Long-Term Evolution (LTE) and Worldwide Interoperability for Microwave Access (WiMAX), for building broadband infrastructure. Both of these technologies are currently being offered by all major wireless service providers in the country. Also, many equipment manufacturers, such as Motorola, are already producing equipment for these technologies.

- ***Fiber-optic technologies***. Fiber-optic technologies are the most reliable and widely used technologies available today. The technology is ready and deployed in most cities in the United States. Fiber has traditionally been deployed in urban areas where demand has been high, but due to BTOP funding, the grantees are proposing to take fiber out to more remote areas.

- ***Other fiber technologies***. Digital Subscriber Line (DSL), cable, and Broadband over Power Line (BoPL) are some other examples of fiber-based broadband technologies that are well developed and in current use.

- ***Satellite-based Internet service providers (ISPs)***. Satellite-based ISP service is currently available nationally.

4. **There are rules governing what types of changes can be made to a proposal following awards. What are the rules governing those changes? How many instances of post-award change requests have there been? How many have been approved? How many have been denied? What is the nature of these changes? Describe any patterns that may exist in these change requests. For example, is there a pattern of requests for a major technology change in the post award period? Does there seem to be a pattern indicating that the changes have been instigated by a competitor who lost out when the award was made?**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

5. **In analyzing post-award change requests, do the changes sought appear to lead to cost overruns and delays in setting up systems, or do they save money and speed up delivery? Is the post-award modification process transparent? Does the public, grantee partners/subcontractors find out if changes are requests and for what reason? What is the process for appealing such modification requests?**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

6. **Shouldn't there be a "de minimis" rule for post-award changes? For example, it is presumed that the Agency did a thorough job of analysis and made its award based on that analysis. Allowing a major change such as a complete change in technology after the award would not seem warranted absent extraordinary extenuating circumstances. A de minimis rule would mean that only minor and/or technical changes would be allowed. Are there any instances in which major changes have been allowed post-award?**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

7. **It is important that government money is not misused and spent on over building 4G in areas where there is already coverage from multiple vendors. Any grant process should include a check that the build does not overlap with existing infrastructure and that any new structures that can be used for rural broadband must be available for sharing by both public safety and local/rural operators. Will such safeguards be put in place?**

During the BTOP application process, NTIA performed due diligence in several ways to prevent overlapping coverage. Overall, while reviewing grant applications NTIA looked for projects that would provide affordable broadband coverage in areas where need was demonstrated. For many awards, NTIA considered project recommendations made by state governors' offices. Competitors were also given opportunities to contest the network coverage proposed in particular areas. Community anchor institutions, such as schools, libraries, and public safety entities, sent NTIA letters of support to demonstrate the need for coverage in their areas. These techniques helped NTIA assess the value of individual projects and ensure that there would be as little overlap in coverage as possible.

We have been informed that NTIA is currently analyzing overlap with areas funded under the United States Department of Agriculture's Broadband Initiatives Program (BIP) to identify whether duplicative federal funding was given for these projects. Once any areas of overlap have been identified, NTIA and BIP should take corrective actions to eliminate it. In the near future, as a part of the BTOP program, NTIA plans to evaluate incoming complaints about overlap and perform overbuild analyses on a case-by-case basis.

A new broadband mapping tool developed by NTIA (in collaboration with FCC) could be used to aid in an overbuild study. As a part of the ARRA funding, approximately $300 million (to be spent over 5 years) was given to NTIA to develop and maintain a publicly available national broadband map (www.broadbandmap.gov). This map will be updated over the next 5 years, as new broadband services become available. The purpose of the map is to identify where broadband coverage is available in the United States and which providers offer service in any given region.

8. **To ensure that grantees do not waste money on solutions that do not interoperate, any new build should be based on 4G technology as defined by IMT-2000 and IMT-Advanced technologies. This means WiMAX and LTE. Innovation is driven by choice and competition. Will the government ensure that only standards-based, interoperable solutions are permitted?**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

9. **Providing coverage in Rural Areas using 4G technology will require the use of both Fixed and Mobile user devices. Fixed devices can provide greater ranger in very rural situations. Fixed networks in low density areas must be economical and cannot be burdened by excessive overheads (e.g., large mobile network core IP routers). Will the process of Grants and Loans ensure that inappropriate and overly costly solutions not suited for low density areas are excluded? Will the government include a maximum investment per end user metric to ensure this money does not build expensive white elephants that provide service to only a handful of users?**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

10. Rural users have long suffered by very slow broadband services pretending to be broadband, but which in truth are less than 1 Mbit/s and/or massively over contended. To mitigate that problem, will there be a definition of broadband that guarantees minimum service speeds and sharing or contention ratios? Will this initiative ensure that services at speed 10 Mbit/s or higher are available to rural users?

We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

11. Public safety networks must be uplink centric, enabling users to send data as well as download data. Most carrier networks are downlink centric, designed for streaming YouTube or similar services. This arrangement is inappropriate for Public Safety where the majority of traffic is sent from the first responder back to the network (such as mobile CCTV). Will the government ensure that any networks built are focused on uplink services that meet the real needs of first responders and do not adopt carrier solutions that, whilst are 4G, still cannot provide the uplink capacity and services required?

We believe this is a programmatic question and would therefore be best answered by the agency responsible for administering the program.

The Honorable Greg Walden

1. **Mr. Zinser, when you make a recommendation on how a program might minimize waste, fraud or abuse, are they always implemented in a timely fashion, or at all? Do you think congressional reporting requirements like in the staff discussion draft would be helpful? Should we also set a deadline for the program administrators to make a decision on your recommendations?**

   In our view, it is not necessary to include a congressional reporting requirement in new legislation or to set a deadline for program administrators to make a decision on our audit recommendations. The Inspector General Act of 1978, as amended, already requires reports to Congress twice a year on the status of our audit resolutions, including those not resolved in a timely manner. Commerce's Audit Tracking System follows the implementation of all audit recommendations we issued to the Department and its operating units. The system enables us to see the Department's progress in implementing our recommendations. Also, the Department is responsible for annually reporting the implementation status of our recommendations in its *Performance and Accountability Reports*.

   However, if the subcommittee's interest is to have specific reports about recommendations pertaining to programs under their jurisdiction, a separate reporting requirement may be preferable.

2. **Does the fact that 25 percent of the applications granted went to entities that have never been a recipient of Federal grant monies increase the risks, of fraud, waste and abuse? How significant are those risks?**

   Yes, while inexperienced grant recipients are likely to encounter challenges complying with BTOP rules and guidelines, their lack of experience may also translate into an increased risk of fraud, waste, and abuse. We believe a combination of opportunity, incentive or pressure, and lack of monitoring also creates a greater risk of fraud, waste, and abuse within BTOP.

   Therefore, NTIA must have an effective approach for monitoring its grantees. In our November 2010 report titled *Broadband Program Faces Uncertain Funding, and NTIA Needs to Strengthen Its Post-Award Operations* (report no. OIG-11-005-A) we identified several ways that NTIA needed to strengthen its post-award monitoring activities, including improving the oversight of agreements it made with the National Institute of Standards and Technology and the National Oceanic and Atmospheric Administration grants offices to administer BTOP awards, strengthening its documentation of BTOP policies and procedures, and completing award monitoring in a more timely and efficient manner.

   As part of our outreach efforts, our Office of Audit and Evaluation and Office of Investigations have provided training to NTIA staff and recipients on monitoring activities, including subrecipient monitoring and fraud awareness.

3. **You identified some of the risks with programs like BTOP and BIP: bankruptcies, false claims, product substitution, substandard products, and subcontracting. Based on your experience, what percentage of these grant awards can be expected to have problems with waste, fraud, and abuse? What percent of the awarded funds would you expect will go unused or be reclaimed?**

   We believe this is a programmatic question and would therefore be best answered by the agency responsible for administering the program.

4. **The program rules allow for modifications of projects. Do your respective agencies have a process in place to notify the public of significant modifications of project plans? For example, is there a challenge period before modifications are adopted? Do you have an oversight role for project modifications? What happens to the obligated money if a modification is not approved?**

   We believe this is a programmatic question and therefore would be best answered by the agency responsible for administering the program.

5. **Mr. Zinser, you state you will now look at high-risk projects and determine whether they stay on schedule, stay within costs, and provide appropriate technologies to meet program objectives. What do you mean by "appropriate technologies"? What action would you take if you determined a project was not on schedule or within costs? How far can a project go with cost overruns before it can be halted if we want to prevent wasteful expenditures?**

During the application process, BTOP applicants submitted proposed technology approaches and detailed budgets identifying the costs associated with their projects. Applicants proposed technologies ranging from routers, switches, optical nodes, and LTE antennas for infrastructure projects to computers, printers, scanners, and software for public computer center projects. As part of our oversight, we plan to conduct periodic visits to some of the sites using these technologies (or examine a sample of sites as part of our audits), at which time we will verify whether the equipment purchased by the grantee is consistent with what was submitted to and approved by NTIA. We will also assess whether the purchased equipment is obsolete, which could jeopardize the success of the project and would also be wasteful spending.

NTIA has developed several methods to monitor grant recipients' performance. Recipients are required to file quarterly and annual ARRA reports, performance reports, and SF-425 financial reports to assess the overall financial management and health of each award, to ensure BTOP fund expenditures are consistent with the recipient's anticipated progress, to monitor expenditures assuring that all costs are allowable, and to identify and mitigate areas of concern or risk to project completion and success. When a recipient's performance becomes a cause for concern, NTIA works with the recipient to create performance improvement plans. While we do not believe firm thresholds for cost overruns have been established, part of our oversight will be to determine whether NTIA's program and grants offices have established adequate processes to identify and correct cost overruns before they occur.

To supplement NTIA's oversight, we will routinely monitor the bureau's reports and communicate with the BTOP and grants offices to identify any significant variance from established targets. If we identify projects that are not on schedule or within cost, we will coordinate with these offices to determine whether prudent actions—which could range from recommending the grantee follow an improvement plan to suspending the award—have been taken by NTIA and/or the grants office to address recipient performance. If they have not, we will work with the offices to determine an appropriate course of action.

6. **Mr. Zinser, I understand auditing grants at this time is difficult because even though the money has been awarded, many projects haven't started and few funds have actually been disbursed. What are you planning to do to ensure taxpayer money is not misspent and that NTIA conducts vigorous oversight of the recipients? How long will it take to determine whether problems are developing and how well the program and its oversight are functioning?**

Of all the ARRA programs being managed by the Department's operating units, BTOP presents the largest risk. Therefore, we have been proactive in our oversight since the program began. This approach has allowed us to immediately identify problems and make recommendations for improvements. As part of our oversight, we have identified concerns with program office staffing levels, which could adversely affect their ability to adequately handle applications and the post-award process; difficulties encountered with the first-round application process; the need to strengthen its policies and procedures; and lack of future funding for award monitoring.

We plan to continue our proactive oversight of BTOP. We are currently auditing the effectiveness of NTIA's award monitoring techniques. These techniques include desk reviews, which involve NTIA review of project and financial status information, and site visits, in which NTIA staff observe BTOP projects firsthand. And, as I discussed in my written testimony, our audit work for FY 2011 will assess whether the program's goals are being met and whether appropriate steps are being taken to ensure funds are not misspent. We plan to review program-specific issues such as matching share and subrecipient monitoring as well as complaints and identified risks.

Future OIG oversight activities continue to be planned and may include the following:

- Assess NTIA's oversight of the Booz Allen Hamilton contract supporting BTOP implementation (and audit claims made by BAH under the contract);
- Identify high-risk projects to determine whether they are on schedule, staying within costs, and providing appropriate technologies to meet program objectives;
- Submit recipient information to the Recovery Operation Center to screen recipients using risk models to determine where to focus our audit efforts;
- Perform award-specific reviews in response to credible complaints regarding significant issues;
- Review audit reports prepared by independent accountants to determine whether audit findings result in disallowed costs that should prompt return to the Department of Treasury;
- Conduct site visits to observe the performance of BTOP projects (and assess whether the technology implemented is fully operational and meets grant terms); and
- Review programmatic issues, such as recipient match, that will likely have an impact on multiple awards.

7. **Mr. Zinser, for the second funding round, the NTIA eliminated the requirement that infrastructure projects target unserved or underserved areas. Does this present any additional risk to the program awards now that many are going to areas with existing service?**

   As it awarded funds to applicants in areas with existing service, NTIA analyzed whether each proposed funded service area was either unserved or underserved. In cases where there were existing providers in a proposed service area, NTIA relied upon letters of support from community anchor institutions and other stakeholders within the service area to determine the level of need for additional broadband infrastructure. Endorsements from governors and elected officials were also taken into consideration.

   Through its due diligence process, NTIA confirmed the viability of these projects and their advancement of ARRA goals. Therefore, we do not foresee the elimination of the unserved or underserved requirement will present additional risk to the program.

The Honorable Henry A. Waxman

1. **Section 3 of the draft legislation requires NTIA and RUS to notify both the House and Senate Commerce Committees whenever they receive a notification from an OIG or GAO that a grant recipient has "demonstrated an insufficient level of performance or has engaged in wasteful or fraudulent spending."**

   a. **Do you have any concerns with this type of notification process?**

   My office has no specific concerns about this type of notification. Such notification would provide a mechanism for the committees to stay apprised of significant issues that arise on these projects. We would advise, however, that the notification criteria be designed narrowly enough to limit the notifications to specific high-risk matters.

   b. **Will you still be able to continue with the investigation, especially investigations into potentially criminal activities such as fraud, if your notification to the NTIA will be made public?**

   We do not make open investigations public, and there are privacy concerns relating to naming the subjects of investigation at any time, whether the investigation is open or closed. Any notification pertaining to criminal investigations would need to be general enough to avoid compromising the investigation process or the privacy of the individuals involved.

The Honorable Diana DeGette

1. **Based on what you have seen, do satellite based internet service providers present a better way to prevent overbuilding in unserved areas? Do satellite based ISPs offer any inherent benefits when it comes to monitoring and overseeing grant programs on this scale and maintaining program integrity?**

   Theoretically, a satellite system would be the quickest way to deploy large-scale coverage in purely unserved areas while preventing overbuilding. However, satellite-based ISPs have limitations when it comes to smaller, denser population areas; they also have poorer records of reliability and lower service quality than wireless ISPs or fiber-based networks.

   In general, satellite ISP service provides bandwidths in the range of 256 kilobits per second (Kbps) to 5 megabits per second, depending on peak or non-peak-hour traffic. Because the second NOFA required the minimum data rates for broadband to be 768 Kbps for downloads downstream and 200 Kbps for uploads, it would be difficult for satellite-based ISPs to truly qualify as broadband during peak hours. Therefore, most BTOP applicants did not select these technologies because they did not support one of the main purposes of the funding—to "stimulate the demand for broadband, economic growth, and job creation" in economically distressed areas. Since no satellite-based ISPs received BTOP funds, we cannot state definitively whether they would have provided any inherent benefits to the grant management process.

○