



Highlights of [GAO-10-80](#), a report to congressional committees

# RECOVERY ACT

## Agencies Are Addressing Broadband Program Challenges, but Actions Are Needed to Improve Implementation

### Why GAO Did This Study

Access to broadband service is seen as vital to economic, social, and educational development, yet many areas of the country lack access to, or their residents do not use, broadband. To expand broadband deployment and adoption, the American Recovery and Reinvestment Act (Recovery Act) provided \$7.2 billion to the Department of Commerce's National Telecommunications and Information Administration (NTIA) and the Department of Agriculture's Rural Utilities Service (RUS) for grants or loans to a variety of program applicants. The agencies must award all funds by September 30, 2010.

This report addresses the challenges NTIA and RUS face; steps taken to address challenges; and remaining risks in (1) evaluating applications and awarding funds and (2) overseeing funded projects. GAO reviewed relevant laws and program documents and interviewed agency officials and industry stakeholders.

### What GAO Recommends

The Secretaries of Commerce and Agriculture should ensure sufficient time to review applications in the second funding round, develop contingency plans for oversight beyond fiscal year 2010, and develop program performance measures. The Secretary of Commerce should also set annual audit requirements for commercial grantees. NTIA and RUS agreed with GAO's recommendations.

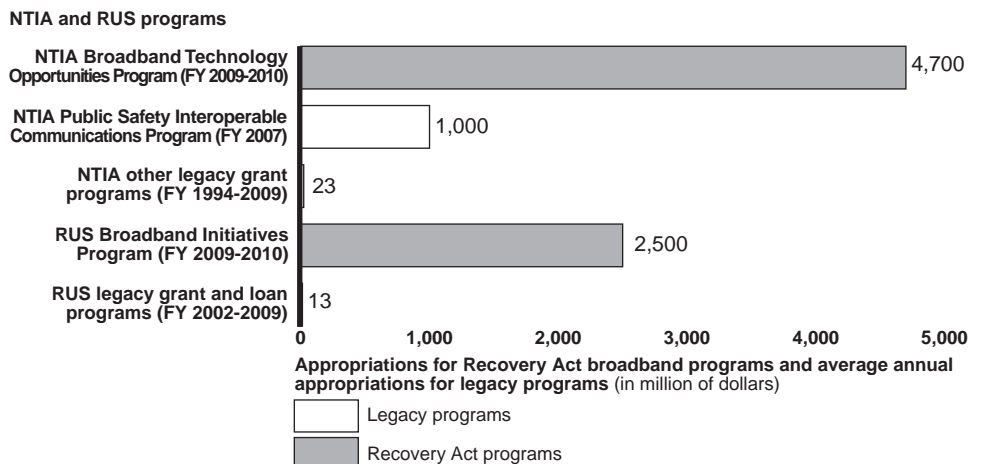
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### What GAO Found

**Application evaluation and awards.** NTIA and RUS face scheduling, staffing, and data challenges in evaluating applications and awarding funds. NTIA, through its new Broadband Technology Opportunities Program, and RUS, through its new Broadband Initiatives Program, must review more applications and award far more funds than the agencies formerly handled through their legacy telecommunications grant or loan programs, including NTIA's largest legacy grant program, Public Safety Interoperable Communications (see fig.). NTIA and RUS initially proposed distributing these funds in three rounds, but recently adopted two rounds. To meet these challenges, the agencies have established a two-step application evaluation process that uses contractors or unpaid, independent experts for application reviews and plan to publish information on applicants' proposed service areas to help ensure the eligibility of proposed projects. While these steps address some challenges, the upcoming deadline for awarding funds may pose risks to the thoroughness of the application evaluation process. In particular, the agencies may lack time to apply lessons learned from the first funding round and to thoroughly evaluate applications for the remaining rounds.

**Oversight of funded projects.** NTIA and RUS will oversee a significant number of projects, including projects with large budgets and diverse purposes and locations. In doing so, the agencies face the challenge of monitoring these projects with far fewer staff per project than were available for their legacy grant and loan programs. To address this challenge, NTIA and RUS have hired contractors to assist with oversight activities and plan to require funding recipients to complete quarterly reports and, in some cases, obtain annual audits. Despite these steps, several risks remain, including a lack of funding for oversight beyond fiscal year 2010 and a lack of updated performance goals to ensure accountability for NTIA and RUS. In addition, NTIA has yet to define annual audit requirements for commercial entities funded under the Broadband Technology Opportunities Program.

**Recovery Act Broadband Programs Are Larger Than Legacy Programs**



Source: GAO analysis of NTIA and RUS data.

Note: Because RUS provides loans, in addition to grants, the award amount can exceed the appropriation.