



Highlights of [GAO-10-823](#), a report to congressional committees

## Why GAO Did This Study

Access to affordable broadband service is seen as vital to economic growth and improved quality of life. To extend broadband access 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 are awarding funds in two rounds and must obligate all funds by September 30, 2010.

This report addresses the results of the first broadband stimulus funding round, the extent to which NTIA's and RUS's application reviews substantiated application information, the challenges facing NTIA and RUS in awarding the remaining funds, and actions taken to oversee grant and loan recipients. GAO analyzed program documentation, reviewed a judgmentally-selected sample of applications from first round award recipients, and interviewed agency officials and industry stakeholders.

## What GAO Recommends

The Secretaries of Agriculture and Commerce should incorporate into their risk-based monitoring plans, steps to address variability in funding levels for postaward oversight beyond September 30, 2010. Both agencies took no position on GAO's recommendation and noted steps being taken to complete their respective programs.

View [GAO-10-823](#) or [key components](#). For more information, contact Mark L. Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

## RECOVERY ACT

### Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs

#### What GAO Found

In the first round of broadband stimulus funding that began in July 2009 and ended in April 2010, NTIA and RUS received over 2,200 applications and awarded 150 grants, loans, and loan/grant combinations totaling \$2.2 billion to a variety of entities in nearly every state and U.S. territory. This funding includes \$1.2 billion for 82 projects awarded by NTIA and more than \$1 billion for 68 projects awarded by RUS. NTIA primarily awarded grants to public entities, such as states and municipalities, whereas RUS made grants, loans, and loan/grant combinations primarily to private-sector entities, such as for-profit companies and cooperatives.

NTIA and RUS consistently substantiated information in first round award recipients' applications. The agencies and their contractors reviewed financial, technical, environmental, and other documents and determined the feasibility and reasonableness of each project. GAO's review of 32 award recipient applications found that the agencies consistently reviewed the applications and substantiated the information as specified in the first funding notice. In each of the files, GAO observed written documentation that the agencies and their contractors reviewed and verified pertinent application materials, and requested additional documentation where necessary.

To meet the Recovery Act's September 30, 2010, deadline for obligating broadband funds, NTIA and RUS must award approximately \$4.8 billion—or more than twice the amount they awarded during the first round—in less time than they had for the first round. As the end of the Recovery Act's obligation deadline draws near, the agencies may face increased pressure to approve awards. NTIA and RUS also lack detailed data on the availability of broadband service throughout the country, making it difficult to determine whether a proposed service area is unserved or underserved, as defined in the program funding notices. To address these challenges, NTIA and RUS have streamlined their application review processes by, for example, eliminating joint reviews and reducing the number of steps in the due-diligence review process, and NTIA began using Census tract data to verify the presence of service.

NTIA and RUS are putting oversight plans in place to monitor compliance and progress for broadband stimulus funding recipients, but some risks remain. The agencies will need to oversee far more projects than in the past and these projects are likely to be much larger and more diverse than projects funded under the agencies' prior broadband-related programs. Additionally, NTIA and RUS must ensure that the recipients construct the infrastructure projects in the entire project area, not simply the area where it may be most profitable for the company to provide service. Both NTIA and RUS face the risk of having insufficient resources to actively monitor Recovery Act funded broadband projects. Because of this, planning for a possible lack of resources for program oversight after September 30, 2010, can help the agencies mitigate the effect of limited resources on postaward oversight.